

August 20, 2018

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

Scrip Code: 532051

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

Scrip Code: SWELECTES

Dear Sir / Madam,

Sub: Submission of Annual Report 2017-2018

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report for the financial year 2017-18 as approved by the Shareholders of the Company at the 23<sup>rd</sup> Annual General Meeting held on 09.08.2018.

Kindly take on record the above Compliance and Acknowledge receipt of the same.

Thanking you,

Yours faithfully,  
For SWELECT ENERGY SYSTEMS LIMITED



R. Sathishkumar  
Company Secretary & Compliance Officer



Encl.: as above



# CONTENTS

Corporate Information	2
Board's Report	3
Management Discussion and Analysis	8
Report on Corporate Governance	11
Corporate Governance Certificate	23
Annexures to Board's Report	25
Auditor's Report - Standalone	48
Balance Sheet - Standalone	54
Statement of Profit and Loss - Standalone	56
Cash Flow Statement- Standalone	58
Statement of Changes in Equity - Standalone	60
Notes to Financial Statements - Standalone	61
Auditor's Report - Consolidated	107
Balance Sheet - Consolidated	112
Statement of Profit and Loss - Consolidated	114
Cash Flow Statement - Consolidated	116
Statement of Changes in Equity - Consolidated	118
Notes to Financial Statements - Consolidated	119

## CORPORATE INFORMATION AS ON 25-05-2018

### BOARD OF DIRECTORS

#### CHAIRMAN

Mr. S. ANNADURAI  
(DIN: 00137561)  
(w.e.f. 10.05.2018)

#### MANAGING DIRECTOR

Mr. R. CHELLAPPAN  
(DIN:00016958)

#### JOINT MANAGING DIRECTOR

Mr. A. BALAN  
(DIN:00017091)

#### WHOLE TIME DIRECTORS

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

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

Mr. K. V. NACHIAPPAN  
(DIN:00017182)  
(w.e.f. 20.04.2018)

#### DIRECTORS

Mr. N. NATARAJAN  
(DIN: 00017368)

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

Mrs. JAYASHREE NACHIAPPAN  
(DIN: 03173327)

#### CHIEF FINANCIAL OFFICER

Mr. P. JAGAN

#### COMPANY SECRETARY

Mr. R. SATHISHKUMAR

### BANKERS

STATE BANK OF INDIA

THE HONGKONG AND SHANGHAI  
BANKING CORPORATION LIMITED

HDFC BANK LIMITED

BARCLAYS BANK PLC

DBS BANK

YES BANK

BNP PARIBAS

ICICI BANK

### REGISTERED OFFICE

'SWELECT HOUSE'  
No. 5, Sir P.S. Sivasamy Salai,  
Mylapore, Chennai – 600 004.  
Tel : +91 44 24993266  
Fax : +91 44 24995179  
E-mail Id : cg.ird@swelectes.com

### REGISTRAR AND SHARE TRANSFER AGENT (RTA)

M/s. CAMEO CORPORATE SERVICES LTD  
Subramanian Building,  
No. 1, Club House Road,  
Anna Salai, Chennai - 600002  
Ph: +91 44 28460390  
E-mail: investor@cameoindia.com

### AUDITORS

#### STATUTORY AUDITORS

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

#### INTERNAL AUDITORS

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

#### SECRETARIAL 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.

### PLANT LOCATIONS

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

## BOARD'S REPORT

Our Valued Shareholders

Your Directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 31st March 2018.

### FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

S.No.	Particulars	Standalone		Consolidated	
		For the year ended 31/03/2018	For the year ended 31/03/2017	For the year ended 31/03/2018	For the year ended 31/03/2017
1	Revenue from operations	17382.92	17006.97	29617.25	24686.17
2	Other income	1818.08	2696.41	1989.33	2999.27
3	Finance income	1989.85	1919.44	745.15	591.12
4	Total Income from Operations	21190.85	21622.82	32351.73	28276.56
5	Total Expenditure (Excluding Finance cost, Depreciation and Amortisation)	16180.38	16138.10	26256.39	22283.95
6	Profit Before Finance cost, Depreciation and Amortisation and Tax	5010.47	5484.72	6095.34	5992.61
7	Finance Cost	580.58	529.55	1027.12	959.15
8	Depreciation and Amortization	1343.04	1114.44	2327.54	1946.00
9	Profit Before Tax	3086.85	3840.73	2740.68	3087.46
10	Income Tax Expense	739.92	902.88	1151.72	924.39
11	Net Profit for the year	2346.93	2937.85	1588.96	2163.07
12	Other Comprehensive income for the year, net of tax	(41.08)	-	(41.08)	(215.32)
13	Total comprehensive income for the year, net of tax	2305.85	2937.85	1547.88	1947.74
14	Proposed Final Dividend	404.23	404.23	404.23	404.23
15	Tax on proposed Dividend	82.29	82.29	82.29	82.29
16	Equity Share Capital	1010.58	1010.58	1010.58	1010.58
17	Other equity (Reserves & Surplus)	66309.92	64490.59	70470.01	69012.39
18	EPS (Rs.)	23.22	29.07	15.72	21.40

### 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 – Iron and Steel Foundry Products for Domestic and Export Markets

SWELECT, with a strong back drop of more than 30 years of Power Electronics and Power Systems experience, is well positioned in the Renewable Energy space with over 150 MW of Solar Photovoltaic EPC experience. SWELECT currently has done more than 9000 SPV installations (Roof Top SPV Integration & Solar Water Pumps), which is one of the largest in the country. With well demonstrated technical superiority and international quality standards your Company is fully geared to face the ever changing Clean Energy market landscape, with a unique status of one of the very few companies in the SPV Industry in India to offer the complete range of Products and Services.

SWELECT has also contributed significantly in Solar Water Pumping projects in many states across India.

Export of Iron & Steel castings: Your group's Wholly Owned Subsidiary (WOS) Company AMEX Alloys has earned a foreign exchange of over Rs.60.00 crores in Euros and US Dollars.

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

During the year, your Company achieved a growth of 2.21% over the previous financial year in Revenue from operations (Standalone). The Profit After Tax (PAT) for the current year is Rs. 2346.93 lakhs.



## DIVIDEND

The Board of Directors have recommended a Dividend of Rs.4/- per equity share [@ 40% on the equity share capital of Rs.10,10,58,400/- (Rupees Ten Crore Ten Lakh Fifty Eight Thousand Four Hundred Only)], for the year ended 31st March 2018, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The outflow for the Company would be Rs. 404.23 Lakhs towards dividend and Rs. 82.29 Lakhs towards dividend distribution tax.

## SHARE CAPITAL

During the year under review, there was no change in the Company's issued, subscribed and paid-up equity share capital. On March 31, 2018, it stood at Rs.10,10,58,400/- divided into 1,01,05,840 equity shares of Rs.10/- each.

## TRANSFER TO GENERAL RESERVE

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

## SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

The Company has 10 subsidiaries as on the date of the report. The Board of Directors at their meeting held on 25th May 2018, 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, a statement containing salient features of the financial statements of the Company's subsidiaries, in Form AOC-1 is attached to the financial statements of the Company. The Company does not have Associates or Joint Ventures as on the date of the report.

During the year, none of the company has become or ceased to be subsidiary, Joint Venture or Associate of the company.

## 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

- **Mr. A. Balan** (DIN: 00017091), Joint Managing Director, is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
- **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.
- **Mr. K. V. Nachiappan** (DIN: 00017182), was appointed as the Whole Time Director of the Company for a period of five years with effect from 20th April 2018, based on the recommendation by the Nomination and Remuneration Committee.

The Profile of Mr. A. Balan, Mrs. Jayashree Nachiappan, and Mr. K. V. Nachiappan, is given separately in the notice of AGM. The Board recommends necessary resolutions for the approval of Shareholders at the ensuing Annual General Meeting.

**Mr. V.M. Sivasubramaniam** (DIN: 00017249), Independent Director, Non-Executive Chairman on the Board, resigned as Director effective 26th April 2018. Consequently, Mr. V.M. Sivasubramaniam ceased to be the Chairman of the Board of Directors of the Company.

**Mr. S. Annadurai** (DIN: 00137561), Independent Director of the Company, was appointed as Chairperson of the Board of Directors of the Company with effect from 10th May 2018.

## NUMBER OF BOARD MEETINGS

During the Financial Year 2017-18, 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 constituted an Internal Complaints Committee (ICC) to redress the complaints received regarding sexual harassment. All employees (Permanent, contractual, temporary, trainees) are covered under this policy.

