

August 19, 2020

BSE Limited  
Department of Corporate Services  
Floor 25, P. J. Towers,  
Dalal Street,  
Mumbai-400 001.

National Stock Exchange of India Limited  
Listing Department  
Registered Office: "Exchange Plaza",  
C-1, Block G Bandra – Kurla Complex,  
Bandra (E), Mumbai – 400 051.

Scrip Code: 532051

Scrip Code: SWELECTES

Dear Sir / Madam,

**Sub: Submission of Notice of the 25th Annual General Meeting (AGM) and Annual Report of the Company for the financial year 2019 -20.**

Pursuant to Regulation 30 and 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report of the Company for the financial year 2019-20 and Notice of 25th Annual General Meeting (AGM) to be held on Thursday 10th September 2020 at 3:30 p.m. through Video Conferencing (VC) or Other Audio Visual Means (OAVM).

The Annual Report and Notice of 25<sup>th</sup> AGM are available on the website of the Company [www.swelectes.com](http://www.swelectes.com) under investors' page.

We request you to kindly take on record the above compliance.

Thanking you,

Yours faithfully,  
For SWELECT ENERGY SYSTEMS LIMITED



**R. Sathishkumar**  
Company Secretary & Compliance Officer  
Encl.: as above

**SWELECT ENERGY SYSTEMS LIMITED**

**CIN: L93090TN1994PLC028578**

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: cg.ird@swelectes.com Website: www.swelectes.com

**NOTICE OF THE TWENTY FIFTH ANNUAL GENERAL MEETING**

Notice is hereby given that the **TWENTY FIFTH** Annual General Meeting (AGM) of the members of **SWELECT ENERGY SYSTEMS LIMITED** will be held on Thursday the 10th September 2020 at 3.30 P.M. IST through Video Conferencing (VC) facility or Other Audio Visual Means ('OAVM') to transact the following businesses:

**ORDINARY BUSINESS:**

**1. Adoption of the audited financial statements of the Company for the financial year ended March 31, 2020, the reports of the Board of Directors and Auditors thereon**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** the audited standalone financial statements of the Company for the financial year ended March 31, 2020 together with the reports of the Board of Directors and Auditors, be and are hereby considered and adopted.

**RESOLVED FURTHER THAT** the audited consolidated financial statements of the Company for the financial year ended March 31, 2020 together with the report of the Auditors be and are hereby considered and adopted.

**2. Declaration of Final Dividend and approval of payment of Interim Dividend**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** a final dividend of Rs.0.75 per equity share [i.e.7.5.% on the paid up equity share capital of Rs.15,15,87,600/- (Rupees Fifteen Core Fifteen Lakh Eighty Seven Thousand Six Hundred Only)] of the Company as recommended by the Board of Directors be and is hereby declared and that the same be paid to those shareholders, in case of shares held in physical form, whose names appear on the Register of Members as of the close of business hours on 2nd September 2020 and in case of shares held in dematerialized form to the beneficiaries as of the close of business hours on 2nd September 2020 as per the details furnished by the depositories for this purpose.

**RESOLVED FURTHER THAT** the interim dividend of Rs.1.25 per equity share [i.e. 12.50% on the paid-up equity share capital of Rs.15,15,87,600/- (Rupees Fifteen Core Fifteen Lakh Eighty Seven Thousand Six Hundred Only)] declared by the Board at its meeting held on 15.02.2020 and paid for the financial year ended 31st March, 2020 be and is hereby approved.

**3. Re- appointment of Mrs. Jayashree Nachiappan as a Non-Executive Director of the Company**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mrs. Jayashree Nachiappan (DIN: 03173327), whose period of office is liable to determination by retirement of Directors by rotation and being eligible, offers herself for re-appointment, be and is hereby re-appointed as a Non-Executive Director of the Company liable to retire by rotation.

**SPECIAL BUSINESS:**

**4. To alter the terms and conditions in the appointment of Mr. K. V. Nachiappan, Whole Time Director of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED THAT** in partial modification of the resolution passed at the 23rd Annual General Meeting of the Company held on 9th August, 2018 for appointment and remuneration payable to Mr. K. V. Nachiappan, Whole Time Director (DIN:00017182) and pursuant to the provisions of Sections 197 and 198, read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Shareholders of the Company be and is hereby accorded for the following revision/variation in the term and remuneration of Mr. K. V. Nachiappan, (holding DIN:00017182) Whole Time Director of the Company, for the period from 1.4.2020 to 31.03.2023 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors:

1. Remuneration by way of Salary, Dearness Allowances, House Rent Allowance, Personal Accident Insurance and LIC Group insurance Scheme, Club Fees (Subject to a maximum of two clubs) and Gas, Electricity and Water not to exceed Rs.2,25,000/- per month or Rs.27,00,000/- per annum before standard Tax Deductions (TDS).
2. Commission @ 0.25% will be paid on the net profits of the Company not exceeding Rs.10,00,000/- per annum with effect from financial year 2020-2021.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. K. V. Nachiappan, Whole Time Director, as approved by the Shareholders of the Company at the Annual General Meeting held on 9th August 2018, will remain the same.

**RESOLVED FURTHER THAT** in the event of absence of profits or inadequacy of profits in any financial year, Mr. K .V. Nachiappan, shall be entitled to receive remuneration up to the limit as approved by the members herein above and perquisites and allowances as approved by the members at the Annual General Meeting held on 9th August 2018, for the period from 1.4.2020 to 31.03.2023. However, the approval for payment of remuneration shall be in accordance with the limits as specified under Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** subject to the provisions of Schedule V of the Companies Act, 2013, the Board shall have the discretion and authority to modify the terms and conditions within, however, the limit as approved by the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

**5. To alter the terms and conditions in the appointment of Mr. A. Balan, Whole Time Director (Joint Managing Director) of the Company**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED THAT** in partial modification of the resolution passed at the 21st Annual General Meeting of the Company held on 28th July, 2016 for appointment and remuneration payable to Mr. A. Balan, Whole Time Director (Joint Managing Director) (DIN:00017091) and pursuant to the provisions of Sections 197 and 198, read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Shareholders of the Company be and is hereby accorded for the following revision/variation in the remuneration of Mr. A. Balan, (holding DIN:00017091) Whole Time Director (Joint Managing Director) of the Company, for the period from 1.4.2020 to 2.10.2020 as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors:

- Remuneration by way of Salary, Dearness Allowances, House Rent Allowance, Personal Accident Insurance and LIC Group insurance Scheme, Club Fees (Subject to a maximum of two clubs) and Gas, Electricity and Water not to exceed Rs.2,50,000/- per month or Rs.30,00,000/- per annum.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. A. Balan, Whole Time Director (Joint Managing Director), as approved by the Shareholders of the Company at the Annual General Meeting held on 28th July 2016, will be remain the same.

**RESOLVED FURTHER THAT** in the event of absence of profits or inadequacy of profits in any financial year, Mr. A. Balan, shall be entitled to receive remuneration up to the limit as approved by the members herein above and perquisites and allowances as approved by the members at the Annual General Meeting held on 28th July 2016, for the period from 1.4.2020 to 2.10.2020. However, the approval for payment of remuneration shall be in accordance with the limits as specified under Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** subject to the provisions of the Schedule V of the Companies Act, 2013, the Board shall have the discretion and authority to modify the terms and conditions within, however, the limit as approved by the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

**6. Re-appointment of Mr. A. Balan as a WholeTime Director (Joint Managing Director) of the Company for a period of 5 years**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of section 149 read with sections 152, 196, 197, 198, 203, Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of

the Companies Act, 2013, Mr. A. Balan, be and is hereby re-appointed as a Whole Time Director (Joint Managing Director) of the Company for a period of 5 (Five) years with effect from 3rd October 2020 to 2nd October 2025 and the remuneration for a period from 3.10.2020 to 31.03.2023 be paid to Mr. A. Balan on the terms and conditions as specified below:

1. Remuneration by way of Salary, Dearness Allowances, House Rent Allowance, Personal Accident Insurance and LIC Group insurance Scheme, Club Fees (Subject to a maximum of two clubs) and Gas, Electricity and Water not to exceed Rs. 2,50,000/- per month or Rs. 30,00,000/- per annum.
2. In addition to (1) above, Mr. A. Balan, will also be eligible for the following perquisites: -
  - a) Leave Travel Concession: For self and Family once in a year as per the rules of the Company.
  - b) Car: Car will be provided by the Company. The expenses connected with the operation will be reimbursed as per the rules of the Company from time to time.
  - c) Telephone: Provision of a telephone at residence. Personal long-distance calls shall be billed by the company.
  - d) Soft furnishing allowance/Entertainment Allowance/Daily Allowance/Recreation Allowance/Domestic Service Allowance, subject to a ceiling of Rs. 3,00,000/- per annum.
  - e) Reimbursement of Medical Expenses for Self and Family, as approved by CCIT.

The period of his office is liable to retire by rotation.

N.B.

- (i) The above allowances / benefits / reimbursements would be subject to the applicable Income - Tax Rules.
  - (ii) The word "family" shall mean the persons specified in the Companies Act, 2013.
  - (iii) Use of Car and telephone shall be dealt with as per applicable provisions under the Income Tax Rules 1962.
3. Commission: In addition to the above, commission @ 0.25% of the Net Profits of the Company, not exceeding Rs.10,00,000/- per annum, will be paid.

**RESOLVED FURTHER THAT** in the event of absence of profits or inadequacy of profits in any financial year, Mr. A. Balan, shall be entitled to receive remuneration including perquisites, etc. up to the limit as approved by the members herein above. However, the approval for payment of remuneration shall be in accordance with the limits as specified under Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** subject to the provisions of the Schedule V of the Companies Act, 2013, the Board shall have the discretion and authority to modify the terms and conditions within, however, the limit as approved by the members.

**RESOLVED FURTHER THAT** pursuant to regulation 17(6) (e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as Amendment) along with the provisions of Sections 196,197, 198 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule V of the Companies Act, 2013, consent of the Members be and is hereby accorded for the annual aggregate remuneration payable to all Executive Directors who are promoters or members of promoter group including Mr. A. Balan, Whole Time Director (Joint Managing Director) exceeding 5% of the net profits of the Company as calculated under section 198 of the Companies Act, 2013, in any year during the tenure of his appointment.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

#### **7. To alter the terms and conditions in the appointment of Mr. R. Chellappan, Managing Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**RESOLVED THAT** in partial modification of the resolution passed at the 24th Annual General Meeting of the Company held on 9th August, 2019 for appointment and remuneration payable to Mr. R. Chellappan, Managing Director (DIN:00016958) and pursuant to the provisions of Sections 197 and 198, read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Shareholders of the Company be and is hereby accorded to alter the terms of period of remuneration, perquisites and allowances for 3 (Three) years from 1.5.2020 to 30.4.2023 payable to Mr. R. Chellappan, Managing Director, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. R. Chellappan, Managing Director, as approved by the Shareholders of the Company at the Annual General Meeting held on 9th August 2019, will remain the same.

**RESOLVED FURTHER THAT** in the event of absence of profits or inadequacy of profits in any financial year, Mr. R. Chellappan, shall be entitled to receive remuneration up to the limit as approved by the members at the Annual General Meeting held on 9th August 2019, for the period from 1.5.2020 to 30.4.2023. However, the approval for payment of remuneration shall be in accordance with the limits as specified under Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** subject to the provisions of the Schedule V of the Companies Act, 2013, the Board shall have the discretion and authority to modify the terms and conditions within, however, the limit as approved by the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

**8. To alter the terms and conditions in the appointment of Mr. V. C. Raghunath, Whole Time Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**RESOLVED THAT** in partial modification of the resolution passed at the 24th Annual General Meeting of the Company held on 9th August, 2019 for appointment and remuneration payable to Mr. V. C. Raghunath, Whole Time Director (DIN: 00703922) and pursuant to the provisions of Sections 197 and 198, read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Shareholders of the Company be and is hereby accorded to alter the terms of period of remuneration, perquisites and allowances for 3 (Three) years from 1.4.2020 to 31.3.2023 payable to Mr. V. C. Raghunath, Whole Time Director, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. V. C. Raghunath, Whole Time Director, as approved by the Shareholders of the Company at the Annual General Meeting held on 9th August 2019, will remain the same.

**RESOLVED FURTHER THAT** in the event of absence of profits or inadequacy of profits in any financial year, Mr. V. C. Raghunath, shall be entitled to receive remuneration up to the limit as approved by the members at the Annual General Meeting held on 9th August 2019, for the period from 1.4.2020 to 31.3.2023. However, the approval for payment of remuneration shall be in accordance with the limits as specified under Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** subject to the provisions of the Schedule V of the Companies Act, 2013, the Board shall have the discretion and authority to modify the terms and conditions within, however, the limit as approved by the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

**9. To alter the terms and conditions in the appointment of Mrs. V. C. Mirunalini, Whole Time Director of the Company**

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**RESOLVED THAT** pursuant to the provisions of Sections 197 and 198, read with Schedule V and the applicable provisions of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, Mrs. V. C. Mirunalini, (DIN:07860175) Whole Time Director shall be entitled to receive remuneration up to the limit as approved by the members at the 22nd Annual General Meeting held on 11th August 2017, for the period from 1.4.2020 till the remaining period of her present term i.e. till 27.6.2022. However, the approval for payment of remuneration shall be in accordance with the limits as specified under Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mrs. V. C. Mirunalini, Whole Time Director, as approved by the Shareholders of the Company at the Annual General Meeting held on 11th August 2017, will remain the same.

**RESOLVED FURTHER THAT** subject to the provisions of the Schedule V of the Companies Act, 2013, the Board shall have the discretion and authority to modify the terms and conditions within, however, the limit as approved by the members.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

## 10. Ratification of remuneration of Cost Auditors

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) and amendment(s) thereto or re-enactments thereof for the time being in force) the remuneration of Rs. 1,32,000/- (Rupees One Lakh Thirty Two Thousand Only) plus applicable tax and out of pocket expenses in connection with the Audit payable to M/s. Ravichandran Bhagyalakshmi & Associates, (Firm Registration No.001253), Cost Accountants to conduct the audit of the cost records of the Company for the financial year ending 31.03.2021 as approved by the Board be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

By Order of the Board  
For **SWELECT ENERGY SYSTEMS LIMITED**  
Sd/-  
R. Sathishkumar  
Company Secretary

Chennai  
8th July 2020

### NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively "MCA Circulars"), permitted companies to conduct Annual General Meeting (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM), subject to compliance of various conditions mentioned therein. In compliance with the MCA Circulars and applicable provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the 25th AGM of the Company is being convened and conducted through VC or OAVM. The deemed venue for the 25th AGM will be "SWELECT HOUSE", No.5, Sir P.S.Sivasamy Salai, Mylapore, Chennai - 600 004.
2. The Company has enabled the Members to participate at the 25th AGM through the VC facility provided by Central Depository Services (India) Limited (CDSL). The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.
3. As per the provisions under the MCA Circulars, Members attending the 25th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
4. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process of remote e-voting with necessary user id and password is given in the instruction for Electronic Voting. Such remote e-voting facility is in addition to voting that will take place at the 25th AGM being held through VC.
5. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be eligible to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
6. The 25th AGM of the Company is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 25th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
7. Corporate Members are required to access the link [www.evotingindia.com](http://www.evotingindia.com) and upload a certified copy of the Board resolution authorizing their representative to attend the AGM through VC and vote on their behalf. Institutional investors are encouraged to attend and vote at the meeting through VC.
8. The Register of Members and Share Transfer Books of the Company will remain closed from 3rd September 2020 to 10th September 2020 both days inclusive, for determining the name of Members eligible for payment of dividend on equity shares and AGM.
9. In line with the MCA Circulars, the notice of the 25th AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories. Members may

please note that this Notice and Annual Report 2019-20 will also be available on the Company's website at <https://www.swelectes.com/investors/>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com).

10. Members holding shares in physical mode and who have not yet registered their e-mail addresses are requested to access the following web link <https://investors.cameoindia.com> for registering their e-mail addresses to receive the notice and reports. Members holding shares in electronic mode are requested to update their email id with the Depository Participants ('DPs') where they hold their Demat account.
11. The Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013 will be available for inspection by the Members electronically during the 25th AGM. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to special businesses to be transacted at the 25th AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. September 10, 2020. Members seeking to inspect such documents can send an email to [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com).
12. Members who hold shares in dematerialized form and want to provide/change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR, IFSC Code of their bank to their Depository Participants. The Company will not entertain any direct request from such Members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. While making payment of Dividend, the Registrar and Share Transfer Agent is obliged to use only the data provided by the Depositories, in case of such dematerialized shares.
13. Members who are holding shares in physical form are advised to submit a request letter with particulars of their Name, Folio Number, bank account, viz. name and address of the branch of the bank, MICR and IFSC code of the branch, type of account and account number along with copy of cancelled cheque leaf, self attested Aadhar and self attested PAN to our Registrar and Share Transfer Agent, Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai - 600 002, [murali@cameoindia.com](mailto:murali@cameoindia.com) and [investor@cameoindia.com](mailto:investor@cameoindia.com). Ph: 91- 44-28460390.
14. The dividend on Equity shares, if declared at the ensuing Annual General Meeting, will be credited / deposited within 30 days from the date of AGM (i.e. on or before October 9, 2020) to those Members whose names appear on the Company's Register of Members on 2nd September 2020 and as per the data provided by the depositories NSDL and CDSL as on 2nd September 2020.
15. Pursuant to the Finance Act, 2020, dividend income will be taxable in the hands of the Members w.e.f. April 1, 2020 where the dividend value exceeds Rs.5,000/- (Rupees Five Thousand Only) in a financial year and the Company is required to deduct tax at source ('TDS') from dividend paid to the Members at prescribed rates in the Income Tax Act, 1961 ('the IT Act'). In general, to enable compliance with TDS requirements, Members are requested to complete and / or update their Residential Status, PAN, Category as per the IT Act with their DPs or in case shares are held in physical form with the Company / Registrar by sending documents through email.
16. The Members holding shares in Physical or Electronic mode may also upload the scan copy of Form 15G/15H by accessing the web link of our Registrar & Transfer Agent <https://investors.cameoindia.com> to get exemption from the deduction of tax.
17. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, dividends which remain unclaimed in the unpaid dividend account for a period of seven years from the date of transfer of the same, will be transferred to the Investor Education and Protection Fund established by the Central Government.

In terms of the IEPF Rules, on 12.09.2019, the Company has transferred Rs. 45,756/- (Rupees Forty Five Thousand Seven Hundred and Fifty Six Only) and Rs.18,11,880/- (Rupees Eighteen Lakhs Eleven thousand Eight Hundred and Eighty Only) towards unpaid / unclaimed dividend amount in respect of Final Dividend for the financial year 2011-2012 and Interim Dividend for the financial year 2012-13 respectively to the Investor Education and Protection Fund (IEPF).

As per 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 summary of shares transferred to Investor Education and Protection Fund Authority vide Corporate Action is furnished below:

| Based on Dividend declared for the Financial Year  | No. of shares transferred | Date of Corporate Action |
|--|---------------------------|--------------------------|
| 2008-2009  | 5170                      | 04-12-2017               |
| 2009-2010  | 5820                      | 15-06-2018               |
| 2010-2011  | 450                       | 08-10-2018               |
| Allotment of Bonus shares (1:2) on account of shares already transferred to IEPF was made on 26.8.2019 | 5720                      | 29-08-2019               |
| <b>Total</b>   | <b>17160</b>              |                          |

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

In terms of the IEPF Rules, the Company has uploaded the information in respect of the Unclaimed Dividends as on the date of the financial year ended 31.03.2019, on the website of IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and under "Investors" section on the website of the Company.

The summary of the unpaid dividend for the past years and the dates on which the outstanding amount shall be transferred to Investor Education and Protection Fund are given in the table below.

| Year      | Type of Dividend   | Dividend per Share Rs. | Date of declaration | Due date for transfer to IEPF | Unclaimed Amount Rs. (As on 31.03.2020) |
|-----------|--|------------------------|---------------------|-------------------------------|---|
| 2012-2013 | Final  | 8.00                   | 24.07.2013          | 28.08.2020                    | 1,97,328.00                             |
| 2013-2014 | Final  | 9.00                   | 28.07.2014          | 01.09.2021                    | 2,50,299.00                             |
| 2014-2015 | Final  | 2.50                   | 29.07.2015          | 05.09.2022                    | 79,625.00                               |
| 2015-2016 | Interim  | 3.00                   | 14.03.2016          | 19.04.2023                    | 99,282.00                               |
| 2015-2016 | Final  | 1.00                   | 28.07.2016          | 02.09.2023                    | 42,235.00                               |
| 2016-2017 | Final  | 4.00                   | 11.08.2017          | 16.09.2024                    | 1,80,940.00                             |
| 2017-2018 | Final  | 4.00                   | 09.08.2018          | 07.09.2025                    | 1,03,412.00                             |
| 2018-2019 | Final  | 2.50                   | 09.08.2019          | 14.09.2026                    | 65,872.50                               |
| 2019-2020 | Unclaimed amount on sale of fraction shares (Distributed Rs.57.17 per share out of consideration arising on sale of 3960 fraction shares) arising out of allotment of Bonus shares made on 26.8.2019 |                        |                     | 20.11.2026                    | 1,372.08                                |

18. Members who have not claimed their dividend for the financial year 2012-2013 and/or any subsequent years are requested to write to the Company giving necessary details along with claimant's proof of identity and address. In this connection the Company has placed the names of such persons who has not claimed dividend since 2012-2013 in the website of the company and the shareholders can view the details at [www.swelectes.com](http://www.swelectes.com) under investors' page.
19. In case of any queries regarding the Annual Report, the Members may write to [investor@cameoindia.com](mailto:investor@cameoindia.com) or [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com) to receive an email response.
20. As the 25th AGM is being held through VC, the route map is not annexed to this Notice.



## **Annexure to Notice**

### **Explanatory statement pursuant to section 102 of the Companies Act, 2013.**

The following statement sets out the material facts relating to special businesses mentioned in the accompanying Notice and shall be taken as forming part of the notice.

#### **Item No. 4**

Mr. K. V. Nachiappan, was appointed as a Whole Time Director of the Company for a period of five years with effect from 20th April 2018 by the Board of Directors at their meeting held on 20.04.2018 and the said appointment was approved by the shareholders at the Annual General Meeting held on 9.8.2018.

Mr. K. V. Nachiappan, had been on the Board from the date of inception till 2012 when the business of NUMERIC was transferred to Legrand Group by Business Transfer Agreement and again inducted on the Board from 20th April 2018. He has rich experience in Electrical and Power Electronics Industry.

At present Mr. K. V. Nachiappan, Whole Time Director is handling execution of Solar Power Projects of the Company and Operation and Maintenance (O&M) Services. He has executed solar power projects for various types of customers from the range of Kilo watt to Mega watt projects. Considering the increase in project volumes, the Board of Directors at its meeting held on 11th February 2020 after taking into consideration of the above experience has approved the revised remuneration payable to Mr. K. V. Nachiappan, as set out in the resolution.

Pursuant to the provisions of Schedule V of the Companies Act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the Company shall obtain the shareholders approval by a special resolution for making the payment of remuneration to its Executive Directors as stated in the above said schedule and such approval for remuneration shall not exceed the period of three years.

Accordingly, the Nomination and Remuneration Committee has recommended the revised remuneration to the Board, subject to the shareholders' approval as stated above and the Board of Directors have also approved such recommendation.

Mr. K V. Nachiappan, is husband of Mrs. Jayashree Nachiappan, Non-Executive Director of the Company.

No Director, Key Managerial Personnel or their relatives, is interested or concerned in the resolution except Mrs. Jayashree Nachiappan, to whom the resolution relates, is interested or concerned in the resolution.

This item being special business, is unavoidable in nature and the Board recommends the resolution set forth in Item No.4 of the Notice for the approval of the members.

#### **Item No. 5 & 6**

Mr. A. Balan, was appointed as a Whole Time Director (Joint Managing Director) of the Company for a period of five years with effect from 3rd October 2015 by the Board of Directors at their meeting held on 3.10.2015 and the said appointment was approved by the shareholders at the Annual General Meeting held on 28.7.2016.

Mr. A. Balan, had been on the Board from the date of inception till 2012 when the business of NUMERIC was transferred to Legrand Group by Business Transfer Agreement and again inducted on the Board from 3rd October 2015.

At present Mr. A. Balan, is handling Operations and providing technical support to the Company for execution of various Solar Power Projects of the Company. Considering the increase in project volumes, the Board of Directors at its meeting held on 11th February 2020 after taking into consideration of the above experience has approved the revised remuneration payable to Mr. A. Balan, as set out in the resolution (item no.5).

The term of office of Mr. A. Balan will expire on 2nd October 2020. Based on the recommendation made by the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 8th July 2020 have approved the re-appointment of Mr. A. Balan, as a Whole Time Director (Joint Managing Director) for a period of five years with effect from October 3, 2020 to 2nd October 2025 as per the terms and conditions as set out in the resolution (item no.6).

Mr. A. Balan, Whole Time Director, will be completing seventy years of age in May 2023. The Board recommended him for reappointment after considering his valuable contribution to the growth of the Company. It is necessary in terms of the proviso to Section 196 (3) (a) of the Companies Act, 2013 to seek approval of shareholders, by way of a special resolution. Accordingly, the Board of Directors have recommended a special resolution for approval of the shareholders.

Further, pursuant to the provisions of Schedule V of the Companies Act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the Company shall obtain the shareholders approval by a special resolution for making the payment of remuneration to its Executive Directors as stated in the above said schedule and such approval for remuneration shall not exceed the period of three years.

Accordingly, the Nomination and Remuneration Committee has recommended the appointment and remuneration for shareholders' approval as stated above and the Board of Directors have also approved such recommendation.

No Director, Key Managerial Personnel or their relatives, is interested or concerned in the resolution.

This item being special business, is unavoidable in nature and the Board recommends the resolutions set forth in Item No.5 & 6 of the Notice for the approval of the members.

#### **Item No.7**

Mr. R. Chellappan, was re-appointed as Managing Director of the Company for a period of five years with effect from 1st May 2020 by the Board of Directors at their meeting held on 28.5.2019 and the said appointment and remuneration was approved by the shareholders at the 24th Annual General Meeting held on 9.8.2019.

Pursuant to the provisions of Schedule V of the Companies Act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the Company shall obtain the shareholders' approval by a special resolution for making the payment of remuneration to its Executive Director as stated in the above said schedule and such approval for payment of remuneration shall not exceed the period of three years.

Accordingly, the Board after considering the recommendation of the Nomination and Remuneration Committee has approved the same and recommended for obtaining the shareholders' approval as stated in the above schedule including the limitation on the payment of remuneration for a period of three years instead of five years as already approved by the shareholders at the 24th AGM.

Mr. R. Chellappan, is the father of Mr. V. C. Raghunath and Mrs. V. C. Mirunalini, Whole Time Directors of the Company.

No Director, Key Managerial Personnel or their relatives, except Mr. V. C. Raghunath and Mrs. V. C. Mirunalini, to whom the resolution relates, is interested or concerned in the resolution.

This item being special business, is unavoidable in nature and the Board recommends the resolution set forth in Item No.7 of the Notice for the approval of the members.

#### **Item No.8**

Mr. V. C. Raghunath, was re-appointed as a Whole Time Director of the Company for a period of five years with effect from 28th July 2019 by the Board of Directors at their meeting held on 28.5.2019 and the said appointment and remuneration was approved by the shareholders at the 24th Annual General Meeting held on 9.8.2019.

Pursuant to the provisions of Schedule V of the Companies Act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the Company shall obtain the shareholders' approval by a special resolution for making payment of remuneration to its Executive Director as stated in the above said schedule and such approval for payment of remuneration shall not exceed the period of three years.

Accordingly, the Board after considering the recommendation of the Nomination and Remuneration Committee has approved the same and recommended for obtaining the shareholders' approval as stated in the above schedule including the limitation on the payment of remuneration for a period of three years instead of five years as already approved by the shareholders at the 24th AGM.

Mr. V. C. Raghunath is the Son of Mr. R. Chellappan, Managing Director and brother of Mrs. V. C. Mirunalini, Whole Time Director of the Company.

No Director, Key Managerial Personnel or their relatives, except Mr. R. Chellappan and Mrs. V. C. Mirunalini, to whom the resolution relates, is interested or concerned in the resolution.

This item being special business, is unavoidable in nature and the Board recommends the resolution set forth in Item No.8 of the Notice for the approval of the members.

#### **Item No.9**

Mrs. V. C. Mirunalini, was appointed as a Whole Time Director of the Company for a period of five years with effect from 28th June 2017 by the Board of Directors at their meeting held on 28.6.2017 and the said appointment and remuneration was approved by the shareholders at the 22nd Annual General Meeting held on 11.8.2017.

Pursuant to the provisions of Schedule V of the Companies Act, 2013, in the event of absence of profits or inadequacy of profits in any financial year, the Company shall obtain the shareholders' approval by a special resolution for making the payment of remuneration to its Executive Director as stated in the above said schedule and such approval for payment of remuneration shall not exceed the period of three years.

Accordingly, the Board after considering the recommendation of the Nomination and Remuneration Committee has approved the same and recommended for obtaining the shareholders' approval as stated in the above schedule.

Mrs. V. C. Mirunalini is the Daughter of Mr. R. Chellappan, Managing Director and sister of Mr. V. C. Raghunath, Whole Time Director of the Company.

No Director, Key Managerial Personnel or their relatives, except Mr. R. Chellappan and Mr. V. C. Raghunath, to whom the resolution relates, is interested or concerned in the resolution.

This item being special business, is unavoidable in nature and the Board recommends the resolution set forth in Item No.9 of the Notice for the approval of the members.

**Item No.10**

On the recommendation of the Audit Committee, the Board, at its meeting held on 8.7.2020, appointed M/s. Ravichandran Bhagyalakshmi & Associates, Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2021. The Board also approved the remuneration of Rs.1,32,000/- (Rupees One Lakh Thirty Two Thousands Only) plus out of pocket expenses. In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor has to be ratified by the shareholders of the Company.

No Director, Key Managerial Personnel or their relatives, is interested or concerned in the resolution.

This item being special business, is unavoidable in nature and the Board recommends the resolution set forth in Item No.10 of the Notice for the approval of the members.

By Order of the Board  
For **SWELECT ENERGY SYSTEMS LIMITED**  
Sd/-

Chennai  
8th July 2020

R. Sathishkumar  
Company Secretary

**Statement of Disclosures pursuant to Schedule V to the Companies Act, 2013 in relation to Item no (s). 4 to 9 above:**

| I.                              | General information   |   |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
|---------------------------------|---|---|--|-----------|-----------|--------------|----------|----------|---------------------------------|---------|---------|-------------------|----------|---------|------------------|----------|---------|----------------------------|----------|---------|--------------------|--------|------|--|
| (1)                             | Nature of industry  | The Company is 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  |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| (2)                             | Date of commencement of commercial production   | 21.09.1994  |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| (3)                             | In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus | Not applicable  |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| (4)                             | Financial performance based on given indicators   | <table border="1"> <thead> <tr> <th></th> <th>2019-2020</th> <th>2018-2019</th> </tr> </thead> <tbody> <tr> <td>Total Income</td> <td>14204.04</td> <td>11984.43</td> </tr> <tr> <td>Profit Before Exceptional Items</td> <td>1055.36</td> <td>1510.08</td> </tr> <tr> <td>Profit Before Tax</td> <td>-1416.63</td> <td>1540.08</td> </tr> <tr> <td>Profit After Tax</td> <td>-1673.16</td> <td>1105.35</td> </tr> <tr> <td>Total Comprehensive income</td> <td>-1627.87</td> <td>1117.72</td> </tr> <tr> <td>Earnings per share</td> <td>-11.04</td> <td>7.29</td> </tr> </tbody> </table> |  | 2019-2020 | 2018-2019 | Total Income | 14204.04 | 11984.43 | Profit Before Exceptional Items | 1055.36 | 1510.08 | Profit Before Tax | -1416.63 | 1540.08 | Profit After Tax | -1673.16 | 1105.35 | Total Comprehensive income | -1627.87 | 1117.72 | Earnings per share | -11.04 | 7.29 |  |
|                                 | 2019-2020   | 2018-2019   |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| Total Income                    | 14204.04  | 11984.43  |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| Profit Before Exceptional Items | 1055.36   | 1510.08   |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| Profit Before Tax               | -1416.63  | 1540.08   |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| Profit After Tax                | -1673.16  | 1105.35   |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| Total Comprehensive income      | -1627.87  | 1117.72   |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| Earnings per share              | -11.04  | 7.29  |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |
| (5)                             | Foreign investments or collaborations, if any.  | For details of investment made by the Company, please refer the Notes no.6 of the Standalone Balance sheet forming part of the Annual Report for the financial year 2019-2020 is being sent along with this Notice.<br><br>The Company has not entered into any foreign collaboration.  |  |           |           |              |          |          |                                 |         |         |                   |          |         |                  |          |         |                            |          |         |                    |        |      |  |

| II. Information about the appointee: |  |  |   |  |
|--------------------------------------|--|--|---|--|
| (1)                                  | Background details   | The background details and profile of Mr. R. Chellappan, Mr. A. Balan, Mr. K. V. Nachiappan, Mr. V. C. Raghunath and Mrs. V. C. Mirunalini are being furnished under the heading "PROFILE OF DIRECTORS" and annexed to this Notice.  |   |  |
| (2)                                  | Remuneration – past & proposed   | There is no change in the remuneration of Mr. R.Chellappan, Managing Director, Mr.V.C.Raghunath, and Mrs.V.C.Mirunalini, Whole Time Directors. The details of their remuneration are given in the Annual Report 2019-2020 under Corporate Governance section<br>The other Directors' remuneration are as follows:      |   |  |
|                                      |  | (In Lakhs)   |   |  |
|                                      |  | Mr. A. Balan   |   | Mr. K. V. Nachiappan   |
|                                      |  | Past   | Proposed  | Past   |
|                                      |  | 23.00  | 30.00   | 21.00  |
|                                      | Salary   |  |   | 27.00  |
|                                      | Commission   | @ 0.25% will be paid on the net profits of the Company not exceeding Rs.10,00,000/- per annum  | @ 0.25% will be paid on the net profits of the Company not exceeding Rs.10,00,000/- per annum | NIL  |
|                                      |  |  |   | Commission @ 0.25% will be paid on the net profits of the Company not exceeding Rs.10,00,000/- per annum with effect from financial year 2020-2021 |
|                                      | Perquisites  | As per resolution  | No change   | As per resolution  |
|                                      |  |  |   | No change  |
| (3)                                  | Recognition or awards  |  |   |  |
|                                      | Mr. R. Chellappan  | Received special achievement award from the Hon'ble Governor of Tamil Nadu for being one of Elite group of ten outstanding entrepreneurs in the field of IT and ITES "TRAIL BLAZERS – PATH FINDERS 2011".<br><br>In November 2013, awarded the winner of the TIECon Award 2013 as "The Entrepreneur of the Year 2013." |   |  |
|                                      | Mr. A. Balan, Mr. K. V. Nachiappan, Mr. V. C. Raghunath and Mrs. V. C. Mirunalini                                  | Nil  |   |  |
| (4)                                  | Job profile and suitability  |  |   |  |
|                                      | Mr. R. Chellappan – Managing Director  | Highly experienced and controls the affairs of the Company. He has successfully and in a sustained way contributed significantly towards growth in performance of the Company. He has extensive experience in the Power Electronics.   |   |  |
|                                      | Mr. A. Balan – Whole Time Director<br>(Joint Managing Director)  | Handling Operations and providing technical support to the Company for execution of various Solar Power Projects of the Company  |   |  |
|                                      | Mr. K. V. Nachiappan – Whole Time Director   | Handling execution of Solar Power Projects of the Company and Operation and Maintenance (O&M) Services   |   |  |
|                                      | Mr. V. C. Raghunath – Whole Time Director  | Handling of all India Level Solar Power Project Management and Solutions   |   |  |
|                                      | Mrs. V. C. Mirunalini – Whole Time Director  | Heading the Module Manufacturing factory (100 MW capacity SPV Module Plant, HHV Solar Modules, Bangalore), handling daily operational activities, sourcing and Marketing   |   |  |
| (5)                                  | Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person | The remuneration to all Executive Directors are comparable to industry standards.  |   |  |

| <b>III. Other information:</b> |   |  |
|--------------------------------|---|--|
| (1)                            | Reasons of loss or inadequate profits   | <i>The Company has revisited the projections made in the previous year 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 on relevant claims. This has resulted in the Company considering an additional diminution in the value of its investments in its wholly owned subsidiary (SWELECT Green Energy Solutions Private Limited) during the financial year ended March 31, 2020. This was considered as an exceptional loss in the financial results of the Company. Detailed explanations are given in page no.4 of the Annual Report 2019-2020 under the heading "General review of the business of the company".</i> |
| (2)                            | Steps taken or proposed to be taken for improvement   | The Company has taken the appropriate action to claim the variation rate charged by TANGEDCO for purchase of power and also to obtain the NOC for entering into a Third Party Power Purchase Model. After obtaining the NOC, the Company would execute the agreement under Third Party Power Purchase Model with suitable industrial consumers which leads to improve the revenue of the Company.  |
| (3)                            | Expected increase in productivity and profits in measurable terms   | The Company is expected that it may improve the value of investment made in the above subsidiary and nullify the above loss in the years to come.  |
| <b>IV. Disclosures:</b>        |   |  |
|                                | (i) all elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc., of all the directors;<br>(ii) details of fixed component. and performance linked incentives along with the performance criteria;<br>(iii) service contracts, notice period, severance fees; and<br>(iv) stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable. | These disclosures are given in the Board report under the heading "Corporate Governance", which is being annexed to the Annual Report 2019-2020.   |

**ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AND ALTERATION IN THE TERMS AND CONDITIONS OF THE APPOINTMENT AS PER SCHEDULE V OF THE COMPANIES ACT, 2013**

**Brief profile of Mr. A. Balan and nature of his expertise in specific functional areas:**

|   |  |
|---|--|
| Age & Date of Birth                                   | 67 years (10/05/1953)  |
| Qualification   | BE (Electrical and Electronics)  |
| Experience  | <p>Served in Best &amp; Crompton Engineering Ltd, in the middle management cadre for over 15 years. Had undertaken various assignments of the company, in the field of Manufacturing, Plant Maintenance, and vendor development. He also served in Novateur Electrical &amp; Digital Systems Pvt. Ltd. as Director-operations, responsible for sales and technical support, for a period of 3 years.</p> <p>At present heading Operations and technical support of SWELECT Energy Systems Ltd.</p> |
| Terms and conditions of re-appointment & Remuneration | As set out in the proposed Resolution No.6 of the accompanying notice.   |

|  |  |
|--|--|
| Date of first appointment on the Board                     | Director on the Board from the date of inception till 2012 when the business of NUMERIC was transferred to Legrand Group by Business Transfer Agreement and again inducted on the Board from 3rd October 2015.   |
| Shareholding in the Company                                | 469499 Equity Shares (3.09%)<br>Held by/for other persons on a beneficial basis: Nil   |
| Inter-se relationship with other Directors                 | NIL  |
| Number of Board meetings attended during the year          | 7  |
| Directorships held in other Companies                      | SWELECT Green Energy Solutions Private Limited<br>SWELECT Solar Energy Private Limited<br>K J Solar Systems Private Limited<br>SWELECT Electronics Private Limited<br>SWELECT Power Systems Private Limited<br>Does not hold directorship in Public or Listed entity |
| Chairmanship / Membership in Committees of the other Board | NIL  |

**Brief profile of Mrs. Jayashree Nachiappan and nature of her expertise in specific functional areas:**

|  |  |
|--|--|
| Age & Date of Birth  | 53 years (15/12/1966)  |
| Qualification  | BE (Printing Technology) from College of Engineering, Guindy affiliated to Anna University, Chennai.   |
| Experience   | Running her own Offset printing press for the past 26 years  |
| Terms and conditions of re-appointment                     | Non-Executive Director and Liable to retire by rotation  |
| Remuneration   | Nil  |
| Date of first appointment on the Board                     | 13.8.2012  |
| Shareholding in the Company                                | 1375 Equity Shares (0.01%)<br>Held by/for other persons on a beneficial basis: Nil   |
| Inter-se relationship with other Directors                 | Wife of Mr. K. V. Nachiappan, Whole Time Director  |
| Number of Board meetings attended during the year          | 5  |
| Directorships held in other Companies                      | SWELECT Green Energy Solutions Private Limited<br>SWELECT Solar Energy Private Limited<br>INFINITO Technologies India Private Limited<br>Does not hold any directorship in Public or Listed entity |
| Chairmanship / Membership in Committees of the other Board | NIL  |

**Brief profile of Mr. K. V. Nachiappan and nature of his expertise in specific functional areas:**

|   |   |
|---|---|
| Age & Date of Birth                                       | 54 years, 30.09.1965  |
| Qualification   | Qualified Engineer in Electrical & Electronics and a rank holder from Bharathiar University.  |
| Experience  | <ul style="list-style-type: none"> <li>▪ Member of Institute of Electrical &amp; Electronics Engineers (IEEE)</li> <li>▪ 30 Years in Electrical and Power Electronics Industry.</li> </ul> <p><u>Shanti Electricals, Bangalore:</u><br/>1988 - 1990: Site Engineer for Electrical Projects</p> <p><u>Hi-Power Electronics Private Limited:</u><br/>1991 - 1993: Director</p> <p><u>Numeric Power Systems Limited</u><br/>1994-2005: Product Development, UPS Manufacturing and Country Manager for 3 phase Technical and Field support.</p> <p><u>Socomec - Numeric UPS Pvt. Limited</u><br/>2006 -2007: Country Sales Manager - responsible for sales of 3ph UPS</p> <p><u>Numeric Power Systems Limited</u><br/>2007 - 2012: Head - 3 Phase UPS Division</p> <ul style="list-style-type: none"> <li>▪ Overall responsibility for the 3 Phase UPS Division, which includes marketing, sales, and after sales functions for the Country.</li> </ul> <p><u>Novateur Electrical and Digital Systems Pvt. Limited</u><br/>2013-2018: Head: Marketing and R&amp;D<br/>Responsible for implementing key marketing initiatives such as market analysis, new product launches and is also heading the research &amp; development activities.<br/>At present, handling execution of Solar Power Projects of the Company and Operation and Maintenance (O&amp;M) Services.</p> |
| Terms and conditions of appointment & Remuneration        | As set out in the proposed Resolution No.4 of the accompanying notice   |
| Date of first appointment on the Board                    | Director on the Board from the date of inception till 2012 when the business of NUMERIC was transferred to Legrand Group by Business Transfer Agreement and again inducted on the Board from 20th April 2018. He has rich experience in Electrical and Power Electronics Industry.  |
| Shareholding in the Company                               | Own: 1,65,348 Equity Shares (1.09%)<br>Held by/for other persons on a beneficial basis: Nil   |
| Inter-se relationship with other Directors                | Husband of Mrs. Jayashree Nachiappan, Non-Executive Director.   |
| Number of Board meetings attended during the year         | 5   |
| Directorships held in other Companies                     | Nil   |
| Chairmanship/ Membership in Committees of the other Board | Nil   |

**Brief profile of Mrs. V. C. Mirunalini and nature of her expertise in specific functional areas:**

|                     |   |
|---------------------|---|
| Age & Date of Birth | 35 years, 08.12.1984  |
| Qualification       | <ul style="list-style-type: none"> <li>▪ BE (Electrical and Electronics Engineering) from College of Engineering, Chennai – May 2006</li> <li>▪ Master of Science (Electrical Engineering, Electrical Power and Power Electronics) from Texas A&amp;M University, USA – Aug 2008</li> </ul> |

|   |   |
|---|---|
| Experience  | <ul style="list-style-type: none"> <li>▪ 9 Years in the Power Electronics and Solar Industry</li> <li>▪ 1 Year with Texas A&amp;M University, USA as Research Assistant</li> </ul>  |
| Portfolio   | <ul style="list-style-type: none"> <li>▪ Head of Module Manufacturing factory (100 MW SPV Module Plant, HHV Solar Modules, Bangalore), handling daily operational activities, sourcing and marketing</li> <li>▪ Sourcing of the Products, Product design, validation and design support and monitoring the projects</li> <li>▪ Solar Water Pumping – sourcing, product evaluation, certification and launch into the market</li> <li>▪ Works on specialised projects such key CSR Activities and key customer relationship management</li> <li>▪ Technical support for the projects and the procurement / sourcing team</li> <li>▪ Bangalore Regional Office management</li> <li>▪ Contribute to the development of the marketing strategy</li> <li>▪ Operational and customer support</li> <li>▪ Supporting design engineering and technical management for EPC of MW range of Solar projects</li> </ul>   |
| Achievements  | <ul style="list-style-type: none"> <li>▪ IEEE Member, Power Electronics Society and invited twice as reviewer for selection of papers</li> <li>▪ Ranked among top 2 percent in the qualifying Exam for professional courses (2002) India</li> <li>▪ Ranked 6th (out of 100) in Department of Electrical and Electronics Engineering, Anna University</li> <li>▪ Release of a very unique Hybrid Energy Monitoring System that is compatible with all kinds of installation up to 10 kW. This helps in measuring the energy saved, the cost saved and the carbon footprint that was avoided</li> <li>▪ Design and Development of Solar Power Converters to suit the Indian Market conditions and for export market</li> <li>▪ Study and Analysis of cost reduction and optimisation methods in the Solar system installation to enable better power availability at optimal price for the customer</li> <li>▪ Release of High MPPT Efficiency Solar Charge controller at 12 – 120 V, 3 kW capacities suitable for all range of Solar Inverters</li> <li>▪ Release of Bi-directional Inverter (with grid feed-in) first of its kind to be designed and developed completely in India</li> </ul> |
| Terms and conditions of appointment & Remuneration        | As set out in the proposed Resolution No.9 of the accompanying notice   |
| Date of first appointment on the Board                    | 28.06.2017  |
| Shareholding in the Company                               | Own: 71,008 shares (0.47)<br>Held by/for other persons on a beneficial basis: Nil   |
| Inter-se relationship with other Directors                | Daughter of Mr. R. Chellappan, Managing Director and Sister of Mr. V.C. Raghunath, Whole Time Director of the Company.  |
| Number of Board meetings attended during the year         | 4   |
| Directorships held in other Companies                     | SWELECT Power Systems Private Limited<br>Does not hold any directorship in Public or Listed entity  |
| Chairmanship/ Membership in Committees of the other Board | Nil   |