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

The following is a summary of sexual harassment complaints received and disposed off during the year 2017-2018

No. of complaints received during the year : Nil

No. of complaints disposed off during the year : Nil

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

The Company has adopted 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 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 with this report.

Code of conduct of Board of Directors and Senior Management Personnel are available in Company's website

<http://www.swelectes.com/investor.html>.

## **STATUTORY AUDITORS**

Pursuant to 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) was appointed as the Statutory Auditors of the Company by the Shareholders at the 22<sup>nd</sup> Annual General Meeting (AGM) held on 11.8.2017 for a term of five consecutive years from the conclusion of the 22<sup>nd</sup> AGM up to 27<sup>th</sup> AGM of the Company, subject to ratification by Shareholders at the every AGM after the 22<sup>nd</sup> Annual General Meeting of the Company. The Ministry of Corporate Affairs vide its notification dated 7.5.2018, omitted the provision for ratification of appointment of Auditors by Shareholders at every AGM. Accordingly, the ratification of the appointment of Statutory Auditors by Shareholders is not required to be adopted in every AGM.

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

## **STATUTORY AUDITORS REPORT**

There were no qualifications or observations or remarks made by the Statutory Auditors in their report for the year 2017-2018.

## **SECRETARIAL AUDIT REPORT**

A Secretarial Audit was conducted during the year by the Secretarial Auditor Mr. R. Kannan, Practicing Company Secretary, in accordance with the provisions of Section 204 of the Companies Act, 2013. The Secretarial Auditor's Report is also attached as part of this Report. There are no qualifications or remarks made by the Secretarial Auditor in his Report and the same is given in Annexure - 1.

## **COST AUDIT**

Pursuant to the Companies (Cost Records and Audit) Rules, 2014, the Company filed the Cost Audit Report, with the Ministry of Corporate Affairs, for the financial year 2016-17 in XBRL format. For the financial year 2017-18, the Board appointed Mr. R. Ravichandran, as Cost Auditor and he will submit his 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 2018 - 2019. The Board also considered and approved the remuneration of Rs.1.32 Lakhs 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. 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 2017-18 is given in Annexure -3.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

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

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company undertakes "Corporate Social Responsibility" (CSR) initiatives directly to the public in improving the quality of life. During the year 2017-18, the Company has undertaken many initiatives through a policy framework for expanding some of the present initiatives and undertaking newer CSR initiatives in the year to come.

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

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

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

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

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

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

## **SIGNIFICANT AND MATERIAL ORDERS**

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

## **ANNUAL BOARD EVALUATION AND FAMILIARIZING PROGRAMME**

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

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

Further, during the year the Independent Directors of the Company met on March 31, 2018 to review the performance of the Non-Executive directors, Chairman of the Company and performance of the Board as a whole.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year 31st March 2018 and the date of the report 25th May 2018.

## **DISCLOSURE OF ACCOUNTING TREATMENT**

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

## **INDIAN ACCOUNTING STANDARDS (Ind AS)**

In compliance with the Ministry of Corporate Affairs (MCA) Notification dated 16th February 2016, announcing the Companies (Indian Accounting Standards) Rules, 2015 ('Ind AS'), the Company has prepared its standalone and consolidated financial statements adopting Ind AS with effect from 1st April 2016 (with transition date of 1st April 2015).



## **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 profit of the company for that year;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

## **DECLARATION BY INDEPENDENT DIRECTORS**

Pursuant to Section 149(7) of the Companies Act, 2013, the Independent Directors of the Company have given a declaration to the Company that they qualify the criteria of independence as required under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

## **PARTICULARS OF EMPLOYEES**

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

## **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 Agents. Your Directors thank all valuable Investors who have been with the Company all these years and are also very much pleased to welcome all the new Investors and thank them for their continued patronage and confidence reposed in the Management.

For and on behalf of the Board of Directors

Chennai  
25th May 2018

Sd/-  
R. CHELLAPPAN  
Managing Director

Sd/-  
A.BALAN  
Joint Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENTS

#### KEY HIGHLIGHTS

Our Respected Investors – Stake Holders,

The entire Team of SWELECT thank you for your continued support and trust in your company. Your company, SWELECT Energy Systems Ltd, is happy to announce that it has been growing towards making our vision successful to become a total backward integrated Solar Power System Company. This has given your company a unique and niche position in the market to offer complete array of products and solutions under one roof including Solar Power Generation.