**Brief profile of Mr. R. Chellappan and nature of his expertise in specific functional areas:**

|                     |   |
|---------------------|---|
| Age & Date of Birth | 67 years, 8th May 1953  |
| Qualification       | <ul style="list-style-type: none"> <li>▪ DEE and qualified Engineer in Electrical and Electronics from Thiagarajar Polytechnic College, Salem – April 1972</li> <li>▪ BE (EEE) from Coimbatore Institute of Technology with University rank – Nov 1979</li> <li>▪ An active Senior Member of Institute of Electrical &amp; Electronics Engineers Inc. – USA (IEEE) over 20 years.</li> </ul>  |
| Experience          | <ul style="list-style-type: none"> <li>▪ 36 Years in Power Electronics – Started the company in 1984</li> <li>▪ 8 Years with Sri Ramakrishna Steel Industries Ltd, Coimbatore</li> <li>▪ 5 Years with Ashok Leyland Ltd, Chennai</li> </ul>   |
| Credentials         | <ul style="list-style-type: none"> <li>▪ One of the Founder Members / Trustee of National Solar Energy Federation of India (NSEFI), South Chapter</li> <li>▪ Appointed as chairman of IEEE – Madras Chapter, PELS society</li> <li>▪ One of the RE Council Member of Confederation of Indian Industry (CII)</li> <li>▪ Bonafede member of MAIT – Manufacturers' Association for Information Technology</li> <li>▪ Member of KSMBOA – Karnataka Small &amp; Medium Business Owner's Association</li> <li>▪ Key member of the board of studies in the faculty of Electrical Engineering of Anna University, Chennai</li> <li>▪ Key member of the Board of Research Studies (BORS) in Periyar University, Salem</li> <li>▪ Received special achievement award from the Hon'ble Governor of Tamil Nadu for being one of Elite group of ten outstanding entrepreneurs in the field of IT and ITES <b>"TRAIL BLAZERS – PATH FINDERS 2011"</b> - a recognition and appreciation for the efforts of entrepreneurs who are part of the competitive IT and ITES Industry and whose contribution to the growth of the economy has been significant</li> <li>▪ In November 2013, awarded the winner of the TiECon Award 2013 as "The Entrepreneur of the Year 2013"</li> </ul>  |
| Achievements        | <ul style="list-style-type: none"> <li>▪ Started the company (in 1984) with a team of just six members, and then built the company to 2600 employees (in 2012) across its branches in India and overseas</li> <li>▪ In May 2012, Numeric transferred the UPS division to Novateur Electrical &amp; Digital Systems Pvt Ltd, a wholly owned subsidiary of LEGRAND S.A. FRANCE under a BTA (Business Transfer Agreement)</li> <li>▪ In Aug 2012, SWELECT was empanelled by BEE (Bureau of Energy Efficiency) as ESCO (Energy Service Company)</li> <li>▪ In Dec 2012, SWELECT was recognized as the No.1 Solar Solution Provider (Integrator) company of the Year 2012</li> <li>▪ In Dec 2012, SWELECT was adjudged as SD Awards 2012 for Leadership in Roof Top Solar Installations</li> <li>▪ In Jan 2013, SWELECT got a CRISIL rating of SP1A (highest for Technical and Financial Superiority) and was accredited by MNRE as the authorized Channel Partner for Off-grid and Decentralized Solar PV systems under JNNSM scheme</li> <li>▪ Amex Alloys Private Limited a Wholly Owned Subsidiary was awarded as Export Excellence Award for FY (12-13)</li> <li>▪ In May 2015, SWELECT was accredited by MNRE as "Empaneled Inverter Manufacturer" under Off-Grid and Decentralized Solar application program</li> <li>▪ Was adjudged by KSMBOA – Business Excellence &amp; Achievement Awards 2015 as "SME Excellence Award in Quality in SOLAR RENEWABLE sector"</li> <li>▪ SWELECT was recognized as SD's No.1 off Grid / Roof Top Solar PV power solution provider for the years 2013 to 2017, consequent 5 years</li> </ul> |

|   |   |
|---|---|
|   | <ul style="list-style-type: none"> <li>▪ SWELECT was adjudged as Winner of the Largest Number of Rooftop Installations in the country from 2012 to 2017</li> <li>▪ SWELECT was recognized as No.2 Grid Sharing Solar PV Power Solution Provider from 2015 to 2017 and No.2 SPCU Manufacturer of the year 2015 and 2016</li> <li>▪ A++ SD's star green rating for continuous four years</li> <li>▪ Amex Alloys Private Limited a Wholly Owned Subsidiary was adjudged as "Best Foundry–Small Scale"-Rangasayee Award for the year 2018 by Institute of Indian Foundrymen (IIF), Coimbatore Chapter</li> <li>▪ HHV Solar Technologies was recognized by Silicon India Magazine as "Brand of the Year 2017"</li> <li>▪ Was awarded as one of the 50 Most Influential Solar Leaders (A Global Listing)</li> <li>▪ SWELECT was awarded as Leading RE Developers–Solar Rooftop at the Renewable Energy India Awards 2017</li> <li>▪ CEO Insight magazine recognized SWELECT as one of the 25 Best Green Energy Companies -2018</li> </ul> |
| Terms and conditions of appointment & Remuneration        | As set out in the proposed Resolution No.7 of the accompanying notice   |
| Date of first appointment on the Board                    | 12.09.1994  |
| Shareholding in the Company                               | Own: 73,97,860 shares (48.8%)<br>Held by/for other persons on a beneficial basis: Nil   |
| Inter-se relationship with other Directors                | Father of Mr. V. C. Raghunath and Mrs. V. C. Mirunalini, Whole Time Directors of the Company.   |
| Number of Board meetings attended during the year         | 7   |
| Directorships held in other Companies                     | <ol style="list-style-type: none"> <li>1. SWELECT Electronics Private Limited</li> <li>2. SWELECT Energy Systems Pte. Limited, Singapore</li> <li>3. SWELECT Solar Energy Private Limited</li> <li>4. Amex Alloys Private Limited</li> <li>5. SWELECT Green Energy Solutions Private Limited</li> <li>6. SWELECT Power Systems Private Limited</li> <li>7. Novateur Electrical &amp; Digital Systems Private Limited</li> <li>8. Noel Media &amp; Advertising Private Limited</li> <li>9. SWELECT Inc.USA</li> <li>10. SWELECT Energy Systems LLC, USA</li> <li>11. VB Cricket Academy Private Limited</li> <li>12. Srivaru Motors Private Limited</li> </ol> <p>Does not hold any directorship in Public or Listed entity</p>  |
| Chairmanship/ Membership in Committees of the other Board | Nil   |

**Brief profile of Mr. V. C. Raghunath and nature of his expertise in specific functional areas:**

|   |  |
|---|--|
| Age & Date of Birth                                       | 39 years, 11th July 1981   |
| Qualification   | <ul style="list-style-type: none"> <li>▪ BE (EEE)</li> <li>▪ Master of Science (Electrical Engineering)</li> </ul>   |
| Experience  | <ul style="list-style-type: none"> <li>▪ 12 Years in the Power Electronics and Solar Industry, Started his career in 2006</li> </ul>   |
| Certification   | <ul style="list-style-type: none"> <li>▪ Certified SAP Solution Consultant for Supply Chain Management / Order Fulfillment</li> </ul>  |
| Portfolio   | <ul style="list-style-type: none"> <li>▪ Handling of all India Level Solar Power Project Management and Solutions <ul style="list-style-type: none"> <li>- Contributes to the development of marketing strategy of the Company and communication</li> <li>- Training and Guiding the Sales team in achieving their target</li> <li>- Key function is to negotiate complex, high-value contracts for the supply of Solar Power products and solutions</li> <li>- Meet key customers and give presentations of new products and proposals, besides maintaining relations with the existing ones</li> <li>- Project Execution and Management</li> <li>- Ensuring that customers' requirements related to the products and solutions are made available within shortest possible time</li> <li>- Work closely with other members of the sales team and other departments within the company to ensure customer and company expectations are met</li> </ul> </li> </ul> |
| Projects Handled  | <ul style="list-style-type: none"> <li>▪ Few Major MW Range projects to mention: <ul style="list-style-type: none"> <li>- 15 MW SPV Modular Solar Park at Vellakoil Plant, Aravakurichi Taluk, Karur as a Turnkey EPC Project</li> <li>- 10 MW SPV Power Plant at Thottiyam Taluk, Trichy with Engineering and Installations</li> <li>- 4 MW SPV Solar Park for KMCH at Tirupur as a Turn key Project</li> <li>- 3.5 MW SPV Solar Park for Milky Mist Dairy at Erode</li> <li>- 1.65 MW SPV Solar Park at Hosur for Exide Industries Ltd as a Turnkey EPC Project</li> <li>- 1 MW SPV Power Plant at TADA for Nippo Batteries with Engineering and Installations</li> <li>- 1 MW SPV Park at Karur for Yajur Energy Solutions Pvt. Ltd</li> <li>- 2 MW SPV Park at Karur for Amex Alloys Pvt Ltd</li> </ul> </li> </ul>  |
| Terms and conditions of appointment & Remuneration        | As set out in the proposed Resolution No.8 of the accompanying notice  |
| Date of first appointment on the Board                    | 11.11.2013   |
| Shareholding in the Company                               | Own: 58,515 shares (0.39%)<br>Holding on behalf of SWEES Employees Welfare Trust: 1,76,400 shares (1.16%)  |
| Inter-se relationship with other Directors                | Son of Mr. R. Chellappan, Managing Director and Brother of Mrs. V.C. Mirunalini, Whole Time Director   |
| Number of Board meetings attended during the year         | 5  |
| Directorships held in other Companies                     | <ol style="list-style-type: none"> <li>1. Amex Alloys Private Limited</li> <li>2. SWELECT Energy Systems Pte. Limited, Singapore</li> <li>3. NOEL Media &amp; Advertising Private Limited</li> <li>4. K J Solar Systems Private Limited</li> </ol> <p>Does not hold any directorship in Public or Listed entity</p>  |
| Chairmanship/ Membership in Committees of the other Board | Nil  |

## PROCEDURE AND INSTRUCTIONS FOR e-VOTING:

### REMOTE E-VOTING:

Pursuant to provisions of section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time and Regulation 44 of the SEBI Listing Regulations, the Company is pleased to provide Remote e-voting facility to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 25<sup>th</sup> Annual General meeting of the Company to be held on Thursday the 10th September 2020 at 3.30 p.m. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) to provide the e-voting facility.

**“Remote e-voting” means the facility of casting votes by a Member using an electronic voting system from a place other than venue of a general meeting.**

- (i) The voting period begins on 7th September 2020 at 9:00 am IST and ends on 9th September 2020 at 5:00 pm IST. During this period Shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 3rd September 2020, may cast their vote electronically. The Remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iv) Click on “Shareholders / Members” tab.
- (v) Now Enter your User ID
  - a) For CDSL: 16 digits beneficiary ID
  - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  - c) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

or

Alternatively, if you are registered for CDSL’s EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL’s EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (vi) Next enter the Captcha Code as displayed and Click on Login.
- (vii) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below.

Now, fill up the following details in the appropriate boxes:

| <b>For Members holding shares in Demat Form and Physical Form</b> |   |
|---|---|
| PAN*  | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul> |
| DOB#  | Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.   |
| Dividend Bank Details#  | Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.  |

# Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

After entering these details appropriately, click on “SUBMIT” tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for SWELECT ENERGY SYSTEMS LIMITED on which you choose to vote.
- (xii) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiv) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take printout of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian and representatives, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [eswarfcs@gmail.com](mailto:eswarfcs@gmail.com) and [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com) respectively, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.
- (xxi) For any queries or issues regarding remote e-voting and e-voting during the AGM, you may also contact our Registrar and Share Transfer Agents, M/s. Cameo Corporate Services Limited, "Subramanian Building", No.1, Club House Road, Chennai – 600002. Name of contact person: Mr. P. Muralidharan, Assistant Manager, email id: [murali@cameoindia.com](mailto:murali@cameoindia.com), Tel: +914428460390 or you may contact Mr. Rakesh Dalvi, Manager, (CDSL), Tel: 022-23058542/43, email id: [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

#### **Mobile app m-Voting:**

Shareholders can also cast their vote using CDSL's mobile app "m-Voting" available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while Remote voting on your mobile.

### **E-VOTING DURING THE AGM:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC ARE AS UNDER:**

1. Shareholder will be provided with a facility to attend the AGM through VC through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC will be available in shareholder/members login where the EVSN of Company will be displayed.
2. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.
3. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
4. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 5 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com). These queries will be replied to by the company suitably by email.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/ RTA viz. [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com) and [investor@cameoindia.com](mailto:investor@cameoindia.com).
2. For Demat shareholders - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to Company/RTA viz. [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com) and [investor@cameoindia.com](mailto:investor@cameoindia.com).

#### **General Instructions**

- a. M/s. P. Eswaramoorthy and Company, Company Secretaries (Membership No. FCS 6510), has been appointed as the Scrutinizer to scrutinize the process of Remote e-voting and E-voting during the AGM in a fair and transparent manner.
- b. The Scrutinizer after the completion of scrutiny will submit his report to the Chairman or a person authorized by him in writing, who shall counter sign the same and announce the results of voting, within 48 hours of conclusion of the meeting.
- c. The results declared along with the Scrutinizer's Report will be placed on the Company's website [www.swelectes.com](http://www.swelectes.com), website of CDSL and the same shall also be communicated to BSE Ltd., ([www.bseindia.com](http://www.bseindia.com)) and National Stock Exchange of India Limited ([www.nseindia.com](http://www.nseindia.com)).
- d. The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on 3rd September 2020.

\* \* \*



**swelect** ENERGY SYSTEMS LIMITED

25<sup>th</sup> ANNUAL REPORT 2019-20

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## 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

Mr. P. JAGAN (up-to 10.08.2020)

### COMPANY SECRETARY

Mr. R. SATHISHKUMAR

### BANKERS

STATE BANK OF INDIA  
THE HONGKONG AND SHANGHAI  
BANKING CORPORATION LIMITED  
HDFC BANK LIMITED  
BARCLAYS BANK PLC  
DBS BANK  
YES BANK  
BNP PARIBAS  
ICICI BANK  
INDUSIND BANK  
SBM BANK

### REGISTERED OFFICE

CIN: L93090TN1994PLC028578

'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 AUDITOR

Mr. R. KANNAN  
Practising Company Secretary  
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

|   |   |   |
|---|---|---|
| 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. |

### 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.   |

## BOARD'S REPORT

Our Valued Shareholders,

Your Directors have pleasure in presenting the Twenty Fifth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended 31st March 2020.

### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

| S.No. | Particulars   | Standalone                    |                               | Consolidated                  |                               |
|-------|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
|       |   | For the year ended 31/03/2020 | For the year ended 31/03/2019 | For the year ended 31/03/2020 | For the year ended 31/03/2019 |
| 1     | Revenue from operations   | 14204.04                      | 11984.43                      | 25221.82                      | 22764.94                      |
| 2     | Finance and Other income  | 3170.98                       | 3494.58                       | 2759.30                       | 2625.50                       |
| 3     | Total Income  | 17375.02                      | 15479.01                      | 27981.12                      | 25390.44                      |
| 4     | Total Expenditure (Excluding Finance cost, Depreciation and Amortisation) | 13679.08                      | 11808.89                      | 22449.58                      | 20243.04                      |
| 5     | Profit Before Finance cost, Depreciation and Amortisation and Tax         | 3695.94                       | 3670.12                       | 5531.54                       | 5147.40                       |
| 6     | Finance Costs   | 981.15                        | 744.63                        | 1725.90                       | 1532.89                       |
| 7     | Depreciation and Amortisation expense                                     | 1659.43                       | 1415.41                       | 2985.25                       | 2599.25                       |
| 8     | Profit Before Exceptional Item and Tax                                    | 1055.36                       | 1510.08                       | 820.39                        | 1015.26                       |
| 9     | Add: Exceptional items #  | -2471.99                      | 30.00                         | -1522.61                      | 30.00                         |
| 10    | Profit (+) / Loss (-) Before Tax  | -1416.63                      | 1540.08                       | -702.22                       | 1045.26                       |
| 11    | Income Tax Expense  | 256.53                        | 434.73                        | 314.66                        | 362.40                        |
| 12    | Net Profit (+) / Loss(-) after Tax #                                      | -1673.16                      | 1105.35                       | -1016.88                      | 682.86                        |
| 13    | Other Comprehensive income for the year, net of tax                       | 45.29                         | 12.37                         | 911.63                        | 3.89                          |
| 14    | Total comprehensive income / Loss(-) for the year, net of tax             | -1627.87                      | 1117.72                       | -105.25                       | 686.75                        |
| 15    | Interim Dividend paid on Equity Shares                                    | 189.48                        | -                             | 189.48                        | -                             |
| 16    | Dividend Distribution Tax (Interim)                                       | 38.95                         | -                             | 38.95                         | -                             |
| 17    | Final Dividend Proposed (31.3.2020) / Paid on Equity Shares               | 113.69                        | 252.65                        | 113.69                        | 252.65                        |
| 18    | Dividend Distribution Tax Paid  | -                             | 51.93                         | -                             | 51.93                         |
| 19    | Equity Share Capital  | 1515.87                       | 1010.58                       | 1515.87                       | 1010.58                       |
| 20    | Other equity (Reserves & Surplus)   | 64263.05                      | 66940.32                      | 70432.75                      | 71593.34                      |
| 21    | EPS (Rs.)   | -11.04                        | 7.29                          | -6.71                         | 4.50                          |

# The Company has revisited the projections made in the previous year 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. This has resulted in the Company considering an additional diminution in the value of its investments in subsidiary (SWELECT Green Energy Solutions Private Limited) during the financial year ended March 31, 2020. The same has been considered as an exceptional loss in the standalone financial results of the Company. Detailed explanations are given in page no.4 of this report under the General review of the business 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, is one of the most reputed National leaders in Solar Photovoltaic industry, has been able to demonstrate its high level of commitment to ensure International Quality standards and technical superiority. With a strong brand recall, offering the highest plant up time, SWELECT has earned the respect and trust of its valuable customers.

The Company has always strived to be an investor friendly company ensuring business continuity and upholding the stakeholders' value with highest importance.

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

During the year, the Company registered a turnover (Standalone) of Rs.14204.04 Lakhs against the previous year turnover of Rs.11984.43 Lakhs registered a growth of 18.52% compared to previous year revenue. The company recorded an EBIDTA of Rs. 3695.94 Lakhs compared to the corresponding figure last year of Rs. 3670.12 Lakhs. However, the Company had to account for "Exceptional items" amounting to Rs. 2471.99 Lakhs resulting in a Loss for the current year of Rs.1673.16 Lakhs against the previous year profit of Rs.1105.35 Lakhs. The reason for the loss is given below.

On 30.3.2016, the Company (Holding Company) had Hived off its 12 MWp Solar Photovoltaic plant located at Vellakoil as a going concern on slump exchange basis, to its wholly owned subsidiary (WOS) namely, SWELECT Green Energy Solutions Private Limited, for which the Company had received 63,00,000 10% Compulsorily Convertible Unsecured Debentures of Rs.100/- each as a consideration from the above subsidiary, which are fully convertible into Equity Shares to the Holding Company after 20 years from the date of issue of debentures.

In the above said 12 MW Plant, the plant having capacity of 10 MW is under Renewable Energy Certificate (REC) Scheme and the solar power being generated is sold to TANGEDCO at Pooled Cost of Power Purchase, set by Tamil Nadu Electricity Regulatory Commission (TNERC), which is varying from time to time.

The above slump exchange was executed taking into consideration the economic benefits available from Group Captive Power Purchase (GCPP) Model. Thereafter the regulatory norms were changed and it was found that the subsidiary company could not migrate from PPA with TANGEDCO to Group Captive Power Purchase Model due to the State Government policy. However, the company (subsidiary) may exit from the existing PPA with TANGEDCO and enter into a Third-Party Power Purchase Model by continuing under the REC Scheme after obtaining the No Objection (NOC) received from TANGEDCO. The company (subsidiary) had received offers from many Corporate Houses that come under Renewable Power Obligation (RPO) with cost of energy at market rates that are comparably better in terms of IRR and loan and interest repayment capability. Accordingly, the identification of Consumers under Third Party Power Purchase Model has been in the process.

Since, there was a delay in obtaining NOC from TANGEDCO for entering into a Third Party Power Purchase Model, during the financial year 2018-19, the subsidiary company converted the Debentures allotted for the above said slump exchange into Equity Shares as the Debentures are carrying the interest rate which lead to increase the liability of the subsidiary company on account of reduction in the revenue of the subsidiary company due to frequent variation in the rate charged by TANGEDCO for purchase of power from the subsidiary company.

As per Accounting Standard, the Company has to carry out the valuation on its investments periodically. Accordingly the Company assesses the recoverability of its investments 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 investment, 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 Company has revisited the projections made in the previous year 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 on relevant claims. This has resulted in the Company considering an additional diminution in the value of its investment in its subsidiary company namely SWELECT Green Energy Solutions Private Limited during the financial year ended March 31, 2020.

Consequent to the above diminution in the value of investment made in the subsidiary, the Holding Company is required to treat this as an exceptional item, though it is notional, and has therefore incurred a loss for the financial year ended March 31, 2020.

The same has been considered as an exceptional item in the standalone financial results of the Company.

Meantime, the Company has taken the appropriate action to claim the variation rate charged by TANGEDCO for purchase of power and also to obtain the NOC for entering into a Third-Party Power Purchase Model. After obtaining the NOC, the Company would execute the agreement under Third Party Power Purchase Model with suitable industrial consumers which leads to improve the revenue of the Company. As a result, the Company is expected that it may improve the value of investment made in the above subsidiary and nullify the above loss in the years to come.

## **DIVIDEND**

The Board of Directors had declared an interim dividend of Rs.1.25 per equity share [i.e. 12.5% on the paid up equity share capital of Rs.15,15,87,600/- (Rupees Fifteen Crore Fifteen Lakhs Eighty Seven Thousand Six Hundred Only)] at their meeting held on 15.02.2020 and the total dividend amount of Rs.189.48 lakhs was paid to the shareholders on 04.03.2020. The Company also paid the dividend distribution tax of Rs. 38.95 lakhs, on the same.

The Board of Directors have recommended a final Dividend of Rs.0.75 per equity share [ @ 7.5% on the equity share capital of Rs.15,15,87,600/-], for the year ended 31st March 2020, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The outflow for the Company would be Rs. 113.69 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. 5000/- 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 a change in the Company's issued, subscribed and paid-up equity share capital. On 26.08.2019 the Company after obtaining the shareholders' approval at the 24th Annual General Meeting held on 9.8.2019, had allotted 50,52,920 Bonus Shares at the proportion of 1 (One) Equity Share for every 2 (Two) existing Equity Shares of Rs.10/- each held by the Shareholders as on the Record Date 23.08.2019 fixed by the Board of Directors. Therefore, the Equity Share Capital on March 31, 2020 stood at Rs.15,15,87,600/- divided into 1,51,58,760 equity shares of Rs.10/- each.

## **TREATMENT OF FRACTION SHARES ARISING OUT OF THE ABOVE BONUS ISSUE**

At the Board Meeting held on 12.8.2019, it was decided that any member becomes entitled to a fraction of new equity share to be allotted as bonus share, the Company shall not issue any certificate or coupon in respect of such fractional share, but the total number of such new equity shares representing such fractions shall be allotted by the Board to Mr. A. Balan, Joint Managing Director, a nominee appointed by the Board, who would hold them as trustee for the equity shareholders. The nominee will as soon as possible sell such equity shares allotted to him at the prevailing market price and the net sale proceeds of such shares after adjusting the cost and expenses in respect thereof be distributed among such members who are entitled to such fractions in the proportion of their respective holding and allotment of fractions thereof.

Accordingly, 3960 Shareholders were entitled for fraction shares arising out of the Bonus allotment for which the Board of Directors had allotted 1980 equity shares representing such fractions in favour of Mr. A. Balan who is the Trustee for the equity shareholders those who are entitled to receive such fraction amount.

Subsequently, the above fraction equity shares were sold at the market at the prevailing price and sale consideration was credited to an Escrow Account opened by the Company. Thereafter the amount was distributed (@ Rs.57.17 per share) to the shareholders those who were entitled to receive such amount. If any shareholders who are entitled to receive any amount on such fraction share and has not claimed / received such fraction amount may approach the Company to claim the same.

## **TRANSFER TO GENERAL RESERVE**

Since the Company has incurred a loss for the financial year ended 31.3.2020, transfer of amounts to the general reserve of the Company does not arise.

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

The Company has 6 Wholly Owned subsidiaries and 3 step down subsidiaries as on the date of this report. The Board of Directors at their meeting held on 8th July 2020, 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 direct Joint Ventures as on the date of this report.

## **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

- Mrs. Jayashree Nachiappan (DIN:03173327), Non-Executive Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.
- At the Annual General Meeting held on 28th July, 2016, the shareholders of the Company had appointed Mr. A. Balan (DIN:00017091) as a Whole Time Director (Joint Managing Director) of the Company for a period of 5 years with effect from 3rd October, 2015. The term of office of Mr. A. Balan will expire on 2nd October, 2020. The Board at its meeting held on 8.7.2020, re-appointed Mr. A. Balan as a Whole Time Director (Joint Managing Director) of the Company for a period of 5 years from 3rd October, 2020 to 2nd October, 2025 as per the terms and conditions as set out in the Notice of AGM, subject to approval of the Shareholders' at their ensuing Annual General Meeting.

The Profiles of Mrs. Jayashree Nachiappan and Mr. A.Balan 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

The Board at its meeting held on 8th July 2020, accepted the resignation of Chief Financial Officer of the Company Mr. P. Jagan and requested him to complete the service period up to 10th August, 2020. The Board also placed on record its appreciation for his valuable contribution to the Company.

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

The Board at its meeting held on 9.2.2019 had appointed Mr. S. Krishnan and Dr. S. Iniyar, as Independent Directors of the Company with effect from 1.4.2019 after taking into consideration the following integrity, expertise and experience. The above appointments have also been approved by the Shareholders of the Company on 28.3.2019 through postal ballot process and 09.08.2019 at the Annual General Meeting, respectively.

Pursuant to the provisions of the section 150 of the Companies Act, 2013 and other applicable provisions of the Rules made thereunder, the following Directors have been registered with the portal of Indian Institute of Corporate Affairs for updating their details and to write an online test as required by the said rule. As per the rule online test shall be cleared by the independent directors within one year from the date of registration. All Independent Directors including the following Directors as provided in the Rules have to complete the above test within the stipulated period.

Mr. S Krishnan is a Fellow Member of the Institute of Chartered Accountants of India and completed the exam conducted by the Institute of Company Secretaries of India. He is graduated from Vivekananda College, Chennai.

He is having 30 years of professional experience and has been carrying out Audit of Public Limited Companies

Dr. S.Iniyar is currently a Professor and former Director in the Institute for Energy Studies, Department of Mechanical Engineering, College of Engineering Guindy, Anna University, Chennai.

He has done his undergraduate in Mechanical Engineering and post graduate in Internal Combustion Engineering at College of Engineering Guindy, Anna University, Chennai. He received his Ph.D. degree in Energy Modelling from Anna University, Chennai. He has also done his Post Doctoral Research in Hong Kong University, Hong Kong.

His areas of research include energy planning, solar energy and wind energy systems and he has published 250 research papers in the reputed International Journals and Conference proceedings.

He has also handled International collaborative projects with Croatia, Australia, Italy, Israel and UK. He had developed energy planning models with Croatian and Italian partners. With Australian partners he developed a solar photovoltaic linear concentrators for electricity generation and water heating. He did research project with Israeli Professor at Tel Aviv University, Israel on solar power with steam injection gas turbine cycle. He has also completed a project with UK partner at Aston University in the area of solar desalination.

### NUMBER OF BOARD MEETINGS

During the Financial Year 2019-20, 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 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:**

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

### **Plant (Salem):**

1. Ms. Malathi, 2. Ms. A. Kokilavani, 3. Mr. S. Namasivayam and 4. Mr. T. Ramachandramurthy

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

1. Ms. Deepa ML, 2. Ms. Lavanya, 3. Ms. Manjula T, 4. Ms. Harshitha K.S. and 5. Ms. S.Preema

The following is a summary of sexual harassment complaints received and disposed off during the year 2019-2020

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 employees of the Company. The Code prohibits trading in securities of the Company by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

All Directors, Key Management Personnel and Senior Management 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. K N Rishii Nandhan who is falling under the category of "Promoters Group" has acquired 355 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.1,500/- made towards such acquisition to SEBI IPEF.

## **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 2019-2020. The same is being attached to the financial statements of the Company.

## **SECRETARIAL AUDIT REPORT**

A Secretarial Audit was conducted during the year by the Secretarial Auditor Mr. R. Kannan, Practicing Company Secretary, in accordance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is also attached as part of this Report as Annexure -1. There were no qualifications or remarks 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 filing of the Cost Audit Report, with the Ministry of Corporate Affairs, for the financial year 2018-19 in XBRL format. The Board appointed M/s. Ravichandran Bhagyalakshmi & Associates, as Cost Auditors for the financial year 2019-2020 and they will submit their report 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 2020 - 2021. 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.

## **EXTRACT OF THE ANNUAL RETURN**

The extract of Annual Return, in format MGT-9, for the Financial Year 2019-20 is given in Annexure - 3 and also available on the Company's website [www.swelectes.com](http://www.swelectes.com) under investors page.

## **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 2019-20, the Company has undertaken many initiatives through a policy framework for expanding some of the present initiatives and undertaking newer CSR initiatives in the year to come.

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

Details of composition of the CSR Committee, number of meetings held during the year 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 15, 2020 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 2020 and the date of the report 8th July 2020 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, Practicing Company Secretary, 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 loss 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 -5.

## **PARTICULARS OF EMPLOYEES**

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

## **SECRETARIAL STANDARDS**

The Company has complied with all applicable Secretarial Standards 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

Sd/-

A. BALAN  
Joint Managing Director

Place: Coimbatore

Date: 8th July 2020

Place: Salem

Date: 8th July 2020

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### KEY HIGHLIGHTS

SWELECT has become a major EPC (Engineering, Procurement, and Construction) player and a fast growing major Independent Power Producer (IPP) in the Indian clean energy market. The Indian renewable industry has been going through a volatile situation which can be attributed to policy uncertainty from the government, safe guard duties, grid curtailment and cancellation of tenders. Despite the above challenges SWELECT has been able to steer away and protect its stakeholders' interest with a long-term vision for a sustainable growth. With multiple revenue streams adding up to negate any adverse impacts which a single revenue dependent company may be susceptible for. This has greatly helped SWELECT immune to any adverse impacts, thus highlighting the strong fundamentals the enterprise is built on.

COVID-19 has created supply and demand shocks across the power sector and added to pressure on all stakeholders. The industry is bracing for capacity addition contraction with muted or reduced power off take, with Government turning their focus on essential expenditures to bring back normalcy at the earliest in the health care front. With the billing and payment relaxations by the Government on the utilities front has further dented already struggling financial state of the Distribution Companies. (DISCOMs).

With the above challenges in the fore front on account of COVID-19, has forced the key stakeholders across the value chain to reset or relook at the priorities way forward for a sustainable business model.

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

1. SWELECT has successfully commissioned a 2.4 MW SPV power plant for a leading dairy processing unit in Tamil Nadu.
2. SWELECT has been chosen by a leading software company in Bengaluru as its preferred green energy partner; several rooftop installations have been successfully installed and commissioned in its offices across India.
3. 1.6 MW of SPV plants have been successfully commissioned for ISRO (Indian Space Research Organization), which is SWELECT's one of the most prestigious installations on record as of date.
4. Successfully commissioned more than 14 MW utility scale SPV power plants for major spinning and textiles industry in Tamil Nadu.
5. More than 20 MW IPP projects have been added by SWELECT projects team for various reputed clients including a Mini-Ratna – Category-1 Public Sector Enterprise.

#### BUSINESS DEVELOPMENT IN NEW MARKETS:

The Company is proud to announce it has yet again listed as TIRE 1 solar module manufacturer by Bloomberg USA, this has put the Company in the global list of reputed solar modules manufacturers. The international markets have recognized and appreciated the Company's high-quality standards and have shown interest in working with the Company for their global projects. The pilot energy storage projects have shown excellent results and the Company is well on its way for commercial launch of its energy storage product line.

#### IRON AND STEEL FOUNDRY PRODUCTS:

AMEX Alloys Pvt. Limited, a Wholly Owned Subsidiary (WOS) an ISO 9001-2015 certified company has in its fold, the following capabilities to supply High Quality castings to industries of Oil & Gas, Transportation, Marine, Pharmaceuticals, Infrastructure, Flow Control etc.,

**Alloys Division:-** Design, Manufacturing, Machining & Export of a wide range of Steel Castings (using CO<sub>2</sub> sand Process, cake moulds and intricate core assembly based complex moulds).

**Iron Foundry Division:-** Design, Manufacturing, Machining & Export of a wide range of Iron Castings – Grey Iron and Spheroidal Graphite Iron (using CO<sub>2</sub> and Green sand Process).

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

Thus, making **AMEX Brand as India's first Foundry Group offering all the above under one roof and a One-Stop- Solution Foundry with latest state of art facilities.**

This has enabled 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 a foreign exchange of over Rs.5688.38 Lakhs in Euros and US Dollars during the financial year 2019-20 from the Exports to Europe, USA and China.

As a WOS of SWELECT, AMEX Foundries has 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.

### **AWARDS / CREDENTIALS**

- CII's Performance Excellence Awards for Solar & Wind Plants 2019 - **Leadership in Performance under Solar Plants category**
- Zee Business Present National CSR Leadership Congress & Awards for Excellence in Solar Energy 2019 – **Best Manufacturer in Solar Sector**
- World CSR's Tamil Nadu solar energy leader's awards 2019 – **Solar Energy Leadership Award**
- Solar Quarter's Business Excellence Awards – PV Module Tech India 2019 – **Gold Award winner**
- Solar Quarter's Solar Roofs Series Excellence Awards 2019 - **Best Performing Solar Rooftop Project in the state – Industrial Segment**
- RE Assets 2020 – **Leadership Awards - Best Performing Modules - Rooftop Solar**
- Softdisk Awards 2019
  - SD's NO. 1 Largest number of Rooftop Installations for the year
  - SD's NO. 1 HYBRID SOLAR PV POWER SOLUTION PROVIDER of the year
  - SD's NO. 2 GRID SHARING SOLAR PV POWER SOLUTIONS PROVIDER OF THE YEAR
  - SD's NO. 2 SOLAR SPCU MANUFACTURER OF THE YEAR
  - SD's NO. 4 SOLAR PV PANEL MANUFACTURER OF THE YEAR
- India Rooftop Solar Congress Awards
  - Silver Winner for Best Rooftop project developer of the year - 2019
  - Bronze Winner for Best Solar Module manufacturer of the year - 2019
- EQ's Karnataka - Bengaluru State Solar Awards & Business Leadership Excellence Award - **Outstanding Achievement in Solar Sector - For Solar Module Company of the year for the state of Karnataka - Gold Category**

### **Award details of Amex Alloys Private Limited:**

- IIF Awards 2019 - **Casting of the year award: FERROUS CATEGORY**

### **OPPORTUNITIES**

It is important to acknowledge the impact of COVID 19 on the business across the globe. With Solar power plants having must run status and decreasing financial health of DISCOM, this presents future opportunities of large-scale penetration of Independent power producers.

Also, the industry expects a future consolidation and shake out of small-time players, this may offer new market opportunities and revenue verticals.

The Company with its strong business fundamentals and enterprise level business resilience is well positioned to take on the new business opportunities with ease.

### **THREATS**

COVID 19 has compounded the challenges for the already volatile Indian renewable industry. The industry anticipates a marginal contraction in the capacity addition. The input raw material price will see an increase and many non-performing assets in the lenders books, may increase the cost of finance from many lending institutions.

However, the COVID 19 impact on the renewable industry may be only marginal and the industry is buoyant about an early recovery.

### **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 2018-19 and 2019-2020 is provided below:

Rs. in Lakhs

| Product Name                                   | Revenue         |                 |
|--|-----------------|-----------------|
|  | 31.3.2020       | 31.3.2019       |
| Solar Photovoltaic Panels                      | 4495.53         | 3366.84         |
| Solar Power Generating Systems and accessories | 4358.50         | 5173.53         |
| Traded Goods                                   | 297.75          | 608.87          |
| Solar Power                                    | 2595.19         | 1269.80         |
| Wind Power                                     | 110.90          | 135.10          |
| Sale of Services                               | 1427.11         | 366.32          |
| <b>Grand Total</b>                             | <b>13284.98</b> | <b>10920.46</b> |

## OUTLOOK

The Indian clean tech space is bracing for 20% market contraction on account of multi-pronged issues presented by the COVID- 19 on the global economy. The momentary supply chain disruption and weakening Indian currency, has made the industry players take a step back to realign their business model. Fortunately, COVID 19, has also forced the international communities push for climate change policies and circular economy. Indian clean tech players will also largely benefit from the global movement and get the most needed impetus to surge ahead for a quicker revival.

With greater focus for domestic manufacturing policies, the domestic players will stand to benefit in the long run. With the monetary disruption aside, the Indian solar industry is resilient enough to bounce back to normalcy soon.

## RISKS AND CONCERNS

The Company continuously monitors business and operational risks through an efficient Risk Management System. All key functions and divisions are independently responsible to monitor risks associated within their respective areas of operations such as Production, Foreign Exchange, Insurance, Legal and other issues like health, Safety and Environment.

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

## RISK MANAGEMENT COMMITTEE

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

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

The Internal Auditors of the Company reports to the Audit Committee of the Board.

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

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### Standalone

During the year, the Company registered a turnover of Rs.14204.04 Lakhs against the previous year turnover of Rs.11984.43 Lakhs registered a growth of 18.52% compared to previous year revenue. However, the Company has reported Loss for the current year Rs.1673.16 Lakhs against the previous year profit of Rs.1105.35 Lakhs

The reason for the unexpected loss was due to the following facts:

- Making impairment provision on investment made in one of its subsidiary company as the same has been elaborated in the Board's Report.
- Increase in Finance Costs.
- Imposition of Safe Guard Duty (SGD) by Government of India across the Solar Industry resulted in increase in imported raw materials cost.

The Earnings per Share (Basic and Diluted) for the year 2019-2020 stood at Rs. -11.04

### Consolidated

During the year, the Company registered a turnover (Consolidated) of Rs. 25221.82 Lakhs against the previous year turnover of Rs.22764.94 Lakhs registered a growth of 10.79% compared to previous year revenue. The company recorded an EBIDTA of Rs. 5531.54 Lakhs compared to the corresponding figure last year of Rs. 5147.40 Lakhs. However, the Company had to account for "Exceptional items" amounting to Rs. 1522.61 Lakhs resulting in a Loss (before tax) for the current year of Rs. 702.22 Lakhs against the previous year profit of Rs.1045.26 Lakhs. However, the Company will gain by Power sales over the years.

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

| S.No | Particulars   | 2013-14 | 2014-15 | 2015-16  | 2016-17  | 2017-18  | 2018-19  | 2019-20     |
|------|---|---------|---------|----------|----------|----------|----------|-------------|
| 1    | Revenue from operations   | 5240.30 | 4887.50 | 16315.86 | 17006.97 | 17382.92 | 11984.43 | 14204.04    |
| 2    | Other Income  | 2936.00 | 2478.58 | 3339.12  | 4615.85  | 3807.93  | 3494.58  | 3170.98     |
| 3    | Total income from operations                                      | 8176.30 | 7366.08 | 19654.98 | 21622.82 | 21190.85 | 15479.01 | 17375.02    |
| 4    | Employee Cost   | 597.69  | 665.75  | 1112.23  | 1151.30  | 1140.03  | 1264.19  | 1194.66     |
| 5    | Excise Duty   | 158.17  | 54.49   | 61.34    | 44.97    | 8.50     | -        | -           |
| 6    | Other Operating Expenditure                                       | 4363.61 | 4216.20 | 14232.86 | 14941.83 | 15031.85 | 10544.70 | 12484.42    |
| 7    | Profit Before Finance cost, Depreciation and Amortisation and Tax | 3056.83 | 2429.64 | 4248.55  | 5484.72  | 5010.47  | 3670.12  | 3695.94     |
| 8    | Finance cost  | 116.09  | 1059.90 | 960.96   | 529.55   | 580.58   | 744.63   | 981.15      |
| 9    | Depreciation and amortisation                                     | 446.23  | 871.71  | 1251.04  | 1114.44  | 1343.04  | 1415.41  | 1659.43     |
| 10   | Profit before tax   | 2494.51 | 294.91  | 2118.22  | 3840.73  | 3086.85  | 1540.08  | 1055.36     |
| 11   | Profit/(Loss) after tax   | 2494.51 | 132.94  | 1201.07  | 2937.85  | 2346.93  | 1105.35  | # (1673.16) |
| 12   | EPS (Rs.)   | 24.68   | 1.32    | 11.88    | 29.07    | 23.22    | 7.29     | (11.04)     |
| 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*       |

# A detailed explanation for the loss incurred for the financial year 2019-2020 have been provided in the Board's Report

\* Proposed

### DETAILS OF KEY FINANCIAL RATIOS

| S.No. | Particulars                      | 2019-2020 | 2018-2019 | YOY change |
|-------|----------------------------------|-----------|-----------|------------|
| 1.    | Debtors Turnover ratio (times)   | 3.36      | 3.77      | (0.41)     |
| 2.    | Inventory Turnover ratio (times) | 2.88      | 2.55      | 0.33       |
| 3.    | Interest coverage ratio (times)  | 2.08      | 3.03      | (0.95)     |
| 4.    | Current ratio (times)            | 2.26      | 2.70      | (0.43)     |
| 5.    | Debt Equity Ratio (times)        | 0.19      | 0.14      | 0.05       |
| 6.    | Operating profit margin (%)      | 14.34     | 18.81     | (4.48)     |
| 7.    | Net Profit margin (%)            | 5.62      | 8.97      | (3.35)     |
| 8.    | Return on Net worth (%)          | (2.54)    | 1.63      | (4.17)     |

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.
- Impact on Net profit margin and Return on Networth during the year has been due to downgrading of certain mutual funds which were sold during the year and one-time one-off event of impairment provisioning for certain investments, the balance of which has been considered good and recoverable.
- 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 31.3.2020 was 284.

**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

Sd/-  
A.BALAN  
Joint Managing Director

Place: Coimbatore  
Date: 8th July 2020

Place: Salem  
Date: 8th July 2020

## 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                                       | 3                                      | -                      | -                                       | -   | -   |
| Mrs. V. C. Mirunalini     | Promoter Whole Time Director       | 7                          | 4                              | Yes                                       | 1                                      | -                      | -                                       | -   | -   |
| Mrs. Jayashree Nachiappan | Promoter Non-Executive             | 7                          | 5                              | 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. Iniyan             | Independent Non-Executive          | 7                          | 7                              | No  | -                                      | -                      | -                                       | -   | -   |

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:**

28.05.2019, 08.07.2019, 12.08.2019, 16.09.2019 12.11.2019, 11.02.2020 and 15.02.2020.

**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 31.03.2020**

| 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 programs 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  |
| 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:**

| <b>Name of Members and Chairperson</b> | <b>Category</b>                                   | <b>No. of Meetings held</b> | <b>Attendance</b> |
|--|---|-----------------------------|-------------------|
| 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                           | 3                 |

Date of the Meetings held during the year: 28.05.2019, 12.08.2019, 11.11.2019 and 10.02.2020.