SWELECT is proud to announce it has been qualified as **Tier 1 Solar PV Module Manufacturer Globally** in the month May 2018 due to the valuable efforts and team contribution during FY 2017-2018. This is yet another major milestone and a testimony for highest quality standards and deep commitment to the stakeholders as a reliable long term clean energy technology partner. SWELECT also contemplates a major expansion to its Solar Module manufacturing program.

SWELECT has been successful in establishing a very strong brand recall and trust in the clean technology space by demonstrating quantifiable progress in the rapidly consolidating renewable market space.

The renewable market is seeing a disruption from goods market to an Energy Solutions market. Your company has been keeping pace with the transition becoming an Energy Solutions company also besides a strong products company in the Solar Energy space. SWELECT has retained its market leadership as a premier Solar Photovoltaic products and solution provider.

Your Company has been empaneled by Agricultural Engineering Department in Tamil Nadu for supply of solar water pumps. With the Indian government focusing more on the Agricultural sector, solar water pumps will be one the primary focus to ease the stress on DISCOM. Your Company is ideally positioned with over 3000 Solar Water Pumps reference to take on this emerging market.

#### Solar Power Generation and Systems Integration (new additions):

1. SWELECT is proud to announce that 10 MW SPV Power Plant in Kunigal, Karnataka is commissioned and running successfully.
2. 3 MW SPV Ground mount project was completed for IOCL Kadapa in Andhra Pradesh and 2 x 1 MW Roof Top Projects on IOCL Refinery Roofs.
3. 2MW Single SPV rooftop power plant has been designed, manufactured, installed and commissioned for Integral Coach Factory (ICF) in Chennai.
4. 2.05 MW of SPV Projects cumulative have been completed for NREDCAP under The Govt. of Andhra Pradesh Roof Top scheme.
5. 3 MW of SPV roof top installations have been completed in the state of Karnataka and Andhra Pradesh under the SECI, Pan India National tender.
6. 1 MW SPV Roof top installation is under design and construction phase for North East Frontier Railways, Assam.
7. 1.0 MW SPV Ground mount project was completed for Kerala State Electricity Board & Educational Institutions in Karnataka.

#### Business development in new markets:

SWELECT is actively evaluating new age technology in the SPV modules manufacturing and efficiency improvements in the light to electricity conversion. Also SWELECT is seriously considering SPV based other carbon neutral sustainable technologies. With the advent cutting edge energy storage technologies in emerging new markets, SWELECT is ideally placed with a strong back drop of more than 30 years of experience in energy storage and power systems.

#### 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 Oil & Gas, Transportation, Marine, Pharmaceuticals, Infrastructure, Flow Control etc.,

**Alloys Division:** - Design, Manufacturing, Machining & Export of a wide range of Steel Castings (using CO2 sand Process)

**Iron Foundry Division:** - Design, Manufacturing, Machining & Export of a wide range of Iron Castings (using CO2 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.

As a WOS of SWELECT, AMEX Foundries have the distinction of running the foundry production with more than 85% of the Energy from Renewable Energy Sources and this is yet another special status.

### **Awards / Credentials**

1. Renewable Energy India Award for Leading RE Developers- Solar Rooftop 2017
2. Silicon India Magazine's Brand of the Year 2017 - HHV ST.
3. SoftDisk India - SD Awards
  - No.1 Off Grid Solar PV Power Solution Provider of the year -2017
  - No.2 Grid Sharing Solar PV Power Solution Provider of the Year -2017
  - No.3 Solar PV Panel Manufacturer of the Year (HHV ST) – 2017
  - Special Award 2017 for having completed the largest number of Rooftop installations in the Country, also 1st company to commission first ever Floating Solar Plant in the Country- 2017
4. RE Assets India 2018's Gold Award winner for Best performing Modules of the year
5. RE Assets India 2018's Silver Award winner for Best performing Project of the year
6. Global CSR Excellence and Leader ship Award for Solar Energy Company of the Year 2018
7. Global CSR Excellence and Leader ship Award for The 50 Most Influential Solar Leader (A Global Listings) 2018

### **OPPORTUNITIES AND THREATS**

The current policy uncertainty and several National tenders getting cancelled or retendered, this has caused some players in the industry to relook at the viability of the large scale utility SPV Projects. Your company is immune to changing market landscape, owing to its multiple revenue model approach namely Product sale, Projects and Power Sale.