**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     | 2                    | 2          |
| Mr. S Krishnan                  | Member, Non - Executive, Independent Director       | 2                    | 2          |
| Mrs. Jayashree Nachiappan       | Member, Non - Executive, Non - Independent Director | 2                    | 1          |

Date of the Meetings held during the year: 28.05.2019 and 11.02.2020

**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                    | 1          |
| Mrs. Jayashree Nachiappan       | Member, Non - Executive, Non - Independent Director | 1                    | 1          |

Date of the Meeting held during the year: 10.02.2020

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 so far | Number not solved to the satisfaction of shareholders | Number of pending complaints |
|--|---|------------------------------|
| 1  | 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.) |                                |
|---------|-------------------------------------|-------------------------------------|--------------------------------|
|         |                                     | Upto 28.05.2019                     | 08.07.2019 onwards (Increased) |
| 1.      | Board                               | 10,000                              | 20,000                         |
| 2.      | Audit Committee                     | 5,000                               | 10,000                         |
| 3.      | Stakeholders Relationship Committee | 5,000                               | 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     | 1.65         | Nil        | 1.65  |
| Mr. G. S. Samuel          | Independent     | 1.75         | Nil        | 1.75  |
| Mrs. Jayashree Nachiappan | Non-Independent | 1.40         | Nil        | 1.40  |
| Mr. S. Krishnan           | Independent     | 1.30         | Nil        | 1.30  |
| Dr. S. Iniyan             | Independent     | 1.30         | Nil        | 1.30  |
| Total                     |                 | 7.40         | Nil        | 7.40  |

**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 / Furnishing allowance | Perquisites | Total |
|----------------------|--------|------------|--------------------|--|-------------|-------|
| Mr. R. Chellappan    | 24.15  | -          | -                  | -  | 0.39        | 24.54 |
| Mr. A. Balan         | 21.00  | -          | -                  | -  | 6.08        | 27.08 |
| Mr.V.C.Raghunath     | 9.56   | -          | 0.22               | 0.82   | 0.29        | 10.89 |
| Mrs.V.C.Mirunalini   | 7.69   | -          | 0.22               | 0.75   | 0.29        | 8.95  |
| Mr. K. V. Nachiappan | 21.00  | -          | -                  | -  | 0.96        | 21.96 |
| Total                | 83.40  | -          | 0.44               | 1.57   | 8.01        | 93.42 |

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 2015                    |
| 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                      | 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      |
|---------|--|------------|-----------|
| 2016-17 | Savera Hotel, 'Samavesh Hall', No. 146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004. | 11.08.2017 | 3.30 P.M. |
| 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. |

### 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.

### iii) Whether any special resolution was passed last year through postal ballot: No Special Resolution was passed.

### 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

Telephone Number : 044-24993266

Fax Number : 044-24995179

E-mail ID for the purpose of registering complaints by investors : cg.ird@swelectes.com

## 9) GENERAL SHAREHOLDERS' INFORMATION

- i) **Annual General Meeting** : TWENTY FIFTH ANNUAL GENERAL MEETING
- ii) **Day, Date and time** : Thursday the 10th September 2020 at 3.30 P.M. (IST)
- iii) **Venue** : Through Video Conferencing / Other Audio-Visual Means
- iv) **Financial year** : 01.04.2019 to 31.03.2020
- v) **Date of Book closure** : From Thursday, 3rd September 2020 to Thursday, 10th September 2020 [Both days inclusive]
- vi) **Dividend Payment Date** : on or before 9th October, 2020

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

|  |   |
|--|---|
| BSE Limited<br>Floor 25, P. J. Towers, Dalal Street,<br>Mumbai - 400 001<br>Stock Code: 532051 | National Stock Exchange of India Limited<br>"Exchange Plaza", C1 Block G,<br>Bandra-Kurla Complex,<br>Bandra (E), Mumbai - 400 051<br>Stock Code: SWELECTES |
|--|---|

### viii) Details of Annual Listing Fees paid for the year 2020-2021:

| Name of Stock Exchange                   | Date of Payment |
|--|-----------------|
| BSE Limited                              | 29.05.2020      |
| National Stock Exchange of India Limited | 29.04.2020      |

### ix) Market Price Data: High, Low during each month in the last financial year 01.04.2019 to 31.03.2020

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-19 | 254.95      | 222.55 | 255.00                                   | 223.80 |
| May-19 | 258.95      | 208.00 | 251.90                                   | 212.00 |
| Jun-19 | 239.95      | 201.00 | 241.90                                   | 201.05 |
| Jul-19 | 299.50      | 176.50 | 299.00                                   | 174.60 |
| Aug-19 | 195.95      | 112.10 | 195.75                                   | 111.50 |
| Sep-19 | 138.00      | 119.40 | 136.00                                   | 120.00 |
| Oct-19 | 126.00      | 97.00  | 133.20                                   | 95.25  |
| Nov-19 | 136.95      | 112.50 | 134.95                                   | 113.00 |
| Dec-19 | 121.00      | 94.00  | 120.55                                   | 93.70  |
| Jan-20 | 171.00      | 116.40 | 166.00                                   | 116.25 |
| Feb-20 | 156.50      | 109.05 | 155.65                                   | 108.95 |
| Mar-20 | 115.85      | 56.30  | 115.90                                   | 56.70  |

**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-19 | 246.05                                       | 39,031.55             | 249.50                                       | 11,748.15            |
| 31-May-19 | 230.10                                       | 39,714.20             | 229.40                                       | 11,922.80            |
| 29-Jun-19 | 208.25                                       | 39,394.64             | 210.40                                       | 11,788.85            |
| 31-Jul-19 | 190.00                                       | 37,481.12             | 191.75                                       | 11,118.00            |
| 31-Aug-19 | 131.45                                       | 37,332.79             | 130.90                                       | 11,023.25            |
| 28-Sep-19 | 124.85                                       | 38,667.33             | 124.00                                       | 11,474.45            |
| 31-Oct-19 | 119.00                                       | 40,129.05             | 119.45                                       | 11,877.45            |
| 30-Nov-19 | 115.45                                       | 40,793.81             | 115.70                                       | 12,056.05            |
| 31-Dec-19 | 116.00                                       | 41,253.74             | 117.30                                       | 12,168.45            |
| 31-Jan-20 | 141.50                                       | 40,723.49             | 142.95                                       | 11,962.10            |
| 28-Feb-20 | 110.00                                       | 38,297.29             | 110.20                                       | 11,201.75            |
| 29-Mar-20 | 83.05  | 29,468.49             | 83.55  | 8,597.75             |

**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.

The Company has stopped accepting any transfer requests for securities held in physical form with effect from the said date. During the year, there were no pending transfer requests pertaining to securities held in physical form which were lodged for transfer before April 1, 2019.

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).

The Committee met on 12th August 2019 and recommended the amount to be spent on CSR during the year 2019- 2020. The details of CSR activities carried out by the Company are given in the Annexure - 4

**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.

The Company has continually reviewed the situation based on the conditions of the area where the manufacturing units, office are located and also ensured the possibility of constant running of its operations.

**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 2020-2021 at this point of time.

The Company is closely monitoring the developing situation arising out of COVID-19 and resultant restrictions imposed by the regulatory authorities. With the gradual phasing out of the lockdown going forward, the Company expects to see demand revival. The performance is expected to improve progressively in the following periods as the demand levels are restored.

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**

The Company constituted a Forex Management Committee with the following Members.

- 1) Mr. R. Chellappan - Chairman
- 2) Mr. V. C. Raghunath - Member
- 3) Mr. P. Jagan - 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: 14.06.2019, 19.09.2019, 16.11.2019, 28.02.2020 and 21.03.2020

#### xv) Distribution of Shareholding as on 31.03.2020

| Shareholding of Nominal Value<br>Rs. | Shareholders |               | Share Amount     |               |
|--------------------------------------|--------------|---------------|------------------|---------------|
|                                      | Number       | % of total    | Rs.              | % of total    |
| 10-5000                              | 12006        | 89.69         | 12063480         | 7.96          |
| 5001-10000                           | 728          | 5.44          | 5173450          | 3.41          |
| 10001-20000                          | 336          | 2.51          | 4691490          | 3.09          |
| 20001-30000                          | 124          | 0.93          | 3194870          | 2.11          |
| 30001-40000                          | 40           | 0.30          | 1380370          | 0.91          |
| 40001-50000                          | 26           | 0.19          | 1161880          | 0.77          |
| 50001-100000                         | 47           | 0.35          | 3254420          | 2.15          |
| 100001- and above                    | 79           | 0.59          | 120667640        | 79.60         |
| <b>Total</b>                         | <b>13386</b> | <b>100.00</b> | <b>151587600</b> | <b>100.00</b> |

#### xvi) Shareholding pattern as on 31.03.2020

| 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   | 8367518                                 | 55.20                         |
| Bodies Corporate   | 45                                      | 0.00                          |
| Employee Trusts  | 176400                                  | 1.16                          |
| <b>Total (1)</b>   | <b>8543963</b>                          | <b>56.36</b>                  |
| <b>2. Public:</b>  |   |                               |
| Mutual Funds   |   |                               |
| Financial Institutions / Banks   | 2656                                    | 0.02                          |
| Individuals –  |   |                               |
| i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.        | 2906720                                 | 19.18                         |
| ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs | 2315960                                 | 15.28                         |
| Bodies Corporate   | 328114                                  | 2.16                          |
| Clearing Members   | 15441                                   | 0.11                          |
| Directors or their relatives   | 501                                     | 0.00                          |
| HUF  | 181102                                  | 1.19                          |
| IEPF   | 17160                                   | 0.12                          |
| Non Resident Indians   | 846906                                  | 5.58                          |
| Trusts   | 237                                     | 0.00                          |
| <b>Total (2)</b>   | <b>6614797</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, 2020, 1,50,81,942 equity shares of the company, constituting 99.49% 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.

**xxi) Hedging activities:**

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

**xxii) Plant Locations:**

| Sl. No.                                  | Details of Plant  | Location   |
|--|---|--|
| <b>Locations of Manufacturing Plants</b> |   |  |
| 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, Dabaspeta, Nelamangala Taluk, Bengaluru - 562111, Karnataka. |

| <b>Locations of Wind and Solar Power Plants</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.   |

| Sl. No.   | Details of Plant  | Location  |
|---|---|---|
| <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, Practicing Company Secretary, 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 2019-20.

**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 2019-2020, 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-imburement of out-of-pocket expenses | 1.92                       | 0.41                                       |
| Certification fees                      | 5.69                       | -  |
| <b>Total</b>                            | <b>43.01</b>               | <b>10.41</b>                               |

The above fee is net of input credit for GST and Service Tax 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 15.02.2020 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 'Investors' web link.

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

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

**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 July 08, 2020, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Some physical share certificates issued towards bonus issue were returned by the postal authorities undelivered and such shares are lying as unclaimed Shares with the Company and the reminder letters have been sent by the Registrar and Transfer Agent to the shareholders as per the statutory requirement.

In the absence of response from the shareholders, these shares shall be deposited in a Demat suspense account / Unclaimed Suspense Account

**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) 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 12.09.2019, the Company has transferred Rs.45,756/- towards unpaid / unclaimed dividend in respect of Final Dividend declared for the financial year 2011-2012 to the Investor Education and Protection Fund (IEPF) and the Company has transferred Rs.18,11,880/- towards unpaid / unclaimed dividend in respect of Interim Dividend declared for the financial year 2012-13. 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 31.03.2019, 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.

There were no instance of dividend remains unclaimed for seven consecutive years (since FY 2011-2012) and no equity shares have been transferred to the Investor Education and Protection Fund Authority pertaining to dividend declared for the financial year 2011-2012.

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 2012-2013 or any subsequent financial years are requested to lodge their claims with the Company. The due date for transfer of the unclaimed dividend is 28th August 2020. 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: 8th July 2020

Place: Salem  
Date: 8th July 2020

## 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: 8th July 2020

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.

I have examined the compliance of conditions of Corporate Governance by SWELECT Energy Systems Limited, for the year ended on 31st March 2020, 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. My 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 my opinion and to the best of my information and according to the explanations given to me and based on the representations made by the Directors and the Management, I 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.

I also state that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

I 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.

Place: Chennai  
Date: 08.07.2020

Sd/-  
R.Kannan  
Practising Company Secretary  
FCS NO. 6718 / CP NO. 3363

## 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 2020 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 2019 - March 2020 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 : 08.07.2020

Sd/-  
P.JAGAN  
Chief Financial Officer

Place : Chennai  
Date : 08.07.2020

## ANNEXURES TO THE BOARD'S REPORT

### ANNEXURE - 1

Form No. MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL PERIOD ENDED 31st March, 2020

*[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.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s SWELECT Energy Systems 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 the declaration letter by company secretary, and corporate governance issued by statutory bodies my verification of **M/s.SWELECT Energy Systems Limited'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 period ended on **31st March, 2020** 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 The Companies Act, 2013 (the Act) and the rules made thereunder;

- (i) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) 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 is applicable for the year under review;
- (iv) 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, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (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;
- (v) The other laws as may be applicable specifically to the company
  - (a) Electricity Act, 2003
  - (b) The payment of gratuity Act,1972
  - (c) Employees Provident funds and Miscellaneous provisions Act,1952
  - (d) Employees state insurance Act, 1948
  - (e) The Employees Compensation Act,1923
  - (f) The Water (Prevention and Control of Pollution) Act, 1974 and rules made thereunder;

- (g) The Air (Prevention and Control of Pollution) Act, 1981 and rules made thereunder;
- (h) Environment (Protection) Act, 1986 and rules made thereunder;
- (i) Guidelines issue by National Green Tribunal.
- (j) National Tariff Act Policy
- (k) Essential Commodities Act, 1955

No specific violations in respect of Tax laws came to the notice of the undersigned from the review of the said check list. However, I report that I have not carried out the audit with reference with 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.

I have also examined compliance with the applicable of the following:

- I. Secretarial standards on the meetings of the board of directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries Of India (ICSI).

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:

I report that there were no actions / events in pursuance of

- (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (b) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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.

During the year on account of COVID i.e. Corona Virus, the company has reported that they have lockdown their office as per the instructions of Central Government / State Government. The company is expected to announce its financial implications in due course.

I further report that the SEBI has granted temporary relaxations with respect to certain compliances to be submitted by the Companies due to the impact of COVID-19 Virus Pandemic in India for the last quarter of the audit period.

I further report that there are adequate systems and processes in the company commensurate with the size and operation of the company to monitor and ensure compliances with applicable laws, rules, regulations and guidelines.

Sd/-

**R Kannan**

Practicing Company Secretary

FCS No: 6718 / C P No: 3363

UDIN No.:F006718B00027446

Place: Chennai

Date: 8th July 2020



**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 un-interrupted productivity. AMEX is the first foundry group in India that runs with > 90% 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:
  - a. In line with the Government of India's initiative – National Mission on Electric Mobility exploration on Swelect's role into e-mobility is going on
  - b. Various technologies and products for ESS are being analyzed and validated
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution : Nil
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year): Nil.
- (iv) The expenditure incurred on Research and Development during the year is Rs. 50.00 lakhs and previous year it was Rs. 84.85 lakhs

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

The foreign exchange earnings and outgo of the Company for the period under review were Rs. 139.10 Lakhs and Rs.8,366.87 Lakhs respectively.

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Sd/-  
A.BALAN  
Joint Managing Director

Place: Coimbatore  
Date: 8th July 2020

Place: Salem  
Date: 8th July 2020

**ANNEXURE-3**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020**  
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

|   |  |
|---|--|
| CIN   | L93090TN1994PLC028578  |
| Registration Date   | 12/09/1994   |
| Name of the Company   | SWELECT ENERGY SYSTEMS LIMITED   |
| Category/ Sub-Category of the Company                                     | Company Limited by Shares<br>Indian Non- Government Company  |
| Address of the Registered office and contact details                      | “SWELECT HOUSE”<br>No.5, Sir P.S. Sivasamy Salai,<br>Mylapore, Chennai - 600 004 Tamil Nadu<br>Ph: 044-24993266, Fax: 044-24995179<br>Email: info@swelectes.com, cg.ird@swelectes.com.<br>Website: www.swelectes.com |
| Whether listed company  | Yes  |
| Name, Address and Contact details of Registrar and Transfer Agent, if any | Cameo Corporate Services Ltd.,<br>“Subramanian Building”, No.1, 5th Floor,<br>Club House Road, Chennai - 600002, Tamil Nadu.<br>Ph: 044-28460390<br>Email: investor@cameoindia.com.<br>Website: www.cameoindia.com   |

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10% or more of the total turnover of the company :

| Name and Description of main products / services  | NIC Code of the Product / Service | % to total turnover of the Company |
|---|-----------------------------------|------------------------------------|
| Sale of product:<br>Manufactured and Traded goods<br>(Solar Modules, Mounting structures, Transformers and Inverters) | 2790                              | 74.48                              |
| Electric power generation using solar energy  | 35105                             | 18.27                              |

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

| Sl. No | Name and Address of the company   | CIN / GLN             | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|--------|---|-----------------------|----------------------------------|------------------|--------------------|
| 1      | AMEX ALLOYS PRIVATE LIMITED<br>SF No.289/2,Kunnathur Pudur (Po), Sathy Road,<br>Coimbatore, Tamil Nadu-641107                       | U27310TZ2003PTC010905 | Subsidiary Company               | 100%             | Section 2(87)      |
| 2      | SWELECT GREEN ENERGY SOLUTIONS (P) LTD<br>‘SWELECT HOUSE’<br>No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai,<br>Tamil Nadu-600004 | U31100TN2010PTC078425 | Subsidiary Company               | 100%             | Section 2(87)      |
| 3      | SWELECT SOLAR ENERGY PRIVATE LIMITED<br>‘SWELECT HOUSE’<br>No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai,<br>Tamil Nadu-600004   | U31104TN2008PTC068923 | Subsidiary Company               | 100%             | Section 2(87)      |

| Sl. No | Name and Address of the company   | CIN / GLN  | Holding / Subsidiary / Associate | % of Shares held                                  | Applicable Section |
|--------|---|--|----------------------------------|---|--------------------|
| 4      | SWELECT POWER SYSTEMS PRIVATE LIMITED<br>'SWELECT HOUSE'<br>No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai,<br>Tamil Nadu-600004      | U31103TN2012PTC084184  | Subsidiary Company               | 100%  | Section 2(87)      |
| 5      | NOEL MEDIA & ADVERTISING PRIVATE LIMITED<br>'SWELECT HOUSE'<br>No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai,<br>Tamil Nadu - 600004 | U40300TN2006PTC061718  | Step down Subsidiary             | 100% held by SWELECT Solar Energy Private Limited | Section 2(87)      |
| 6      | K J SOLAR SYSTEMS PRIVATE LIMITED<br>'SWELECT HOUSE'<br>No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai,<br>Tamil Nadu - 600004        | U29307TN2014PTC113480  | Step down Subsidiary             | 100% held by SWELECT Solar Energy Private Limited | Section 2(87)      |
| 7      | SWELECT ENERGY SYSTEMS PTE. LIMITED<br>2 Kallang Pudding Road,<br>02-12 Mactech Building,<br>Singapore - 349307                         | NOT APPLICABLE<br>(COMPANY REGISTERED OUTSIDE INDIA)<br>ie. Singapore                | Subsidiary Company               | 100%  | Section 2(87)      |
| 8      | SWELECT Inc<br>2773 B, Hartland Rd,<br>Falls Church Virginia -22043   | NOT APPLICABLE<br>(COMPANY REGISTERED OUTSIDE INDIA)<br>ie. UNITED STATES OF AMERICA | Subsidiary Company               | 100%  | Section 2(87)      |
| 9      | SWELECT ENERGY SYSTEMS LLC<br>2773 B, Hartland Rd,<br>Falls Church Virginia - 22043   | NOT APPLICABLE<br>(COMPANY REGISTERED OUTSIDE INDIA)<br>ie. UNITED STATES OF AMERICA | Step down Subsidiary             | 100% held by SWELECT Inc                          | Section 2(87)      |

#### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### I. Category – Wise Shareholding

FACE VALUE: RS.10/- EACH

| Category code   | Category of Shareholder                 | No. of shares held at the beginning of the year (01.04.2019) |          |                |                   | No. of shares held at the end of the year (31.03.2020) |          |                |                   | % Change during the year |
|---|---|--|----------|----------------|-------------------|--|----------|----------------|-------------------|--------------------------|
|   |   | Demat  | Physical | Total          | % of Total Shares | Demat  | Physical | Total          | % of Total Shares |                          |
| <b>A. SHAREHOLDING OF PROMOTER AND PROMOTER GROUP</b> |   |  |          |                |                   |  |          |                |                   |                          |
| <b>1.</b>   | <b>INDIAN</b>                           |  |          |                |                   |  |          |                |                   |                          |
| a.  | INDIVIDUALS/HINDU UNDIVIDED FAMILY      | 5560883  | 0        | 5560883        | 55.0264           | 8367518  | 0        | 8367518        | 55.1993           | 0.1729                   |
| b.  | CENTRAL GOVERNMENT/ STATE GOVERNMENT(S) | 0  | 0        | 0              | 0.0000            | 0  | 0        | 0              | 0.0000            | 0.0000                   |
| c.  | BODIES CORPORATE                        | 30   | 0        | 30             | 0.0003            | 45   | 0        | 45             | 0.0003            | 0.0000                   |
| d.  | FINANCIAL INSTITUTIONS/ BANKS           | 0  | 0        | 0              | 0.0000            | 0  | 0        | 0              | 0.0000            | 0.0000                   |
| e.  | ANY OTHER                               |  |          |                |                   |  |          |                |                   |                          |
|   | TRUSTS                                  | 117600   | 0        | 0              | 1.1636            | 176400   | 0        | 176400         | 1.1636            | 0.0000                   |
| <b>SUB - TOTAL (A)(1)</b>                             |   | <b>5678513</b>   | <b>0</b> | <b>5678513</b> | <b>56.1903</b>    | <b>8543963</b>   | <b>0</b> | <b>8543963</b> | <b>56.3632</b>    | <b>0.1729</b>            |

| Category code | Category of Shareholder   | No. of shares held at the beginning of the year (01.04.2019) |              |                 |                   | No. of shares held at the end of the year (31.03.2020) |              |                 |                   | % Change during the year |
|---------------|---|--|--------------|-----------------|-------------------|--|--------------|-----------------|-------------------|--------------------------|
|               |   | Demat  | Physical     | Total           | % of Total Shares | Demat  | Physical     | Total           | % of Total Shares |                          |
| <b>2.</b>     | <b>FOREIGN</b>  |  |              |                 |                   |  |              |                 |                   |                          |
| a.            | INDIVIDUALS (NON-RESIDENT INDIVIDUALS/ FOREIGN INDIVIDUALS)                   | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| b.            | BODIES CORPORATE  | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| c.            | INSTITUTIONS  | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| d.            | QUALIFIED FOREIGN INVESTOR  | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| e.            | ANY OTHER   | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
|               | <b>SUB - TOTAL (A)(2)</b>   | <b>0</b>   | <b>0</b>     | <b>0</b>        | <b>0.0000</b>     | <b>0</b>   | <b>0</b>     | <b>0</b>        | <b>0.0000</b>     | <b>0.0000</b>            |
|               | <b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)</b> | <b>5678513</b>   | <b>0</b>     | <b>5678513</b>  | <b>56.1903</b>    | <b>8543963</b>   | <b>0</b>     | <b>8543963</b>  | <b>56.3632</b>    | <b>0.1729</b>            |
| <b>B.</b>     | <b>PUBLIC SHAREHOLDING</b>  |  |              |                 |                   |  |              |                 |                   |                          |
| <b>1.</b>     | <b>INSTITUTIONS</b>   |  |              |                 |                   |  |              |                 |                   |                          |
| a.            | MUTUAL FUNDS/UTI  | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| b.            | FINANCIAL INSTITUTIONS / BANKS  | 31224  | 0            | 31224           | 0.3089            | 2656   | 0            | 2656            | 0.0175            | -0.2914                  |
| c.            | CENTRAL GOVERNMENT/ STATE GOVERNMENT(S)                                       | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| d.            | VENTURE CAPITAL FUNDS   | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| e.            | INSURANCE COMPANIES   | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| f.            | FOREIGN INSTITUTIONAL INVESTORS   | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| g.            | FOREIGN VENTURE CAPITAL INVESTORS   | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| h.            | QUALIFIED FOREIGN INVESTOR  | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| i.            | ANY OTHER   | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
|               | <b>SUB - TOTAL (B)(1)</b>   | <b>31224</b>   | <b>0</b>     | <b>31224</b>    | <b>0.3089</b>     | <b>2656</b>  | <b>0</b>     | <b>2656</b>     | <b>0.0175</b>     | <b>-0.2914</b>           |
| <b>2.</b>     | <b>NON-INSTITUTIONS</b>   |  |              |                 |                   |  |              |                 |                   |                          |
| a.            | BODIES CORPORATE  |  |              |                 |                   |  |              |                 |                   |                          |
| i             | INDIAN  | 232575   | 700          | 233275          | 2.3083            | 327064   | 1050         | 328114          | 2.1645            | -0.1438                  |
| ii            | OVERSEAS  | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| b.            | INDIVIDUALS   |  |              |                 |                   |  |              |                 |                   |                          |
| i             | INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL UPTO RS. 1 LAKH         | 1849807  | 62855        | 1912662         | 18.9263           | 2607617  | 75768        | 2683385         | 17.70180          | -1.2244                  |
| ii            | INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH | 1506040  | 0            | 1506040         | 14.9026           | 2539295  | 0            | 2539295         | 16.7513           | 1.8486                   |
| c.            | QUALIFIED FOREIGN INVESTOR  | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
| d.            | OTHERS (SPECIFY)  |  |              |                 |                   |  |              |                 |                   |                          |
| i             | CLEARING MEMBERS  | 3386   | 0            | 3386            | 0.0335            | 15441  | 0            | 15441           | 0.1018            | 0.0683                   |
| ii            | DIRECTORS AND THEIR RELATIVES   | 360  | 0            | 360             | 0.0035            | 501  | 0            | 501             | 0.0033            | -0.0002                  |
| iii           | HINDU UNDIVIDED FAMILIES  | 117078   | 0            | 117078          | 1.1585            | 181102   | 0            | 181102          | 1.1947            | 0.0361                   |
| iv            | IEPF  | 11440  | 0            | 11440           | 0.1132            | 17160  | 0            | 17160           | 0.1132            | 0.0000                   |
| v             | NON-RESIDENT INDIANS  | 611862   | 0            | 611862          | 6.0545            | 846906   | 0            | 846906          | 5.5869            | -0.4676                  |
| vi            | TRUSTS  | 0  | 0            | 0               | 0                 | 237  | 0            | 237             | 0.0015            | 0.0015                   |
|               | <b>SUB - TOTAL (B)(2)</b>   | <b>4332548</b>   | <b>63555</b> | <b>4396103</b>  | <b>43.5006</b>    | <b>6535323</b>   | <b>76818</b> | <b>6612141</b>  | <b>43.6192</b>    | <b>0.1186</b>            |
|               | <b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>                          | <b>4363772</b>   | <b>63555</b> | <b>4427327</b>  | <b>43.8095</b>    | <b>6537979</b>   | <b>76818</b> | <b>6614797</b>  | <b>43.6367</b>    | <b>-0.1727</b>           |
|               | <b>TOTAL (A)+(B)</b>  | <b>10042285</b>  | <b>63555</b> | <b>10105840</b> | <b>100.0000</b>   | <b>15081942</b>  | <b>76818</b> | <b>15158760</b> | <b>100.0000</b>   | <b>0.0000</b>            |

| Category code  | Category of Shareholder        | No. of shares held at the beginning of the year (01.04.2019) |              |                 |                   | No. of shares held at the end of the year (31.03.2020) |              |                 |                   | % Change during the year |
|--|--------------------------------|--|--------------|-----------------|-------------------|--|--------------|-----------------|-------------------|--------------------------|
|  |                                | Demat  | Physical     | Total           | % of Total Shares | Demat  | Physical     | Total           | % of Total Shares |                          |
| <b>C. SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED</b> |                                |  |              |                 |                   |  |              |                 |                   |                          |
|  | Promoter and Promoter Group    | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
|  | Public                         | 0  | 0            | 0               | 0.0000            | 0  | 0            | 0               | 0.0000            | 0.0000                   |
|  | <b>TOTAL CUSTODIAN (C)</b>     | <b>0</b>   | <b>0</b>     | <b>0</b>        | <b>0.0000</b>     | <b>0</b>   | <b>0</b>     | <b>0</b>        | <b>0.0000</b>     | <b>0.0000</b>            |
|  | <b>GRAND TOTAL (A)+(B)+(C)</b> | <b>10042285</b>  | <b>63555</b> | <b>10105840</b> | <b>100.0000</b>   | <b>15081942</b>  | <b>76818</b> | <b>15158760</b> | <b>100.0000</b>   | <b>0.0000</b>            |

### ii) Shareholding of promoters

| Sl. No. | Shareholder's Name  | Shareholding at the beginning of the year (01.04.2019) |                                  |  | Shareholding at the end of the year (31.03.2020) |                                  |  | % Change during the year |
|---------|---|--|----------------------------------|--|--|----------------------------------|--|--------------------------|
|         |   | No. of shares  | % of total shares of the Company | % of shares pledged / encumbered to total shares | No. of shares                                    | % of total shares of the Company | % of shares pledged / encumbered to total shares |                          |
| 1       | CHELLAPPAN.R  | 4919278  | 48.6775                          | 0  | 7397860  | 48.8025                          | 0  | 0.1250                   |
| 2       | BALAN A   | 312333   | 3.0906                           | 0  | 469499   | 3.0972                           | 0  | 0.0066                   |
| 3       | V C RAGHUNATH<br>(Holding on behalf of SWEES Employees Welfare Trust) | 117600   | 1.1636                           | 0  | 176400   | 1.1636                           | 0  | 0                        |
| 4       | NACHIAPPAN K.V.   | 110232   | 1.0907                           | 0  | 165348   | 1.0907                           | 0  | 0                        |
| 5       | GUNASUNDARI C   | 82086  | 0.8122                           | 0  | 123129   | 0.8122                           | 0  | 0                        |
| 6       | MIRUNALINI V C  | 43838  | 0.4337                           | 0  | 71008  | 0.4684                           | 0  | 0.0347                   |
| 7       | RAGHUNATH V C   | 39010  | 0.3860                           | 0  | 58515  | 0.3860                           | 0  | 0                        |
| 8       | AARTHI BALAN  | 16400  | 0.1622                           | 0  | 24600  | 0.1622                           | 0  | 0                        |
| 9       | PREETHA BALAN   | 16200  | 0.1603                           | 0  | 24300  | 0.1603                           | 0  | 0                        |
| 10      | VASANTHA B  | 11256  | 0.1113                           | 0  | 16884  | 0.1113                           | 0  | 0                        |
| 11      | RISHII NANDHAN K N  | 10000  | 0.0989                           | 0  | 15000  | 0.0989                           | 0  | 0                        |
| 12      | JAYASHREE NACHIAPPAN  | 250  | 0.0024                           | 0  | 1375   | 0.0090                           | 0  | 0.0066                   |
| 13      | SWELECT ELECTRONICS PRIVATE LIMITED                                   | 30   | 0.0002                           | 0  | 45   | 0.0002                           | 0  | 0                        |

### iii. Changes in promoters' Shareholding

| Sl. No. | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | <b>CHELLAPPAN.R</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                                       | 4919278                                   | 48.6775                          | 4919278                                 | 48.6775                          |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held         | 2459639                                   | 16.2258                          | 7378917                                 | 48.6775                          |
|         | Purchase 20-Dec-2019   | 1431                                      | 0.0094                           | 7380348                                 | 48.6870                          |
|         | Purchase 27-Dec-2019   | 4974                                      | 0.0328                           | 7385322                                 | 48.7198                          |
|         | Purchase 31-Dec-2019   | 8354                                      | 0.0551                           | 7393676                                 | 48.7749                          |
|         | Purchase 03-Jan-2020   | 4184                                      | 0.0276                           | 7397860                                 | 48.8025                          |
|         | At the end of the year 31-Mar-2020   | 7397860                                   | 48.8025                          | 7397860                                 | 48.8025                          |
| 2       | <b>BALAN A</b>   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                                       | 312333                                    | 3.0906                           | 312333                                  | 3.0906                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held         | 156166                                    | 1.0302                           | 468499                                  | 3.0906                           |
|         | Purchase 06-Sep-2019<br>(on behalf shareholders of fraction bonus entitlement) | 1980                                      | 0.0130                           | 470479                                  | 3.1037                           |
|         | Sale 04-Oct-2019<br>(on behalf shareholders of fraction bonus entitlement)     | -1980                                     | -0.0130                          | 468499                                  | 3.0906                           |
|         | Purchase 20-Dec-2019   | 500                                       | 0.0032                           | 468999                                  | 3.0939                           |

| Sl. No. | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
|         | Purchase 27-Dec-2019   | 500                                       | 0.0032                           | 469499                                  | 3.0972                           |
|         | At the end of the year 31-Mar-2020                                     | 469499                                    | 3.0972                           | 469499                                  | 3.0972                           |
| 3       | <b>MIRUNALINI V C</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 43838                                     | 0.4337                           | 43838                                   | 0.4337                           |
|         | Purchase 23-Aug-2019   | 2500                                      | 0.0247                           | 46338                                   | 0.4585                           |
|         | Purchase 30-Aug-2019   | 1   | 0.0000                           | 46339                                   | 0.4585                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 23169                                     | 0.1528                           | 69508                                   | 0.4585                           |
|         | Purchase 20-Dec-2019   | 500                                       | 0.0032                           | 70008                                   | 0.4618                           |
|         | Purchase 20-Mar-2020   | 500                                       | 0.0032                           | 70508                                   | 0.4651                           |
|         | Purchase 27-Mar-2020   | 500                                       | 0.0032                           | 71008                                   | 0.4684                           |
|         | At the end of the year 31-Mar-2020                                     | 71008                                     | 0.4684                           | 71008                                   | 0.4684                           |
| 4       | <b>JAYASHREE NACHIAPPAN</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 250                                       | 0.0024                           | 250                                     | 0.0024                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 125                                       | 0.0008                           | 375                                     | 0.0024                           |
|         | Purchase 27-Dec-2019   | 1000                                      | 0.0065                           | 1375                                    | 0.0091                           |
|         | At the end of the year 31-Mar-2020                                     | 1375                                      | 0.0091                           | 1375                                    | 0.0091                           |
| 5       | <b>V C RAGHUNATH – SWEES EMPLOYEES WELFARE TRUST</b>                   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 117600                                    | 1.1637                           | 117600                                  | 1.1637                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 58800                                     | 0.3878                           | 176400                                  | 1.1637                           |
|         | At the end of the year 31-Mar-2020                                     | 176400                                    | 1.1637                           | 176400                                  | 1.1637                           |
| 6       | <b>NACHIAPPAN K.V.</b>   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 110232                                    | 1.0907                           | 110232                                  | 1.0907                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 55116                                     | 0.3635                           | 165348                                  | 1.0907                           |
|         | At the end of the year 31-Mar-2020                                     | 165348                                    | 1.0907                           | 165348                                  | 1.0907                           |
| 7       | <b>GUNASUNDARI C</b>   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 82086                                     | 0.8122                           | 82086                                   | 0.8122                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 41043                                     | 0.2707                           | 123129                                  | 0.8122                           |
|         | At the end of the year 31-Mar-2020                                     | 123129                                    | 0.8122                           | 123129                                  | 0.8122                           |
| 8       | <b>RAGHUNATH V C</b>   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 39010                                     | 0.3860                           | 39010                                   | 0.3860                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 19505                                     | 0.1286                           | 58515                                   | 0.3860                           |
|         | At the end of the year 31-Mar-2020                                     | 58515                                     | 0.3860                           | 58515                                   | 0.3860                           |
| 9       | <b>AARTHI BALAN</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 16400                                     | 0.1622                           | 16400                                   | 0.1622                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 8200                                      | 0.0540                           | 24600                                   | 0.1622                           |
|         | At the end of the year 31-Mar-2020                                     | 24600                                     | 0.1622                           | 24600                                   | 0.1622                           |
| 10      | <b>PREETHA BALAN</b>   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 16200                                     | 0.1603                           | 16200                                   | 0.1603                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 8100                                      | 0.0534                           | 24300                                   | 0.1603                           |
|         | At the end of the year 31-Mar-2020                                     | 24300                                     | 0.1603                           | 24300                                   | 0.1603                           |
| 11      | <b>VASANTHA B</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 11256                                     | 0.1113                           | 11256                                   | 0.1113                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 5628                                      | 0.0371                           | 16884                                   | 0.1113                           |
|         | At the end of the year 31-Mar-2020                                     | 16884                                     | 0.1113                           | 16884                                   | 0.1113                           |

| Sl. No. | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 12      | <b>K N RISHII NANDHAN</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 10000                                     | 0.0989                           | 10000                                   | 0.0989                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 5000                                      | 0.0329                           | 15000                                   | 0.0989                           |
|         | At the end of the year 31-Mar-2020                                     | 15000                                     | 0.0989                           | 15000                                   | 0.0989                           |
| 13      | <b>SWELECT ELECTRONICS PRIVATE LIMITED</b>                             |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 30  | 0.0002                           | 30                                      | 0.0002                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 15  | 0.0000                           | 45                                      | 0.0002                           |
|         | At the end of the year 31-Mar-2020                                     | 45  | 0.0002                           | 45                                      | 0.0002                           |

Note: The date of allotment for the bonus shares was 26.08.2019, and data as per the depositories NSDL and CDSL was 06.09.2019

**iv. Shareholding Pattern of top ten shareholders (other than Directors, Promoters and holders of GDRs and ADRs):**

| Sl. No. | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 1       | <b>PRATIKSHA SATISHCHANDRA DOSHI JT1 : BHANU SATISHCHANDRA DOSHI</b>   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 6713                                      | 0.0664                           | 6713                                    | 0.0664                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 3356                                      | 0.0221                           | 10069                                   | 0.0664                           |
|         | Sale 25-Oct-2019   | -6713                                     | -0.0443                          | 3356                                    | 0.0221                           |
|         | Purchase 08-Nov-2019   | 38000                                     | 0.2507                           | 41356                                   | 0.2728                           |
|         | Purchase 15-Nov-2019   | 180000                                    | 1.1874                           | 221356                                  | 1.4603                           |
|         | Purchase 22-Nov-2019   | 58415                                     | 0.3854                           | 279771                                  | 1.8456                           |
|         | At the end of the year 31-Mar-2020                                     | 279771                                    | 1.8456                           | 279771                                  | 1.8456                           |
| 2       | <b>SATISHCHANDRA SHANTILAL DOSHI JT1 : BHANU SATISHCHANDRA DOSHI</b>   |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 101771                                    | 1.0070                           | 101771                                  | 1.0070                           |
|         | Sale 12-Apr-2019   | -30000                                    | -0.2968                          | 71771                                   | 0.7101                           |
|         | Purchase 31-May-2019   | 30000                                     | 0.2968                           | 101771                                  | 1.0070                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 50885                                     | 0.3356                           | 152656                                  | 1.0070                           |
|         | Purchase 01-Nov-2019   | 15847                                     | 0.1045                           | 168503                                  | 1.1116                           |
|         | Purchase 08-Nov-2019   | 62000                                     | 0.4090                           | 230503                                  | 1.5206                           |
|         | Purchase 27-Mar-2020   | 48610                                     | 0.3206                           | 279113                                  | 1.8412                           |
|         | At the end of the year 31-Mar-2020                                     | 279113                                    | 1.8412                           | 279113                                  | 1.8412                           |
| 3       | <b>HITESH SATISHCHANDRA DOSHI JT1 : BHANU SATISHCHANDRA DOSHI</b>      |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 387025                                    | 3.8297                           | 387025                                  | 3.8297                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 193512                                    | 1.2765                           | 580537                                  | 3.8297                           |
|         | Sale 01-Nov-2019   | -100000                                   | -0.6596                          | 480537                                  | 3.1700                           |
|         | Sale 08-Nov-2019   | -60000                                    | -0.3958                          | 420537                                  | 2.7742                           |
|         | Sale 15-Nov-2019   | -178415                                   | -1.1769                          | 242122                                  | 1.5972                           |
|         | Sale 27-Mar-2020   | -48610                                    | -0.3206                          | 193512                                  | 1.2766                           |
|         | At the end of the year 31-Mar-2020                                     | 193512                                    | 1.2766                           | 193512                                  | 1.2766                           |
| 4       | <b>K.SATISH</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 120201                                    | 1.1894                           | 120201                                  | 1.1894                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 60100                                     | 0.3964                           | 180301                                  | 1.1894                           |
|         | At the end of the year 31-Mar-2020                                     | 180301                                    | 1.1894                           | 180301                                  | 1.1894                           |

| Sl. No.              | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|----------------------|--|---|----------------------------------|---|----------------------------------|
|                      |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 5                    | <b>B.G. GIRI</b>   |   |                                  |   |                                  |
|                      | At the beginning of the year 01-Apr-2019                               | 100000                                    | 0.9895                           | 100000                                  | 0.9895                           |
|                      | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 50000                                     | 0.3298                           | 150000                                  | 0.9895                           |
|                      | Purchase 27-Mar-2020   | 3000                                      | 0.0198                           | 153000                                  | 1.0093                           |
|                      | Purchase 31-Mar-2020   | 4000                                      | 0.0263                           | 157000                                  | 1.0357                           |
|                      | At the end of the year 31-Mar-2020                                     | 157000                                    | 1.0357                           | 157000                                  | 1.0357                           |
| 6                    | <b>BHAGYALAKSHMI SUNDARAM</b>  |   |                                  |   |                                  |
|                      | At the beginning of the year 01-Apr-2019                               | 93900                                     | 0.9291                           | 93900                                   | 0.9291                           |
|                      | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 46950                                     | 0.3097                           | 140850                                  | 0.9291                           |
|                      | At the end of the year 31-Mar-2020                                     | 140850                                    | 0.9291                           | 140850                                  | 0.9291                           |
| 7                    | <b>ANIL KUMAR GOEL</b>   |   |                                  |   |                                  |
|                      | At the beginning of the year 01-Apr-2019                               | 102000                                    | 1.0093                           | 102000                                  | 1.0093                           |
|                      | Sale 12-Jul-2019   | -17000                                    | -0.1682                          | 85000                                   | 0.8410                           |
|                      | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 42500                                     | 0.2803                           | 127500                                  | 0.8410                           |
|                      | At the end of the year 31-Mar-2020                                     | 127500                                    | 0.8410                           | 127500                                  | 0.8410                           |
| 8                    | <b>KETAN DEDHIA JT1 : KUMUD DEDHIA</b>                                 |   |                                  |   |                                  |
|                      | At the beginning of the year 01-Apr-2019                               | 80116                                     | 0.7927                           | 80116                                   | 0.7927                           |
|                      | Sale 03-May-2019   | -50000                                    | -0.4948                          | 30116                                   | 0.2980                           |
|                      | Purchase 17-May-2019   | 50000                                     | 0.4948                           | 80116                                   | 0.7928                           |
|                      | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 40058                                     | 0.2643                           | 120174                                  | 0.7928                           |
|                      | At the end of the year 31-Mar-2020                                     | 120174                                    | 0.7928                           | 120174                                  | 0.7928                           |
| 9                    | <b>NALANDA SECURITIES PVT LTD</b>                                      |   |                                  |   |                                  |
|                      | At the beginning of the year 01-Apr-2019                               | 46058                                     | 0.4558                           | 46058                                   | 0.4558                           |
|                      | Purchase 03-May-2019   | 50000                                     | 0.4948                           | 96058                                   | 0.9505                           |
|                      | Purchase 10-May-2019   | 2000                                      | 0.0198                           | 98058                                   | 0.9703                           |
|                      | Sale 17-May-2019   | -50000                                    | -0.4948                          | 48058                                   | 0.4755                           |
|                      | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 24029                                     | 0.1585                           | 72087                                   | 0.4755                           |
|                      | Purchase 08-Nov-2019   | 230                                       | 0.0015                           | 72317                                   | 0.4770                           |
|                      | Purchase 15-Nov-2019   | 11692                                     | 0.0771                           | 84009                                   | 0.5541                           |
|                      | Purchase 29-Nov-2019   | 1000                                      | 0.0066                           | 85009                                   | 0.5607                           |
|                      | Purchase 13-Dec-2019   | 621                                       | 0.0041                           | 85630                                   | 0.5648                           |
|                      | Purchase 31-Dec-2019   | 500                                       | 0.0033                           | 86130                                   | 0.5681                           |
|                      | Purchase 03-Jan-2020   | 2   | 0.0000                           | 86132                                   | 0.5681                           |
|                      | Purchase 10-Jan-2020   | 15534                                     | 0.1025                           | 101666                                  | 0.6706                           |
|                      | Purchase 17-Jan-2020   | 2971                                      | 0.0196                           | 104637                                  | 0.6902                           |
|                      | Purchase 24-Jan-2020   | 942                                       | 0.0062                           | 105579                                  | 0.6964                           |
|                      | Purchase 31-Jan-2020   | 876                                       | 0.0058                           | 106455                                  | 0.7022                           |
| Purchase 14-Feb-2020 | 1500   | 0.0099                                    | 107955                           | 0.7121                                  |                                  |
|                      | At the end of the year 31-Mar-2020                                     | 107955                                    | 0.7121                           | 107955                                  | 0.7121                           |
| 10                   | <b>CHANDRA PARAMASIVAM</b>   |   |                                  |   |                                  |
|                      | At the beginning of the year 01-Apr-2019                               | 63008                                     | 0.6235                           | 63008                                   | 0.6235                           |
|                      | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 31504                                     | 0.2078                           | 94512                                   | 0.6235                           |
|                      | At the end of the year 31-Mar-2020                                     | 94512                                     | 0.6235                           | 94512                                   | 0.6235                           |



| Sl. No. | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|---------|--|---|----------------------------------|---|----------------------------------|
|         |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 11 **   | <b>RAMACHANDRAN R</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 62400                                     | 0.6175                           | 62400                                   | 0.6175                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 31200                                     | 0.2058                           | 93600                                   | 0.6175                           |
|         | At the end of the year 31-Mar-2020                                     | 93600                                     | 0.6175                           | 93600                                   | 0.6175                           |
| 12 **   | <b>ESWARA GOUNDAN N</b>  |   |                                  |   |                                  |
|         | At the beginning of the year 01-Apr-2019                               | 62400                                     | 0.6175                           | 62400                                   | 0.6175                           |
|         | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 31200                                     | 0.2058                           | 93600                                   | 0.6175                           |
|         | At the end of the year 31-Mar-2020                                     | 93600                                     | 0.6175                           | 93600                                   | 0.6175                           |

\*\* Top 10 category as on 31.03.2019

Note: The date of allotment for the bonus shares was 26.08.2019, and data as per the depositories NSDL and CDSL was 06.09.2019

**v. Shareholding of Directors and Key Managerial Personnel:**

| Sl. No.          | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|------------------|--|---|----------------------------------|---|----------------------------------|
|                  |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| <b>DIRECTORS</b> |  |   |                                  |   |                                  |
| 1                | <b>S. ANNADURAI</b>  |   |                                  |   |                                  |
|                  | At the beginning of the year 01-Apr-2019                                     | 175                                       | 0.0017                           | 175                                     | 0.0017                           |
|                  | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held       | 87  | 0.0005                           | 262                                     | 0.0017                           |
|                  | At the end of the year 31-Mar-2020   | 262                                       | 0.0017                           | 262                                     | 0.0017                           |
| 2                | <b>CHELLAPPAN R</b>  |   |                                  |   |                                  |
|                  | At the beginning of the year 01-Apr-2019                                     | 4919278                                   | 48.6775                          | 4919278                                 | 48.6775                          |
|                  | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held       | 2459639                                   | 16.2258                          | 7378917                                 | 48.6775                          |
|                  | Purchase 20-Dec-2019   | 1431                                      | 0.0094                           | 7380348                                 | 48.6870                          |
|                  | Purchase 27-Dec-2019   | 4974                                      | 0.0328                           | 7385322                                 | 48.7198                          |
|                  | Purchase 31-Dec-2019   | 8354                                      | 0.0551                           | 7393676                                 | 48.7749                          |
|                  | Purchase 03-Jan-2020   | 4184                                      | 0.0276                           | 7397860                                 | 48.8025                          |
|                  | At the end of the year 31-Mar-2020   | 7397860                                   | 48.8025                          | 7397860                                 | 48.8025                          |
| 3                | <b>BALAN A</b>   |   |                                  |   |                                  |
|                  | At the beginning of the year 01-Apr-2019                                     | 312333                                    | 3.0906                           | 312333                                  | 3.0906                           |
|                  | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held       | 156166                                    | 1.0302                           | 468499                                  | 3.0906                           |
|                  | Allotment 06-Sep-2019 (on behalf shareholders of fraction bonus entitlement) | 1980                                      | 0.0130                           | 470479                                  | 3.1037                           |
|                  | Sale 04-Oct-2019 (on behalf shareholders of fraction bonus entitlement)      | -1980                                     | -0.0130                          | 468499                                  | 3.0906                           |
|                  | Purchase 20-Dec-2019   | 500                                       | 0.0032                           | 468999                                  | 3.0939                           |
|                  | Purchase 27-Dec-2019   | 500                                       | 0.0032                           | 469499                                  | 3.0972                           |
|                  | At the end of the year 31-Mar-2020   | 469499                                    | 3.0972                           | 469499                                  | 3.0972                           |
| 4                | <b>NACHIAPPAN K.V.</b>   |   |                                  |   |                                  |
|                  | At the beginning of the year 01-Apr-2019                                     | 110232                                    | 1.0907                           | 110232                                  | 1.0907                           |
|                  | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held       | 55116                                     | 0.3635                           | 165348                                  | 1.0907                           |
|                  | At the end of the year 31-Mar-2020   | 165348                                    | 1.0907                           | 165348                                  | 1.0907                           |

| Sl. No.                        | Name of the Shareholder  | Shareholding at the beginning of the year |                                  | Cumulative Shareholding during the year |                                  |
|--------------------------------|--|---|----------------------------------|---|----------------------------------|
|                                |  | No. of shares                             | % of total shares of the Company | No. of shares                           | % of total shares of the Company |
| 5                              | <b>MIRUNALINI V C</b>  |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 43838                                     | 0.4337                           | 43838                                   | 0.4337                           |
|                                | Purchase 23-Aug-2019   | 2500                                      | 0.0247                           | 46338                                   | 0.4585                           |
|                                | Purchase 30-Aug-2019   | 1   | 0.0000                           | 46339                                   | 0.4585                           |
|                                | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 23169                                     | 0.1528                           | 69508                                   | 0.4585                           |
|                                | Purchase 20-Dec-2019   | 500                                       | 0.0032                           | 70008                                   | 0.4618                           |
|                                | Purchase 20-Mar-2020   | 500                                       | 0.0032                           | 70508                                   | 0.4651                           |
|                                | Purchase 27-Mar-2020   | 500                                       | 0.0032                           | 71008                                   | 0.4684                           |
|                                | At the end of the year 31-Mar-2020                                     | 71008                                     | 0.4684                           | 71008                                   | 0.4684                           |
| 6                              | <b>RAGHUNATH V C</b>   |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 39010                                     | 0.3860                           | 39010                                   | 0.3860                           |
|                                | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 19505                                     | 0.1286                           | 58515                                   | 0.3860                           |
|                                | At the end of the year 31-Mar-2020                                     | 58515                                     | 0.3860                           | 58515                                   | 0.3860                           |
| 7                              | <b>JAYASHREE NACHIAPPAN</b>  |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 250                                       | 0.0024                           | 250                                     | 0.0024                           |
|                                | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 125                                       | 0.0008                           | 375                                     | 0.0024                           |
|                                | Purchase 27-Dec-2019   | 1000                                      | 0.0065                           | 1375                                    | 0.0091                           |
|                                | At the end of the year 31-Mar-2020                                     | 1375                                      | 0.0091                           | 1375                                    | 0.0091                           |
| 8                              | <b>G. S. SAMUEL</b>  |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 10  | 0.0001                           | 10                                      | 0.0001                           |
|                                | Allotment 06-Sep-2019 – One bonus equity share for every 2 shares held | 5   | 0.0000                           | 15                                      | 0.0001                           |
|                                | At the end of the year 31-Mar-2020                                     | 10  | 0.0001                           | 15                                      | 0.0001                           |
| 9                              | <b>S KRISHNAN</b>  |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 0   | 0.0000                           | 0                                       | 0.0000                           |
|                                | At the end of the year 31-Mar-2020                                     | 0   | 0.0000                           | 0                                       | 0.0000                           |
| 10                             | <b>S INIYAN</b>  |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 0   | 0.0000                           | 0                                       | 0.0000                           |
|                                | At the end of the year 31-Mar-2020                                     | 0   | 0.0000                           | 0                                       | 0.0000                           |
| <b>Chief Financial Officer</b> |  |   |                                  |   |                                  |
| 11                             | <b>P JAGAN</b>   |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 0   | 0.0000                           | 0                                       | 0.0000                           |
|                                | At the end of the year 31-Mar-2020                                     | 0   | 0.0000                           | 0                                       | 0.0000                           |
| <b>Company Secretary</b>       |  |   |                                  |   |                                  |
| 12                             | <b>R. SATHISHKUMAR</b>   |   |                                  |   |                                  |
|                                | At the beginning of the year 01-Apr-2019                               | 0   | 0.0000                           | 0                                       | 0.0000                           |
|                                | At the end of the year 31-Mar-2020                                     | 0   | 0.0000                           | 0                                       | 0.0000                           |

Note: The date of allotment for the bonus shares was 26.08.2019, and data as per the depositories NSDL and CDSL was 06.09.2019

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. In Lakhs)

|  | Secured Loans excluding deposits | Unsecured Loans | Deposits    | Total Indebtedness |
|--|----------------------------------|-----------------|-------------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |             |                    |
| i) Principal Amount  | 9328.97                          | 0.00            | 0.00        | 9328.97            |
| ii) Interest due but not paid                              | 0.00                             | 0.00            | 0.00        | 0.00               |
| iii) Interest accrued but not due                          | 13.40                            | 0.00            | 0.00        | 13.40              |
| <b>Total (i+ii+iii)</b>                                    | <b>9342.37</b>                   | <b>0.00</b>     | <b>0.00</b> | <b>9342.37</b>     |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |             |                    |
| • Addition   | 5272.79                          | 0.00            | 0.00        | 5272.79            |
| • Reduction  | 2338.65                          | 0.00            | 0.00        | 2338.65            |
| <b>Net Change</b>  | <b>2934.14</b>                   | <b>0.00</b>     | <b>0.00</b> | <b>2934.14</b>     |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |             |                    |
| i) Principal Amount  | 12247.60                         | 0.00            | 0.00        | 12247.60           |
| ii) Interest due but not paid                              | 0.00                             | 0.00            | 0.00        | 0.00               |
| iii) Interest accrued but not due                          | 28.91                            | 0.00            | 0.00        | 28.91              |
| <b>Total (i+ii+iii)</b>                                    | <b>12276.51</b>                  | <b>0.00</b>     | <b>0.00</b> | <b>12276.51</b>    |

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Director and/or Manager :

(Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration   | Name of MD / WTD / Manager |              |                 |                  |                  | Total amount |
|---------|---|----------------------------|--------------|-----------------|------------------|------------------|--------------|
|         |   | R. Chellappan              | A. Balan     | V. C. Raghunath | V. C. Mirunalini | K. V. Nachiappan |              |
| 1       | Gross salary  |                            |              |                 |                  |                  |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 24.15                      | 21.00        | 10.60           | 8.66             | 21.00            | 85.41        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | 0.39                       | 6.08         | 0.29            | 0.29             | 0.96             | 8.01         |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                          | -            | -               | -                | -                | -            |
| 2       | Stock Option  | -                          | -            | -               | -                | -                | -            |
| 3       | Sweat Equity  | -                          | -            | -               | -                | -                | -            |
| 4       | Commission  |                            |              |                 |                  |                  |              |
|         | - as % of profit  | -                          | -            | -               | -                | -                | -            |
|         | - others, specify...  | -                          | -            | -               | -                | -                | -            |
| 5       | Others, please specify  | -                          | -            | -               | -                | -                | -            |
|         | <b>TOTAL (A)</b>  | <b>24.54</b>               | <b>27.08</b> | <b>10.89</b>    | <b>8.95</b>      | <b>21.96</b>     | <b>93.42</b> |
|         | Ceiling as per the Act  |                            |              |                 |                  |                  | 158.90       |

### B. Remuneration to other directors:

(Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration                  | Name of Directors |             |             |             | Total amount |
|---------|--|-------------------|-------------|-------------|-------------|--------------|
|         |  | S. Annadurai      | G.S.Samuel  | S. Krishnan | S.Iniyan    |              |
| 1.      | Independent Directors                        |                   |             |             |             |              |
|         | Fee for attending board / committee meetings | 1.65              | 1.75        | 1.30        | 1.30        | 6.00         |
|         | Commission                                   | -                 | -           | -           | -           | -            |
|         | Others, please specify                       | -                 | -           | -           | -           | -            |
|         | <b>Total (1)</b>                             | <b>1.65</b>       | <b>1.75</b> | <b>1.30</b> | <b>1.30</b> | <b>6.00</b>  |

| Sl. No. | Particulars of Remuneration                 | Name of Directors    |      |      | Total amount |      |
|---------|---|----------------------|------|------|--------------|------|
| 2.      | Other Non-Executive Directors               | Jayashree Nachiappan |      |      |              |      |
|         | Fee for attending board /committee meetings | 1.40                 |      |      | 1.40         |      |
|         | Commission                                  | -                    |      |      | -            |      |
|         | Others, please specify                      | -                    |      |      | -            |      |
|         | Total (2)                                   | 1.40                 | -    | -    | 1.40         |      |
|         | Total (B)=( 1+2 )                           | 3.05                 | 1.75 | 1.30 | 1.30         | 7.40 |
|         | Total (A+B)                                 |                      |      |      | 100.82       |      |
|         | Less: Sitting Fees                          |                      |      |      | 7.40         |      |
|         | Total Managerial Remuneration               |                      |      |      | 93.42        |      |
|         | Overall Ceiling as per the Act              |                      |      |      | 174.79       |      |

**C. Remuneration to Key Managerial Personnel :**

(Rs. In Lakhs)

| Sl. No. | Particulars of Remuneration   | Name of Key Managerial Personnel     |                                     | Total amount |
|---------|---|--------------------------------------|-------------------------------------|--------------|
|         |   | R .Sathishkumar<br>Company Secretary | P. Jagan<br>Chief Financial Officer |              |
| 1.      | Gross salary  |                                      |                                     |              |
|         | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 8.63                                 | 29.53                               | 38.16        |
|         | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                                    | -                                   | -            |
|         | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961              | -                                    | -                                   | -            |
| 2.      | Stock Option  | -                                    | -                                   | -            |
| 3.      | Sweat Equity  | -                                    | -                                   | -            |
| 4.      | Commission  |                                      |                                     |              |
|         | - as % of profit  | -                                    | -                                   | -            |
|         | - others, specify...  | -                                    | -                                   | -            |
| 5.      | Others, please specify  | -                                    | -                                   | -            |
|         | <b>TOTAL</b>  | <b>8.63</b>                          | <b>29.53</b>                        | <b>38.16</b> |

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES :**

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Authority [RD / NCLT / COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|-------------------------------|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                               |                                    |
| Penalty                             | NA                           | NA                | NA  | NA                            | NA                                 |
| Punishment                          | NA                           | NA                | NA  | NA                            | NA                                 |
| Compounding                         | NA                           | NA                | NA  | NA                            | NA                                 |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                               |                                    |
| Penalty                             | NA                           | NA                | NA  | NA                            | NA                                 |
| Punishment                          | NA                           | NA                | NA  | NA                            | NA                                 |
| Compounding                         | NA                           | NA                | NA  | NA                            | NA                                 |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                               |                                    |
| Penalty                             | NA                           | NA                | NA  | NA                            | NA                                 |
| Punishment                          | NA                           | NA                | NA  | NA                            | NA                                 |
| Compounding                         | NA                           | NA                | NA  | NA                            | NA                                 |

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Sd/-  
A.BALAN  
Joint Managing Director

Place: Coimbatore  
Date: 8th July 2020

Place: Salem  
Date: 8th July 2020

**ANNEXURE-4**

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies, Act, 2013 and Rule 8 and 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]

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.

The Company has a Corporate Social Responsibility (CSR) Committee comprising of the following directors.

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

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).

The Company is required to spend 2% of the average net profit of the Company in pursuance of Section 135 of the Companies, Act, 2013 as detailed below. (Rs. In Lakhs)

| Financial Year                                   | 2016-17 | 2017-18 | 2018-19 |
|--|---------|---------|---------|
| Profit as per section 198 of Companies Act, 2013 | 1593.65 | 1840.30 | 1669.43 |
| Average Profit for 3 years                       |         |         | 1701.13 |
| 2% on the above                                  |         |         | 34.02   |

The budget amount arrived for the CSR activities was Rs.34.02 Lakhs for the financial year 2019-2020.

During the year the following amounts were spent towards the CSR activities (Rs. In Lakhs)

| S. No. | CSR project or activity identified  | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify state and district where projects or Programs was undertaken | Amount outlay (Budget) Project or Programs wise | Amount spent on the projects or Programs Subheads: (1) Direct expenditure on Projects or Programs (2) Overheads | Cumulative Expenditure up to the reporting Period | Amount Spent direct or through Implementing Agency          |
|--------|---|--|---|---|---|---|---|
| 1.     | Infrastructure Development of the Government School Building (Palamalai High School, Salem District)        | Promoting Education                    | Local area where the plant is located, Salem District, Tamil Nadu   | 2.51  | 2.51  | 2.51  | Direct  |
| 2      | "Hands on Science"@ Corporation schools – a special education programme to Children's of below poverty line | Promoting Education                    | Local area, Chennai district, Tamil Nadu  | 2.50  | 2.50  | 2.50  | Through Implementing Agency (Samskriya Foundation, Chennai) |

|       |  |  |  |              |              |              |  |
|-------|--|--|--|--------------|--------------|--------------|--|
| 3.    | Montessori Project at Balwadis – a special programme to improve the primary education of Children’s of below poverty line              | Promoting Education  | Local area, Chennai district, Tamil Nadu | 6.01         | 6.01         | 6.01         | Through Implementing Agency<br>(Sri Ramacharan Charitable Trust, Chennai)                |
| 4.    | Fund sponsored for Dialysis Machine which is used for treatment of people at below poverty line  | Promoting and preventive health care   | Local area, Chennai district, Tamil Nadu | 5.50         | 5.50         | 5.50         | Through Implementing Agency<br>(Rotary Club of Chennai Towers Charitable Trust, Chennai) |
| 5     | Distributed Cloth Bags to selected people living around Chennai district through a campaign arranged by State Government of Tamil Nadu | conservation of natural resources and maintaining quality of soil, air and water | Local area, Chennai district, Tamil Nadu | 17.50        | 17.50        | 17.50        | Through Implementing Agency<br>(Utkarsh Global Foundation, Mumbai)                       |
| TOTAL |  |  |  | <b>34.02</b> | <b>34.02</b> | <b>34.02</b> |  |

The Company has spent the entire amount budgeted for CSR activities for the financial year 2019-2020. The Company is in the process of implementing various projects in the coming years.

The Company is striving to continue the support for local initiatives to improve Infrastructure as well as support in other corporate social responsibility initiatives.

For and on behalf of the Board of Directors

Sd/-  
R. CHELLAPPAN  
Managing Director

Sd/-  
A.BALAN  
Joint Managing Director

Place: Coimbatore  
Date: 8th July 2020

Place: Salem  
Date: 8th July 2020

## Policy on Corporate Social Responsibility

### Preamble

Corporate social responsibility (CSR) may also be referred to as “corporate citizenship” and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promotes positive social and environmental change.

### Objective

- (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- (2) The Board’s report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

### Guiding Principles

The Corporate Social Responsibility Committee shall,

- (a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company.

- (b) recommend the amount of expenditure to be incurred on the activities and
- (c) monitor the Corporate Social Responsibility Policy of the company from time to time.

**Role of the Committee:**

The committee makes the recommendations to the Board on CSR Policy. (a)The Board approves the Corporate Social Responsibility Policy for the company and disclose contents of such policy in its report and also places it on the Company's website, if any, in such manner as may be prescribed; and (b) ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company.

The Corporate Social Responsibility Committee shall ensure that the Company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities: Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not having spent the amount.

Provided that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profits of a Company.

Explanation: for the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198 of Companies Act, 2013.

**Our CSR activities includes**

1. Promoting education, including special education and employment enhancing vocational skill among children, women, elderly and the differently abled and livelihood enhancement projects.
2. Training to promote, rural sports, nationally recognised sports, Paralympic sports and Olympic sports.
3. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
4. Promising gender equality, empowering women, setting up homes and hostels for women and orphans, setting up of old age homes, day care and such other facility for senior citizen and measure for reducing inequalities faced by socially and economically backward people.
5. Measures for the benefit of armed forces veterans, war widows and their dependents.
6. Contribution to prime minister's national relief fund or any other fund set up by the Central Govt. for socio-economic development and relief and welfare of the scheduled castes and tribes, other backward classes, minorities and women.
7. Rural development projects.
8. Clean India Mission.
9. Contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation
10. Slum area development.
11. Disaster management, including relief, rehabilitation and reconstruction activities
12. Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)]
13. Contribution to R&D for department of Biotechnology (DBT)
14. Contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga

**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.

The meeting of the Committee shall be held at such regular intervals as may be required.

**Conclusion**

A concept whereby Companies decides to contribute to a better society and a cleaner environment and by becoming a good corporate citizen, an organisation can improve its competitive edge in respect of attracting and retaining investors, clients and employees.

\*\*\*\*

## ANNEXURE-5

### 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

Sd/-  
A.BALAN  
Joint Managing Director

Place: Coimbatore  
Date: 8th July 2020

Place: Salem  
Date: 8th July 2020

**Annexure- 6**

**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   | : 9:1   |
|   | 2. Mr. A. Balan  | : 10:1  |
|   | 3. Mr. K. V. Nachiappan  | : 8:1   |
|   | 4. Mr. V.C. Raghunath  | : 4:1   |
|   | 5. Mrs. V. C. Mirunalini   | : 3:1   |
|   | 6. Mr. G.S.Samuel  | No remuneration was paid for the financial year 2019-2020 except sitting fees |
|   | 7. Mrs. Jayashree Nachiappan   |   |
|   | 8. Mr. S. Annadurai  |   |
|   | 9. Mr. S. Krishnan   |   |
|   | 10. Dr. S. Iniyar  |   |
| (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  | : -16.96  |
|   | 2. Mr. A. Balan,JMD  | : -14.32  |
|   | 3. Mr. K. V. Nachiappan,WTD  | : -14.05  |
|   | 4. Mr. V.C. Raghunath,WTD  | : -10.40  |
|   | 5. Mrs.V.C. Mirunalini,WTD   | : -2.46   |
|   | 6. Mr. P. Jagan, CFO   | : 3.94  |
|   | 7. Mr. R. Sathishkumar,CS  | : 2.62  |
| The commission on net profit was not paid to Mr. R. Chellappan and Mr. A. Balan due to loss (PAT) for the year ended 31.03.2020. LTA, Furnishing allowances were also not provided and thereby a decrease in the remuneration of Executive Directors.   |  |   |
| (iii) The percentage increase in the median remuneration of employees in the financial year   | 2.83%  |   |
| (iv) the number of permanent employees on the rolls of company;   | 284  |   |
| (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; | Average percentage increase already made in the salaries of Senior Management employees other than the managerial personnel : 9.38%. |   |
|   | Percentage increase in the managerial remuneration: -18.08%  |   |
| (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 |
| 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 manager :    |     |
| <b>Mr.R. Chellappan: Rs.24.54 Lakhs per annum</b> - There was 1 employee as provided in the Top Ten List (Serial No.1) was in receipt of remuneration in excess of Mr. R. Chellappan, Managing Director   |     |
| <b>Mr.A. Balan: Rs.27.08 Lakhs per annum</b> - There was 1 employee as provided in the Top Ten List (Serial No.1) was in receipt of remuneration in excess of Mr. A. Balan, Joint Managing Director   |     |
| <b>Mr. K. V. Nachiappan : Rs. 21.96 Lakhs per annum</b> - There were 3 employees as provided in the Top Ten List (Serial No.1, 4, 5) was in receipt of remuneration in excess of Mr. K. V. Nachiappan, Whole Time Director                                    |     |
| <b>Mr. V. C. Raghunath : Rs. 10.89 Lakhs per annum</b> - There were 7 employees as provided in the Top Ten List (Serial No.1,4,5,7 to 10) and another two employees were in receipt of remuneration in excess of Mr. V.C. Raghunath, Whole Time Director.     |     |
| <b>Mrs. V.C. Mirunalini : Rs. 8.95 Lakhs per annum</b> - There were 7 employees as provided in the Top Ten List (Serial No.1,4,5 7 to 10) and another seven employees were in receipt of remuneration in excess of Mrs. V. C. Mirunalini, Whole Time Director |     |
| 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.  |     |

d) Top ten employees in terms of remuneration drawn during the financial year 2019-2020

| 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) above | 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. P Jagan<br>Chief Financial Officer                                       | 29.53                                | Regular  | B.Sc, FCA<br>24 yrs                               | 08-03-2013                         | 54  | Goodearth Maritime Ltd  | Nil  | NO  |
| 2      | Mr. A Balan<br>Joint Managing Director                                       | 27.08                                | Regular  | BE (EEE)<br>49 yrs                                | 03-10-2015                         | 67  | Novateur Electrical & Digital Systems Private Limited   | 3.53   | NO  |
| 3      | Mr. R Chellappan<br>Managing Director  | 24.54                                | Regular  | BE (EEE),<br>48 yrs                               | 12-09-1994                         | 67  | 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<br>Mr. V.C. Raghunath &<br>Mrs. V. C. Mirunalini<br>Whole Time Directors  |
| 4      | Mr. S Nataraj<br>Senior Assistant Vice President (Renewable Energy Products) | 24.17                                | Regular  | M. Tech<br>(Chemical Engg)<br>13 Years & 8 months | 22-12-2014                         | 38  | Ernst & Young, Chartered Accountants  | Nil  | NO  |
| 5      | Mr. HR Vasuki<br>Chief Operating Officer                                     | 24.02                                | Regular  | MSc,<br>25 yrs 8 mths                             | 05-08-2008                         | 50  | GE Thermometrics India Pvt Ltd  | Nil  | NO  |
| 6      | Mr. K V Nachiappan<br>Whole Time Director                                    | 21.96                                | Regular  | BE (EEE),<br>32 yrs                               | 20-04-2018                         | 54  | Novateur Electrical & Digital Systems Private Limited   | 1.2  | Husband of<br>Mrs. Jayashree<br>Nachappan,<br>Non-Executive Director  |
| 7      | Dr. Arindam Sarker<br>Chief Technical Officer                                | 21.37                                | Regular  | MSc., PhD., (Phy.)<br>22 yrs                      | 01-04-2008                         | 46  | Hind High Vacuum Co. (Pvt.) Ltd.  | Nil  | NO  |
| 8      | Mr. V Ramakrishnan<br>General Manager  | 21.00                                | Regular  | BE (Power),<br>15 yrs                             | 05-02-2020                         | 36  | L&T Construction  | Nil  | NO  |
| 9      | Mr. Prakash Das<br>Assistant Vice President (Projects)                       | 18.62                                | Regular  | BE, PGDASD,<br>ME,<br>16 yrs 5 mths               | 01-11-2011                         | 43  | Leonics Company Ltd   | Nil  | NO  |
| 10     | Mr. V Venkatesh<br>Vice President (Operational and Special Projects)         | 16.58                                | Regular  | B.E.,<br>29 yrs 4 mths                            | 25-12-2014                         | 50  | 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 : 8th July 2020

**Standalone Ind AS financial statements  
for the year ended 31 March 2020**

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Swelect Energy Systems Limited

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of **SWELECT ENERGY SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2020, 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 Ind AS 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 2020, and its loss, total comprehensive loss, 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 Ind AS 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 Ind AS 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

Ind AS 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 Ind AS financial statements.

#### Emphasis of Matter

We draw attention to Note 41 of the Standalone Ind AS 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 & advances given to two operating subsidiaries, on account of continuous losses/erosion of networth and decrease in revenues in those companies. The Company has also taken into consideration the adverse business impact and 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 Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS 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>Evaluation of impairment of investments made, loans &amp; advances given relating to two operating subsidiaries of the Company whose net worth is substantially eroded /incurring continuous losses and decrease in revenues.</p> <p>Investments(net) made aggregating to Rs. 7,877.18 lakhs [Refer Note 6 to the Standalone Ind AS Financial Statements] and loans &amp; advances given aggregating to Rs. 4,486.20 lakhs [Refer Note 7C to the Standalone Ind AS Financial Statements] to two operating subsidiaries of the Company whose net worth is substantially eroded / incurring continuous losses and decrease in revenues, is considered good and recoverable based on Management's judgment in estimating future cash flows used as part of the impairment analysis.</p> <p>The judgment includes forecasted revenues/ cash flows and discount rate in the projection period. As any adverse changes to these assumptions could result into reduction in the fair value determined resulting in a potential impairment to be recognised.</p> | <p><b>Principal audit procedures performed:</b></p> <p>a. Evaluated the design and implementation of the relevant controls and tested the operating effectiveness of such internal controls which inter-alia includes the completeness and accuracy of the input data considered, reasonableness of assumptions considered in determining the future projections and the assumptions considered in preparing the impairment calculations.</p> <p>b. Obtained the external valuation reports and the management assessment associated with determination of recoverable value and performed the following procedures:</p> <p>i. Conducted corroborative inquiries with the Company personnel to identify factors, if any, which should be considered in the analysis.</p> <p>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.</p> <p>iii. Evaluated and tested the appropriateness of key assumptions considered by the Management, including discount rate, growth rate, etc. duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Company's estimates in the prior periods, in consultation with internal specialists and also compared the assumptions with public data, wherever available.</p> |

#### 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 of Director's report including the Annexures to the Board Report and Corporate Governance report, but does not include the consolidated Ind AS financial statements, standalone Ind AS financial statements and our auditor's report thereon, and the Annual report, which is expected to be made available to us after that date.
- Our opinion on the Standalone Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Ind AS 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 Ind AS 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 Ind AS 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 Matter

Due to the COVID-19 related lock down, management carried out the physical verification of inventory, subsequent to the year end. Consequently, we have performed alternate procedures to audit the existence of Inventories as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and as per specific guidances i.e. Physical Inventory Verification, Key Audit Considerations amid COVID-19 issued by The Institute of Chartered Accountants of India and have obtained sufficient appropriate audit evidence.

Our report is not modified in respect of this matter.

#### 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 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 Ind AS 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: 20213649AAAADR6579)

Place: Hyderabad  
Date: 8 July 2020  
Ref: MM/MS/2020/23

## **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 2020 in conjunction with our audit of the Standalone Ind AS 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 2020, 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: 20213649AAAADR6579)

Place: Hyderabad  
Date: 8 July 2020  
Ref: MM/MS/2020/23

## 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) Some of 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 Right of Use Assets in the Standalone Ind AS 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
- (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 deposit 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, Employees' State Insurance, 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, Employees' State Insurance, Income-tax, Goods & Service Tax, cess and other material statutory dues in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.
  - (c) Details of dues of Income-tax, Sales tax, Excise Duty and Service Tax which have not been deposited as on 31 March 2020 on account of disputes are given below:

| Name of the statute                  | Nature of dues  | Amount (Rs. in 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  |
| 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<br>2012-2013 –Commissioner of Central Excise<br>2013-2015 – The Excise Appellate Tribunal |
| Income Taxes                         | Disallowances of items                                | 2,810.54              | 2009-2010<br>2012-2013<br>2013-2014<br>2015-2016<br>2016-2017 | Commissioner of Income Tax (CIT)<br>Appeals / Assistant Commissioner of Income Tax (ACIT)  |

- (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 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 holding, subsidiary or associate company 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: 20213649AAAADR6579)

Place: Hyderabad  
Date: 8 July 2020  
Ref: MM/MS/2020/23

**SWELECT ENERGY SYSTEMS LIMITED**

**Balance Sheet as at 31 March 2020**

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

| PARTICULARS                        | Note<br>No. | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------------|-------------|------------------------|------------------------|
| <b>(A) ASSETS</b>                  |             |                        |                        |
| <b>Non-current assets</b>          |             |                        |                        |
| (a) Property, Plant and Equipment  | 3           | 15,337.45              | 12,167.43              |
| (b) Capital work-in-progress       |             | -                      | 120.46                 |
| (c) Right of Use Assets            | 3(a)        | 6.67                   | -                      |
| (d) Investment Property            | 4           | 1,652.59               | 1,607.39               |
| (e) Other Intangible assets        | 5           | 6,568.95               | 6,849.56               |
| (f) Financial Assets               |             |                        |                        |
| (i) Investment in Subsidiaries     | 6           | 12,772.93              | 15,244.92              |
| (ii) Other Non Current Investments | 7(a)        | 530.35                 | 530.35                 |
| (iii) Loans                        | 7(c)        | 218.49                 | 575.57                 |
| (iv) Trade receivables             | 10          | 1,419.36               | -                      |
| (v) Other financial assets         | 7(d)        | 134.87                 | 99.57                  |
| (vi) Bank balances                 | 7(e)        | 4,584.00               | 1,604.48               |
| (g) Income Tax Asset (Net)         | 18          | 154.23                 | 362.35                 |
| (h) Other non-current assets       | 8           | 136.72                 | 72.20                  |
| <b>Total Non-current assets</b>    |             | <b>43,516.61</b>       | <b>39,234.28</b>       |
| <b>Current assets</b>              |             |                        |                        |
| (a) Inventories                    | 9           | 5,448.94               | 4,541.46               |
| (b) Financial Assets               |             |                        |                        |
| (i) Investments                    | 7(b)        | 23,703.25              | 25,249.66              |
| (ii) Loans                         | 7(c)        | 9,361.48               | 8,034.41               |
| (iii) Trade receivables            | 10          | 3,122.11               | 1,778.04               |
| (iv) Cash and cash equivalents     | 11          | 238.77                 | 180.88                 |
| (v) Bank balances                  | 7(e)        | 3,642.05               | 6,136.56               |
| (vi) Other financial assets        | 7(d)        | 780.75                 | 1,028.25               |
| (c) Other Current assets           | 12          | 627.00                 | 603.75                 |
| <b>Total current assets</b>        |             | <b>46,924.35</b>       | <b>47,553.01</b>       |
| <b>TOTAL ASSETS</b>                |             | <b>90,440.96</b>       | <b>86,787.29</b>       |

| PARTICULARS  | Note<br>No. | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|-------------|------------------------|------------------------|
| <b>(B) EQUITY AND LIABILITIES</b>  |             |                        |                        |
| <b>Equity</b>  |             |                        |                        |
| (a) Equity share capital   | 13          | 1,515.87               | 1,010.58               |
| (b) Other Equity   | 14          | 64,263.05              | 66,940.32              |
| <b>Total Equity</b>  |             | <b>65,778.92</b>       | <b>67,950.90</b>       |
| <b>Liabilities</b>   |             |                        |                        |
| <b>Non-current liabilities</b>   |             |                        |                        |
| (a) Financial Liabilities  |             |                        |                        |
| (i) Borrowings   | 16          | 2,943.08               | 624.34                 |
| (ii) Other financial liabilities   | 17          | 138.71                 | 115.59                 |
| (b) Provisions   | 19          | 452.11                 | 454.34                 |
| (c) Other non-current liabilities  | 17(a)       | 387.07                 | -                      |
| <b>Total Non-current liabilities</b>   |             | <b>3,920.97</b>        | <b>1,194.27</b>        |
| <b>Current liabilities</b>   |             |                        |                        |
| (a) Financial Liabilities  |             |                        |                        |
| (i) Borrowings   | 16          | 8,908.80               | 8,471.92               |
| (ii) Trade payables  | 20          |                        |                        |
| (A) Total outstanding dues of micro enterprises and small enterprises                      |             | -                      | -                      |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises |             | 7,765.11               | 7,550.06               |
| (iii) Lease Liabilities  | 3(a)        | 7.87                   | -                      |
| (iv) Other financial liabilities   | 17          | 1,219.45               | 878.25                 |
| (b) Other current liabilities  | 21          | 2,726.43               | 346.13                 |
| (c) Provisions   | 19          | 113.41                 | 395.76                 |
| <b>Total Current liabilities</b>   |             | <b>20,741.07</b>       | <b>17,642.12</b>       |
| <b>Total Liabilities</b>   |             | <b>24,662.04</b>       | <b>18,836.39</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |             | <b>90,440.96</b>       | <b>86,787.29</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: 8 July 2020

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

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

Place: Coimbatore  
Date: 8 July 2020

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

Place: Chennai  
Date: 8 July 2020

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

Place: Salem  
Date: 8 July 2020

Sd/-  
**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020



**SWELECT ENERGY SYSTEMS LIMITED**

**Statement of Profit and Loss for the year ended 31 March 2020**

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

| PARTICULARS   | Note<br>No. | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|-------------|--|--|
| <b>INCOME</b>   |             |  |  |
| Revenue from operations   | 22          | 14,204.04                              | 11,984.43                              |
| Other income  | 23          | 3,170.98                               | 3,494.58                               |
| <b>Total income</b>   |             | <b>17,375.02</b>                       | <b>15,479.01</b>                       |
| <b>EXPENSES</b>   |             |  |  |
| Cost of raw materials and components consumed   | 24          | 9,839.85                               | 3,981.26                               |
| Purchase of traded goods  |             | 111.66                                 | 1,151.75                               |
| Decrease / (Increase) in inventories of work-in-progress, traded goods and finished goods | 25          | (1,948.73)                             | 1,904.36                               |
| Employee benefits expense   | 26          | 1,194.66                               | 1,264.19                               |
| Depreciation and amortisation expense   | 28          | 1,659.43                               | 1,415.41                               |
| Other expenses  | 27          | 4,481.64                               | 3,507.33                               |
| Finance costs   | 29          | 981.15                                 | 744.63                                 |
| <b>Total expenses</b>   |             | <b>16,319.66</b>                       | <b>13,968.93</b>                       |
| <b>Profit before exceptional items and tax</b>  |             | <b>1,055.36</b>                        | <b>1,510.08</b>                        |
| Exceptional items   | 41          | (2,471.99)                             | 30.00                                  |
| <b>(Loss) / Profit before tax</b>   |             | <b>(1,416.63)</b>                      | <b>1,540.08</b>                        |

| PARTICULARS  | Note No. | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|----------|-------------------------------------|-------------------------------------|
| <b>Tax Expense</b>   |          |                                     |                                     |
| Current tax  | 18       | 256.53                              | 434.73                              |
| <b>Income tax expense</b>  |          | <b>256.53</b>                       | <b>434.73</b>                       |
| <b>(Loss) / Profit for the year</b>  |          | <b>(1,673.16)</b>                   | <b>1,105.35</b>                     |
| <b>Other Comprehensive Income (OCI)</b>  |          |                                     |                                     |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods: |          |                                     |                                     |
| Re-measurement gains/ (losses) on defined benefit plans  | 31       | 54.88                               | 15.77                               |
| Income tax effect  | 18       | (9.59)                              | (3.40)                              |
| <b>Other comprehensive income for the year, net of tax</b>                                     |          | <b>45.29</b>                        | <b>12.37</b>                        |
| <b>Total Comprehensive (Loss) / Income for the year</b>  |          | <b>(1,627.87)</b>                   | <b>1,117.72</b>                     |
| <b>Earnings per share (Face Value of Rs. 10/- each)</b>  |          |                                     |                                     |
| 1. Basic (in INR)  | 30       | (11.04)                             | 7.29                                |
| 2. Diluted (in INR)  | 30       | (11.04)                             | 7.29                                |

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: 8 July 2020

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

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

Place: Coimbatore  
Date: 8 July 2020

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

Place: Chennai  
Date: 8 July 2020

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

Place: Salem  
Date: 8 July 2020

Sd/-  
**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020

**SWELECT ENERGY SYSTEMS LIMITED**  
**Cash Flow Statement for the year ended 31 March 2020**  
(All amounts are in INR Lakhs, unless otherwise stated)

| PARTICULARS   | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                                    |  |  |
| <b>(Loss) / Profit after taxation</b>   | (1,673.16)                             | 1,105.35                               |
| Adjustments to reconcile profit after tax to net cash flows:                      |  |  |
| Tax expense   | 256.53                                 | 434.73                                 |
| Depreciation/amortisation   | 1,659.43                               | 1,415.41                               |
|   | -                                      |  |
| (Gain)/Loss on investments carried at fair value through Profit and Loss          | (237.50)                               | 207.23                                 |
| Provision for diminution in value of investment in Subsidiary (Refer note 41)     | 2,471.99                               | -                                      |
| Loss on investments carried at fair value through Profit and Loss                 | 800.56                                 | -                                      |
| Net gain from the sale of current investment                                      | (1,463.59)                             | (1,929.29)                             |
| Dividend income earned on Investments   | (38.28)                                | -                                      |
| Provision for bad and doubtful debts and Bad debts written off                    | 106.69                                 | 147.38                                 |
| Provision for warranties  | 15.61                                  | 59.51                                  |
| Provision no longer required written back (Net)                                   | (5.34)                                 | (6.77)                                 |
| Liabilities no longer required, written back                                      | -                                      | (25.90)                                |
| Interest expense  | 936.94                                 | 723.94                                 |
| Interest income   | (1,197.34)                             | (1,692.61)                             |
| Gain on sale of Property, Plant and Equipment                                     | (104.79)                               | (5.25)                                 |
| Loss on retirement of Property, Plant and Equipment                               | 4.50                                   | -                                      |
| Exchange Differences (net)  | 509.00                                 | 319.22                                 |
| <b>Operating profit before working capital changes</b>                            | <b>2,041.25</b>                        | <b>752.95</b>                          |
| <b>Movement in working capital :</b>  |  |  |
| (Increase) / Decrease in trade receivables  | (2,870.12)                             | 1,245.63                               |
| (Increase) / Decrease in current and non-current assets                           | (68.60)                                | 270.81                                 |
| Decrease in current and non-current Financial assets                              | 448.98                                 | -                                      |
| (Increase) / Decrease in inventories  | (907.48)                               | 1,153.44                               |
| Increase / (Decrease) in trade payables, other current and long- term liabilities | 2,402.71                               | (314.74)                               |
| (Decrease)/ Increase in provisions  | (249.56)                               | 79.01                                  |
| <b>Cash flow generated from operations</b>  | <b>797.18</b>                          | <b>3,187.10</b>                        |
| Taxes paid, net   | (48.41)                                | (730.19)                               |
| <b>Net cash flow generated from operating activities (A)</b>                      | <b>748.77</b>                          | <b>2,456.91</b>                        |

| PARTICULARS  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| <b>B. Cash flow from investing activities:</b>                           |  |  |
| Capital expenditure  | (4,348.31)                             | (6,751.83)                             |
| Redemption of current investments  | 2,446.94                               | 3,118.73                               |
| Proceeds from Sale of Property, Plant & Equipment                        | 256.26                                 | 6.74                                   |
| Loan given to Subsidiaries / (Repayment Received from Subsidiaries)      | (969.99)                               | 481.48                                 |
| Bank deposits placed   | (485.01)                               | (1,755.55)                             |
| Interest received  | 960.56                                 | 583.07                                 |
| Dividend received on Investments   | 38.28                                  | -                                      |
| <b>Net cash flow (used in) / generated from investing activities (B)</b> | <b>(2,101.27)</b>                      | <b>(4,317.36)</b>                      |
| <b>C. Cash flow from financing activities:</b>                           |  |  |
| Long- term borrowings availed /(repaid)                                  | 1,977.06                               | (1,060.98)                             |
| Payment of Lease liabilities   | (95.18)                                | -                                      |
| Interest paid  | (916.22)                               | (723.94)                               |
| Dividend distributed   | (442.13)                               | (406.85)                               |
| Dividend tax paid  | (90.88)                                | (81.22)                                |
| <b>Net cash flow generated from/ (used in) financing activities (C)</b>  | <b>432.65</b>                          | <b>(2,272.99)</b>                      |
| <b>Net decrease in cash and cash equivalents (A + B + C)</b>             | <b>(919.85)</b>                        | <b>(4,133.44)</b>                      |
| <b>Cash and cash equivalents at the beginning of the year</b>            | <b>(7,376.69)</b>                      | <b>(3,243.25)</b>                      |
| <b>Closing cash and cash equivalents</b>                                 | <b>(8,296.54)</b>                      | <b>(7,376.69)</b>                      |
| <b>Cash and Cash equivalents (Refer Note 11(a))</b>                      | <b>(8,296.54)</b>                      | <b>(7,376.69)</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: 8 July 2020

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

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

Place: Coimbatore  
Date: 8 July 2020

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

Place: Chennai  
Date: 8 July 2020

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

Place: Salem  
Date: 8 July 2020

Sd/-  
**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020

**SWELECT ENERGY SYSTEMS LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2020**  
(All amounts are in INR Lakhs, unless otherwise stated)

**a. Equity Share Capital**

| As at 1 April 2018 | Changes in Equity Share Capital during the year (Refer Note 13) | Balance as at 31 March 2019 | Changes in Equity Share Capital during the year (Refer Note 13) | Balance as at 31 March 2020 |
|--------------------|---|-----------------------------|---|-----------------------------|
| 1,010.58           | -   | 1,010.58                    | 505.29  | 1,515.87                    |

**b. Other Equity**

| Particulars   | Reserves & Surplus |                            |                   | Total Other Equity |
|---|--------------------|----------------------------|-------------------|--------------------|
|   | Capital Reserve    | Securities Premium Reserve | Retained Earnings |                    |
| <b>Balance at 01 April 2018</b>   | <b>152.64</b>      | <b>4,796.48</b>            | <b>43,258.66</b>  | <b>66,309.92</b>   |
| Profit for the period   | -                  | -                          | 1,105.35          | 1,105.35           |
| Other Comprehensive Income (Net of tax)                                       | -                  | -                          | 12.37             | 12.37              |
| Dividend for the year 2017-18   | -                  | -                          | (404.23)          | (404.23)           |
| Dividend Distribution Tax for the year 2017-18                                | -                  | -                          | (83.09)           | (83.09)            |
| <b>Balance at 31 March 2019</b>   | <b>152.64</b>      | <b>4,796.48</b>            | <b>43,889.06</b>  | <b>66,940.32</b>   |
| Loss for the period   | -                  | -                          | (1,673.16)        | (1,673.16)         |
| Other Comprehensive Income (Net of tax)                                       | -                  | -                          | 45.29             | 45.29              |
| Bonus shares issued   | -                  | (505.29)                   | -                 | (505.29)           |
| Dividend Distribution made during the year relating to financial year 2018-19 | -                  | -                          | <b>(252.65)</b>   | <b>(252.65)</b>    |
| Dividend Distribution Tax for the year 2018-19                                | -                  | -                          | (51.93)           | (51.93)            |
| Interim dividend for the year 2019-20   | -                  | -                          | (189.48)          | (189.48)           |
| Interim dividend Distribution Tax for the year 2019-20                        | -                  | -                          | (38.95)           | (38.95)            |
| Impact of adoption of Ind AS 116  | -                  | -                          | (11.10)           | (11.10)            |
| <b>Balance at 31 March 2020</b>   | <b>152.64</b>      | <b>4,291.19</b>            | <b>41,717.08</b>  | <b>64,263.05</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: 8 July 2020

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

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

Place: Coimbatore  
Date: 8 July 2020

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

Place: Salem  
Date: 8 July 2020

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

Place: Chennai  
Date: 8 July 2020

Sd/-  
**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

**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 Company 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.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 establishes a comprehensive framework on Leases. Ind AS 116 replaces Ind AS 17 'Leases'. The application of Ind AS 116 did not have material impact on the financial statements.

**(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 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 2020 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

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

**(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.

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.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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.

**(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.

However, 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.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

**Dividend**

Revenue is recognised when the Company'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 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.   |
| 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 2020**

**(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.

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

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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 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**

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.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

**(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**

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 Property, Plant and Equipment 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 and Servers                                    | 3 years           |
| Furniture and Fittings                                   | 10 years          |
| Vehicles (Motor cars/Motor Vehicles)                     | 8 years/ 10 years |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

**(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, 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.

**(l) Impairment of Property, Plant and Equipment and Other 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.

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.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

**(o) Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense over the lease term.

**(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 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.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2020

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.
- **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.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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).

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.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

**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, 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:

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

- 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.