With the recent volatility in the global supply chain for key raw materials the Indian Solar space will be witnessing a dramatic shift in the business model and revenue streams. It is anticipated to correct itself based on the global trade policies adopted by the participating nations in the clean technology space.

### **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE (STANDALONE)**

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

### **OUTLOOK**

The SPV market is rapidly evolving and attained reasonable amount of maturity, thanks to Grid Parity (i.e. Solar Energy cost has become cheaper than Grid or conventional Energy cost) The concept of carbon neutrality and environmental responsibility has been seriously taken by many industries, corporate and government agencies. SPV combined with other technologies in a distributed and modular deployment shall be the future. With the increased focus on Smart cities and Electric mobility, energy on demand and energy portability will take prominence in the future.

### **RISKS AND CONCERNS**

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

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

### **RISK MANAGEMENT COMMITTEE**

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

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

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

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

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

### STANDALONE

On a Standalone basis, the Company achieved a growth of 2.21% over the previous financial year in Revenue from operations. The Profit after Tax in FY 2017-2018 was at Rs. 2,346.93 Lakhs as compared to Rs. 2,937.85 Lakhs last year. The drop was due to the following facts:

- Change in sales mix including project implemented as Service Concession arrangement.
- Drop in Forex Gain
- Reduction in income from Treasury Investment
- Increase in finance cost

The Earnings per Share (Basic and Diluted) in FY 2017-2018 stood at Rs. 23.22.

### CONSOLIDATED

On a consolidated basis, the Company achieved a growth of 19.98% over the previous financial year in Revenue from operations. This was mainly due to the implementation of 10 MW Solar Project by SWELECT Power Systems Private Limited, (Wholly Owned Subsidiary Company), at Kunigal Taluk, Karnataka.

The Profit after Tax in FY 2017-2018 stood at Rs.1,588.96 Lakhs, compared to Rs.2,163.07 Lakhs last year, primarily on account of the reasons stated above for Standalone. However, the Company will gain by Power sales over the years.

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

S.No	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18
1.	Sales / Income from Operations	5,240.30	4,887.50	16,315.86	17,006.97	17,382.92
2.	Finance and Other Income	2,936.00	2,478.58	3,339.12	4,615.85	3,807.93
3.	Total income	8,176.30	7,366.08	19,654.98	21,622.82	21,190.85
4.	Employee Cost	597.69	665.75	1,112.23	1,151.30	1,140.03
5.	Excise Duty	158.17	54.49	61.34	44.97	8.50
6.	Other Operating Expenditure	4,363.61	4,216.20	14,232.86	14,941.83	15,031.85
7.	Profit before Depreciation, finance cost & Tax	3,056.83	2,429.64	4,248.55	5,484.72	5,010.47
8.	Finance cost	116.09	1,059.90	960.96	529.55	580.58
9.	Depreciation and amortization expense	446.23	871.71	1,251.04	1,114.44	1,343.04
10.	Profit before tax	2,494.51	294.91	2,118.22	3,840.73	3,086.85
11.	Profit after tax	2,494.51	132.94	1,201.07	2,937.85	2,346.93
12.	EPS (Rs.)	24.68	1.32	11.88	29.07	23.22
13.	Interim Dividend paid (Rs. per share)	-	-	3	-	-
14.	Dividend paid (Rs. per share)	9	2.50	1	4	4*

\* Proposed

### 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 from within us, 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).

#### 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

Chennai  
25th May 2018

Sd/-  
R. CHELLAPPAN  
Managing Director

Sd/-  
A.BALAN  
Joint Managing Director

## 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

The Board of Directors consists of both Executive and Non-Executive Directors.