#### **(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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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 2020**

(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 2018</b>              | <b>1,108.83</b> | <b>653.59</b> | <b>5,979.08</b>     | <b>250.11</b>                 | <b>44.08</b> | <b>262.67</b>          | <b>129.03</b> | <b>4.58</b>            | <b>8,431.97</b>  |
| Additions                              | -               | -             | 6,660.75            | 76.18                         | 8.72         | 1.15                   | 9.24          | -                      | 6,756.04         |
| Deletions (Refer Note (ii) below)      | (1.49)          | -             | -                   | -                             | -            | -                      | -             | -                      | (1.49)           |
| Other Transfers (Refer Note (i) below) | (19.73)         | -             | (36.42)             | 33.82                         | 1.75         | -                      | -             | -                      | (20.58)          |
| <b>As at 31 March 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> |
| <b>Depreciation</b>                    |                 |               |                     |                               |              |                        |               |                        |                  |
| <b>As at 1 April 2018</b>              | -               | 81.41         | 1,572.62            | 143.86                        | 33.79        | 139.46                 | 42.10         | 3.67                   | 2,016.91         |
| Charge for the year                    | -               | 30.98         | 832.51              | 47.83                         | 8.07         | 41.79                  | 20.69         | 0.04                   | 981.91           |
| Deletions                              | -               | -             | -                   | -                             | -            | -                      | -             | -                      | -                |
| Other Transfers (Refer Note (i) below) | -               | -             | (4.61)              | 4.09                          | 0.21         | -                      | -             | -                      | (0.31)           |
| <b>As at 31 March 2019</b>             | -               | 112.39        | 2,400.52            | 195.78                        | 42.07        | 181.25                 | 62.79         | 3.71                   | 2,998.51         |
| 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)         |
| Other Transfers (Refer Note (i) below) | -               | -             | -                   | -                             | -            | -                      | -             | -                      | -                |
| <b>As at 31 March 2020</b>             | -               | 168.82        | 2,961.45            | 231.54                        | 50.47        | 263.09                 | 80.06         | 3.75                   | 3,759.18         |
| <b>Net Block</b>                       |                 |               |                     |                               |              |                        |               |                        |                  |
| <b>As at 31 March 2019</b>             | <b>1,087.61</b> | <b>541.20</b> | <b>10,202.89</b>    | <b>164.33</b>                 | <b>12.48</b> | <b>82.57</b>           | <b>75.48</b>  | <b>0.87</b>            | <b>12,167.43</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> |

**Notes:**

- (i) Other transfers represent assets being reclassified to other categories for use in the business operations of the Company.
- (ii) 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. 28.76 lakhs ( 31 March 2019 -Rs. 34.24 lakhs)

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**(a) 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 2020

| Particulars                        | Amount      |
|------------------------------------|-------------|
| Balance as at 01 April 2019        | 86.74       |
| Additions                          | -           |
| Deletions                          | -           |
| Depreciation*                      | (80.07)     |
| <b>Balance as at 31 March 2020</b> | <b>6.67</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 2020:

| Particulars                          | Buildings   |
|--------------------------------------|-------------|
| Balance as at 01 April 2019          | 97.84       |
| Additions                            | -           |
| Finance cost accrued during the year | 5.21        |
| Deletions                            | -           |
| Payment of lease liabilities         | (95.18)     |
| <b>Balance as at 31 March 2020</b>   | <b>7.87</b> |

The following is the break-up of current and non current liabilities as on 31 March 2020.

| Particulars                   | Total |
|-------------------------------|-------|
| Current lease liabilities     | 7.87  |
| Non-current lease liabilities | -     |

**( c ) Amounts recognized in Profit and Loss were as follows**

| Particulars                       | For the year ended 31 March 2020 |
|-----------------------------------|----------------------------------|
| Depreciation Expenditure          | 80.07                            |
| Finance Cost on Lease Liabilities | 5.21                             |

**( d ) The table below provides details regarding the contractual maturities of lease liabilities as at March 31st 2020 on an undiscounted basis :**

| Particulars                                  | As at 31 March 2020 |
|--|---------------------|
| Not later than 1 year                        | 7.87                |
| 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 2020

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

#### 4 Investment Property

| Particulars                       | Buildings              |                        |
|-----------------------------------|------------------------|------------------------|
|                                   | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Cost</b>                       | <b>1,948.07</b>        | <b>1,928.34</b>        |
| Additions during the year         | 52.22                  | -                      |
| Deletions during the year         | (58.05)                | -                      |
| Other Transfers (Refer Note 3(i)) | 148.22                 | 19.73                  |
| <b>Closing Balance</b>            | <b>2,090.46</b>        | <b>1,948.07</b>        |
| <b>Depreciation</b>               |                        |                        |
| Opening balance                   | 340.68                 | 255.49                 |
| Charge for the year               | 97.19                  | 85.19                  |
| Other Transfers (Refer Note 3(i)) | -                      | -                      |
| <b>Closing Balance</b>            | <b>437.87</b>          | <b>340.68</b>          |
| <b>Net Block</b>                  | <b>1,652.59</b>        | <b>1,607.39</b>        |

#### Other Non-current investments

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| (a) Rental income derived from Investment Property  | 396.33                 | 370.67                 |
| (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>370.67</b>          |
| Less – Depreciation   | (97.19)                | (85.19)                |
| <b>Profit arising from Investment Property before indirect expenses</b>                               | <b>299.14</b>          | <b>285.48</b>          |

#### Measurement of fair values:

##### Description of valuation techniques used and key inputs for valuation of Investment Property:

As at 31 March 2020 and 31 March 2019, the fair value of the Property is Rs.12,338.39 lakhs and Rs. 10,009.95 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.
- It is presumed no brokerage, commission costs will be incurred.
- Existing rental escalation terms will continue to exist in the future without any modification.

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 takes into account the asset's sensitivity to non-diversifiable risk (also known as systematic risk or market risk),

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

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 2020</b> | 2,090.46         |
| Fair value difference (net)            | 10,247.93        |
| <b>Fair Value as at 31 March 2020</b>  | <b>12,338.39</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 2018</b>          | <b>103.49</b>         | <b>7,790.15</b>                                   | <b>27.90</b>      | <b>7,921.54</b> |
| Additions                          | -                     | -   | 4.06              | <b>4.06</b>     |
| Other Transfers (Refer Note 3 (i)) | -                     | -   | 0.85              | <b>0.85</b>     |
| <b>As at 31 March 2019</b>         | <b>103.49</b>         | <b>7,790.15</b>                                   | <b>32.81</b>      | <b>7,926.45</b> |
| Additions                          | 28.25                 | -   | 57.90             | <b>86.15</b>    |
| Other Transfers (Refer Note 3 (i)) | -                     | -   | -                 | -               |
| <b>As at 31 March 2020</b>         | <b>131.74</b>         | <b>7,790.15</b>                                   | <b>90.71</b>      | <b>8,012.60</b> |
| <b>Amortisation</b>                |                       |   |                   |                 |
| <b>As at 1 April 2018</b>          | <b>34.33</b>          | <b>671.82</b>                                     | <b>22.12</b>      | <b>728.27</b>   |
| Charge for the year                | 28.42                 | 316.18  | 3.71              | <b>348.31</b>   |
| Deletions                          | -                     | -   | -                 | -               |
| Other Transfers (Refer Note 3 (i)) | -                     | -   | 0.31              | <b>0.31</b>     |
| <b>As at 31 March 2019</b>         | <b>62.75</b>          | <b>988.00</b>                                     | <b>26.14</b>      | <b>1,076.89</b> |
| Charge for the year                | 37.32                 | 315.27  | 14.17             | <b>366.76</b>   |
| Deletions                          | -                     | -   | -                 | -               |
| Other Transfers (Refer Note 3 (i)) | -                     | -   | -                 | -               |
| <b>As at 31 March 2020</b>         | <b>100.07</b>         | <b>1,303.27</b>                                   | <b>40.31</b>      | <b>1,443.65</b> |
| <b>Net block</b>                   |                       |   |                   |                 |
| <b>As at 31 March 2019</b>         | <b>40.74</b>          | <b>6,802.15</b>                                   | <b>6.67</b>       | <b>6,849.56</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> |

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

**Notes:**

- 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.

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 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.

- Other Intangible asset with a carrying amount of Rs. 791.13 lakhs (as at 31 March 2019: Rs. 825.66 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 an another entity.
- Other Intangible asset with a carrying amount of Rs.4,840.93 lakhs (as at 31 March 2019: Rs. 5,079.99 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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| 4,44,000 (31 March 2019 : 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 2019 : 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 2019 : 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 2019 : 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 2019 : 10,000) Equity shares of SWELECT Inc, USA, USD 10/- each fully paid  | 68.85                  | 68.85                  |
| 10,000 (31 March 2019 : 10,000) Equity shares of Swelect Power Systems Private Limited, Rs.100/- each fully paid                     | 10.00                  | 10.00                  |
| <b>Total</b>   | <b>15,244.92</b>       | <b>15,244.92</b>       |
| Less : Provision for diminution in value of investment in one of the Subsidiary (Refer note 41)                                      | 2,471.99               | -                      |
| <b>Net Total</b>   | <b>12,772.93</b>       | <b>15,244.92</b>       |
| Aggregate book value of unquoted investments   | 15,244.92              | 15,244.92              |
| Aggregate book value of impairment in value of investment  | 2,471.99               | -                      |
| Non-Current  | 12,772.93              | 15,244.92              |



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Unquoted Investment in equity shares at fair value through statement of profit and loss</b>   |                        |                        |
| 3,00,000 (31 March 2019 : 3,00,000) Equity shares of Rs.10/- each fully paid in Gem Sugars Limited   | 30.00                  | 30.00                  |
| 3,520 (31 March 2019 : 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 2019: 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<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| 1,921,876.42 (31 March 2019: 1,921,876.42) units of Aditya Birla Sunlife Banking & PSU Debt fund - Regular - Growth * | 5,032.87               | 4,576.15               |
| 651,971.35 (31 March 2019: 403,680.64) units of ICICI Prudential Savings - Fund Growth **                             | 2,525.40               | 1,447.53               |
| 667,331.345 (31 March 2019: 426,181.35) units of Aditya Birla Sunlife Saving Fund Growth **                           | 2,652.78               | 1,572.53               |
| LIC Endowment Plus ###  | 7.87                   | 9.80                   |
| 1,00,00,000 (31 March 2019: 1,00,00,000) units of HSBC Fixed Term Series 129 Growth                                   | 1,213.35               | 1,122.45               |
| 67,994.421 (31 March 2019: 67,994.421) units of UTI Liquid Cash Plan -Regular Growth                                  | 2,201.26               | 2,073.78               |
| 70,000.001 (31 March 2019: 75,332.351) units of SBI Liquid Fund Regular Growth  | 2,165.53               | 2,196.93               |
| 14,332,022.225 ( 31 March 2019-Nil) ICICI Prudential Banking and PSU Debt Fund - Growth *                             | 3,319.63               | -                      |
| 18,780,433.949 ( 31 March 2019-Nil) IDFC Banking & PSU Debt Fund - Regular Plan - Growth *                            | 3,332.23               | -                      |
| 10.926 ( 31 March 2019-Nil) HDFC Liquid Fund- Daily Dividend Reinvest   | 0.11                   | -                      |
| 30,000.348 ( 31 March 2019- Nil) HDFC Money Market Fund- Regular plan - Growth *                                      | 1,252.22               | -                      |
| Nil (31 March 2019: 13,525,932.84) units of UTI Short term income Fund - Growth                                       | -                      | 3,044.71               |
| Nil (31 March 2019: 17,441,16.160) units of UTI Short term income Fund - Institutional - Growth                       | -                      | 3,926.93               |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Nil (31 March 2019: 156,456,76.566) units of Franklin India Ultra Short Bond Fund Super Institutional Plan Growth | -                      | 4,109.93               |
| Nil (31 March 2019 : 29,242.952) units of Franklin India Short Term Income Retail Plan Growth                     | -                      | 1,168.92               |
| <b>Total</b>  | <b>23,703.25</b>       | <b>25,249.66</b>       |
| Aggregate cost of quoted investments  | 20,391.36              | 21,379.70              |
| Aggregate market value of quoted investments  | 23,703.25              | 25,249.66              |
| Current   | 23,703.25              | 25,249.66              |

**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<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>(i) Non-Current</b>  |                        |                        |
| Other Financial Assets (Refer Note 1 below)                           | 218.49                 | 575.57                 |
| <b>Total</b>  | <b>218.49</b>          | <b>575.57</b>          |
| <b>(ii) Current</b>   |                        |                        |
| Loans to employees  | 0.57                   | 1.45                   |
| Loans to Related parties (Refer Note 2 below)<br>(Also Refer Note 33) | 8,929.12               | 7,650.65               |
| Other Financial Assets (Refer Note 1 below)                           | 431.79                 | 382.31                 |
| <b>Total</b>  | <b>9,361.48</b>        | <b>8,034.41</b>        |
| <b>Total</b>  | <b>9,579.97</b>        | <b>8,609.98</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 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<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------|------------------------|------------------------|
| <b>(i) Non-Current</b>              |                        |                        |
| Balance with Government authorities | 415.31                 | 380.01                 |
| Provision for doubtful advance      | (280.44)               | (280.44)               |
| <b>Total</b>                        | <b>134.87</b>          | <b>99.57</b>           |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

| Particulars                         | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------|------------------------|------------------------|
| <b>(ii) Current</b>                 |                        |                        |
| Interest accrued on fixed deposits  | 206.08                 | 87.69                  |
| Balance with Government authorities | 11.94                  | 268.47                 |
| Other Current Financial assets      | 647.73                 | 703.68                 |
| Provision for doubtful advance      | (85.00)                | (31.59)                |
| <b>Total</b>                        | <b>780.75</b>          | <b>1,028.25</b>        |
| <b>Total</b>                        | <b>915.62</b>          | <b>1,127.82</b>        |
| Considered good                     | 550.18                 | 815.79                 |
| Considered doubtful                 | 365.44                 | 312.03                 |

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>(i) Non-Current</b>   |                        |                        |
| Deposits with original maturity more than 12 months #                        | 4,584.00               | 1,604.48               |
| <b>Total</b>   | <b>4,584.00</b>        | <b>1,604.48</b>        |
| <b>(ii) Current</b>  |                        |                        |
| Deposits with original maturity more than 3 months and less than 12 months # | 3,642.05               | 6,136.56               |
| <b>Total</b>   | <b>3,642.05</b>        | <b>6,136.56</b>        |
| <b>Total</b>   | <b>8,226.05</b>        | <b>7,741.04</b>        |

**Note:**

The balance in deposit accounts bears an average interest rate of 6.00% 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<br>31 March 2020 | As at<br>31 March 2019 |
|------------------|------------------------|------------------------|
| Capital advances | -                      | 11.57                  |
| Prepaid expenses | 136.72                 | 60.63                  |
| <b>Total</b>     | <b>136.72</b>          | <b>72.20</b>           |

**9 Inventories**

| Particulars                         | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------|------------------------|------------------------|
| Raw materials and components        | 1,349.81               | 2,506.78               |
| Raw materials in transit            | 342.47                 | 226.75                 |
| Work-in-progress (Refer Note below) | 101.57                 | 27.07                  |
| Finished goods                      | 2,784.63               | 1,044.88               |
| Traded goods                        | 21.41                  | -                      |
| Stores and spares                   | 849.05                 | 735.98                 |
| <b>Total</b>                        | <b>5,448.94</b>        | <b>4,541.46</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 2020**

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

**10 Trade receivables**

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Non-current</b>   |                        |                        |
| (a) Receivables considered good                                | 1,419.36               | -                      |
|  | <b>1,419.36</b>        | <b>-</b>               |
| <b>(b) Doubtful</b>  |                        |                        |
| (a) Receivables considered good                                | 3,122.11               | 1,778.04               |
| (b) Receivables which have significant increase in Credit Risk | 173.32                 | 158.47                 |
| (c) Receivables - credit impaired                              | 153.91                 | 153.76                 |
| <b>Total</b>   | <b>3,449.34</b>        | <b>2,090.27</b>        |
| Less : Allowance for Expected Credit Loss                      | (327.23)               | (312.23)               |
| <b>Total</b>   | <b>3,122.11</b>        | <b>1,778.04</b>        |

**11 Cash and cash equivalents**

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| Balances with Banks:  |                        |                        |
| On current accounts   | 227.76                 | 141.17                 |
| On unpaid dividend accounts   | 10.20                  | 29.37                  |
| Deposits with original maturity less than 3 months (Refer Note below) | 0.81                   | 1.76                   |
| Cash on hand  | -                      | 8.58                   |
| <b>Total</b>  | <b>238.77</b>          | <b>180.88</b>          |

**Note:**

The balance on deposit accounts bears an interest rate of 5.75% and is lien free.

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Balances with Banks:                               |                        |                        |
| On current accounts                                | 227.76                 | 141.17                 |
| Deposits with original maturity less than 3 months | 0.81                   | 1.76                   |
| Cash on hand                                       | -                      | 8.58                   |
|  | <b>228.57</b>          | <b>151.51</b>          |
| Less: Bank overdrafts (Refer Note 16)              | (8,525.11)             | (7,528.20)             |
| <b>Total</b>                                       | <b>(8,296.54)</b>      | <b>(7,376.69)</b>      |

**12 Other Current assets**

| Particulars                        | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------------|------------------------|------------------------|
| <b>Unsecured, considered good:</b> |                        |                        |
| Supplier advances                  | 534.56                 | 167.29                 |
| Prepaid expenses                   | 44.78                  | 93.98                  |
| Other receivables                  | 47.66                  | 342.48                 |
| <b>Total</b>                       | <b>627.00</b>          | <b>603.75</b>          |

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**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

(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 2019</b>                     | <b>470,00,000</b>              | <b>4,700.00</b> |
| Increase/(Decrease) during the year           | -                              | -               |
| <b>As at 31 March 2020</b>                    | <b>470,00,000</b>              | <b>4,700.00</b> |
| <b>Issued, Subscribed &amp; Fully paid up</b> |                                |                 |
| <b>As at 1 April 2019</b>                     | <b>101,05,840</b>              | <b>1,010.58</b> |
| Issue of Equity Share Capital                 | -                              | -               |
| Issue of Bonus shares ( Refer note below)     | <b>50,52,920</b>               | <b>505.29</b>   |
| <b>As at 31 March 2020</b>                    | <b>151,58,760</b>              | <b>1,515.87</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.

The Board of Directors in their meeting on 8 July 2019, considered and recommended to issue bonus shares in the ratio of 1 Equity Share for every 2 Equity Shares held by the shareholders of the Company as on the record date determined by the Board. The issue of bonus shares have been approved by the shareholders in the Annual General Meeting held on 9 August 2019.

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

| Equity shares of Rs.10/- each fully paid | As at 31 March 2020 |                        | As at 31 March 2019 |                        |
|--|---------------------|------------------------|---------------------|------------------------|
|  | Number of shares    | % holding in the class | Number of shares    | % holding in the class |
| R. Chellappan,<br>Managing Director      | 73,97,860           | 48.80%                 | 49,19,278           | 48.68%                 |

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 2018-19 and 2019-20:-**

| Particulars   | Capital Reserve | Securities Premium Reserve (Refer Note (i) below) | Retained Earnings (Refer Note iii) below) | General Reserve (Refer Note (ii) below) | Total            |
|---|-----------------|---|---|---|------------------|
| <b>As at 1 April 2018</b>   | 152.64          | 4,796.48  | 43,258.66                                 | 18,102.14                               | 66,309.92        |
| Profit for the year   | -               | -   | 1,105.35                                  | -                                       | 1,105.35         |
| Distribution made during the year   | -               | -   | (487.32)                                  | -                                       | (487.32)         |
| Other comprehensive income- Remeasurement of Defined Benefit Plans (Refer Note (iii) below) | -               | -   | 12.37                                     | -                                       | 12.37            |
| <b>As at 31 March 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> |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

| Particulars   | Capital Reserve | Securities Premium Reserve (Refer Note (i) below) | Retained Earnings (Refer Note iii) below) | General Reserve (Refer Note (ii) below) | Total            |
|---|-----------------|---|---|---|------------------|
| 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)          |
| <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> |

(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 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| <b>Cash dividends on equity shares declared and paid:</b>   |                     |                     |
| Final dividend for the year ended 31 March 2019 : Rs. 2.50/- per share (31 March 2018: Rs. 4/- per share)     | 252.65              | 404.23              |
| Dividend Distribution tax on final Dividend   | 51.93               | 83.09               |
| Interim dividend for the year ended 31 March 2020 : Rs. 1.25 per share ( 31 March 2019 : Rs. Nil per share)   | 189.48              | -                   |
| Dividend Distribution tax on interim dividend   | 38.95               | -                   |
| <b>Proposed dividends on Equity shares:</b>   |                     |                     |
| Proposed Dividend for the year ended 31 March 2020: Rs.0.75/- per share (31 March 2019: Rs. 2.50/- per share) | 113.69              | 252.65              |
| Dividend Distribution Tax (DDT) on Proposed Dividend  | -                   | 51.93               |

Proposed Dividend of Rs. 0.75/- 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 2020.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**16 Borrowings**

**Financial Liabilities carried at amortised cost**

| Particulars            | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------|------------------------|------------------------|
| <b>(i) Non-Current</b> |                        |                        |
| Term loan from Banks   | 2,940.38               | 610.54                 |
| Vehicle loan           | 2.70                   | 13.80                  |
| <b>Total</b>           | <b>2,943.08</b>        | <b>624.34</b>          |
| Secured Borrowings     | 2,943.08               | 624.34                 |

Details of long term borrowings are given below:

| Particulars                   | Amount          | Effective Interest Rate | Currency | Repayment Terms   | Security                |
|-------------------------------|-----------------|-------------------------|----------|---|-------------------------|
| Term loan 1                   | 3,325.00        | 9.00%                   | INR      | Loan obligation plus interest, is payable in 114 equal monthly instalments. | 12 MW Solar Power Plant |
| Vehicle Loan                  | 13.80           | 8.00%                   | INR      | Loan obligation plus interest, is payable in 48 equal monthly instalments.  | Vehicle                 |
| <b>Total</b>                  | <b>3,338.80</b> |                         |          |   |                         |
| <b>Less: Current Portion</b>  | <b>361.10</b>   |                         |          |   |                         |
| <b>Non-Current Borrowings</b> | <b>2,977.70</b> |                         |          |   |                         |

| Particulars                         | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------------|------------------------|------------------------|
| <b>(ii) Current</b>                 |                        |                        |
| Term loan from Banks                | -                      | 943.72                 |
| Bank overdrafts                     | 8,525.11               | 7,528.20               |
| External Commercial Borrowing (ECB) | 383.69                 | -                      |
| <b>Total Current Borrowings</b>     | <b>8,908.80</b>        | <b>8,471.92</b>        |
| Secured loans                       | 8,908.80               | 8,471.92               |

Details of Short Term Borrowings are given below:

| Particulars                         | Amount          | Effective Interest Rate | Currency | Repayment Terms            | Security                                       |
|-------------------------------------|-----------------|-------------------------|----------|----------------------------|--|
| Bank overdrafts                     | 8,525.11        | 6.80% - 8.15%           | INR      | Repayable on demand        | Fixed deposits and Mutual funds of the Company |
| External Commercial Borrowing (ECB) | 383.69          | 0.90%                   | Euro     | Rollover due in April 2020 | Mutual funds of the Company                    |
| <b>Total Short Term Borrowings</b>  | <b>8,908.80</b> |                         |          |                            |  |

**17 Other Financial Liabilities**

| Particulars            | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------|------------------------|------------------------|
| <b>(i) Non Current</b> |                        |                        |
| Rental deposits        | 138.71                 | 115.59                 |
| <b>Total</b>           | <b>138.71</b>          | <b>115.59</b>          |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>(ii) Current</b>                                  |                        |                        |
| Current maturities of long-term debt (Refer Note 16) | 361.10                 | 232.72                 |
| Unpaid dividend                                      | 10.20                  | 29.37                  |
| Interest accrued                                     | 28.91                  | 13.40                  |
| Deferred AMC Income                                  | 0.76                   | -                      |
| Capital creditors                                    | 746.48                 | 534.19                 |
| Rental deposits                                      | 34.03                  | 31.36                  |
| Statutory dues payable                               | 37.97                  | 37.21                  |
| <b>Total</b>   | <b>1,219.45</b>        | <b>878.25</b>          |
| <b>Total</b>   | <b>1,358.16</b>        | <b>993.84</b>          |

**17(a) Other non-current liabilities**

|                           |               |          |
|---------------------------|---------------|----------|
| Deferred AMC Income       | 21.49         | -        |
| Deferred Interest Income  | 314.54        | -        |
| Security deposit for Land | 51.04         | -        |
| <b>Total</b>              | <b>387.07</b> | <b>-</b> |

**18 (a) Deferred tax liabilities (net)**

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Deferred tax liabilities</b>   |                        |                        |
| Impact on difference between tax, depreciation and amortisation charged for the financial reporting | 2,384.19               | 1,887.53               |
| <b>Gross deferred tax liabilities</b>   | <b>2,384.19</b>        | <b>1,887.53</b>        |
| Deferred tax assets   |                        |                        |
| Carry forward business loss and unabsorbed depreciation   | (2,384.19)             | (1,887.53)             |
| <b>Gross deferred tax assets</b>  | <b>(2,384.19)</b>      | <b>(1,887.53)</b>      |
| <b>Total Deferred tax liabilities (net)</b>   | <b>-</b>               | <b>-</b>               |

**(b) Income Tax**

The major components of income tax expense for the years ended 31 March 2020 and 31 March 2019 are:

**Statement of Profit or Loss:**

| Particulars   | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| <b>Current income tax:</b>                                    |  |  |
| Current income tax charge                                     | 266.12                                 | 438.13                                 |
| <b>Deferred tax:</b>  |  |  |
| Relating to origination and reversal of temporary differences | -                                      | -                                      |
| <b>Total</b>  | <b>266.12</b>                          | <b>438.13</b>                          |

As at 31 March 2020, the Company has total eligible deferred tax asset of Rs.2,342.73 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.2,342.73 Lakhs towards carried forward tax losses and unabsorbed depreciation to the extent of deferred tax liabilities.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

(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 2020 and 31 March 2019:**

| Particulars   | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| <b>Accounting (Loss) / Profit before income tax<br/>(including other comprehensive income)</b>  | <b>(1,361.75)</b>                      | <b>1,555.85</b>                        |
| <b>Minimum Alternate Tax (MAT) Adjustments:</b>   |  |  |
| Add: Allowance for Expected Credit Loss   | 100.00                                 | 126.27                                 |
| Add: Provision for diminution for value of investment in subsidiary   | 2,471.99                               | -                                      |
| Less: Dividend income earned on Investments   | (38.28)                                | -                                      |
| <b>Book Profit for MAT Calculation</b>  | <b>1,171.96</b>                        | <b>1,682.12</b>                        |
| At India's statutory income tax rate of 17.4725 % (31 March 2019: 21.5488%)<br>(Refer Note below)   | 17.4725%                               | 21.5488%                               |
| <b>Derived Tax Charge for the year</b>  | <b>204.78</b>                          | <b>362.49</b>                          |
| <b>Adjustments:</b>   |  |  |
| Tax impact on account of one fifth of the amount credited to the opening reserves<br>as at 31 March 2016 pursuant to transition to Ind AS | 61.34                                  | 75.64                                  |
| <b>Net derived tax charge</b>   | <b>266.12</b>                          | <b>438.13</b>                          |
| <b>Income tax expense reported in the Statement of Profit and Loss</b>  | <b>266.12</b>                          | <b>438.13</b>                          |

**Note:**

During the current year, the Company 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. Accordingly, the effective rate of tax has been considered as 17.4725 %

**(c) Income Tax asset**

54.23 lakhs as at 31 March 2020 (As at 31 March 2019 Rs. 362.35 lakhs) represents the tax deducted at source/advance tax, net of provision for income tax.

**19 Provisions**

| Particulars                                   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>(i) Non-current</b>                        |                        |                        |
| Provision for warranties (Refer Note below)   | 353.30                 | 338.02                 |
| Provision for gratuity (Refer Note 31)        | 83.86                  | 116.32                 |
| Provision for compensated absences            | 14.95                  | -                      |
| <b>Total</b>                                  | <b>452.11</b>          | <b>454.34</b>          |
| <b>(ii) Current</b>                           |                        |                        |
| Provision for warranties (Refer Note below)   | 56.07                  | 56.07                  |
| Provision for gratuity (Refer Note 31)        | 3.90                   | 4.78                   |
| Provision for compensated absences            | 53.44                  | 91.78                  |
| Provision for Income tax (net of advance tax) | -                      | 243.13                 |
| <b>Total</b>                                  | <b>113.41</b>          | <b>395.76</b>          |
| <b>Total</b>                                  | <b>565.52</b>          | <b>850.10</b>          |
|   | <b>565.52</b>          | <b>606.97</b>          |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**Note: Provision for warranties**

| Particulars                                    | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| At the beginning of the year                   | 394.09                 | 335.39                 |
| Arising during the year                        | 15.28                  | 59.51                  |
| Utilisation/Reversal/Discounting of warranties | -                      | (0.81)                 |
| <b>At the end of the year</b>                  | <b>409.37</b>          | <b>394.09</b>          |
| Non-current portion                            | 353.30                 | 338.02                 |
| Current portion                                | 56.07                  | 56.07                  |

**20 Trade payables**

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Trade payables   | 1,938.45               | 2,327.68               |
| (Refer note below regarding dues to micro, small and medium enterprises) |                        |                        |
| Trade payables to Related parties (Refer Note 33)                        | 5,826.66               | 5,222.38               |
| <b>Total</b>   | <b>7,765.11</b>        | <b>7,550.06</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<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------|------------------------|------------------------|
| Advance from customers | 2,726.43               | 346.13                 |
| <b>Total</b>           | <b>2,726.43</b>        | <b>346.13</b>          |

**22 Revenue from operations**

| Particulars                                    | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| <b>Revenue from operations</b>                 |  |  |
| Sale of products                               |  |  |
| Manufactured goods                             |  |  |
| Solar Photovoltaic Panels                      | 4,495.53                               | 3,366.84                               |
| Solar Power Generating Systems and accessories | 4,358.50                               | 5,173.53                               |
| Traded goods                                   | 297.75                                 | 608.87                                 |
| Sale of services                               |  |  |
| Installation                                   | 1,302.90                               | 170.17                                 |
| Annual Maintenance Contracts                   | 36.84                                  | 113.18                                 |
| Others   | 87.37                                  | 82.97                                  |
| Sale of power                                  | 2,706.09                               | 1,404.90                               |
| <b>Other operating revenue</b>                 |  |  |
| Scrap Sales                                    | 20.16                                  | 7.95                                   |
| Rental Income                                  | 439.11                                 | 541.80                                 |
| Renewable Energy Certificate Income (net)      | 459.79                                 | 514.22                                 |
| <b>Total</b>                                   | <b>14,204.04</b>                       | <b>11,984.43</b>                       |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**22 Revenue from operations**

| Particulars  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| (a) Sale of Products (Refer Note 22.1(i) below)          | 9,151.78                               | 9,149.24                               |
| (b) Sale of Services (Refer Note 22.1(ii) below)         | 1,427.11                               | 366.32                                 |
| (c) Sale of Power  | 2,706.09                               | 1,404.90                               |
| (d) Revenue from Service Concession Arrangements         |  |  |
| (e) Other Operating Revenue (Refer Note 22.1(iii) below) | 919.06                                 | 1,063.97                               |
| <b>Total</b>   | <b>14,204.04</b>                       | <b>11,984.43</b>                       |

**22.1 Disaggregation of the revenue information**

The tables below presents disaggregated revenues from contracts with customers for the year ended 31 March 2020 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<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| <b>Manufactured goods</b>                      |  |  |
| Solar Photovoltaic Panels                      | 4,495.53                               | 3,366.84                               |
| Solar Power Generating Systems and accessories | 4,358.50                               | 5,173.53                               |
| Traded goods                                   | 297.75                                 | 608.87                                 |
| <b>Total</b>                                   | <b>9,151.78</b>                        | <b>9,149.24</b>                        |

**(ii) Sale of Services comprises the following:-**

| Particulars                  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|------------------------------|--|--|
| Installation                 | 1,302.90                               | 170.17                                 |
| Annual Maintenance Contracts | 36.84                                  | 113.18                                 |
| Others                       | 87.37                                  | 82.97                                  |
| <b>Total</b>                 | <b>1,427.11</b>                        | <b>366.32</b>                          |

**(iii) Other operating revenue comprises the following:-**

| Particulars                               | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| Scrap Sales                               | 20.16                                  | 7.95                                   |
| Rental Income                             | 439.11                                 | 541.80                                 |
| Renewable Energy Certificate Income (net) | 459.79                                 | 514.22                                 |
| <b>Total</b>                              | <b>919.06</b>                          | <b>1,063.97</b>                        |

**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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**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  | 31 March 2020   | 31 March 2019   |
|--|-----------------|-----------------|
| Gain on sale of investments (net)  | 1,463.59        | 1,929.29        |
| (Loss)/Gain on investments carried at fair value through Profit and Loss     | 237.50          | (207.23)        |
| 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) (Refer Note 19)              | 5.34            | 25.90           |
| Liabilities no longer required, written back                                 | -               | 6.77            |
| Other non-operating income   | 104.79          | 66.79           |
| Finance Income from Related parties (Refer Note 33)                          | 612.39          | 1,109.54        |
| Others   | 707.59          | 563.52          |
| <b>Total</b>   | <b>3,170.98</b> | <b>3,494.58</b> |

**24 Cost of raw material and components consumed**

| Particulars                              | 31 March 2020    | 31 March 2019   |
|--|------------------|-----------------|
| Inventories at the beginning of the year | 2,733.53         | 1,953.56        |
| Add: Purchases                           | 8,798.60         | 4,761.23        |
|  | <b>11,532.13</b> | <b>6,714.79</b> |
| Less: Inventories at the end of the year | 1,692.28         | 2,733.53        |
| <b>Total</b>                             | <b>9,839.85</b>  | <b>3,981.26</b> |

**25 Decrease / (Increase) in inventories of work-in-progress, traded goods and finished goods**

| Particulars                                     | 31 March 2020     | 31 March 2019   |
|---|-------------------|-----------------|
| <b>Inventories at the end 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>Inventories at the beginning of the year</b> |                   |                 |
| Traded goods                                    | 735.98            | 1,332.44        |
| Work-in-progress                                | 27.07             | 96.74           |
| Finished goods                                  | 1,044.88          | 2,283.11        |
|   | <b>1,807.93</b>   | <b>3,712.29</b> |
| <b>Total</b>                                    | <b>(1,948.73)</b> | <b>1,904.36</b> |

**26 Employee benefits expense**

| Particulars                               | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus                 | 1,056.69                            | 1,101.27                            |
| Contribution to provident and other funds | 55.08                               | 57.33                               |
| Gratuity expense (Refer Note 31)          | 36.45                               | 39.51                               |
| Staff welfare expenses                    | 46.44                               | 66.08                               |
| <b>Total</b>                              | <b>1,194.66</b>                     | <b>1,264.19</b>                     |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**27 Other expenses**

| <b>Particulars</b>  | <b>31 March 2020</b> | <b>31 March 2019</b> |
|---|----------------------|----------------------|
| Sub-contracting and processing expenses                           | 1,127.67             | 1,205.36             |
| Consumption of stores and spares                                  | 2.65                 | 32.87                |
| Service and maintenance charges                                   | 11.69                | 12.10                |
| Power and fuel  | 225.82               | 150.27               |
| Wheeling charges  | 122.93               | 8.22                 |
| Freight and forwarding charges                                    | 127.21               | 114.30               |
| Rent  | 68.45                | 152.51               |
| Rates and taxes   | 74.41                | 39.78                |
| Insurance   | 42.63                | 50.97                |
| Repairs and maintenance   |                      |                      |
| - Plant & Machinery   | 62.34                | 101.03               |
| - Buildings   | 4.74                 | 33.30                |
| - Others  | 192.32               | 79.10                |
| Corporate Social Responsibility (Refer Note (i) below)            | 34.02                | 40.73                |
| Sales promotion   | 62.98                | 147.93               |
| Advertisement   | 100.11               | 100.40               |
| Security charges  | 79.12                | 61.95                |
| Travelling and conveyance   | 155.79               | 167.67               |
| Communication costs   | 40.49                | 44.05                |
| Printing and stationery   | 18.12                | 22.15                |
| Legal and professional fees                                       | 210.62               | 193.18               |
| Payment to auditor (Refer Note (ii) below)                        | 43.01                | 32.27                |
| Exchange differences (net)  | 529.57               | 319.22               |
| Liquidated damages  | 26.07                | 34.36                |
| Provision for Doubtful/Trade/Other receivables                    | 100.00               | 126.27               |
| Bad debts/advances written off                                    | 6.69                 | 21.11                |
| Net loss on retirement of Property, Plant and Equipment           | 4.50                 | -                    |
| Provision for warranties (net of reversals) (Refer Note 19)       | 15.61                | 59.51                |
| Directors' sitting fees   | 7.40                 | 4.65                 |
| Loss on investments carried at fair value through Profit and Loss | 800.56               | -                    |
| Miscellaneous expenses  | 184.12               | 152.07               |
| <b>Total</b>  | <b>4,481.64</b>      | <b>3,507.33</b>      |

**Notes:**

| <b>Particulars</b>   | <b>For the year ended<br/>31 March 2020</b> | <b>For the year ended<br/>31 March 2019</b> |
|--|---|---|
| <b>(i) Corporate Social Responsibility</b>                       |   |   |
| Gross amount required to be spent by the Company during the year | 34.02                                       | 43.91                                       |
| Amount spent during the year                                     | 34.02                                       | 40.73                                       |

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 2020**

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

| Particulars                    | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--------------------------------|--|--|
| <b>(ii) Payment to auditor</b> |  |  |
| Audit fee                      | 21.83                                  | 18.29                                  |
| Limited review                 | 10.62                                  | 7.08                                   |
| Tax Audit Fee                  | 2.95                                   | 1.77                                   |
| Certification                  | 5.69                                   | 1.06                                   |
| Reimbursement of expenses      | 1.92                                   | 4.07                                   |
|                                | <b>43.01</b>                           | <b>32.27</b>                           |

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

**28 Depreciation and amortisation expense**

| Particulars                                   | 31 March 2020   | 31 March 2019   |
|---|-----------------|-----------------|
| Depreciation of Property, Plant and Equipment | 1,115.42        | 981.91          |
| Depreciation of Investment Property           | 97.19           | 85.19           |
| Amortisation of Other Intangible assets       | 446.82          | 348.31          |
| <b>Total</b>                                  | <b>1,659.43</b> | <b>1,415.41</b> |

**29 Finance costs**

| Particulars            | 31 March 2020 | 31 March 2019 |
|------------------------|---------------|---------------|
| Interest on borrowings | 936.94        | 723.94        |
| Bank and other charges | 44.21         | 20.69         |
| <b>Total</b>           | <b>981.15</b> | <b>744.63</b> |

**30 Earnings per share (EPS)**

The following reflects the profit / loss and share data used in the basic and diluted EPS computations:

| Particulars  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| (Loss) / Profit attributable to equity shareholders of the Company (A) | (1,673.16)                             | 1,105.35                               |
| Weighted average number of Equity shares for basic and diluted EPS (B) | 151,58,760                             | 151,58,760                             |
| Basic Earnings per share (A/B) Rs.                                     | (11.04)                                | 7.29                                   |
| Diluted Earnings per share (A/B) Rs.                                   | (11.04)                                | 7.29                                   |

The Board of Directors in their meeting on 8 July 2019, considered and recommended to issue bonus shares in the ratio of 1 Equity Share for every 2 Equity Shares held by the shareholders of the Company as on the record date determined by the Board. The issue of bonus shares was approved by the shareholders in the Annual General Meeting held on 9 August 2019. Accordingly, the EPS for prior periods has been restated in accordance with the requirements of Ind AS 33 'Earnings per Share'.

**31 Defined Contribution Plan**

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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

| Particulars  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| Employer's Contribution to Provident Fund and other funds                          | 55.08                                  | 57.33                                  |
| <b>Defined Benefits Plan - Gratuity Plan (funded)</b>                              |  |  |
| Particulars  | As at<br>31 March 2020                 | As at<br>31 March 2019                 |
| <b>Reconciliation of opening and closing balances of obligation</b>                |  |  |
| Defined Benefit obligation as at the beginning of the year                         | 226.57                                 | 207.12                                 |
| Current Service Cost   | 28.17                                  | 26.22                                  |
| Interest Cost  | 16.22                                  | 15.29                                  |
| Past Service Cost  | -                                      | -                                      |
| Actuarial (gain)/loss  | (55.13)                                | (15.77)                                |
| Benefits paid  | (5.70)                                 | (6.29)                                 |
| Defined Benefit obligation as at the end of the year                               | 210.13                                 | 226.57                                 |
| <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                          | 105.47                                 | 93.98                                  |
| Expected return on plan assets   | (7.96)                                 | -                                      |
| Actuarial gain   | (0.25)                                 | -                                      |
| Employer's contribution  | 14.91                                  | 17.78                                  |
| Benefits paid  | (5.70)                                 | (6.29)                                 |
| Fair value of plan assets as at the end of the year                                | 106.47                                 | 105.47                                 |
| <b>Reconciliation of fair value of assets and obligations</b>                      |  |  |
| Fair value of plan assets  | 106.47                                 | 105.47                                 |
| Present value of obligation  | 210.13                                 | 226.57                                 |
| Net Obligation disclosed as :  |  |  |
| - Current  | 3.90                                   | 4.78                                   |
| - Non - Current  | 83.86                                  | 116.32                                 |
| Particulars  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
| <b>Recognised in Profit or loss</b>  |  |  |
| Current Service Cost   | 28.17                                  | 26.22                                  |
| Expected return on plan assets   | 7.96                                   | (17.78)                                |
| Interest Cost  | 16.22                                  | 15.29                                  |
| Past Service Cost  | -                                      | -                                      |
|  | <b>52.35</b>                           | <b>23.73</b>                           |
| <b>Recognised in other comprehensive income:</b>                                   |  |  |
| Actuarial loss / (gain)  | (54.88)                                | (15.77)                                |
| Net Cost   | <b>(2.53)</b>                          | <b>7.96</b>                            |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

The major categories of plan assets of the fair value of the total plan assets are as follows:

| Particulars                 | Gratuity               |                        |
|-----------------------------|------------------------|------------------------|
|                             | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Investments details:</b> |                        |                        |
| Fund with LIC               | 106.47                 | 105.47                 |
| <b>Total</b>                | <b>106.47</b>          | <b>105.47</b>          |

The principal assumptions used in determining provision for gratuity and compensated absences are shown below:

| Particulars   | 2019-20              | 2018-19 |
|---|----------------------|---------|
|   | Gratuity             |         |
| Discount rate   | 6.95%                | 7.45%   |
| Future salary increases                               | 7.50%                | 10.00%  |
| Expected Return on Plan Assets                        | (7.96)               | 7.64%   |
| Employee Turnover                                     | 8.00%                | 8.00%   |
| Contribution Expected to be paid during the next year | 3.90                 | 4.78    |
|   | Compensated Absences |         |
| Discount rate   | 6.95%                | 7.45%   |
| Future salary increases                               | 7.50%                | 10.00%  |
| Employee turnover                                     | 8.00%                | 8.00%   |

A quantitative sensitivity analysis for significant assumptions as at 31 March 2020 is as shown below:

**Gratuity plan:**

| 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 |
|                                 | For the year ended 31 March 2019 |             |                                       |        |
| Assumptions - Sensitivity Level | Sensitivity Level                |             | Impact on defined benefit obligations |        |
|                                 | 1% increase                      | 1% decrease | Amount                                | Amount |
| Discount rate                   | 8.45%                            | 6.45%       | 207.79                                | 248.19 |
| Future salary increases         | 11.00%                           | 9.00%       | 247.02                                | 208.10 |

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 10 years (31 March 2019: 10 years).



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**32 Commitments and Contingencies**

**Commitments:**

(i) Investments given as security for loans availed by the subsidiaries of the Company:

**Loan amount outstanding to Banks in Subsidiaries funded by Security of the Company**

| Particulars        | Subsidiaries which have availed the loans | 31 March 2020 | 31 March 2019 |
|--------------------|---|---------------|---------------|
| (i) Fixed Deposits | Amex Alloys Private Limited               | 2,045.50      | 1,871.29      |
| (ii) Mutual Funds  | K J Solar Systems Private Limited         | -             | 1,000.00      |
|                    | Swelect Power Systems Private Limited     | 4,536.02      | 5,246.42      |

**Value of security offered by the Company for the loan outstanding in Subsidiaries**

| Particulars        | Subsidiaries which have availed the loans | 31 March 2020 | 31 March 2019 |
|--------------------|---|---------------|---------------|
| (i) Fixed Deposits | Amex Alloys Private Limited               | 2,250.06      | 2,058.42      |
| (ii) Mutual Funds  | K J Solar Systems Private Limited         | -             | 1,250.00      |
|                    | Swelect Power Systems Private Limited     | 5,379.54      | 6,558.02      |

**33 Related party transactions**

**Names of Related parties**

|  |  |
|--|--|
| Subsidiaries   | Swelect Energy Systems Pte. Limited, Singapore<br>SWELECT Inc , USA<br>SWELECT Energy Systems LLC , USA<br>Swelect Solar Energy Private Limited<br>Amex Alloys Private Limited<br>Noel Media & Advertising Private Limited<br>Swelect Green Energy Solutions Private Limited<br>K J Solar Systems Private Limited<br>Swelect Power Systems Private Limited   |
| Key Management Personnel (KMP)   | Mr. R. Chellappan - Managing Director<br>Mr.A.Balan - Joint Managing Director<br>Mr. V.C.Raghunath - Whole Time Director<br>Mrs. V.C.Mirunalini - Whole Time Director<br>Mr. K. V. Nachiappan (w.e.f 20 April 2018) - Whole Time Director<br>Mr. V.M.Sivasubramaniam - Independent Director (up to 26 April 2018)<br>Mr. N.Natarajan - Independent Director (up to 31 March 2019)<br>Mr. G.S.Samuel - Independent Director<br>Mr. S.Annadurai - Independent Director<br>Mr.S.Krishnan - Independent Director ( w.e.f 23 July 2018)<br>Mrs. Jayashree Nachiappan - Non Executive Director<br>Mr.S.Iniyan - Independent Director (w.e.f. 1 April 2019)<br>Mr. P.Jagan - Chief Financial Officer<br>Mr. R. Sathishkumar - Company Secretary |
| Relatives of Key Management Personnel  | Mrs. Gunasundari Chellappan<br>Mrs. Aarthi Balan<br>Ms. Preetha Balan<br>Mrs. Vasantha Balan<br>Mr. K. N. Rishii Nandhan   |
| Enterprises owned or significantly influenced by Key Management Personnel or their relatives | Arken Solutions Private Limited<br>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 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: 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.

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     |           |
|---|--------------|-----------|--------------------------|-----------|---------------------------------------|-----------|--|-----------|-----------|-----------|
|   | 31-Mar-20    | 31-Mar-19 | 31-Mar-20                | 31-Mar-19 | 31-Mar-20                             | 31-Mar-19 | 31-Mar-20  | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
| <b>Sale of goods</b>                              |              |           |                          |           |                                       |           |  |           |           |           |
| -- Annex Alloys Private Limited                   | 138.32       | 119.83    | 17.25                    | 5.59      | -                                     | -         | 9.79   | 2.24      | 162.30    | 127.66    |
| -- K J Solar Systems Private Limited              | 26.65        | 89.00     | -                        | -         | -                                     | -         | -  | -         | 26.65     | 89.00     |
| -- Noel Media & Advertising Private Limited       | 0.05         | 3.57      | -                        | -         | -                                     | -         | -  | -         | 0.05      | 3.57      |
| -- Swelect Green Energy Solutions Private Limited | 3.61         | 4.20      | -                        | -         | -                                     | -         | -  | -         | 3.61      | 4.20      |
| -- Swelect Electronics Private Limited            | -            | 10.69     | -                        | -         | -                                     | -         | 0.21   | -         | -         | 10.69     |
| -- Swelect Power Systems Private Limited          | 0.31         | 12.37     | -                        | -         | -                                     | -         | -  | -         | 0.31      | 12.37     |
| -- Swelect Solar Energy Private Limited           | 4.28         | -         | -                        | -         | -                                     | -         | -  | -         | 4.28      | -         |
| -- SWELECT Inc, USA                               | 103.42       | -         | -                        | -         | -                                     | -         | -  | -         | 103.42    | -         |
| -- Mr. R. Chellappan                              | -            | -         | 13.01                    | 3.87      | -                                     | -         | -  | -         | 13.01     | 3.87      |
| -- Mr. A.Balan                                    | -            | -         | -                        | 1.57      | -                                     | -         | -  | -         | -         | 1.57      |
| -- Mr. K.V. Nachiappan                            | -            | -         | 1.18                     | 0.15      | -                                     | -         | -  | -         | 1.18      | 0.15      |
| -- Mrs. Mirunalini                                | -            | -         | 3.06                     | -         | -                                     | -         | -  | -         | 3.06      | -         |
| -- Arken Solutions Private Limited                | -            | -         | -                        | -         | -                                     | -         | 9.58   | 2.24      | 9.58      | 2.24      |
| <b>Sale of capital goods</b>                      |              |           |                          |           |                                       |           |  |           |           |           |
| -- Annex Alloys Private Limited                   | 151.47       | -         | -                        | -         | -                                     | -         | -  | -         | 151.47    | -         |
| <b>Purchases of traded goods</b>                  |              |           |                          |           |                                       |           |  |           |           |           |
| -- Swelect Energy Systems Pte. Limited, Singapore | 8,116.48     | 6,007.59  | -                        | -         | -                                     | -         | 94.99  | 266.17    | 8,211.47  | 6,273.76  |
| -- Arken Solutions Private Limited                | 8,116.48     | 5,988.99  | -                        | -         | -                                     | -         | 94.99  | 266.17    | 8,116.48  | 5,988.99  |
| -- Swelect Power Systems Private Limited          | -            | 18.60     | -                        | -         | -                                     | -         | -  | -         | -         | 18.60     |
| <b>Receipt of services</b>                        |              |           |                          |           |                                       |           |  |           |           |           |
| -- Arken Solutions Private Limited                | -            | -         | -                        | -         | -                                     | -         | 35.36  | 113.34    | 35.36     | 113.34    |
| <b>Purchase of capital goods</b>                  |              |           |                          |           |                                       |           |  |           |           |           |
| -- Swelect Energy Systems Pte. Limited, Singapore | 244.48       | 547.82    | -                        | -         | -                                     | -         | -  | -         | 244.48    | 547.82    |
| -- Swelect Power Systems Private Limited          | 244.48       | 547.82    | -                        | -         | -                                     | -         | -  | -         | 244.48    | 547.82    |
| <b>Sale of Power</b>                              |              |           |                          |           |                                       |           |  |           |           |           |
| -- Annex Alloys Private Limited                   | 200.50       | 228.84    | -                        | -         | -                                     | -         | -  | -         | 200.50    | 228.84    |
| -- Swelect Green Energy Solutions Private Limited | 200.50       | 228.81    | -                        | -         | -                                     | -         | -  | -         | 200.50    | 228.81    |
| <b>Reimbursement of expenses</b>                  |              |           |                          |           |                                       |           |  |           |           |           |
| -- Annex Alloys Private Limited                   | 26.81        | 40.57     | -                        | -         | -                                     | -         | -  | -         | 26.81     | 40.57     |
| <b>Management fees</b>                            |              |           |                          |           |                                       |           |  |           |           |           |
| -- Annex Alloys Private Limited                   | 25.20        | 40.57     | -                        | -         | -                                     | -         | -  | -         | 25.20     | 40.57     |
| -- Swelect Solar Energy Private Limited           | 2.04         | -         | -                        | -         | -                                     | -         | -  | -         | 2.04      | -         |
| -- Noel Media & Advertising Private Limited       | 3.12         | -         | -                        | -         | -                                     | -         | -  | -         | 3.12      | -         |
| -- Noel Media & Advertising Private Limited       | 4.92         | -         | -                        | -         | -                                     | -         | -  | -         | 4.92      | -         |

| Particulars                                       | Subsidiaries                                      |           | Key Management Personnel |           | Relatives of Key Management Personnel |           | Enterprises owned or significantly influenced by Key Management Personnel or their relatives |           | Total     |           |
|---|---|-----------|--------------------------|-----------|---------------------------------------|-----------|--|-----------|-----------|-----------|
|   | 31-Mar-20   | 31-Mar-19 | 31-Mar-20                | 31-Mar-19 | 31-Mar-20                             | 31-Mar-19 | 31-Mar-20  | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
|   | -- 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      | -         |
| <b>Rental Income</b>                              | 44.08   | 172.33    | -                        | -         | -                                     | -         | 44.08  | 172.33    | 44.08     | 172.33    |
| -- Amex Alloys Private Limited                    | 42.78   | 171.13    | -                        | -         | -                                     | -         | 42.78  | 171.13    | 42.78     | 171.13    |
| -- Swelect Solar Energy Private Limited           | 0.10  | -         | -                        | -         | -                                     | -         | 0.10   | -         | 0.10      | -         |
| -- Noel Media & Advertising Private Limited       | 0.30  | 0.30      | -                        | -         | -                                     | -         | 0.30   | 0.30      | 0.30      | 0.30      |
| -- Swelect Green Energy Solutions Private Limited | 0.30  | 0.30      | -                        | -         | -                                     | -         | 0.30   | 0.30      | 0.30      | 0.30      |
| -- K J Solar Systems Private Limited              | 0.30  | 0.30      | -                        | -         | -                                     | -         | 0.30   | 0.30      | 0.30      | 0.30      |
| -- Swelect Power Systems Private Limited          | 0.30  | 0.30      | -                        | -         | -                                     | -         | 0.30   | 0.30      | 0.30      | 0.30      |
| <b>Interest Income</b>                            | 612.39  | 720.33    | -                        | -         | -                                     | -         | 612.39   | 720.33    | 612.39    | 720.33    |
| -- Amex Alloys Private Limited                    | 331.83  | 359.36    | -                        | -         | -                                     | -         | 331.83   | 359.36    | 331.83    | 359.36    |
| -- Swelect Solar Energy Private Limited           | 14.93   | 48.26     | -                        | -         | -                                     | -         | 14.93  | 48.26     | 14.93     | 48.26     |
| -- Noel Media & Advertising Private Limited       | 67.44   | 55.80     | -                        | -         | -                                     | -         | 67.44  | 55.80     | 67.44     | 55.80     |
| -- Swelect Green Energy Solutions Private Limited | 1.88  | 126.50    | -                        | -         | -                                     | -         | 1.88   | 126.50    | 1.88      | 126.50    |
| -- K J Solar Systems Private Limited              | 34.05   | 11.99     | -                        | -         | -                                     | -         | 34.05  | 11.99     | 34.05     | 11.99     |
| -- Swelect Power Systems Private Limited          | 141.30  | 98.87     | -                        | -         | -                                     | -         | 141.30   | 98.87     | 141.30    | 98.87     |
| -- SWELECT Inc, USA                               | 20.96   | 19.55     | -                        | -         | -                                     | -         | 20.96  | 19.55     | 20.96     | 19.55     |
| <b>Interest income on Debenture</b>               | -   | 389.22    | -                        | -         | -                                     | -         | -  | 389.22    | -         | 389.22    |
| -- Swelect Green Energy Solutions Private Limited | -   | 389.22    | -                        | -         | -                                     | -         | -  | 389.22    | -         | 389.22    |
| <b>Rent expense</b>                               | 6.86  | 1.00      | 2.39                     | 2.27      | -                                     | 0.24      | 9.49   | 3.51      | 9.49      | 3.51      |
| -- Mr. R. Chellappan                              | -   | -         | 2.39                     | 2.27      | -                                     | -         | 2.39   | 2.27      | 2.39      | 2.27      |
| -- Swelect Electronics Private Limited            | -   | -         | -                        | -         | -                                     | 0.24      | 0.24   | 0.24      | 0.24      | 0.24      |
| -- Swelect Green Energy Solutions Private Limited | 6.86  | 1.00      | -                        | -         | -                                     | -         | 6.86   | 1.00      | 6.86      | 1.00      |
| <b>Sitting fees</b>                               | -   | -         | 7.40                     | 4.65      | -                                     | -         | 7.40   | 4.65      | 7.40      | 4.65      |
| -- Mr.V.M.Sivasubramaniam                         | -   | -         | -                        | 0.10      | -                                     | -         | 0.10   | -         | -         | 0.10      |
| -- Mr. N.Natarajan                                | -   | -         | -                        | 1.00      | -                                     | -         | 1.00   | -         | -         | 1.00      |
| -- Mr. G.S.Samuel                                 | -   | -         | 1.75                     | 1.05      | -                                     | -         | 1.75   | 1.05      | 1.75      | 1.05      |
| -- Mr. S.Annadurai                                | -   | -         | 1.65                     | 0.95      | -                                     | -         | 1.65   | 0.95      | 1.65      | 0.95      |
| -- Mr. S.Krishnan                                 | -   | -         | 1.30                     | 0.40      | -                                     | -         | 1.30   | 0.40      | 1.30      | 0.40      |
| -- Mr. S.Iniyan                                   | -   | -         | 1.30                     | -         | -                                     | -         | 1.30   | -         | 1.30      | -         |
| -- Mrs. Jayashree Nachiappan                      | -   | -         | 1.40                     | 1.15      | -                                     | -         | 1.40   | 1.15      | 1.40      | 1.15      |
| <b>Commission</b>                                 | -   | -         | -                        | 6.00      | -                                     | -         | -  | 6.00      | -         | 6.00      |
| -- Mr.V.M.Sivasubramaniam                         | -   | -         | -                        | 3.00      | -                                     | -         | -  | 3.00      | -         | 3.00      |
| -- Mr. N.Natarajan                                | -   | -         | -                        | 3.00      | -                                     | -         | -  | 3.00      | -         | 3.00      |

| Particulars   | Subsidiaries        |           | Key Management Personnel |           | Relatives of Key Management Personnel |           | Enterprises owned or significantly influenced by Key Management Personnel or their relatives |           | Total     |           |
|---|---------------------|-----------|--------------------------|-----------|---------------------------------------|-----------|--|-----------|-----------|-----------|
|   | 31-Mar-20           | 31-Mar-19 | 31-Mar-20                | 31-Mar-19 | 31-Mar-20                             | 31-Mar-19 | 31-Mar-20  | 31-Mar-19 | 31-Mar-20 | 31-Mar-19 |
|   | <b>Remuneration</b> | -         | -                        | 131.59    | 148.56                                | 9.88      | 10.67  | -         | -         | 141.47    |
| -- Mr. R. Chellappan  | -                   | -         | 24.55                    | 29.56     | -                                     | -         | -  | -         | 24.55     | 29.56     |
| -- Mr. A.Balan  | -                   | -         | 27.08                    | 31.61     | -                                     | -         | -  | -         | 27.08     | 31.61     |
| -- Mr. K.V. Nachiappan  | -                   | -         | 21.96                    | 25.55     | -                                     | -         | -  | -         | 21.96     | 25.55     |
| -- Mr. V.C.Raghunath  | -                   | -         | 10.89                    | 12.16     | -                                     | -         | -  | -         | 10.89     | 12.16     |
| -- Mr. R. Sathishkumar  | -                   | -         | 8.63                     | 8.39      | -                                     | -         | -  | -         | 8.63      | 8.39      |
| -- Mr. P.Jagan  | -                   | -         | 29.53                    | 32.12     | -                                     | -         | -  | -         | 29.53     | 32.12     |
| -- Mrs V.C.Mirunalini   | -                   | -         | 8.95                     | 9.17      | -                                     | -         | -  | -         | 8.95      | 9.17      |
| -- Miss Aarathi Balan   | -                   | -         | -                        | -         | 9.88                                  | 10.67     | -  | -         | 9.88      | 10.67     |
| <b>Consultancy Charges</b>                                      | -                   | -         | -                        | -         | 5.93                                  | 5.97      | -  | -         | 5.93      | 5.97      |
| -- Miss Preetha Balan   | -                   | -         | -                        | -         | 5.93                                  | 5.97      | -  | -         | 5.93      | 5.97      |
| <b>Dividend paid</b>  | -                   | -         | 237.64                   | 215.63    | 5.97                                  | 5.44      | -  | -         | 243.61    | 221.07    |
| -- Mr. R Chellappan   | -                   | -         | 215.46                   | 195.59    | -                                     | -         | -  | -         | 215.46    | 195.59    |
| -- Mr. A.Balan  | -                   | -         | 13.68                    | 12.39     | -                                     | -         | -  | -         | 13.68     | 12.39     |
| -- Mr. K.V. Nachiappan  | -                   | -         | 4.82                     | 4.41      | -                                     | -         | -  | -         | 4.82      | 4.41      |
| -- Mr. V.C.Raghunath  | -                   | -         | 1.71                     | 1.56      | -                                     | -         | -  | -         | 1.71      | 1.56      |
| -- Mrs V.C.Mirunalini   | -                   | -         | 1.97                     | 1.68      | -                                     | -         | -  | -         | 1.97      | 1.68      |
| -- Others   | -                   | -         | -                        | -         | 5.97                                  | 5.44      | -  | -         | 5.97      | 5.44      |
| <b>Non-current investments made</b>                             | -                   | -         | -                        | -         | -                                     | -         | -  | -         | -         | 8,577.99  |
| -- Swelect Green Energy Solutions Private Limited Equity shares | -                   | -         | -                        | -         | -                                     | -         | -  | -         | -         | 8,577.99  |
| <b>Advances made</b>  | 4,448.50            | 2,532.17  | -                        | -         | -                                     | -         | -  | -         | 4,448.50  | 2,532.17  |
| -- Swelect Solar Energy Private Limited                         | 27.88               | 52.93     | -                        | -         | -                                     | -         | -  | -         | 27.88     | 52.93     |
| -- Amex Alloys Private Limited                                  | 1,841.47            | 660.72    | -                        | -         | -                                     | -         | -  | -         | 1,841.47  | 660.72    |
| -- Swelect Green Energy Solutions Private Limited               | 545.36              | 1,002.24  | -                        | -         | -                                     | -         | -  | -         | 545.36    | 1,002.24  |
| -- Noel Media & Advertising Private Limited                     | 274.84              | 83.00     | -                        | -         | -                                     | -         | -  | -         | 274.84    | 83.00     |
| -- K J Solar Systems Private Limited                            | 1,125.71            | 131.44    | -                        | -         | -                                     | -         | -  | -         | 1,125.71  | 131.44    |
| -- SWELECT Inc, USA   | 20.98               | 31.90     | -                        | -         | -                                     | -         | -  | -         | 20.98     | 31.90     |
| -- Swelect Power Systems Private Limited                        | 612.26              | 569.94    | -                        | -         | -                                     | -         | -  | -         | 612.26    | 569.94    |
| <b>Repayment of advances</b>                                    | 3,192.34            | 4,182.11  | -                        | -         | -                                     | -         | -  | -         | 3,192.34  | 4,182.11  |
| -- Amex Alloys Private Limited                                  | 1,906.13            | 173.50    | -                        | -         | -                                     | -         | -  | -         | 1,906.13  | 173.50    |
| -- Swelect Green Energy Solutions Private Limited               | 669.46              | 890.99    | -                        | -         | -                                     | -         | -  | -         | 669.46    | 890.99    |
| -- Noel Media & Advertising Private Limited                     | 65.77               | 2,932.98  | -                        | -         | -                                     | -         | -  | -         | 65.77     | 2,932.98  |
| -- K J Solar Systems Private Limited                            | 12.90               | 32.23     | -                        | -         | -                                     | -         | -  | -         | 12.90     | 32.23     |
| -- Swelect Power Systems Private Limited                        | 72.37               | 5.00      | -                        | -         | -                                     | -         | -  | -         | 72.37     | 5.00      |
| -- Swelect Solar Energy Private Limited                         | 465.71              | 147.41    | -                        | -         | -                                     | -         | -  | -         | 465.71    | 147.41    |

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**  
(All amounts are in INR Lakhs, unless otherwise stated)

**33 Related party transactions**

| Particulars  | Subsidiaries        |                     | Key Management Personnel |                     | Enterprises owned or significantly influenced by Key Management Personnel or their relatives |                     | Total               |                     |
|--|---------------------|---------------------|--------------------------|---------------------|--|---------------------|---------------------|---------------------|
|  | As at 31 March 2020 | As at 31 March 2019 | As at 31 March 2020      | As at 31 March 2019 | As at 31 March 2020  | As at 31 March 2019 | As at 31 March 2020 | As at 31 March 2019 |
|  | 31 March 2020       | 31 March 2019       | 31 March 2020            | 31 March 2019       | 31 March 2020  | 31 March 2019       | 31 March 2020       | 31 March 2019       |
| <b>Balance outstanding as at the year end:</b>     |                     |                     |                          |                     |  |                     |                     |                     |
| <b>Trade payables</b>                              |                     |                     |                          |                     |  |                     |                     |                     |
| -- Swelect Energy Systems Pte. Limited., Singapore | 5,660.95            | 5,058.80            | -                        | -                   | 165.71   | 163.58              | 5,826.66            | 5,222.38            |
| -- Swelect Green Energy Solutions Private Limited  | 5,656.88            | 5,058.80            | -                        | -                   | -  | -                   | 5,656.88            | 5,058.80            |
| -- Arken Solutions Private Limited                 | 4.07                | -                   | -                        | -                   | -  | -                   | 4.07                | -                   |
| -- Swelect Electronics Private Limited             | -                   | -                   | -                        | -                   | 165.42   | 163.58              | 165.42              | 163.58              |
| <b>Capital Creditors</b>                           |                     |                     |                          |                     |  |                     |                     |                     |
| -- Swelect Energy Systems Pte. Limited., Singapore | 746.47              | 532.18              | -                        | -                   | -  | -                   | 746.47              | 532.18              |
| -- Swelect Power Systems Private Limited           | 518.65              | 532.18              | -                        | -                   | -  | -                   | 518.65              | 532.18              |
| <b>Amounts receivable from related parties</b>     |                     |                     |                          |                     |  |                     |                     |                     |
| <b>Trade receivables</b>                           |                     |                     |                          |                     |  |                     |                     |                     |
| -- Amex Alloys Private Limited                     | 794.76              | 431.71              | 3.34                     | -                   | -  | -                   | 798.10              | 431.71              |
| -- Swelect Energy Systems Pte. Limited., Singapore | 676.82              | 406.03              | -                        | -                   | -  | -                   | 676.82              | 406.03              |
| -- Swelect Inc                                     | 0.82                | 0.82                | -                        | -                   | -  | -                   | 0.82                | 0.82                |
| -- Noel Media & Advertising Private Limited        | 109.35              | -                   | -                        | -                   | -  | -                   | 109.35              | -                   |
| -- Swelect Green Energy Solutions Private Limited  | 1.39                | -                   | -                        | -                   | -  | -                   | 1.39                | -                   |
| -- K J Solar Systems Private Limited               | 1.71                | 0.01                | -                        | -                   | -  | -                   | 1.71                | 0.01                |
| -- Swelect Power Systems Private Limited           | 1.42                | -                   | -                        | -                   | -  | -                   | 1.42                | -                   |
| -- Swelect Solar Energy Private Limited            | -                   | 24.85               | -                        | -                   | -  | -                   | -                   | 24.85               |
| -- Mrs V.C.Mirunalini                              | 3.25                | -                   | -                        | -                   | -  | -                   | 3.25                | -                   |
| <b>Advances</b>                                    |                     |                     |                          |                     |  |                     |                     |                     |
| -- Swelect Solar Energy Private Limited            | 8,928.57            | 7,650.64            | 3.34                     | -                   | 0.55   | -                   | 8,929.12            | 7,650.64            |
| -- Noel Media & Advertising Private Limited        | 22.63               | 460.46              | -                        | -                   | -  | -                   | 22.63               | 460.46              |
| -- Amex Alloys Private Limited                     | 865.81              | 656.74              | -                        | -                   | -  | -                   | 865.81              | 656.74              |
| -- K J Solar Systems Private Limited               | 4,485.20            | 4,549.86            | -                        | -                   | -  | -                   | 4,485.20            | 4,549.86            |
| -- Swelect Power Systems Private Limited           | 1,306.66            | 193.85              | -                        | -                   | -  | -                   | 1,306.66            | 193.85              |
| -- SWELECT Inc, USA                                | 1,974.50            | 1,434.61            | -                        | -                   | -  | -                   | 1,974.50            | 1,434.61            |
| -- Swelect Electronics Private Limited             | 272.77              | 230.02              | -                        | -                   | 0.55   | -                   | 272.77              | 230.02              |
| -- Swelect Green Energy Solutions Private Limited  | 1.00                | 125.10              | -                        | -                   | -  | -                   | 1.00                | 125.10              |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**34 Directors' remuneration**

| Particulars                          | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Salaries                             | 93.43                               | 108.05                              |
| Commission                           | -                                   | 6.00                                |
| <b>Total Directors' remuneration</b> | <b>93.43</b>                        | <b>114.05</b>                       |

**35 Contingent liabilities:**

**Contingencies**

The details of claims against the company not acknowledged as debts are given below:

| Particulars                     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------|------------------------|------------------------|
| a) Cenvat related matters *     | -                      | 5.96                   |
| b) Sales tax related matters ** | 35.77                  | 35.77                  |
| c) Income tax related matters # | 2,951.30               | 2,091.51               |
| d) Excise related matters ##    | 671.94                 | 671.94                 |
| e) Rent claim related           | -                      | 2.51                   |
| <b>Total Contingencies</b>      | <b>3,659.01</b>        | <b>2,807.69</b>        |

\* Rs. Nil lakhs deposited under dispute (2019 - Rs.3.03 lakhs)

\*\* Rs. 10.30 lakhs deposited under dispute (2019 -Rs. 10.30 lakhs)

# Rs. 140.76 lakhs deposited under dispute (2019 - Rs. 140.76 lakhs)

## Rs.65.68 lakhs deposited under dispute (2019 - Rs. 65.68 lakhs)

**Management Assessment:**

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.

Also Refer Note 7(b) and 7(e)

**36 Net equity dividend remitted in foreign exchange**

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>Final equity dividend</b>  |                                     |                                     |
| Period to which it relates  | 2018-19                             | 2017-18                             |
| Number of non-resident shareholders                                     | 5.00                                | 5.00                                |
| Number of equity shares of Rs. 10/- each held on which dividend was due | 2,29,900.00                         | 2,29,900.00                         |
| Amount remitted   | 5.75                                | 9.20                                |
| <b>Interim equity dividend</b>  |                                     |                                     |
| Period to which it relates  | 2019-20                             |                                     |
| Number of non-resident shareholders                                     | 5.00                                | -                                   |
| Number of equity shares of Rs. 10/- each held on which dividend was due | 3,44,850.00                         | -                                   |
| Amount remitted   | 4.31                                | -                                   |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

(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 2020 |                  |                  | As at 31 March 2019 |                  |                  |
|---|---------------------|------------------|------------------|---------------------|------------------|------------------|
|   | FVTPL               | Amortised Cost   | Total            | FVTPL               | Amortised Cost   | Total            |
| <b>Financial assets</b>   |                     |                  |                  |                     |                  |                  |
| Investment in equity instruments<br>( Other than in Subsidiaries) | 12,803.28           | -                | 12,803.28        | 15,275.27           | -                | 15,275.27        |
| Investments   | 23,703.25           | 500.00           | 24,203.25        | 25,249.66           | 500.00           | 25,749.66        |
| Loans to Related Parties  | -                   | 8,929.12         | 8,929.12         | -                   | 7,650.65         | 7,650.65         |
| Trade receivables   | -                   | 4,541.47         | 4,541.47         | -                   | 1,778.04         | 1,778.04         |
| Cash and cash equivalents   | -                   | 238.77           | 238.77           | -                   | 180.88           | 180.88           |
| Other Bank balances   | -                   | 8,226.05         | 8,226.05         | -                   | 7,741.04         | 7,741.04         |
| Renewable Energy Certificate<br>Receivable                        | -                   | -                | -                | -                   | -                | -                |
| Balance with Government<br>Authorities                            | -                   | 61.81            | 61.81            | -                   | 336.45           | 336.45           |
| Security deposits and Grant<br>Receivable (Refer Note 5)          | -                   | 650.28           | 650.28           | -                   | 957.88           | 957.88           |
| Earnest Money Deposit   | -                   | -                | -                | -                   | -                | -                |
| Interest accrued on fixed<br>deposits                             | -                   | 206.08           | 206.08           | -                   | 87.69            | 87.69            |
| Advance to employees  | -                   | 0.57             | 0.57             | -                   | 1.45             | 1.45             |
| Statutory and other financial<br>assets                           | -                   | 647.73           | 647.73           | -                   | 703.68           | 703.68           |
| <b>Total financial assets</b>                                     | <b>36,506.53</b>    | <b>24,001.88</b> | <b>60,508.41</b> | <b>40,524.93</b>    | <b>19,937.76</b> | <b>60,462.69</b> |
| <b>Financial liabilities</b>                                      |                     |                  |                  |                     |                  |                  |
| Borrowings - Term loans   | -                   | 3,301.48         | 3,301.48         | -                   | 1,786.98         | 1,786.98         |
| Borrowings - Others   | -                   | 8,911.50         | 8,911.50         | -                   | 7,542.00         | 7,542.00         |
| Interest accrued  | -                   | 28.91            | 28.91            | -                   | 13.40            | 13.40            |
| Trade payables  | -                   | 7,765.87         | 7,765.87         | -                   | 7,550.06         | 7,550.06         |
| Capital creditors   | -                   | 746.48           | 746.48           | -                   | 534.19           | 534.19           |
| Unpaid Dividend   | -                   | 10.20            | 10.20            | -                   | 29.37            | 29.37            |
| Rental Deposit  | -                   | 172.74           | 172.74           | -                   | 146.95           | 146.95           |
| Statutory dues payable  | -                   | 37.97            | 37.97            | -                   | 37.21            | 37.21            |
| Lease liability   | -                   | 7.87             | 7.87             | -                   | -                | -                |
| <b>Total financial liabilities</b>                                | <b>-</b>            | <b>20,983.02</b> | <b>20,983.02</b> | <b>-</b>            | <b>17,640.16</b> | <b>17,640.16</b> |

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2020

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

#### 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.

#### (a) Financial assets and liabilities valued at fair value

|  | As at 31 March 2020 |          |                  | As at 31 March 2019 |          |                  |
|--|---------------------|----------|------------------|---------------------|----------|------------------|
|  | Level 1             | Level 2  | Level 3          | Level 1             | Level 2  | Level 3          |
| <b>Financial Assets</b>  |                     |          |                  |                     |          |                  |
| Investment in equity instruments<br>(Other than in Subsidiaries) | -                   | -        | 12,803.28        | -                   | -        | 15,275.27        |
| Other Investments  | 23,703.25           | -        | -                | 25,249.66           | -        | -                |
| Investment Property  | -                   | -        | 12,338.39        | -                   | -        | 10,009.95        |
|  | <b>23,703.25</b>    | <b>-</b> | <b>25,141.67</b> | <b>25,249.66</b>    | <b>-</b> | <b>25,285.22</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 2020 and 31 March 2019. 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



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

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.

**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.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

#### **38A Recent accounting pronouncements**

##### **Amendments to Ind AS 12 - Income Taxes**

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs (“MCA”) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after 1 April 2019.

On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

##### **Amendment to Ind AS 19 - Employee Benefits**

On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after 1 April 2019, though early application is permitted.

##### **New Accounting Standard : Ind AS 116 - Leases**

On 30 March 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019.

#### **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

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

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.

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<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------|------------------------|------------------------|
| Variable rate borrowings | 12,210.28              | 9,315.18               |
| Fixed rate borrowings    | 2.70                   | 13.80                  |
| <b>Total</b>             | <b>12,212.98</b>       | <b>9,328.98</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 2020 | + 52 basis points                  | 63.49                       |
|               | - 52 basis points                  | (63.49)                     |
| 31 March 2019 | + 68 basis points                  | 63.34                       |
|               | - 68 basis points                  | (63.34)                     |

**(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 2020 and 31 March 2019 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

(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 2020 | For the Year Ended 31 March 2019 | For the Year Ended 31 March 2020 | For the Year Ended 31 March 2019 |
| US Dollars  | +5%                              | (302.13)                         | (267.77)                         | (302.13)                         | (267.77)                         |
|             | -5%                              | 302.13                           | 267.77                           | 302.13                           | 267.77                           |
| Euro        | +5%                              | (30.85)                          | -                                | (30.85)                          | -                                |
|             | -5%                              | 30.85                            | -                                | 30.85                            | -                                |

**(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 2020 | 1,374.12                      | 2,628.85                  | 538.50           | 4,541.47 |
| Trade Receivables as at 31 March 2019 | 851.86                        | 372.41                    | 553.77           | 1,778.04 |

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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2020**

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

**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.

**(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 2020 |                 |                   |                  | Total            | Carrying Value |
|-----------------------------|---------------------|-----------------|-------------------|------------------|------------------|----------------|
|                             | Less than 1 year    | 1- 5 years      | More than 5 years |                  |                  |                |
| Borrowings                  | 747.49              | 1,750.00        | 9,715.49          | 12,212.98        | 12,212.98        |                |
| 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>1,896.58</b> | <b>9,715.49</b>   | <b>21,344.12</b> | <b>21,344.12</b> |                |

| Particulars                 | As at 31 March 2019 |                 |                   |                  | Total            | Carrying Value |
|-----------------------------|---------------------|-----------------|-------------------|------------------|------------------|----------------|
|                             | Less than 1 year    | 1- 5 years      | More than 5 years |                  |                  |                |
| Borrowings                  | 232.72              | 1,363.36        | 7,732.90          | 9,328.98         | 9,328.98         |                |
| Trade Payables              | 8,082.54            | -               | -                 | 8,082.54         | 8,082.54         |                |
| Other financial liabilities | 345.77              | 115.59          | -                 | 461.36           | 461.36           |                |
| <b>Total</b>                | <b>8,661.03</b>     | <b>1,478.95</b> | <b>7,732.90</b>   | <b>17,872.88</b> | <b>17,872.88</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<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------|------------------------|------------------------|
| Borrowings                      | 12,212.98              | 9,328.98               |
| Less: Cash and cash equivalents | (8,464.82)             | (7,921.92)             |
| <b>Net Debt</b>                 | <b>3,748.16</b>        | <b>1,407.06</b>        |
| Equity                          | 65,778.92              | 67,950.90              |
| <b>Total Capital</b>            | <b>65,778.92</b>       | <b>67,950.90</b>       |
| <b>Capital and Net Debt</b>     | <b>69,527.08</b>       | <b>69,357.96</b>       |
| <b>Gearing Ratio</b>            | <b>5.39%</b>           | <b>2.03%</b>           |

- 41 The Company is carrying investments (net) aggregating Rs. 7,877.18 lakhs (As at 31 March 2019 Rs. 10,349.17 lakhs), loans & advances aggregating Rs.4,486.20 lakhs (As at 31 March 2019 Rs. 4,674.96 lakhs) relating to two operating subsidiaries of the Company whose net worth has substantially eroded/incurred continuous losses and decrease in revenues, as per the audited financial statements of those subsidiaries as at 31 March 2020. The Company has assessed the recoverability of its investments and loans & advances duly considering the significant estimates and judgements which inter-alia includes revenue projections based on most recent long-term forecasts, resultant cash flows using an appropriate discount rate. 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 may differ from that estimated as at the date of approval of these financial statements dependent on circumstances that may evolve in the future.

The Company based on the assessment, made a provision for diminution in the value of investment relating to a Wholly Owned Subsidiary for Rs.2,471.99 lakhs and disclosed the same as an exceptional item in the standalone financial statements of the Company. 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 2020.

- 42 A nation-wide lockdown was announced by the Government of India w.e.f. March 24, 2020 as a result of the outbreak of COVID 19 pandemic. Due to the lockdown announced by the Government of India, since March 24, 2020 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 In connection with the preparation of the standalone financial statements for the year ended 31 March 2020, the Board of Directors have confirmed the propriety of the contracts / agreements entered into by / on behalf of the Company and the resultant revenue earned / expenses incurred arising out of the same after reviewing the levels of authorisation and the available documentary evidences and the overall control environment. Further, the Board of Directors have also reviewed the realizable value of all the current assets of the Company and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the standalone financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these standalone financial statements in its meeting held on 8 July 2020 in accordance with the provisions of Companies Act, 2013.

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

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

Place: Coimbatore  
Date: 8 July 2020

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

Place: Chennai  
Date: 8 July 2020

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

Place: Salem  
Date: 8 July 2020

Sd/-  
**P. Jagan**  
*Chief Financial Officer*

Place: Chennai  
Date: 8 July 2020

## **Consolidated Ind AS Financial Statements for the year ended 31 March 2020**

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Swelect Energy Systems Limited

#### Report on the Consolidated Ind AS Financial Statements

##### Opinion

We have audited the accompanying Consolidated Ind AS financial statements of **SWELECT ENERGY SYSTEMS LIMITED** ("the Parent"), subsidiaries and Joint Venture [Refer Note 45 to the Consolidated Ind AS Financial statements] (the Parent, subsidiaries and Joint Venture together referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2020, 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 Ind AS 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 2020, and their consolidated loss, their consolidated total comprehensive loss, 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

##### Emphasis of Matter

We draw attention to Note 44 of the Consolidated Ind AS financial statements, which describes the management's assessment of impairment of Property, plant and equipment and Other Intangible Assets in two operating subsidiaries, on account of continuous losses/erosion of net-worth and decrease in revenues in those companies. The Group has also taken into consideration the adverse business impact and 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 Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS 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>Impairment of Property, Plant &amp; Equipment and Other Intangible Assets of two operating subsidiaries whose net worth is substantially eroded / incurring continuous losses and decrease in revenues.</p> <p>Property, Plant &amp; Equipment (net) and Other Intangible Assets aggregating Rs.9,503.35 lakhs as at 31 March 2020 [Refer Note 3 to the Consolidated Ind AS Financial Statements], whose recoverable value is greater than the carrying value in the books based on Management's judgment in estimating future cash flows used as part of the impairment analysis.</p> <p>The Group has carried out detailed evaluations considering various factors and concluded that the carrying value of Property, Plant &amp; Equipment and Other Intangible Assets are good and recoverable.</p> <p>The judgment includes forecasted revenues/ cash flows and discount rate in the projection period. As 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>We have performed the following procedures:</p> <ol style="list-style-type: none"> <li>a. Evaluated the design and implementation of the relevant controls and tested the operating effectiveness of such internal controls which inter-alia includes the completeness and accuracy of the input data considered, reasonableness of assumptions considered in determining the future projections and the assumptions considered in preparing the impairment calculations.</li> <li>b. Obtained the external valuation reports and the management assessment associated with determination of recoverable value and performed the following procedures: <ol style="list-style-type: none"> <li>i. Conducted corroborative inquiries with the Company personnel to identify factors, if any, which should be considered in the analysis.</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. Evaluated and tested the appropriateness of key assumptions considered by the Management, including discount rate, growth rate, etc. duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Company's estimates in the prior periods, in consultation with internal specialists and also compared the assumptions with public data, wherever available.</li> </ol> </li> </ol> <p>This matter has been identified as KAM by the component auditors also. The Component auditors have reported to us that they have performed these procedures.</p> |

#### 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 of Director's report, but does not include the Consolidated Ind AS financial statements, Standalone Ind AS financial statements and our auditor's report thereon and the Annual report is expected to be made available to us after that date.
- Our opinion on the Consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements by the Directors of the Parent as aforesaid.

In preparing the Consolidated Ind AS 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements, including the disclosures, and whether the Consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Consolidated Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind AS 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 Ind AS financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the Consolidated Ind AS 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 Ind AS 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 / financial information of 7 subsidiaries, whose financial statements / financial information reflect total assets of Rs.33,982.75 lakhs as at 31 March 2020, total revenues of Rs. 11,476.80 lakhs and net cash (outflows) amounting to Rs.(208.17) lakhs for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS 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.
- (b) We did not audit the financial statements / financial information of 2 subsidiaries, whose financial statements / financial information reflect total assets of Rs.354.77 lakhs as at 31 March, 2020, total revenues of Rs.0.09 lakhs and net cash (outflows) amounting to Rs.(7.13) lakhs for the year ended on that date, as considered in the Consolidated Ind AS financial statements. These financial statements / financial information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Ind AS 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 / financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

Our opinion on the Consolidated Ind AS 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.

- (c) Due to the COVID-19 related lock down, management was able to perform year end physical verification of inventories, subsequent to the year end. Whilst we were unable to observe the physical verification of inventories carried out by the Management in person, we have observed the count through video calls for certain locations on sample basis. Consequently, we have performed alternate procedures to audit the existence of Inventories as per the guidance provided in SA 501 "Audit Evidence – Specific Considerations for Selected Items" and as per specific guidance i.e. Physical Inventory Verification, Key Audit Considerations amid COVID-19 issued by The Institute of Chartered Accountants of India.

Our report is not modified in respect of this matter.

#### **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 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 Ind AS 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 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 Ind AS 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 2020 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 2020 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 and 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 Ind AS 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: 20213649AAAADP4599)

Place: Hyderabad  
Date: 8 July 2020  
Ref: MM/MS/2020/24

## **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 Ind AS financial statements of the Company as of and for the year ended 31 March 2020, 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 2020, 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 matter.

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

**C Manish Muralidhar**  
Partner  
(Membership No.213649)  
(UDIN: 20213649AAAADP4599)

Place: Hyderabad  
Date: 8 July 2020  
Ref: MM/MS/2020/24

**SWELECT ENERGY SYSTEMS LIMITED**  
**Consolidated Balance Sheet as at 31 March 2020**  
(All amounts are in INR Lakhs, unless otherwise stated)

| PARTICULARS                       | Note<br>No. | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-----------------------------------|-------------|------------------------|------------------------|
| <b>(A) ASSETS</b>                 |             |                        |                        |
| <b>Non-current assets</b>         |             |                        |                        |
| (a) Property, Plant and Equipment | 3           | 26,763.67              | 25,253.77              |
| (b) Capital work-in-progress      |             | 1,085.79               | 1,276.78               |
| (c) Right of use Assets           | 3(a)        | 474.73                 | -                      |
| (d) Investment Property           | 4           | 2,084.32               | 2,057.43               |
| (e) Goodwill on Consolidation     | 34          | 789.74                 | 789.74                 |
| (f) Other Intangible assets       | 5           | 13,992.89              | 14,630.78              |
| (g) Financial Assets              |             |                        |                        |
| (i) Investments                   | 6(a)        | 530.35                 | 530.35                 |
| (ii) Loans                        | 6(c)        | 348.34                 | 649.31                 |
| (iii) Trade receivables           | 9           | 1,419.36               | -                      |
| (iv) Other financial assets       | 6(d)        | 620.79                 | 398.17                 |
| (v) Bank balances                 | 6(e)        | 4,584.00               | 1,604.48               |
| (h) Income Tax Asset (Net)        | 17(b)       | 234.52                 | 432.89                 |
| (i) Deferred Tax Asset (Net)      | 17(a)       | 273.51                 | 246.92                 |
| (j) Other non-current assets      | 7           | 734.38                 | 912.07                 |
| <b>Total Non-current assets</b>   |             | <b>53,936.39</b>       | <b>48,782.69</b>       |
| <b>Current assets</b>             |             |                        |                        |
| (a) Inventories                   | 8           | 7,082.04               | 5,723.73               |
| (b) Financial Assets              |             |                        |                        |
| (i) Investments                   | 6(b)        | 23,703.25              | 25,249.66              |
| (ii) Loans                        | 6(c)        | 447.41                 | 435.04                 |
| (iii) Trade receivables           | 9           | 5,400.72               | 3,985.86               |
| (iv) Cash and cash equivalents    | 10          | 1,194.52               | 876.72                 |
| (v) Other bank balances           | 6(e)        | 10,942.42              | 12,418.54              |
| (vi) Other financial assets       | 6(d)        | 1,212.46               | 1,420.88               |
| (c) Other Current assets          | 11          | 777.59                 | 731.34                 |
| <b>Total Current assets</b>       |             | <b>50,760.41</b>       | <b>50,841.77</b>       |
| <b>TOTAL ASSETS</b>               |             | <b>1,04,696.80</b>     | <b>99,624.46</b>       |

| PARTICULARS  | Note<br>No. | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|-------------|------------------------|------------------------|
| <b>(B) EQUITY AND LIABILITIES</b>  |             |                        |                        |
| <b>Equity</b>  |             |                        |                        |
| (a) Equity share capital   | 12          | 1,515.87               | 1,010.58               |
| (b) Other Equity   | 13          | 70,432.75              | 71,593.34              |
| <b>Total Equity</b>  |             | <b>71,948.62</b>       | <b>72,603.92</b>       |
| <b>Liabilities</b>   |             |                        |                        |
| <b>Non-current liabilities</b>   |             |                        |                        |
| (a) Financial Liabilities  |             |                        |                        |
| (i) Borrowings   | 15(a)       | 3,949.33               | 2,880.59               |
| (ii) Other financial liabilities   | 16          | 138.71                 | 115.59                 |
| (iii) Lease liabilities  | 3(a)        | 306.51                 | -                      |
| (b) Deferred tax liabilities (net)   | 17(b)       | 326.73                 | 283.32                 |
| (c) Provisions   | 18          | 452.11                 | 548.57                 |
| (d) Other non-current liabilities  | 16(a)       | 387.07                 | -                      |
| <b>Total Non-Current liabilities</b>   |             | <b>5,560.46</b>        | <b>3,828.07</b>        |
| <b>Current liabilities</b>   |             |                        |                        |
| (a) Financial Liabilities  |             |                        |                        |
| (i) Borrowings   | 15(b)       | 17,405.11              | 16,636.58              |
| (ii) Trade payables  | 19          |                        |                        |
| (A) Total outstanding dues of micro enterprises and small enterprises                      |             | 259.35                 | 196.96                 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises |             | 5,140.21               | 4,971.81               |
| (iii) Lease liabilities  | 3(a)        | 157.22                 | -                      |
| (iv) Other financial liabilities   | 16          | 1,188.65               | 500.20                 |
| (b) Other current liabilities  | 20          | 2,846.73               | 509.70                 |
| (c) Provisions   | 18          | 190.46                 | 377.22                 |
| <b>Total Current Liabilities</b>   |             | <b>27,187.72</b>       | <b>23,192.47</b>       |
| <b>Total Liabilities</b>   |             | <b>32,748.18</b>       | <b>27,020.54</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |             | <b>104,696.80</b>      | <b>99,624.46</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: 8 July 2020

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

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

Place: Coimbatore  
Date: 8 July 2020

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

Place: Chennai  
Date: 8 July 2020

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

Place: Salem  
Date: 8 July 2020

Sd/-  
**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020



**SWELECT ENERGY SYSTEMS LIMITED**  
**Consolidated Statement of Profit and Loss for the year ended 31 March 2020**  
(All amounts are in INR Lakhs, unless otherwise stated)

| PARTICULARS   | Note No. | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|----------|-------------------------------------|-------------------------------------|
| <b>INCOME</b>   |          |                                     |                                     |
| Revenue from operations   | 21       | 25,221.82                           | 22,764.94                           |
| Finance and Other Income  | 22       | 2,759.30                            | 2,625.50                            |
| <b>Total income</b>   |          | <b>27,981.12</b>                    | <b>25,390.44</b>                    |
| <b>Expenses</b>   |          |                                     |                                     |
| Cost of raw materials and components consumed   | 24       | 13,212.88                           | 3,100.43                            |
| Purchase of traded goods  |          | 1,382.47                            | 5,978.14                            |
| Decrease / (Increase) in inventories of work-in-progress, traded goods and finished goods | 25       | (2,250.28)                          | 1,849.20                            |
| Employee benefits expense   | 26       | 2,415.12                            | 2,536.99                            |
| Depreciation and amortisation expense   | 28       | 2,985.25                            | 2,599.25                            |
| Other expenses  | 27       | 7,689.39                            | 6,778.28                            |
| Finance costs   | 29       | 1,725.90                            | 1,532.89                            |
| <b>Total expenses</b>   |          | <b>27,160.73</b>                    | <b>24,375.18</b>                    |
| <b>Profit before Exceptional Item and Tax</b>   |          | <b>820.39</b>                       | <b>1,015.26</b>                     |
| Exceptional item  | 42       | (1,522.61)                          | 30.00                               |
| <b>(Loss) / Profit before tax</b>   |          | <b>(702.22)</b>                     | <b>1,045.26</b>                     |
| <b>Tax Expense</b>  |          |                                     |                                     |
| Current tax   |          | 410.81                              | 475.95                              |
| MAT credit (entitlement)  | 17 b     | (26.56)                             | (35.89)                             |
| Deferred Tax (Net)  |          | (69.59)                             | (77.66)                             |
| <b>Income tax expense</b>   |          | <b>314.66</b>                       | <b>362.40</b>                       |
| <b>(Loss) / Profit for the year</b>   |          | <b>(1,016.88)</b>                   | <b>682.86</b>                       |

| PARTICULARS  | Note<br>No. | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|-------------|--|--|
| <b>Other Comprehensive Income (OCI)</b>  |             |  |  |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods:     |             | -                                      | -                                      |
| Exchange differences on translation of foreign operations                                      |             | 866.52                                 | -                                      |
| Income Tax Effect  |             | -                                      | -                                      |
| Net other comprehensive income not to be reclassified to profit or loss in subsequent periods: |             | -                                      | -                                      |
| Re-measurement loss on defined benefit plans   | 31          | 54.88                                  | 7.29                                   |
| Income Tax Effect  | 17b         | (9.77)                                 | (3.40)                                 |
| <b>Other comprehensive income for the year, net of tax</b>                                     |             | <b>911.63</b>                          | <b>3.89</b>                            |
| <b>Total Comprehensive Income for the year</b>   |             | <b>(105.25)</b>                        | <b>686.75</b>                          |
| <b>Earnings per share (Face Value of Rs. 10/- each)</b>  |             |  |  |
| 1. Basic (in INR)  | 30          | (6.71)                                 | 4.50                                   |
| 2. Diluted (in INR)  | 30          | (6.71)                                 | 4.50                                   |

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: 8 July 2020

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

Sd/-

**R. Chellappan**  
Managing Director  
DIN:00016958

Place: Coimbatore  
Date: 8 July 2020

Sd/-

**R. Sathishkumar**  
Company Secretary

Place: Chennai  
Date: 8 July 2020

Sd/-

**A. Balan**  
Joint Managing Director  
DIN:00017091

Place: Salem  
Date: 8 July 2020

Sd/-

**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020

**SWELECT ENERGY SYSTEMS LIMITED**  
**Consolidated Cash flow statement for the year ended 31 March 2020**  
(All amounts are in INR Lakhs, unless otherwise stated)

| PARTICULARS  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                               |  |  |
| <b>(Loss)/Profit after taxation</b>  | (1,016.88)                             | 682.86                                 |
| Adjustments to reconcile profit after tax to net cash flows:                 |  |  |
| Tax expense  | 324.43                                 | 362.40                                 |
| Depreciation/amortisation  | 2,985.25                               | 2,599.25                               |
| Loss on Investments carried at fair value through Profit and Loss            | 563.06                                 | 207.23                                 |
| Unrealised foreign exchange loss/ (gain), net                                | 568.51                                 | 594.17                                 |
| Net gain from the sale of current investment                                 | (1,463.59)                             | (1,929.29)                             |
| Dividend income on investments carried at fair value through Profit and Loss | (38.28)                                | -                                      |
| Dividend Income - on equity Investments                                      | (6.65)                                 | (4.70)                                 |
| Provision for bad and doubtful debts   | 355.22                                 | 166.47                                 |
| Liabilities no longer required, written back                                 | (11.29)                                | (59.33)                                |
| Allowance for impairment of Property, Plant and Equipment                    | 1,522.61                               | -                                      |
| Interest expense   | 1,725.90                               | 1,532.89                               |
| Interest income  | (883.31)                               | (164.04)                               |
| Provision for warranties   | 15.61                                  | 59.51                                  |
| Net loss on retirement of Property, Plant and Equipment                      | 4.56                                   | -                                      |
| <b>Operating profit before working capital / other changes</b>               | <b>4,645.15</b>                        | <b>4,047.42</b>                        |
| <b>Movement in working capital / Others :</b>                                |  |  |
| (Increase) / Decrease in trade receivables                                   | (3,189.44)                             | 1,086.90                               |
| (Increase) / Decrease in current and non-current assets                      | (95.64)                                | 1,399.64                               |
| (Increase)/ Decrease in inventories  | (1,358.31)                             | 1,179.58                               |
| Increase in trade payables, other current and long term liabilities          | 2,799.46                               | 32.59                                  |
| (Decrease)/ Increase in provisions   | (29.41)                                | 120.74                                 |
| Increase / (Decrease) in current and non-current financial assets            | 402.77                                 | (296.98)                               |
| <b>Cash flow generated from operations</b>                                   | <b>3,174.58</b>                        | <b>7,569.89</b>                        |
| Taxes paid, net  | (333.56)                               | (655.61)                               |
| <b>Net cash flow generated from operating activities (A)</b>                 | <b>2,841.03</b>                        | <b>6,914.28</b>                        |

| PARTICULARS  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| <b>Net Capital expenditure</b>   | (4,738.94)                             | (6,831.85)                             |
| (Investment)/ redemption of current investments  | 2,446.94                               | 3,118.72                               |
| Bank deposits (placed) / redeemed (having original maturity of more than three months) | (1,503.40)                             | (8,424.16)                             |
| Interest received  | 754.93                                 | 164.04                                 |
| Dividend income on investments carried at fair value through Profit and Loss           | 38.28                                  | 4.70                                   |
| Dividend Income on equity Investments  | 6.65                                   | -                                      |
| <b>Net cash flow used in investing activities (B)</b>                                  | <b>(2,995.54)</b>                      | <b>(11,968.54)</b>                     |
| <b>C. Cash flow from financing activities:</b>   |  |  |
| Proceeds / (Repayment) of short term borrowings  | 888.25                                 | (1,356.15)                             |
| Repayment of long term borrowings  | 1,068.74                               | (1,902.34)                             |
| Payment of lease liabilities   | (151.78)                               | -                                      |
| Interest paid  | (1,692.23)                             | (1,532.89)                             |
| Dividend paid  | (442.13)                               | (404.98)                               |
| Dividend tax paid  | (90.88)                                | (83.09)                                |
| <b>Net cash flow used in financing activities (C)</b>                                  | <b>(420.03)</b>                        | <b>(5,279.45)</b>                      |
| <b>Net decrease in cash and cash equivalents (A + B + C)</b>                           | <b>(574.54)</b>                        | <b>(10,333.71)</b>                     |
| Cash and cash equivalents at the beginning of the year                                 | (7,801.02)                             | 2,532.69                               |
| <b>Closing cash and cash equivalents</b>   | <b>(8,375.56)</b>                      | <b>(7,801.02)</b>                      |
| <b>Cash and Cash equivalents (Refer Note 10(a))</b>                                    | <b>(8,375.56)</b>                      | <b>(7,801.02)</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: 8 July 2020

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

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

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

Place: Coimbatore  
Date: 8 July 2020

Place: Salem  
Date: 8 July 2020

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

Sd/-  
**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020

Place: Chennai  
Date: 8 July 2020

**SWELECT ENERGY SYSTEMS LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2020**  
(All amounts are in INR Lakhs, unless otherwise stated)

**a. Equity Share Capital**

| As at 1 April 2018 | Changes in Equity Share Capital during the year (Refer Note 12) | Balance as at 31 March 2019 | Changes in Equity Share Capital during the year (Refer Note 12) | Balance as at 31 March 2020 |
|--------------------|---|-----------------------------|---|-----------------------------|
| 1010.58            | -   | 1010.58                     | 505.29  | 1515.88                     |

**b. Other Equity**

| Particulars   | Reserves & Surplus |                            |                   |                            |                     |                  | Other Comprehensive Income | Total Other Equity |                  |
|---|--------------------|----------------------------|-------------------|----------------------------|---------------------|------------------|----------------------------|--------------------|------------------|
|   | Capital Reserve    | Securities Premium Reserve | Retained Earnings | Capital Redemption Reserve | Revaluation Reserve | General Reserve  |                            |                    | Others           |
| <b>Balance as at 1 April 2018</b>   | <b>304.10</b>      | <b>182.68</b>              | <b>49,365.98</b>  | <b>375.00</b>              | <b>390.86</b>       | <b>18,102.14</b> | <b>26.18</b>               | <b>1,723.07</b>    | <b>70,470.01</b> |
| Profit for the period   | -                  | -                          | 682.86            | -                          | -                   | -                | -                          | -                  | 682.86           |
| Other Comprehensive Income (Net of tax)                                       | -                  | -                          | 3.89              | -                          | -                   | -                | -                          | -                  | 3.89             |
| <b>Total comprehensive income</b>   | <b>304.10</b>      | <b>182.68</b>              | <b>50,052.73</b>  | <b>375.00</b>              | <b>390.86</b>       | <b>18,102.14</b> | <b>26.18</b>               | <b>1,723.07</b>    | <b>71,156.76</b> |
| Movement in Revaluation Reserve   | -                  | -                          | -                 | -                          | (5.57)              | -                | -                          | -                  | (5.57)           |
| Dividend for the year 2017-18   | -                  | -                          | (404.23)          | -                          | -                   | -                | -                          | -                  | (404.23)         |
| Dividend Distribution Tax for the year 2017-18                                | -                  | -                          | (83.09)           | -                          | -                   | -                | -                          | -                  | (83.09)          |
| Others  | -                  | -                          | -                 | -                          | -                   | -                | -                          | 929.47             | 929.47           |
| <b>Balance as at 31 March 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 period   | -                  | -                          | (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   | -                  | -                          | -                 | -                          | (5.94)              | -                | -                          | -                  | (5.94)           |
| Bonus shares issued during the year   | -                  | (182.68)                   | (322.61)          | -                          | -                   | -                | -                          | -                  | (505.29)         |
| Dividend distribution made during the year relating to financial 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)         |
| Interim dividend distribution Tax for the year 2019-20                        | -                  | -                          | (38.95)           | -                          | -                   | -                | -                          | -                  | (38.95)          |
| Impact of adoption of Ind AS 116  | -                  | -                          | (11.10)           | -                          | -                   | -                | -                          | -                  | (11.10)          |
| Others  | -                  | -                          | -                 | -                          | -                   | -                | -                          | 866.52             | 866.52           |
| <b>Balance as at 31 March 2020</b>  | <b>304.10</b>      | <b>-</b>                   | <b>47,726.92</b>  | <b>375.00</b>              | <b>379.35</b>       | <b>18,102.14</b> | <b>26.18</b>               | <b>3,519.06</b>    | <b>70,432.75</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: 8 July 2020

For and on behalf of the Board of Directors

**Swelect Energy Systems Limited**

Sd/-

**R. Chellappan**  
Managing Director  
DIN:00016958

Place: Coimbatore  
Date: 8 July 2020

Sd/-

**A. Balan**  
Joint Managing Director  
DIN:00017091

Place: Salem  
Date: 8 July 2020

Sd/-

**R. Sathishkumar**  
Company Secretary

Place: Chennai  
Date: 8 July 2020

Sd/-

**P. Jagan**  
Chief Financial Officer

Place: Chennai  
Date: 8 July 2020

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

**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 Company 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 2020 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 2020**

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 (%) |         |
|---|---|--------------------------|--------------|---|---------|
|   |   |                          |              | 2019-20   | 2018-19 |
| 1   | Swelect Energy Systems Pte. Limited., Singapore                     | Singapore                | Subsidiary   | 100   | 100     |
| 2   | SWELECT Inc. USA  | USA                      | Subsidiary   | 100   | 100     |
| 3   | Subsidiary of Swelect Inc. USA:<br>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                                   |                          | 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  | 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 2020**

**(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.

Goods and Service Tax is not received by the Group on its own account. Rather, it is tax collected 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



## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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 2020**

**(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.   |
| 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.

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.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020

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.

#### (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.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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.

**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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

**(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 and Servers                                    | 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 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 Properties**

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.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

Though the Group measures Investment Property using cost basis measurement, the fair value of Investment Property is disclosed in Note 4.

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 Group has adopted Ind AS 116 – Leases for the contracts entered into during the current year. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognizes a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

#### **(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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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.

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.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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



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**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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.

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.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

**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 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.

**(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 items**

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 2020**  
(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 2018</b>                             | <b>1,944.18</b> | <b>3,389.05</b> | <b>17,254.84</b>    | <b>429.88</b>                 | <b>78.46</b>  | <b>345.87</b>          | <b>219.39</b> | <b>5.98</b>            | <b>23,667.65</b> |
| Additions   | -               | 49.77           | 6,764.67            | 125.49                        | 18.45         | 3.91                   | 13.85         | -                      | 6,976.14         |
| Deletions (Refer Note (i) below)                      | (1.49)          | -               | (29.77)             | (0.64)                        | -             | -                      | (2.80)        | -                      | (34.70)          |
| Others Transfers (Refer Note (ii) below)              | (19.73)         | 560.00          | (36.42)             | 33.82                         | 1.75          | -                      | -             | -                      | 539.42           |
| Other Adjustments/ Transfers (Refer Note (iii) below) | -               | -               | 478.15              | -                             | -             | -                      | -             | -                      | 478.15           |
| <b>As at 31 March 2019</b>                            | <b>1,922.96</b> | <b>3,998.82</b> | <b>24,431.47</b>    | <b>588.55</b>                 | <b>98.66</b>  | <b>349.78</b>          | <b>230.44</b> | <b>5.98</b>            | <b>31,626.66</b> |
| 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)         |
| Transferred to Investment Property                    | -               | -               | -                   | 0.19                          | 0.15          | 6.37                   | -             | -                      | 6.71             |
| Others Transfers (Refer Note (ii) below)              | (148.22)        | 168.94          | -                   | -                             | -             | -                      | -             | -                      | 20.72            |
| Other Adjustments/ Transfers (Refer Note (iii) below) | -               | -               | -                   | -                             | -             | -                      | -             | -                      | -                |
| <b>As at 31 March 2020</b>                            | <b>1,881.74</b> | <b>4,246.83</b> | <b>28,837.39</b>    | <b>613.09</b>                 | <b>104.85</b> | <b>362.89</b>          | <b>226.32</b> | <b>5.98</b>            | <b>36,279.09</b> |
| <b>Depreciation</b>                                   |                 |                 |                     |                               |               |                        |               |                        |                  |
| <b>As at 1 April 2018</b>                             | -               | <b>293.53</b>   | <b>3,740.43</b>     | <b>239.25</b>                 | <b>52.80</b>  | <b>184.17</b>          | <b>83.78</b>  | <b>5.07</b>            | <b>4,599.03</b>  |
| Charge for the year                                   | -               | 109.65          | 1,514.29            | 84.01                         | 18.16         | 45.82                  | 33.37         | 0.04                   | 1,805.34         |
| Deletions (Refer Note (i) below)                      | -               | -               | (28.34)             | (0.64)                        | -             | -                      | -             | -                      | (28.98)          |
| Others Transfers (Refer Note (ii) below)              | -               | -               | (4.61)              | 4.09                          | 0.21          | -                      | -             | -                      | (0.31)           |
| Other Adjustments                                     | -               | -               | (2.20)              | -                             | -             | -                      | -             | -                      | (2.20)           |
| <b>As at 31 March 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            |
| Other Adjustments                                     | -               | -               | -                   | -                             | -             | -                      | -             | -                      | -                |
| <b>As at 31 March 2020</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>  |
| <b>Impairment</b>                                     |                 |                 |                     |                               |               |                        |               |                        |                  |
| As at 31 March 2019                                   | -               | -               | -                   | -                             | -             | -                      | -             | -                      | -                |
| Charge for the year                                   | -               | -               | 1,522.61            | -                             | -             | -                      | -             | -                      | 1,522.61         |
| <b>As at 31 March 2020</b>                            | -               | -               | <b>1,522.61</b>     | -                             | -             | -                      | -             | -                      | <b>1,522.61</b>  |
| <b>Net Block</b>                                      |                 |                 |                     |                               |               |                        |               |                        |                  |
| <b>As at 31 March 2019</b>                            | <b>1,922.96</b> | <b>3,595.64</b> | <b>19,211.90</b>    | <b>261.84</b>                 | <b>27.49</b>  | <b>119.79</b>          | <b>113.29</b> | <b>0.87</b>            | <b>25,253.77</b> |
| <b>As at 31 March 2020</b>                            | <b>1,881.74</b> | <b>3,696.19</b> | <b>20,823.40</b>    | <b>215.29</b>                 | <b>21.17</b>  | <b>40.88</b>           | <b>84.17</b>  | <b>0.83</b>            | <b>26,763.67</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 of Rs. 45.70 lakhs (31 March 2019 Rs. 62.74 lacs).  
(iii) Other adjustments represents adjustments pursuant to reclassification and foreign currency translations.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**3(a) Leases**

The group has a lease for machinery and building

**(a) 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 2020

| Particulars                        | Building    | Machinery     | Total         |
|------------------------------------|-------------|---------------|---------------|
| Balance as at 01 April 2019        | 86.74       | -             | 86.74         |
| Additions                          | -           | 571.48        | 571.48        |
| Deletions                          | -           | -             | -             |
| 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> |

\*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 year ended 31 March 2020

| Particulars                          | Building    | Machinery     | Total         |
|--------------------------------------|-------------|---------------|---------------|
| Balance as at 01 April 2019          | 97.84       | 0.00          | 97.84         |
| Additions                            | -           | 485.24        | 485.24        |
| Finance Cost accrued during the year | 5.21        | 27.20         | 32.41         |
| Deletions                            | -           | -             | -             |
| Payment of Lease liabilities         | 95.18       | 56.60         | 151.78        |
| <b>Balance as at 31 March 2020</b>   | <b>7.87</b> | <b>455.84</b> | <b>463.71</b> |

The following is the break-up of current and non current liabilities as on 31 March 2020.

| Particulars                   | Total  |
|-------------------------------|--------|
| Current lease liabilities     | 157.22 |
| Non Current lease liabilities | 306.51 |

**( c ) Amounts recognized in Profit and Loss were as follows**

| Particulars                       | For the year ended 31 March 2020 |
|-----------------------------------|----------------------------------|
| Depreciation Expenditure          | 183.49                           |
| Finance cost on Lease liabilities | 32.41                            |

**( d ) The table below provides details regarding the contractual maturities of lease liabilities as at March 31st 2020 on an undiscounted basis :**

| Particulars                                  | As at 31 March 2020 |
|--|---------------------|
| Not later than 1 year                        | 192.19              |
| Later than 1 year and not later than 5 years | 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**  
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(All amounts are in INR Lakhs, unless otherwise stated)

**4 Investment Property**

| Particulars                        | Buildings              |                        |
|------------------------------------|------------------------|------------------------|
|                                    | As at<br>31 March 2020 | As at<br>31 March 2019 |
| <b>Cost</b>                        | <b>2,451.58</b>        | <b>2,991.85</b>        |
| Additions during the year          | 52.22                  | -                      |
| Deletions during the year          | (58.05)                | -                      |
| Other Transfers (Refer Note 3(ii)) | 148.22                 | (540.27)               |
| <b>Closing balance</b>             | <b>2,593.97</b>        | <b>2,451.58</b>        |
| <b>Depreciation</b>                |                        |                        |
| Opening balance                    | 394.15                 | 291.96                 |
| Depreciation during the year       | 115.50                 | 102.19                 |
| <b>Closing balance</b>             | <b>509.65</b>          | <b>394.15</b>          |
| <b>Net Block</b>                   | <b>2,084.32</b>        | <b>2,057.43</b>        |

**Information regarding income and expenditure of Investment Property**

| Particulars   | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| (a) Rental income derived from Investment Property  | 480.94                                 | 385.82                                 |
| (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 | 11.79                                  | 17.44                                  |
| <b>Profit arising from Investment Property before depreciation and indirect expenses</b>              | <b>469.15</b>                          | <b>368.38</b>                          |
| Less – Depreciation   | 115.50                                 | 102.19                                 |
| <b>Profit arising from Investment Property before indirect expenses</b>                               | <b>353.65</b>                          | <b>266.19</b>                          |

**Measurement of fair values:**

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

As at 31 March 2020 and 31 March 2019, the fair value of the Property is Rs. 14,270.27 lakhs and Rs. 9,917.06 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.

**SWELECT ENERGY SYSTEMS LIMITED**

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

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 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:**

|  | <b>Amount</b>    |
|--|------------------|
| <b>Gross Block as on 31 March 2020</b> | 2,593.97         |
| Fair value difference (net)            | 11,676.30        |
| <b>Fair Value as at 31 March 2020</b>  | <b>14,270.27</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 2018</b>                   | <b>103.49</b>         | <b>15,964.19</b>                                  | <b>85.78</b>      | <b>16,153.46</b> |
| Additions                                   | -                     | -   | 66.16             | 66.16            |
| Deletions                                   | -                     | -   | -                 | -                |
| Other Transfers (Refer Note 3(i) and 3(iv)) | -                     | 211.37  | 0.85              | 212.22           |
| <b>As at 31 March 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            |
| Deletions                                   | -                     | -   | -                 | -                |
| Other Transfers (Refer Note 3(i) and 3(iv)) | -                     | -   | -                 | -                |
| <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> |
| <b>Amortisation</b>                         |                       |   |                   |                  |
| <b>As at 1 April 2018</b>                   | <b>34.36</b>          | <b>991.29</b>                                     | <b>79.17</b>      | <b>1,104.82</b>  |
| Charge for the year                         | 28.42                 | 658.17  | 9.96              | 696.55           |
| Deletions                                   | -                     | -   | -                 | -                |
| Other Transfers (Refer Note 3 (i))          | -                     | -   | 0.31              | 0.31             |
| <b>As at 31 March 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>  |
| <b>Net block</b>                            |                       |   |                   |                  |
| <b>As at 31 March 2019</b>                  | <b>40.71</b>          | <b>14,526.10</b>                                  | <b>63.97</b>      | <b>14,630.78</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> |

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020

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

#### Notes:

1. 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) a financial asset, or
- (b) 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.

- 2. Other Intangible asset with a carrying amount of Rs. 791.13 lakhs (As at 31 March 2019: Rs. 825.66 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 an another entity.
- 3. Other Intangible asset with a carrying amount of Rs.4,840.93 lakhs (As at 31 March 2019: Rs. 5,079.99 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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Unquoted Investment in equity shares at fair value through Statement of Profit and Loss</b>   |                        |                        |
| 3,00,000 (31 March 2019 : 3,00,000) Equity shares of Rs.10/- each fully paid in Gem Sugars Limited   | 30.00                  | 30.00                  |
| 3,520 (31 March 2019 : 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 2019: 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 at 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 2020**

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

**6 (b) Current investments**

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Investments at fair value through profit or loss (FVTPL)</b>   |                        |                        |
| <b>Quoted Mutual funds</b>  |                        |                        |
| 1,921,876.42 (31 March 2019: 1,921,876.42) units of Aditya Birla Sunlife Banking & PSU Debt fund - Regular - Growth * | 5,032.87               | 4,576.15               |
| 651,971.35 (31 March 2019: 403,680.64) units of ICICI Prudential Savings - Fund Growth **                             | 2,525.40               | 1,447.53               |
| 667,331.345 (31 March 2019: 426,181.35) units of Aditya Birla Sunlife Saving Fund Growth **                           | 2,652.78               | 1,572.53               |
| LIC Endowment Plus ##   | 7.87                   | 9.80                   |
| 1,00,00,000 (31 March 2019: 1,00,00,000) units of HSBC Fixed Term Series 129 Growth                                   | 1,213.35               | 1,122.45               |
| 67,994.421 (31 March 2019: 67,994.421) units of UTI Liquid Cash Plan -Regular Growth                                  | 2,201.26               | 2,073.78               |
| 70,000.001 (31 March 2019: 75,332.351) units of SBI Liquid Fund Regular Growth  | 2,165.53               | 2,196.93               |
| 14,332,022.225 ( 31 March 2019-Nil) ICICI Prudential Banking and PSU Debt Fund - Growth *                             | 3,319.63               | -                      |
| 18,780,433.949 ( 31 March 2019-Nil) IDFC Banking & PSU Debt Fund - Regular Plan - Growth *                            | 3,332.23               | -                      |
| 10.926 ( 31 March 2019-Nil) HDFC Liquid Fund- Daily Dividend Reinvest   | 0.11                   | -                      |
| 30,000.348 ( 31 March 2019- Nil) HDFC Money Market Fund- Regular plan - Growth *                                      | 1,252.22               | -                      |
| Nil (31 March 2019: 13,525,932.84) units of UTI Short term income Fund - Growth                                       | -                      | 3,044.71               |
| Nil (31 March 2019: 17,441,16.160) units of UTI Short term income Fund - Institutional - Growth                       | -                      | 3,926.93               |
| Nil (31 March 2019: 156,456,76.566) units of Franklin India Ultra Short Bond Fund Super Institutional Plan Growth     | -                      | 4,109.93               |
| Nil (31 March 2019 : 29,242.952) units of Franklin India Short Term Income Retail Plan Growth                         | -                      | 1,168.92               |
|   | <b>23,703.25</b>       | <b>25,249.66</b>       |
| Aggregate cost of Quoted investments  | 20,391.36              | 21,379.70              |
| Aggregate market value of Quoted investments  | 23,703.25              | 25,249.66              |
| Current   | 23,703.25              | 25,249.66              |

**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<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------|------------------------|------------------------|
| <b>(i) Non-Current</b>   |                        |                        |
| Other Financial Assets** | 218.49                 | 649.31                 |
| Advances                 | 11.95                  | -                      |
| Security deposit         | 117.90                 | -                      |
| <b>Total</b>             | <b>348.34</b>          | <b>649.31</b>          |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**(ii) Current**

|                          |               |                 |
|--------------------------|---------------|-----------------|
| Loans to employees       | 8.89          | 3.63            |
| Loans to related parties | 0.55          | -               |
| Earnest money deposit    | -             | 48.95           |
| Advances                 | 3.76          | -               |
| Security deposit         | 0.15          | -               |
| Other Financial Assets** | 434.06        | 382.46          |
| <b>Total</b>             | <b>447.41</b> | <b>435.04</b>   |
| <b>Total</b>             | <b>795.75</b> | <b>1,084.35</b> |

\*\* Other financial assets are non-derivative financial assets which generate an effective interest income of 8.5 % - 9.00 % for the Group.

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

| Particulars                          | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| <b>(i) Non-Current</b>               |                        |                        |
| Balance with Government authorities  | 901.23                 | 678.61                 |
| Provision for doubtful advance       | (280.44)               | (280.44)               |
| <b>Total</b>                         | <b>620.79</b>          | <b>398.17</b>          |
| <b>(ii) Current</b>                  |                        |                        |
| Interest accrued on fixed deposits   | 277.23                 | 148.85                 |
| Balances with Government authorities | 17.28                  | 599.94                 |
| Other Current Financial assets       | 1,002.94               | 703.68                 |
|                                      | <b>1,297.46</b>        | <b>1,452.47</b>        |
| Provision for doubtful advance       | (85.00)                | (31.59)                |
| <b>Total</b>                         | <b>1,212.46</b>        | <b>1,420.88</b>        |
| <b>Total</b>                         | <b>1,833.25</b>        | <b>1,819.05</b>        |
| Considered good                      | 1,467.81               | 1,507.02               |
| Considered doubtful                  | 365.44                 | 312.03                 |

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>(i) Non-Current</b>   |                        |                        |
| Deposits with original maturity more than 12 months #                        | 4,584.00               | 1,604.48               |
| <b>Total</b>   | <b>4,584.00</b>        | <b>1,604.48</b>        |
| <b>(ii) Current</b>  |                        |                        |
| Deposits with original maturity more than 3 months and less than 12 months # | 10,942.42              | 12,418.54              |
| <b>Total</b>   | <b>10,942.42</b>       | <b>12,418.54</b>       |
| <b>Total</b>   | <b>15,526.42</b>       | <b>14,023.03</b>       |

# The balance on deposit accounts bears an average interest rate of 6.04 % 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).

**7 Other Non-current assets (Unsecured, considered good)**

| Particulars                  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------|------------------------|------------------------|
| Capital advances             | 505.87                 | 732.95                 |
| Prepaid expenses             | 227.83                 | 156.43                 |
| Advances recoverable in cash | -                      | 22.69                  |
| Others                       | 0.68                   | -                      |
| <b>Total</b>                 | <b>734.38</b>          | <b>912.07</b>          |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**8 Inventories**

| Particulars                  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------------|------------------------|------------------------|
| Raw materials and components | 1,790.79               | 2,889.71               |
| Raw materials In Transit     | 342.47                 | 226.75                 |
| Work-in-progress             | 1,080.44               | 679.71                 |
| Finished goods               | 2,710.21               | 1,152.39               |
| Finished goods in transit    | 21.41                  | -                      |
| Traded goods                 | 1,136.72               | 775.17                 |
| <b>Total</b>                 | <b>7,082.04</b>        | <b>5,723.73</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<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>Non-current</b>   |                        |                        |
| (a) Receivables considered good                                | 1,419.36               | -                      |
|  | <b>1,419.36</b>        | -                      |
| <b>Current</b>   |                        |                        |
| (a) Receivables considered good                                | 5,400.72               | 3,827.39               |
| (b) Receivables which have significant increase in Credit Risk | 368.20                 | 158.47                 |
| (c) Receivables - credit impaired                              | 278.19                 | 444.89                 |
| Trade receivable from Related party                            | -                      | -                      |
|  | <b>6,047.11</b>        | <b>4,430.75</b>        |
| Less: Allowance for Expected Credit Loss                       | (646.39)               | (444.89)               |
| <b>Total</b>   | <b>5,400.72</b>        | <b>3,985.86</b>        |

**Note:**

(i) 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.

**10 Cash and cash equivalents**

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Balances with Banks:                                 |                        |                        |
| On current accounts                                  | 758.74                 | 833.97                 |
| On unpaid dividend accounts                          | 10.20                  | 29.37                  |
| Deposits with original maturity less than 3 months * | 422.46                 | 1.76                   |
| Cash on hand   | 3.12                   | 11.62                  |
| <b>Total</b>   | <b>1,194.52</b>        | <b>876.72</b>          |

**Note:**

\* The balance on deposit accounts bears an interest rate of 5.33% and have been pledged with Bank as collateral security for availing Bank guarantees for the Group amounting to Rs.0.81 lacs.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

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

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Balances with Banks:                               |                        |                        |
| On current accounts                                | 758.74                 | 833.97                 |
| Deposits with original maturity less than 3 months | 422.46                 | 1.76                   |
| Cash on hand                                       | 3.12                   | 11.62                  |
|  | <b>1,184.32</b>        | <b>847.35</b>          |
| Less : Bank overdrafts (Refer Note 15 (b))         | (9,559.88)             | (8,648.37)             |
| <b>Total</b>                                       | <b>(8,375.56)</b>      | <b>(7,801.02)</b>      |

**11 Other Current assets**

| Particulars                           | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------------|------------------------|------------------------|
| <b>Unsecured and considered good:</b> |                        |                        |
| Supplier advances                     | 649.92                 | 249.71                 |
| Prepaid expenses                      | 55.60                  | 101.19                 |
| Others                                | 72.07                  | 380.44                 |
| <b>Total</b>                          | <b>777.59</b>          | <b>731.34</b>          |

**12 Equity Share capital**

| Particulars                                   | Equity Shares of Rs. 10/- each |                 |
|---|--------------------------------|-----------------|
|   | Nos.                           | Amount          |
| <b>Authorised Share Capital</b>               |                                |                 |
| As at 1 April 2019                            | 470,00,000                     | 4,700.00        |
| Increase/(Decrease) during the year           | -                              | -               |
| As at 31 March 2020                           | <b>470,00,000</b>              | <b>4,700.00</b> |
| <b>Issued, Subscribed &amp; Fully paid up</b> |                                |                 |
| As at 1 April 2019                            | 101,05,840                     | 1,010.58        |
| Issue of Equity Share Capital                 | -                              | -               |
| Issue of Bonus shares ( Refer note below)     | 50,52,920                      | 505.29          |
| As at 31 March 2020                           | <b>151,58,760</b>              | <b>1,515.87</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.

The Board of Directors in their meeting on 8 July 2019, considered and recommended to issue bonus shares in the ratio of 1 Equity Share for every 2 Equity Shares held by the shareholders of the Company as on the record date determined by the Board. The issue of bonus shares have been approved by the shareholders in the Annual General Meeting held on 9 August 2019.

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

| Equity shares of<br>Rs.10/- each fully paid | As at 31 March 2020 |                        | As at 31 March 2019 |                        |
|---|---------------------|------------------------|---------------------|------------------------|
|   | Number of shares    | % holding in the class | Number of shares    | % holding in the class |
| R. Chellappan, Managing Director            | 73,97,860           | 48.80%                 | 49,19,278           | 48.68%                 |

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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**13 Other Equity**

**Other Equity movement during the year 2019-20:-**

| Particulars   | Capital Reserve | Capital Redemption Reserve | Revaluation Reserve | Securities Premium Reserve (Refer Note (i) below) | Retained earnings | General Reserve (Refer Note (ii) below) | Others | Foreign Currency Translation Reserve | Total      |
|---|-----------------|----------------------------|---------------------|---|-------------------|---|--------|--------------------------------------|------------|
| Balance at the beginning of the reporting period                              | 304.10          | 375.00                     | 385.29              | 182.68  | 49,565.41         | 18,102.14                               | 26.18  | 2,652.54                             | 71,593.34  |
| Loss for the year   | -               | -                          | -                   | -   | (1,016.88)        | -                                       | -      | -                                    | (1,016.88) |
| Other comprehensive income for the year                                       | -               | -                          | -                   | -   | 45.11             | -                                       | -      | -                                    | 45.11      |
| Bonus shares issued during the year   | -               | -                          | -                   | (182.68)  | (322.61)          | -                                       | -      | -                                    | (505.29)   |
| Dividend distribution made during the year relating to financial 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)   |
| Interim dividend distribution Tax for the year 2019-20                        | -               | -                          | -                   | -   | (38.95)           | -                                       | -      | -                                    | (38.95)    |
| Impact of adoption of Ind AS 116  | -               | -                          | -                   | -   | (11.10)           | -                                       | -      | -                                    | (11.10)    |
| Movement in Revaluation reserve   | -               | -                          | (5.94)              | -   | -                 | -                                       | -      | -                                    | (5.94)     |
| Movement in Foreign Currency Translation Reserve                              | -               | -                          | -                   | -   | -                 | -                                       | -      | 866.52                               | 866.52     |
| Closing Balance as on 31 March 2020   | 304.10          | 375.00                     | 379.35              | -   | 47,726.92         | 18,102.14                               | 26.18  | 3,519.06                             | 71,299.27  |

- (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 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.
- (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.

**14 a. Distribution made and proposed**

| Particulars   | As at 31 March 2020 | As at 31 March 2019 |
|---|---------------------|---------------------|
| <b>Cash dividends on equity shares declared and paid:</b>   |                     |                     |
| Final dividend for the year ended 31 March 2019 : Rs. 2.50/- per share (31 March 2018: Rs. 4/- per share)   | 252.65              | 404.23              |
| Dividend Distribution tax on final dividend   | 51.93               | 83.09               |
| Interim dividend for the year ended 31 March 2020 : Rs. 1.25/- per share ( 31 March 2019 : Rs. Nil per share)   | 189.48              | -                   |
| Dividend Distribution tax on interim dividend   | 38.95               | -                   |
| Proposed dividends on Equity shares:  |                     |                     |
| Proposed Dividend for the year ended 31 March 2020: Rs.0.75/- per share (31 March 2019: Rs. 2.50/- per share)   | 113.69              | 252.65              |
| Dividend Distribution Tax (DDT) on Proposed dividend  | -                   | 51.93               |
| Proposed Dividend of Rs. 0.75/- 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 2020. |                     |                     |

**SWELECT ENERGY SYSTEMS LIMITED**

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

**14 b. Net dividend remitted in foreign exchange**

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>Final equity dividend</b>  |                                     |                                     |
| <b>Period to which it relates</b>                                       | <b>2018-19</b>                      | <b>2017-18</b>                      |
| Number of non-resident shareholders                                     | 5.00                                | 5.00                                |
| Number of equity shares of Rs 10/- each held on which dividend was due  | 2,29,900.00                         | 2,29,900.00                         |
| Amount remitted   | 5.75                                | 9.20                                |
| <b>Interim equity dividend</b>  |                                     |                                     |
| <b>Period to which it relates</b>                                       | <b>2019-20</b>                      |                                     |
| Number of non-resident shareholders                                     | 5.00                                | -                                   |
| Number of equity shares of Rs. 10/- each held on which dividend was due | 3,44,850.00                         | -                                   |
| Amount remitted   | 4.31                                | -                                   |

**15 Borrowings**

**Financial Liabilities carried at amortized cost**

| Particulars            | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------|------------------------|------------------------|
| <b>(a) Non-Current</b> |                        |                        |
| Term loan from Banks   | 3,946.63               | 2,866.79               |
| Vehicle loan           | 2.70                   | 13.80                  |
| <b>Total</b>           | <b>3,949.33</b>        | <b>2,880.59</b>        |
| Secured Borrowings     | 3,949.33               | 2,880.59               |

Details of long term borrowings are given below:

| Particulars                   | Currency | Effective Interest Rate | As at 31 March 2020 | Repayment Terms   | Security                  |
|-------------------------------|----------|-------------------------|---------------------|---|---------------------------|
| <b>Borrowings:</b>            |          |                         |                     |   |                           |
| Term loan 1                   | INR      | 9.00%                   | 3,325.00            | Loan obligation plus interest, is payable in 114 equal monthly instalments.   | 12 MW Solar Power Plant   |
| Term loan 2                   | INR      | 8.20%                   | 437.50              | 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 3                   | INR      | 8.20%                   | 437.50              | 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 4                   | INR      | 8.20%                   | 343.75              | 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 5                   | INR      | 8.20%                   | 412.50              | 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 |
| Vehicle loan                  | INR      | 8.00%                   | 13.80               | Loan obligation plus interest, is payable in 48 equal monthly instalments.  | Vehicle                   |
| <b>Sub Total</b>              |          |                         | <b>4,970.05</b>     |   |                           |
| <b>Less: Current Portion</b>  |          |                         | <b>986.10</b>       |   |                           |
| <b>Non-current Borrowings</b> |          |                         | <b>3,983.95</b>     |   |                           |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

| Particulars                                | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| <b>(b) Current</b>                         |                        |                        |
| Term loan from Banks                       | 1,870.00               | 4,012.64               |
| Bank overdrafts                            | 9,559.88               | 8,648.37               |
| Foreign Currency Non-Resident Loan ( FCNR) | 1,073.82               | 969.94                 |
| Packing Credit Foreign Currency (PCFC)     | 971.68                 | 901.35                 |
| Working Capital Loan                       | 3,546.03               | 2,104.28               |
| External Commercial Borrowing (ECB)        | 383.69                 | -                      |
| <b>Total Current Borrowings</b>            | <b>17,405.11</b>       | <b>16,636.58</b>       |
| Secured loans                              | 17,405.11              | 16,636.58              |
|  | <b>7,845.23</b>        | <b>7,988.21</b>        |

**Details of Short Term Borrowings are given below:**

| Particulars                                   | As at<br>31 March<br>2020 | Effective<br>Interest<br>Rate | Currency | Repayment Terms  | Security   |
|---|---------------------------|-------------------------------|----------|--|--|
| Short Term Loan- 1                            | 1,870.00                  | 8.00%                         | INR      | Bullet repayment terms ;<br>interest payable monthly   | Mutual funds of the<br>Holding Company                       |
| Bank overdrafts                               | 8,525.11                  | 6.80% -<br>8.15%              | INR      | Repayable on demand                                    | Fixed Deposits and<br>Mutual funds of the<br>Holding Company |
| Bank overdrafts                               | 1,034.77                  | 7.95%                         | INR      | Repayable on demand                                    | Mutual funds of the<br>Holding Company                       |
| Foreign Currency Non-Resident<br>Loan ( FCNR) | 1,073.82                  | 3.00%                         | Euro     | On demand  | Fixed Deposits of the<br>Holding Company                     |
| Packing Credit Foreign<br>Currency (PCFC)     | 971.68                    | 2.05%                         | Euro     | Repayable within 6 months<br>from the date of the loan | Fixed Deposits of the<br>Holding Company                     |
| Working capital demand loan -1                | 360.28                    | 9.25%                         | INR      | On demand  | Fixed Deposits of the<br>Holding Company                     |
| Working capital demand loan -2                | 3,185.76                  | 1.60%-<br>2.80%               | USD      | On demand  | Term Deposits of the<br>Holding Company                      |
| External Commercial Borrowing<br>(ECB)        | 383.69                    | 0.90%                         | Euro     | Rollover due in April 2020                             | Mutual funds of the<br>Holding Company                       |
| <b>Total Short term Borrowings</b>            | <b>17,405.11</b>          |                               |          |  |  |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**16 Other Financial Liabilities**

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>(i) Non Current</b>                                  |                        |                        |
| Rental Deposit  | 138.71                 | 115.59                 |
| <b>Total</b>  | <b>138.71</b>          | <b>115.59</b>          |
| <b>(ii) Current</b>                                     |                        |                        |
| Current maturities of long-term debt (Refer Note 15(a)) | 986.10                 | 233.21                 |
| Unpaid dividend   | 10.20                  | 29.37                  |
| Interest accrued  | 52.26                  | 51.00                  |
| Deferred AMC Income                                     | 0.76                   | -                      |
| Capital creditors                                       | 26.39                  | 66.88                  |
| Rental deposits   | 41.37                  | 38.54                  |
| Statutory dues payable                                  | 71.57                  | 81.20                  |
| <b>Total</b>  | <b>1,188.65</b>        | <b>500.20</b>          |
| <b>Total</b>  | <b>1,327.36</b>        | <b>615.79</b>          |

**16(a) Other non-current liabilities**

|                           |               |   |
|---------------------------|---------------|---|
| Security deposit for Land | 51.04         | - |
| Deferred AMC Income       | 21.49         | - |
| Deferred Interest Income  | 314.54        | - |
| <b>Total</b>              | <b>387.07</b> | - |

**17 a (i) Deferred Tax Asset (Net)**

| Particulars            | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------|------------------------|------------------------|
| <b>(i) Non-Current</b> |                        |                        |
| MAT credit entitlement | 273.51                 | 246.92                 |
| <b>Total</b>           | <b>273.51</b>          | <b>246.92</b>          |

**17 b (a) Deferred tax liabilities (net)**

| Particulars   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>Deferred tax liabilities</b>   |                        |                        |
| Impact on difference between tax, depreciation and amortisation charged for the financial reporting | 3,639.48               | 2,833.80               |
| <b>Gross deferred tax liabilities</b>   | <b>3,639.48</b>        | <b>2,833.80</b>        |
| <b>Deferred tax assets</b>  |                        |                        |
| Carry forward business loss and unabsorbed depreciation   | (3,312.75)             | (2,550.48)             |
| <b>Gross deferred tax assets</b>  | <b>(3,312.75)</b>      | <b>(2,550.48)</b>      |
| <b>Total Deferred tax liabilities (net) *</b>   | <b>326.73</b>          | <b>283.32</b>          |

\* Deferred tax liabilities as at 31 March 2020 comprises of deferred tax asset of Rs. 3,639.48 lakhs and deferred tax liabilities of Rs. 3312.75 lakhs.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

(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 2020 and 31 March 2019 are:

**Consolidated Statement of Profit and Loss:**

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| <b>Current income tax:</b>                                    |                                     |                                     |
| Current income tax charge                                     | 410.81                              | 479.35                              |
| MAT credit (entitlement) / availed                            | (26.56)                             | (35.89)                             |
| <b>Deferred tax:</b>  |                                     |                                     |
| Relating to origination and reversal of temporary differences | (69.59)                             | (77.66)                             |
| <b>Total</b>  | <b>314.66</b>                       | <b>365.80</b>                       |

As at 31 March 2020, the Group has total eligible deferred tax asset of Rs.3,586.26 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. 3,312.75 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 2020 and 31 March 2019:**

| Particulars  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| <b>Accounting Profit before Income tax (including other comprehensive income)</b>  | 875.37                              | 1,052.55                            |
| <b>Minimum Alternate Tax (MAT) Adjustments:</b>  |                                     |                                     |
| Add: Allowance for Expected Credit Loss  | 224.28                              | 145.61                              |
| Less: Dividend income earned on Investments  | (43.43)                             | -                                   |
| <b>Book Profit for MAT Calculation</b>   | <b>1,056.23</b>                     | <b>1,198.16</b>                     |
| At India's statutory Minimum Alternate Tax rate of 19.664% (31 March 2019: 21.549 %) **  | 19.664%                             | 21.549%                             |
| <b>Derived Tax Charge for the year</b>   | <b>207.69</b>                       | <b>258.19</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 | 72.57                               | 89.85                               |
| Effect of deferred taxes created on depreciation differences   | (69.59)                             | (77.66)                             |
| Effect of non deductible items for tax purposes  | 21.75                               | -                                   |
| Effect of Income not taxable   | (11.19)                             | (4.70)                              |
| Tax impact on account of loss making subsidiaries  | 90.26                               | 107.18                              |
| Effect of MAT credit recognised during the year  | (26.56)                             | (35.89)                             |
| Effect of differential tax rates   | 29.73                               | 28.84                               |
| <b>Net derived tax charge</b>  | <b>314.66</b>                       | <b>365.80</b>                       |
| <b>Income tax expense reported in the Consolidated Statement of Profit and Loss</b>  | <b>314.66</b>                       | <b>365.80</b>                       |

\*\* 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 19.664%.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**18 Provisions**

| Particulars                                   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---|------------------------|------------------------|
| <b>(i) Non- current</b>                       |                        |                        |
| Provision for warranties (Refer Note below)   | 353.30                 | 338.02                 |
| Provision for gratuity (Refer Note 31)        | 83.86                  | 118.77                 |
| Provision for compensated absences            | 14.95                  | 91.78                  |
| <b>Total</b>                                  | <b>452.11</b>          | <b>548.57</b>          |
| <b>(ii) Current</b>                           |                        |                        |
| Provision for warranties (Refer Note below)   | 86.59                  | 84.07                  |
| Provision for gratuity (Refer Note 31)        | 3.90                   | 4.78                   |
| Provision for compensated absences            | 74.18                  | 38.26                  |
| Provision for Income tax (net of advance tax) | 25.79                  | 250.11                 |
| <b>Total</b>                                  | <b>190.46</b>          | <b>377.22</b>          |
| <b>Total Provisions [(i)+(ii)]</b>            | <b>642.57</b>          | <b>925.79</b>          |

**Note:**

**Provision for warranties**

| Particulars                   | As at<br>31 March 2020 | As at<br>31 March 2019 |
|-------------------------------|------------------------|------------------------|
| At the beginning of the year  | 422.09                 | 361.72                 |
| Arising during the year       | 17.80                  | 328.64                 |
| Utilisation of warranties     | -                      | (268.27)               |
| <b>At the end of the year</b> | <b>439.89</b>          | <b>422.09</b>          |

**19 Trade payables**

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| Trade payables   | 5,226.12               | 5,005.19               |
| (Refer note below regarding dues to micro, small and medium enterprises) |                        |                        |
| Trade payables to related parties (Refer Note 33)                        | 173.43                 | 163.58                 |
| <b>Total</b>   | <b>5,399.55</b>        | <b>5,168.77</b>        |

**Note:** Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

| Particulars  | As at<br>31 March 2020 | As at<br>31 March 2019 |
|--|------------------------|------------------------|
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | 259.35                 | 196.96                 |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | 4.78                   | 2.67                   |
| (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                   | 2.67                   |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | 7.45                   | 2.67                   |
| (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.

**SWELECT ENERGY SYSTEMS LIMITED**

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

**20 Other current liabilities**

| Particulars            | As at<br>31 March 2020 | As at<br>31 March 2019 |
|------------------------|------------------------|------------------------|
| Advance from customers | 2,736.73               | 346.89                 |
| Others                 | 110.00                 | 162.82                 |
| <b>Total</b>           | <b>2,846.73</b>        | <b>509.70</b>          |

**21 Revenue from operations**

| Particulars                                    | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| <b>Revenue from operations</b>                 |  |  |
| Sale of products                               |  |  |
| Manufactured goods                             |  |  |
| Solar Photovoltaic Panels                      | 4,392.11                               | 3,366.84                               |
| Solar Power Generating Systems and accessories | 4,327.88                               | 5,173.53                               |
| Alloys and castings                            | 5,573.67                               | 5,037.05                               |
| Grey Iron and Ductile Iron Castings            | 2,682.17                               | 3,004.44                               |
| Traded goods                                   | 923.85                                 | 1,133.16                               |
| Sale of services                               |  |  |
| Installation                                   | 1,302.90                               | 170.17                                 |
| Annual Maintenance Contracts                   | 36.84                                  | 113.18                                 |
| Others   | 94.81                                  | 89.99                                  |
| Sale of power                                  | 4,129.73                               | 2,881.36                               |
| <b>Other operating revenue</b>                 |  |  |
| Scrap Sales                                    | 169.70                                 | 154.43                                 |
| Rental Income                                  | 436.86                                 | 405.14                                 |
| Renewable Energy Certificate Income (net)      | 917.26                                 | 1,042.59                               |
| Export Benefits                                | 233.98                                 | 193.06                                 |
| others   | 0.06                                   | -                                      |
| <b>Revenue from operations</b>                 | <b>25,221.82</b>                       | <b>22,764.94</b>                       |

**22 Other income**

| Particulars  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| Exchange differences (net)   | -                                      | 4.94                                   |
| Dividend Income on equity investments carried at cost                        | 6.65                                   | 4.70                                   |
| Gain on sale of investments (net)  | 1,463.59                               | 1,929.29                               |
| (Loss)/Gain on investments carried at fair value through Profit and Loss     | 237.50                                 | (207.23)                               |
| Dividend income on investments carried at fair value through Profit and Loss | 38.28                                  | -                                      |
| Provision no longer required written back (Net)                              | 11.29                                  | 52.55                                  |
| Liabilities no longer required, written back                                 | -                                      | 6.78                                   |
| Other non-operating income   | 118.68                                 | 164.04                                 |
| Interest income on financial assets carried at amortised cost                | 883.31                                 | 700.43                                 |
| <b>Total</b>   | <b>2,759.30</b>                        | <b>2,655.50</b>                        |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**23 Revenue from operations**

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| (a) Sale of Products (Refer Note 23.1 (i) below)          | 17,899.68                           | 17,715.02                           |
| (b) Sale of Services (Refer Note 23.1 (ii) below)         | 1,434.55                            | 373.34                              |
| (c) Sale of Power   | 4,129.73                            | 2,881.36                            |
| (d) Other Operating Revenue (Refer Note 23.1 (iii) below) | 1,757.86                            | 1,795.22                            |
| <b>Total</b>  | <b>25,221.82</b>                    | <b>22,764.94</b>                    |

**23.1 Disaggregation of the revenue information**

The tables below presents disaggregated revenues from contracts with customers for the year ended 31 March 2020 by offerings. The Group 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<br>31 March 2020 | For the year ended<br>31 March 2019 |
|--|-------------------------------------|-------------------------------------|
| Manufactured goods                             |                                     |                                     |
| Solar Photovoltaic Panels                      | 4,392.11                            | 3,366.84                            |
| Solar Power Generating Systems and accessories | 4,327.88                            | 5,173.53                            |
| Alloys and castings                            | 5,573.67                            | 5,037.05                            |
| Grey Iron and Ductile Iron Castings            | 2,682.17                            | 3,004.44                            |
| Traded goods                                   | 923.85                              | 1,133.16                            |
| <b>Total</b>                                   | <b>17,899.68</b>                    | <b>17,715.02</b>                    |

**(ii) Sale of Services comprises the following:-**

| Particulars                  | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|------------------------------|-------------------------------------|-------------------------------------|
| Installation                 | 1,302.90                            | 170.17                              |
| Annual Maintenance Contracts | 36.84                               | 113.18                              |
| Others                       | 94.81                               | 89.99                               |
| <b>Total</b>                 | <b>1,434.55</b>                     | <b>373.34</b>                       |

**(iii) Other operating revenue comprises the following:-**

| Particulars                               | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---|-------------------------------------|-------------------------------------|
| Scrap Sales                               | 169.70                              | 154.43                              |
| Rental Income                             | 436.86                              | 405.14                              |
| Renewable Energy Certificate Income (net) | 917.26                              | 1,042.59                            |
| Export Benefits                           | 234.04                              | 193.06                              |
| <b>Total</b>                              | <b>1,757.86</b>                     | <b>1,795.22</b>                     |

No other single customers contributed 10% or more to the Company's revenue during the financial years 2019-20 and 2018-19.

**Revenue by Geography (Revenue from Operations)**

| Particulars   | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
|---------------|-------------------------------------|-------------------------------------|
| India         | 19,533.44                           | 17,812.41                           |
| Outside India | 5,688.38                            | 4,952.53                            |
| <b>Total</b>  | <b>25,221.82</b>                    | <b>22,764.94</b>                    |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**23.2 Trade Receivables and Contract Balances**

The Group 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.

**23.3 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.

**24 Cost of raw material and components consumed**

| Particulars                              | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| Inventories at the beginning of the year | 3,125.86                               | 2,382.26                               |
| Add: Purchases                           | 12,198.19                              | 3,834.63                               |
|  | <b>15,324.06</b>                       | <b>6,216.89</b>                        |
| Less: Inventories at the end of the year | 2,111.18                               | 3,116.46                               |
| <b>Total</b>                             | <b>13,212.88</b>                       | <b>3,100.43</b>                        |

**25 Decrease / (Increase) in Inventories of work-in-progress, traded goods and finished goods**

| Particulars      | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|------------------|--|--|
| Traded goods     | (113.07)                               | 538.40                                 |
| Work-in-progress | (505.94)                               | 49.98                                  |
| Finished goods   | (1,631.27)                             | 1,260.82                               |
| <b>Total</b>     | <b>(2,250.28)</b>                      | <b>1,849.20</b>                        |

**26 Employee benefits expense**

| Particulars                               | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| Salaries, wages and bonus                 | 2,103.11                               | 2,206.48                               |
| Contribution to provident and other funds | 135.52                                 | 139.05                                 |
| Gratuity expense (Refer note 31)          | 51.16                                  | 31.03                                  |
| Staff welfare expenses                    | 125.33                                 | 160.43                                 |
| <b>Total</b>                              | <b>2,415.12</b>                        | <b>2,536.99</b>                        |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**27 Other expenses**

| Particulars   | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| Sub-contracting and processing expenses                           | 2,690.33                               | 2,484.50                               |
| Consumption of stores and spares                                  | 2.65                                   | 32.87                                  |
| Service and maintenance charges                                   | 11.69                                  | 12.10                                  |
| Power and fuel  | 781.07                                 | 1,003.50                               |
| Wheeling charges  | 62.30                                  | 8.22                                   |
| Freight and forwarding charges                                    | 243.81                                 | 211.00                                 |
| Rent  | 135.12                                 | 194.43                                 |
| Rates and taxes   | 123.56                                 | 99.84                                  |
| Insurance   | 65.19                                  | 72.56                                  |
| Repairs and maintenance   |  |  |
| - Plant & Machinery   | 188.67                                 | 334.80                                 |
| - Buildings   | 24.60                                  | 72.01                                  |
| - Others  | 221.48                                 | 106.17                                 |
| Corporate Social Responsibility (Refer Note (i) below)            | 34.02                                  | 40.73                                  |
| Sales promotion   | 68.06                                  | 138.33                                 |
| Advertisement   | 100.11                                 | 100.40                                 |
| Security charges  | 121.86                                 | 116.61                                 |
| Travelling and conveyance   | 215.22                                 | 227.47                                 |
| Communication costs   | 52.31                                  | 56.17                                  |
| Printing and stationery   | 26.98                                  | 32.24                                  |
| Exchange differences (net)  | 746.82                                 | 599.11                                 |
| Legal and professional fees                                       | 295.31                                 | 267.60                                 |
| Payment to auditor (Refer Note (ii) below)                        | 58.89                                  | 46.22                                  |
| Liquidated damages  | 26.07                                  | 34.36                                  |
| Provision for Doubtful/Trade/Other receivables                    | 348.53                                 | 145.35                                 |
| Bad debts/advances written off                                    | 6.69                                   | 21.11                                  |
| Net loss on retirement of Property, Plant and Equipment           | 4.56                                   | -                                      |
| Provision for warranties (net of reversals)<br>(Refer Note 18)    | 15.61                                  | 59.51                                  |
| Directors' sitting fees / Management fees                         | 7.40                                   | 29.18                                  |
| Loss on investments carried at fair value through Profit and Loss | 800.56                                 | -                                      |
| Miscellaneous expenses  | 209.90                                 | 231.89                                 |
|   | <b>7,689.39</b>                        | <b>6,778.28</b>                        |

**(i) Corporate Social Responsibility**

| Particulars  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| (i) Gross amount required to be spent by the Group during the year | 34.02                                  | 43.91                                  |
| (ii) Amount spent during the year                                  | 34.02                                  | 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**(ii) Payment to auditor**

| Particulars               | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---------------------------|--|--|
| Audit fee                 | 37.71                                  | 32.89                                  |
| Limited review            | 10.62                                  | 7.08                                   |
| Tax Audit Fee             | 2.95                                   | 3.27                                   |
| Certification             | 5.69                                   | 1.06                                   |
| Reimbursement of expenses | 1.92                                   | 4.48                                   |
|                           | <b>58.89</b>                           | <b>48.78</b>                           |

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

**28 Depreciation and amortisation expense**

| Particulars                                   | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|---|--|--|
| Depreciation of Property, Plant and Equipment | 2,062.99                               | 1,800.19                               |
| Depreciation of Investment Property           | 115.50                                 | 102.19                                 |
| Amortisation of Other Intangible assets       | 806.76                                 | 696.87                                 |
|   | <b>2,985.25</b>                        | <b>2,599.25</b>                        |

**29 Finance costs**

|   |                 |                 |
|---|-----------------|-----------------|
| Interest on borrowings                                    | 1,615.42        | 1,454.22        |
| Interest on Trade payables - Micro and small enterprises  | 4.78            | 2.67            |
| Net Loss on Foreign Currency Transactions and Translation | -               | 2.87            |
| Bank and other charges                                    | 105.70          | 73.13           |
|   | <b>1,725.90</b> | <b>1,532.89</b> |

**30 Earnings price per share (EPS)**

The following reflects the profit / (loss) and share data used in the basic and diluted EPS computations:

| Particulars  | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
|--|--|--|
| (Loss) /Profit attributable to equity shareholders of the Group (A)    | (1,016.88)                             | 682.86                                 |
| Weighted average number of Equity shares for basic and diluted EPS (B) | 151,58,760                             | 151,58,760                             |
| Basic Earnings per share (A/B) (In INR)                                | (6.71)                                 | 4.50                                   |
| Diluted Earnings per share (A/B) (In INR)                              | (6.71)                                 | 4.50                                   |

**31 Defined Contribution 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

| Particulars  | For the year ended<br>31 March 2020         | For the year ended<br>31 March 2019         |
|--|---|---|
| Employer's Contribution to Provident Fund  | 135.52                                      | 139.05                                      |
| <b>Defined Benefits Plan</b>   |   |   |
| <b>Reconciliation of opening and closing balances of obligation</b>                | <b>Gratuity Plan (funded)</b>               |   |
|  | <b>For the year ended<br/>31 March 2020</b> | <b>For the year ended<br/>31 March 2019</b> |
| Defined Benefit obligation as at the beginning of the year                         | 243.33                                      | 223.88                                      |
| Current Service Cost   | 43.06                                       | 26.22                                       |
| Interest Cost  | 22.07                                       | 15.29                                       |
| Past Service Cost  | -   | -   |
| Actuarial loss   | (54.34)                                     | (15.77)                                     |
| Benefits paid  | (23.88)                                     | (6.29)                                      |
| <b>Defined Benefit obligation as at the end of the year</b>                        | <b>230.24</b>                               | <b>243.33</b>                               |
| <b>Reconciliation of opening and closing balances of fair value of plan assets</b> |   |   |
|  | <b>For the year ended<br/>31 March 2020</b> | <b>For the year ended<br/>31 March 2019</b> |
| Fair value of plan assets as at the beginning of the year                          | 115.40                                      | 103.92                                      |
| Expected return on plan assets   | (1.93)                                      | 17.77                                       |
| Actuarial gain / loss  | 0.36  | -   |
| Employer's contribution  | 32.31                                       | -   |
| Benefits paid  | (23.88)                                     | (6.29)                                      |
| <b>Fair value of plan assets as at the end of the year</b>                         | <b>122.26</b>                               | <b>115.40</b>                               |
| <b>Reconciliation of fair value of assets and obligations</b>                      |   |   |
|  | <b>For the year ended<br/>31 March 2020</b> | <b>For the year ended<br/>31 March 2019</b> |
| Fair value of plan assets  | 122.26                                      | 115.40                                      |
| Present value of obligation  | 230.24                                      | 243.33                                      |
| Net Obligation disclosed as:   |   |   |
| - Current  | 3.90  | 4.78  |
| - Non - Current  | 83.86                                       | 118.77                                      |
|  | <b>For the year ended<br/>31 March 2020</b> | <b>For the year ended<br/>31 March 2019</b> |
| <b>Recognised in profit or loss:</b>   |   |   |
| Current Service Cost   | 43.06                                       | 26.22                                       |
| Expected return on plan assets   | 1.93  | (17.77)                                     |
| Interest Cost  | 22.07                                       | 15.29                                       |
| Past Service Cost  | -   | -   |
| <b>Recognised in other comprehensive income:</b>                                   |   |   |
| Actuarial loss / (gain)  | (54.88)                                     | (7.29)                                      |
| <b>Net Cost</b>  | <b>12.18</b>                                | <b>16.45</b>                                |



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

The major categories of plan assets of the fair value of the total plan assets are as follows:

| Particulars                 | Gratuity plan                       |                                     |
|-----------------------------|-------------------------------------|-------------------------------------|
|                             | For the year ended<br>31 March 2020 | For the year ended<br>31 March 2019 |
| <b>Investments details:</b> |                                     |                                     |
| Fund with LIC               | 122.26                              | 115.40                              |
| <b>Total</b>                | <b>122.26</b>                       | <b>115.40</b>                       |

The principal assumptions used in determining gratuity for the Group's plans are shown below:

| Particulars   | 2019-20 | 2018-19 |
|---|---------|---------|
| Discount rate:  | 6.80%   | 7.43%   |
| Future salary increases:                              | 6.25%   | 7.50%   |
| Expected Return on Plan Assets:                       | 7.96%   | 7.64%   |
| Employee turnover:                                    | 8.00%   | 14.00%  |
| Contribution Expected to be paid during the next year | 3.90    | 4.78    |

A quantitative sensitivity analysis for significant assumptions as at 31 March 2020 is as shown below:

| 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 |

  

| Assumptions - Sensitivity Level | For the year ended 31 March 2019 |             |                                       |        |
|---------------------------------|----------------------------------|-------------|---------------------------------------|--------|
|                                 | Sensitivity Level                |             | Impact on defined benefit obligations |        |
|                                 | 1% increase                      | 1% decrease | Amount                                | Amount |
| Discount rate:                  | 8.45%                            | 6.45%       | 301.88                                | 349.58 |
| Future salary increases:        | 11.00%                           | 9.00%       | 348.44                                | 302.09 |

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 10 years (31 March 2019: 10 years).

**32 Commitments and Contingencies**

- (i) The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 22.67 lakhs (31 March 2019: Rs.518.86 lakhs)

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**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 (w.e.f 20 April 2018)  
Mr. V.M.Sivasubramaniam - Independent Director (up to 26 April 2018)  
Mr. N.Natarajan - Independent Director (up to 31 March 2019)  
Mr. G.S.Samuel - Independent Director  
Mr. S.Annadurai - Independent Director  
Mr. S.Krishnan - Independent Director ( w.e.f 23 July 2018)  
Mrs. Jayashree Nachiappan - Non Executive Director  
Mr. S.Iniyan - Independent Director (w.e.f. 1 April 2019)  
Mr. P.Jagan - Chief Financial Officer  
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

**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 2020, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2019: 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 2020**  
(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         |               |
|--|--------------------------|---------------|---------------------------------------|--------------|--|---------------|---------------|---------------|
|  | 31-Mar-20                | 31-Mar-19     | 31-Mar-20                             | 31-Mar-19    | 31-Mar-20  | 31-Mar-19     | 31-Mar-20     | 31-Mar-19     |
| <b>Sale of goods</b>                   | <b>415.37</b>            | <b>403.71</b> | -                                     | -            | <b>9.58</b>  | <b>2.24</b>   | <b>424.95</b> | <b>405.95</b> |
| -- Mr. R. Chellappan                   | 411.13                   | 401.99        | -                                     | -            | -  | -             | 411.13        | 401.99        |
| -- Mr. A. Balan                        | -                        | 1.57          | -                                     | -            | -  | -             | -             | 1.57          |
| -- Mr. K.V. Nachiappan                 | 1.18                     | 0.15          | -                                     | -            | -  | -             | 1.18          | 0.15          |
| -- Mrs. Mirunalini                     | 3.06                     | -             | -                                     | -            | -  | -             | 3.06          | -             |
| -- Arken Solutions Private Limited     | -                        | -             | -                                     | -            | 9.58   | 2.24          | 9.58          | 2.24          |
| <b>Receipt of services</b>             | -                        | -             | -                                     | -            | <b>35.36</b>   | <b>113.34</b> | <b>35.36</b>  | <b>113.34</b> |
| -- Arken Solutions Private Limited     | -                        | -             | -                                     | -            | 35.36  | 113.34        | 35.36         | 113.34        |
| <b>Rent expense</b>                    | <b>2.39</b>              | <b>2.27</b>   | -                                     | -            | <b>0.24</b>  | <b>0.24</b>   | <b>2.63</b>   | <b>2.51</b>   |
| -- Mr. R. Chellappan                   | 2.39                     | 2.27          | -                                     | -            | -  | -             | 2.39          | 2.27          |
| -- Swelect Electronics Private Limited | -                        | -             | -                                     | -            | 0.24   | 0.24          | 0.24          | 0.24          |
| <b>Sitting fees</b>                    | <b>7.40</b>              | <b>4.65</b>   | -                                     | -            | -  | -             | <b>7.40</b>   | <b>4.65</b>   |
| -- Mr. V.M. Sivasubramaniam            | -                        | 0.10          | -                                     | -            | -  | -             | -             | 0.10          |
| -- Mr. N. Natarajan                    | -                        | 1.00          | -                                     | -            | -  | -             | -             | 1.00          |
| -- Mr. G.S. Samuel                     | 1.75                     | 1.05          | -                                     | -            | -  | -             | 1.75          | 1.05          |
| -- Mr. S. Annadurai                    | 1.65                     | 0.95          | -                                     | -            | -  | -             | 1.65          | 0.95          |
| -- Mr. S. Krishnan                     | 1.30                     | 0.40          | -                                     | -            | -  | -             | 1.30          | 0.40          |
| -- Mr. S. Iniyar                       | 1.30                     | -             | -                                     | -            | -  | -             | 1.30          | -             |
| -- Mrs. Jayashree Nachiappan           | 1.40                     | 1.15          | -                                     | -            | -  | -             | 1.40          | 1.15          |
| <b>Commission</b>                      | -                        | <b>6.00</b>   | -                                     | -            | -  | -             | -             | <b>6.00</b>   |
| -- Mr. V.M. Sivasubramaniam            | -                        | 3.00          | -                                     | -            | -  | -             | -             | 3.00          |
| -- Mr. N. Natarajan                    | -                        | 3.00          | -                                     | -            | -  | -             | -             | 3.00          |
| <b>Remuneration</b>                    | <b>172.80</b>            | <b>187.22</b> | <b>9.88</b>                           | <b>10.67</b> | -  | -             | <b>182.68</b> | <b>197.89</b> |
| -- Mr. R. Chellappan                   | 65.74                    | 68.22         | -                                     | -            | -  | -             | 65.74         | 68.22         |
| -- Mr. A. Balan                        | 27.08                    | 31.61         | -                                     | -            | -  | -             | 27.08         | 31.61         |
| -- Mr. K.V. Nachiappan                 | 21.96                    | 25.55         | -                                     | -            | -  | -             | 21.96         | 25.55         |
| -- Mr. V.C. Raghunath                  | 10.89                    | 12.16         | -                                     | -            | -  | -             | 10.89         | 12.16         |
| -- Mr. R. Sathishkumar                 | 8.63                     | 8.39          | -                                     | -            | -  | -             | 8.63          | 8.39          |
| -- Mr. P. Jagan                        | 29.53                    | 32.12         | -                                     | -            | -  | -             | 29.53         | 32.12         |
| -- Mrs. V.C. Mirunalini                | 8.95                     | 9.17          | -                                     | -            | -  | -             | 8.95          | 9.17          |
| -- Miss Aarthi Balan                   | -                        | -             | 9.88                                  | 10.67        | -  | -             | 9.88          | 10.67         |
| <b>Consultancy Charges</b>             | -                        | -             | <b>5.93</b>                           | <b>5.97</b>  | -  | -             | <b>5.93</b>   | <b>5.97</b>   |
| -- Miss Preetha Balan                  | -                        | -             | 5.93                                  | 5.97         | -  | -             | 5.93          | 5.97          |
| <b>Dividend paid</b>                   | <b>237.64</b>            | <b>215.63</b> | <b>5.97</b>                           | <b>5.44</b>  | -  | -             | <b>243.61</b> | <b>221.07</b> |
| -- Mr. R. Chellappan                   | 215.46                   | 195.59        | -                                     | -            | -  | -             | 215.46        | 195.59        |
| -- Mr. A. Balan                        | 13.68                    | 12.39         | -                                     | -            | -  | -             | 13.68         | 12.39         |
| -- Mr. K.V. Nachiappan                 | 4.82                     | 4.41          | -                                     | -            | -  | -             | 4.82          | 4.41          |
| -- Mr. V.C. Raghunath                  | 1.71                     | 1.56          | -                                     | -            | -  | -             | 1.71          | 1.56          |
| -- Mrs. V.C. Mirunalini                | 1.97                     | 1.68          | -                                     | -            | -  | -             | 1.97          | 1.68          |
| -- Others                              | -                        | -             | 5.97                                  | 5.44         | -  | -             | 5.97          | 5.44          |

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

**33 Related party transactions**

| Particulars                                    | Enterprises owned or significantly influenced<br>by Key Management Personnel or their relatives |                        |
|--|---|------------------------|
|  | As at<br>31 March 2020  | As at<br>31 March 2019 |
| <b>Balance outstanding as at the year end:</b> |   |                        |
| <b>Trade payables</b>                          | <b>165.71</b>   | <b>163.58</b>          |
| -- Arken Solutions Private Limited             | 165.42  | 163.58                 |
| -- Swelect Electronics Private Limited         | 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 2020.

Goodwill on consolidation as at 31 March 2020 stood at Rs. 789.74 lakhs (previous year 31 March 2019 : 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

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calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of 31 March 2020 and 31 March 2019, 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 2020 stood at Rs. 151.46 lakhs (31 March 2019 :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:**

The details of claims against the Group not acknowledged as debts are given below:

| Particulars                     | As at<br>31 March 2020 | As at<br>31 March 2019 |
|---------------------------------|------------------------|------------------------|
| a) Cenvat related matters *     | -                      | 5.96                   |
| b) Sales tax related matters ** | 40.87                  | 40.87                  |
| c) Income tax related matters # | 2,980.53               | 2,120.74               |
| d) Excise related matters ##    | 671.94                 | 671.94                 |
| e) Rent claim related           | -                      | 2.51                   |
| <b>Total</b>                    | <b>3,693.34</b>        | <b>2,842.02</b>        |

\* Rs. Nil lakhs deposited under dispute (2019 - Rs.3.03 lakhs)

\*\* Rs. 11.57 lakhs deposited under dispute (2019 -Rs. 11.57 lakhs)

# Rs. 150.60 lakhs deposited under dispute (2019 - Rs. 143.20 lakhs)

## Rs. 65.68 lakhs deposited under dispute (2019 - 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.

**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.

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(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 2020 |                  |                  | As at 31 March 2019 |                  |                  |
|---|---------------------|------------------|------------------|---------------------|------------------|------------------|
|   | 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   | 23,703.25           | 500.00           | 24,203.25        | 25,249.66           | 500.00           | 25,749.66        |
| Trade receivables                                     | -                   | 6,820.08         | 6,820.08         | -                   | 3,985.86         | 3,985.86         |
| Cash and cash equivalents                             | -                   | 1,194.52         | 1,194.52         | -                   | 876.72           | 876.72           |
| Other bank balances                                   | -                   | 15,526.42        | 15,526.42        | -                   | 14,023.02        | 14,023.02        |
| Balances with Government Authorities                  | -                   | 638.08           | 638.08           | -                   | 1,670.18         | 1,670.18         |
| Security deposits and Grant Receivable (Refer Note 5) | -                   | 770.60           | 770.60           | -                   | 499.11           | 499.11           |
| Other Current Financial assets                        | -                   | 917.94           | 917.94           | -                   | 703.68           | 703.68           |
| Earnest Money Deposit                                 | -                   | -                | -                | -                   | 48.95            | 48.95            |
| Interest accrued on fixed deposits                    | -                   | 277.23           | 277.23           | -                   | 681.52           | 681.52           |
| Advance to employees                                  | -                   | 8.89             | 8.89             | -                   | 3.63             | 3.63             |
| Advances  | -                   | 16.26            | 16.26            | -                   | -                | -                |
| <b>Total financial assets</b>                         | <b>23,733.60</b>    | <b>26,670.02</b> | <b>50,403.62</b> | <b>25,280.01</b>    | <b>22,992.67</b> | <b>48,272.68</b> |
| <b>Financial liabilities</b>                          |                     |                  |                  |                     |                  |                  |
| Borrowings - Term loans                               | -                   | 6,802.73         | 6,802.73         | -                   | 7,112.64         | 7,112.64         |
| Borrowings - Others                                   | -                   | 15,154.88        | 15,154.88        | -                   | 12,637.74        | 12,637.74        |
| Interest accrued                                      | -                   | 52.26            | 52.26            | -                   | 51.00            | 51.00            |
| Trade Payables  | -                   | 5,399.55         | 5,399.55         | -                   | 5,168.77         | 5,168.77         |
| Capital Creditors                                     | -                   | 26.39            | 26.39            | -                   | 66.88            | 66.88            |
| Unpaid Dividend                                       | -                   | 10.20            | 10.20            | -                   | 29.37            | 29.37            |
| Rental Deposit  | -                   | 180.08           | 180.08           | -                   | 154.13           | 154.13           |
| Statutory dues payable                                | -                   | 71.57            | 71.57            | -                   | -                | -                |
| External Commercial Borrowing (ECB)                   | -                   | 383.69           | 383.69           | -                   | -                | -                |
| Lease liability                                       | -                   | 463.73           | 463.73           | -                   | -                | -                |
| <b>Total financial liabilities</b>                    | <b>-</b>            | <b>28,545.08</b> | <b>28,545.08</b> | <b>-</b>            | <b>25,220.53</b> | <b>25,220.53</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 2020 |          |                  | As at 31 March 2019 |          |                 |
|----------------------------------|---------------------|----------|------------------|---------------------|----------|-----------------|
|                                  | 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                | 23,703.25           | -        | -                | 25,249.66           | -        | -               |
| Investment Property              | -                   | -        | 14,270.27        | -                   | -        | 9,917.06        |
|                                  | <b>23,703.25</b>    | <b>-</b> | <b>14,300.62</b> | <b>25,249.66</b>    | <b>-</b> | <b>9,947.41</b> |

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#### **(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 2020 and 31 March 2019. 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.

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**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.

**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) | Amount          |
| <b>Parent</b>                                  |                                       |                  |  |                 |
| Swelect Energy Systems Limited                 | 91.42%                                | 65,778.92        | 1589.90%                                   | (1,673.16)      |
| <b>Subsidiaries</b>                            |                                       |                  |  |                 |
| <b>Foreign</b>                                 |                                       |                  |  |                 |
| Swelect Energy Systems Pte. Limited, Singapore | 17.31%                                | 12,457.87        | 14.06%                                     | (14.80)         |
| SWELECT Inc, USA                               | -0.04%                                | (30.21)          | 28.79%                                     | (30.30)         |
| SWELECT Energy Systems LLC, USA                | -0.00                                 | (78.10)          | 0.00%                                      | -               |
| <b>Indian</b>                                  |                                       |                  |  |                 |
| Amex Alloys Private Limited                    | (0.00)                                | (225.15)         | 397.95%                                    | (418.79)        |
| Swelect Solar Energy Private Limited           | 0.47%                                 | 340.33           | 9.43%                                      | (9.92)          |
| Noel Media & Advertising Private Limited       | 0.36%                                 | 256.19           | 7.73%                                      | (8.13)          |
| Swelect Green Energy Solutions Private Limited | 8.67%                                 | 6,241.03         | 1172.84%                                   | (1,234.27)      |
| K J Solar Systems Private Limited              | 0.46%                                 | 331.45           | 49.71%                                     | (52.31)         |
| Swelect Power Systems Private Limited          | 0.69%                                 | 497.36           | -98.81%                                    | 103.99          |
| SWEES Employees Welfare Trust                  | 0.53%                                 | 382.71           | -15.92%                                    | 16.75           |
| Less : Inter-Group eliminations                | -19.46%                               | (14,003.76)      | -3055.68%                                  | 3,215.70        |
| <b>Total</b>                                   |                                       | <b>71,948.63</b> |  | <b>(105.24)</b> |



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**38 Directors' remuneration**

|            | 31 March 2020 | 31 March 2019 |
|------------|---------------|---------------|
| Salaries   | 134.63        | 146.71        |
| Commission | -             | 6.00          |
|            | <b>134.63</b> | <b>152.71</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   | 2019-20            | 2018-19          |
|---|--------------------|------------------|
| <b>SEGMENT REVENUE:</b>   |                    |                  |
| Solar Energy Systems / Services                                 | 17,053.90          | 14,287.74        |
| Foundry   | 9,010.99           | 9,251.10         |
| Less: Inter segment Revenue                                     | (843.07)           | (771.96)         |
| <b>Total Revenue from Operations</b>                            | <b>25,221.82</b>   | <b>22,766.88</b> |
| <b>SEGMENT RESULTS:</b>   |                    |                  |
| Solar Energy Systems / Services                                 | (175.77)           | 215.59           |
| Foundry   | (37.24)            | (291.00)         |
| <b>Total Segment Results</b>                                    | <b>(213.01)</b>    | <b>(75.41)</b>   |
| Add/(Less) :  |                    |                  |
| Other Income  | 2,759.30           | 2,623.56         |
| Interest and other financial charges                            | (1,725.90)         | (1,532.89)       |
| <b>Profit before exceptional item and tax</b>                   | <b>820.38</b>      | <b>1,015.26</b>  |
| Exceptional item  | (1,522.61)         | 30.00            |
| Income Taxes  | 314.66             | 362.40           |
| <b>Profit After Tax</b>   | <b>(1,016.88)</b>  | <b>682.86</b>    |
| <b>SEGMENT ASSETS:</b>  |                    |                  |
| Solar Energy Systems / Services                                 | 52,097.29          | 76,279.82        |
| Foundry   | 9,582.97           | 7,312.14         |
| Others  | 43,016.54          | 16,032.50        |
| <b>Total</b>  | <b>1,04,696.80</b> | <b>99,624.46</b> |
| <b>SEGMENT LIABILITIES:</b>                                     |                    |                  |
| Solar Energy Systems / Services                                 | 6,003.95           | 5,304.93         |
| Foundry   | 4,051.17           | 1,915.12         |
| Others  | 22,693.06          | 19,800.49        |
| <b>Total</b>  | <b>32,748.18</b>   | <b>27,020.54</b> |
| <b>CAPITAL EXPENDITURE (SEGMENT ASSETS-SEGMENT LIABILITIES)</b> |                    |                  |
| Solar Energy Systems / Services                                 | 46,093.35          | 70,974.89        |
| Foundry   | 5,531.80           | 5,397.02         |
| Unallocable #   | 20,323.49          | (3,767.99)       |
| <b>Total</b>  | <b>71,948.63</b>   | <b>72,603.92</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.

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| <b>PARTICULARS</b>   | <b>2019-20</b>   | <b>2018-19</b>   |
|--|------------------|------------------|
| <b>DEPRECIATION AND AMORTISATION EXPENSE</b>                     |                  |                  |
| Solar Energy Systems / Services                                  | 2,399.11         | 2,150.23         |
| Foundry  | 586.14           | 449.02           |
| <b>Total</b>   | <b>2,985.25</b>  | <b>2,599.25</b>  |
| <b>NON CASH EXPENSE OTHER THAN DEPRECIATION AND AMORTISATION</b> |                  |                  |
| Solar Energy Systems / Services                                  | 15,238.38        | 21,775.93        |
| Foundry  | 8,937.10         | 9,554.79         |
| <b>Total</b>   | <b>24,175.48</b> | <b>31,330.72</b> |

**The details in respect of the Key Geographical areas in which the Group has operations are given below:**

| <b>Particulars</b>  | <b>2019-20</b>   | <b>2018-19</b>   |
|---|------------------|------------------|
| Revenue from operations   |                  |                  |
| India   | 19,533.44        | 17,812.41        |
| Europe  | 5,398.31         | 3,809.95         |
| Others  | 290.07           | 1,142.58         |
| <b>Total</b>  | <b>25,221.82</b> | <b>22,764.94</b> |
| <b>Non-current assets (Excluding Financial assets &amp; Deferred tax asset)</b> |                  |                  |
| India   | 42,515.68        | 40,629.73        |
| Singapore   | 3,644.36         | 3,378.77         |
| <b>Total</b>  | <b>46,160.04</b> | <b>44,008.50</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 2020 and 31 March 2019.

**40 A. 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 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.

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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<br>31 March 2020 | As at<br>31 March 2019 |
|--------------------------|------------------------|------------------------|
| Variable rate borrowings | 22,337.84              | 19,736.58              |
| Fixed rate borrowings    | 2.70                   | 13.80                  |
| <b>Total</b>             | <b>22,340.54</b>       | <b>19,750.38</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   | Year Ended<br>31 March 2020 | Year Ended<br>31 March 2019 |
|---------------|-----------------------------|-----------------------------|
| 31 March 2020 | + 127 basis points          | 90.05                       |
|               | - 127 basis points          | (90.05)                     |
| 31 March 2019 | + 183 basis points          | 104.41                      |
|               | - 183 basis points          | (104.41)                    |

**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.

| Particulars | Change in currency<br>exchange rate | Effect on profit before tax            |  | Effect on equity                       |  |
|-------------|-------------------------------------|--|--|--|--|
|             |                                     | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 | For the year<br>ended<br>31 March 2020 | For the year<br>ended<br>31 March 2019 |
| US Dollars  | +5%                                 | (306.39)                               | (263.63)                               | (306.39)                               | (263.63)                               |
|             | -5%                                 | 306.39                                 | 263.63                                 | 306.39                                 | 263.63                                 |
| SGD         | +10%                                | -                                      | (187.00)                               | -                                      | (187.00)                               |
|             | -10%                                | -                                      | 187.00                                 | -                                      | 187.00                                 |
| Euro        | +5%                                 | 32.50                                  | -                                      | 32.50                                  | -                                      |
|             | -5%                                 | (32.50)                                | -                                      | (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.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020

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

#### 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 2020 | 2,928.91                      | 3,042.70                  | 848.47           | 6,820.08 |
| Trade Receivables as of 31 March 2019 | 1,637.27                      | 1,634.10                  | 714.48           | 5,833.41 |

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.

#### 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.

#### 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

| 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        | 22,340.54        |
| 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         | 1,327.36         |
| <b>Total</b>                | <b>16,878.23</b>    | <b>2,902.85</b> | <b>9,750.11</b>   | <b>29,531.19</b> | <b>29,531.19</b> |

| Particulars                 | As at 31 March 2019 |                 |                   | Total            | Carrying Value   |
|-----------------------------|---------------------|-----------------|-------------------|------------------|------------------|
|                             | Less than 1 year    | 1- 5 years      | More than 5 years |                  |                  |
| Borrowings                  | 10,654.12           | 1,363.36        | 7,732.90          | 19,750.38        | 19,750.38        |
| Trade Payables              | 5,119.56            | 49.20           | -                 | 5,168.77         | 5,168.77         |
| Other financial liabilities | 303.41              | 115.59          | -                 | 419.00           | 419.00           |
| <b>Total</b>                | <b>16,077.08</b>    | <b>1,528.15</b> | <b>7,732.90</b>   | <b>25,338.14</b> | <b>25,338.14</b> |

**40 B. 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 31 March 2020 | As at 31 March 2019 |
|---------------------------------|---------------------|---------------------|
| Borrowings                      | 22,340.54           | 19,750.38           |
| Less: Cash and cash equivalents | (16,720.94)         | (14,899.74)         |
| <b>Net Debt</b>                 | <b>5,619.60</b>     | <b>4,850.64</b>     |
| Equity                          | 71,948.62           | 72,603.92           |
| <b>Total Capital</b>            | <b>71,948.62</b>    | <b>72,603.92</b>    |
| <b>Capital and Net Debt</b>     | <b>77,568.22</b>    | <b>77,454.56</b>    |
| <b>Gearing Ratio</b>            | <b>7.24%</b>        | <b>6.26%</b>        |

**41 Recent accounting pronouncements**

**Amendments to Ind AS 12 - Income Taxes**

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On 30 March 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after 1 April 2019. On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 – Income Taxes. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020

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

#### Amendment to Ind AS 19 - Employee Benefits

On 30 March 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 – Employee Benefits in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after 1 April 2019, though early application is permitted.

#### New Accounting Standard : Ind AS 116 - Leases

On 30 March 2019, the Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases and related amendments to other Ind ASs. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019.

The Group has evaluated the effect of the above in its financial statements.

- 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 results 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 is carrying Property, Plant and Equipment (net) and Other Intangibles Assets aggregating Rs.9,503.35 lakhs (As at 31 March 2019 Rs.11,368.97 lakhs), relating to two subsidiaries of the Group whose net worth has substantially eroded and incurring continuous losses, as per the audited financial statements of those subsidiaries as at 31 March 2020. The Group has assessed the recoverability of its property, plant and equipment duly considering the significant estimates and judgements which inter-alia includes revenue projections based on most recent long-term forecasts, resultant cash flows using an appropriate discount rate. 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 statements may differ from that estimated as at the date of approval of these financial statements dependent on circumstances that evolve in the future.

Based on the assessment, the Group made provision for impairment of Property, plant and equipment in Consolidated financial statements for Rs.1,522.61 lakhs and disclosed the same as an exceptional item in the consolidated financial statements of the Group. The Management has concluded that the carrying value of the property, plant and equipment and intangible assets are recoverable duly considering the expected future business projections as at 31 March 2020.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2020**

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

- 45** Swelect Energy Systems Pte. Limited, Singapore (Wholly Owned Subsidiary) has entered into a Joint Venture agreement with Swelect Energy Systems Myanmar Company Limited, a Private Limited Company based on Myanmar Laws. However, no share capital is infused and the operations of the entity are yet to be commenced and hence the same was not consolidated.
- 46** A nation-wide lockdown was announced by the Government of India w.e.f. March 24, 2020 as a result of the outbreak of COVID 19 pandemic. Due to the lockdown announced by the Government of India, since March 24, 2020 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.

In connection with the preparation of the consolidated financial statements for the year ended 31 March 2020, the Board of Directors have confirmed the propriety of the contracts / agreements entered into by / on behalf of the Group and the resultant revenue earned / expenses incurred arising out of the same after reviewing the levels of authorisation and the available documentary evidences and the overall control environment. Further, the Board of Directors have also reviewed the realizable value of all the current assets of the Group and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the consolidated financial statements. In addition, the Board has also confirmed the carrying value of the non-current assets in the financial statements. The Board, duly taking into account all the relevant disclosures made, has approved these consolidated financial statements in its meeting held on 8 July 2020 in accordance with the provisions of Companies Act, 2013.

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

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

Place: Coimbatore  
Date: 8 July 2020

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

Place: Chennai  
Date: 8 July 2020

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

Place: Salem  
Date: 8 July 2020

Sd/-  
**P. Jagan**  
*Chief Financial Officer*

Place: Chennai  
Date: 8 July 2020

**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          | 13-05-2004                          | Apr-Mar          | USD                | 75.3859             | 4,372.90      | 8,084.97             | 16,928.61    | 4,470.74          | -  | 8,865.66       | (13.07)                         | 1.73                   | (14.80)                        | -                 | 100%               | Singapore |
| 2     | SWELECT Inc, USA  | 23-02-2016                          | Jan-Dec          | USD                | 75.3859             | 68.85         | (99.06)              | 354.77       | 384.98            | -  | -              | (30.30)                         | -                      | (30.30)                        | -                 | 100%               | USA       |
| 3     | SWELECT Energy Systems LLC, USA (Refer Note 2)          | 19-02-2016                          | Jan-Dec          | USD                | 75.3859             | -             | -                    | -            | -                 | -  | -              | -                               | -                      | 0.00                           | -                 | 100%               | USA       |
| 4     | Amex Alloys Private Limited                             | 05-12-2010                          | Apr-Mar          | INR                |                     | 650.00        | (875.15)             | 10,717.01    | 10,942.16         | -  | 9,010.99       | (418.79)                        | -                      | (418.79)                       | -                 | 100%               | India     |
| 5     | SWELECT Solar Energy Private Limited                    | 02-09-2009                          | Apr-Mar          | INR                |                     | 444.00        | (103.67)             | 370.24       | 29.90             | -  | 4.63           | (9.92)                          | -                      | (9.92)                         | -                 | 100%               | India     |
| 6     | Noel Media & Advertising Private Limited (Refer Note 3) | 15-05-2015                          | Apr-Mar          | INR                |                     | 21.08         | 235.11               | 1,129.43     | 873.25            | -  | 169.98         | (8.13)                          | -                      | (8.13)                         | -                 | 100%               | India     |
| 7     | SWELECT Green Energy Solutions Private Limited          | 13-05-2013                          | Apr-Mar          | INR                |                     | 1,860.95      | 5,902.56             | 7,777.90     | 14.38             | -  | 872.73         | 408.95                          | 120.73                 | 288.22                         | -                 | 100%               | India     |
| 8     | K J Solar Systems Private Limited (Refer Note 3)        | 11-02-2016                          | Apr-Mar          | INR                |                     | 10.00         | 321.45               | 1,647.29     | 1,315.82          | -  | 263.16         | (52.31)                         | -                      | (52.31)                        | -                 | 100%               | India     |
| 9     | SWELECT Power Systems Private Limited                   | 11-04-2016                          | Apr-Mar          | INR                |                     | 10.00         | 487.36               | 7,264.39     | 6,767.00          | -  | 1,147.05       | 34.40                           | -69.59                 | 103.99                         | -                 | 100%               | India     |

Note:

- 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 2020.
- SWELECT Energy Systems LLC, USA is a 100 % subsidiary of SWELECT Inc, USA.
- 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 31.03.2020.

**For and on behalf of the board of directors**

Sd/-  
R. Chellappan  
Managing Director  
Place: Coimbatore  
Date: 8 July 2020

Sd/-  
P.Jagan  
Chief Financial Officer  
Place: Chennai  
Date: 8 July 2020







Registered Office : "SWELECT HOUSE", No. 5, Sir P.S. Sivasamy Salai,  
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