Executive Director	:	5
Non-Executive Director	:	4

Name	Category	Attendance Particulars			No. of Directorship in other companies		Committee Membership in other companies	Committee Chairmanship in other companies
		No. of Board Meetings held	No. of Board Meetings attended	Attendance at last Annual General Meeting	Private Limited Company	Public Limited Company		
Mr. R. Chellappan	Promoter Managing Director	7	7	Yes	8	-	-	-
Mr. V.M. Sivasubramaniam*	Chairperson Independent Non-Executive	7	7	Yes	1	-	-	-
Mr. S. Annadurai **	Director Independent Non-Executive	7	6	Yes	2	-	-	-
Mr. A. Balan	Promoter Joint Managing Director	7	5	No	5	-	-	-
Mr. N. Natarajan	Independent Non-Executive	7	6	Yes	-	-	-	-
Mr. G. S. Samuel	Independent Non-Executive	7	6	Yes	1	1	1	-
Mr. V.C. Raghunath	Promoter Whole Time Director	7	7	Yes	3	-	-	-
Mrs. Jayashree Nachiappan	Promoter Non-Executive	7	6	Yes	3	-	-	-
Mrs. V. C. Mirunalini**	Promoter Whole Time Director	7	6	Yes	1	-	-	-
Mr. K. V. Nachiappan***	Promoter Whole Time Director	7	-	-	-	-	-	-

\* Mr. V.M. Sivasubramaniam, resigned from the Board and ceased to be a Director with effect from 26.04.2018.

\*\* Mr. S. Annadurai and Mrs. V. C. Mirunalini were inducted on the Board with effect from 28.06.2017 and subsequently Mr. S. Annadurai was appointed as Chairperson of the Board on 10.05.2018.

\*\*\* Mr. K.V. Nachiappan was inducted into the Board with effect from 20.04.2018



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

25.05.2017, 28.06.2017, 10.08.2017, 13.11.2017, 27.11.2017, 09.02.2018 and 26.03.2018

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

- Mr. R. Chellappan is the father of Mr. V.C. Raghunath and Mrs. V.C. Mirunalini.
- 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 31.03.2018**

Name of the Director	Category	Number of Equity shares	Convertible Instruments
Mr. V.M. Sivasubramaniam	Chairperson, Non-Executive, Independent	200	Nil
Mr. N. Natarajan	Director, Non-Executive, Independent	25	Nil
Mrs. Jayashree Nachiappan	Director, Non-Executive, Non-Independent	100	Nil
Mr. G.S.Samuel	Director, Non-Executive, Independent	10	Nil
Mr. S. Annadurai	Director, Non-Executive, Independent	175	Nil

- v). Web link where the details of familiarization programme imparted to the Independent Directors is disclosed:  
<http://www.swelectes.com/pdf/familiarizationprogramme.pdf>

**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.

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

Name of Members and Chairperson	Category	No. of Meetings held	Attendance
Mr. V.M. Sivasubramaniam	Chairperson - Independent Non - Executive	4	4
Mr. N. Natarajan	Member, Independent Non - Executive	4	4
Mrs. Jayashree Nachiappan	Member, Non - Executive	4	4

Date of the Meetings held during the year: 22.05.2017, 09.08.2017, 10.11.2017 and 08.02.2018.

The Audit Committee was reconstituted by the Board of Directors in their Meeting held on 10.05.2018. The composition of Committee after reconstitution is given below:

Name of Members and Chairperson	Category
Mr. G.S. Samuel	Chairperson – Independent, Non - Executive
Mr. S. Annadurai	Member - Independent, Non - Executive
Mrs. Jayashree Nachiappan	Member, Non - Executive

**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.

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

Name of Members and Chairperson	Category	No. of Meetings held	Attendance
Mr. N. Natarajan	Chairperson, Independent, Non - Executive	2	2
Mr. V.M. Sivasubramaniam	Member, Independent, Non - Executive	2	2
Mrs. Jayashree Nachiappan	Member, Non - Executive	2	2

Date of the Meetings held during the year: 22.05.2017 and 28.06.2017

The Nomination and Remuneration Committee was reconstituted by the Board of Directors in their Meeting held on 10.05.2018. The composition of Committee after reconstitution is given below:

Name of Members and Chairperson	Category
Mr. N. Natarajan	Chairperson, Independent, Non - Executive
Mr. G.S. Samuel	Member, Independent, Non - Executive
Mrs. Jayashree Nachiappan	Member, Non - Executive

**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. V.M. Sivasubramaniam	Chairperson Independent, Non-Executive	4	4
Mrs. Jayashree Nachiappan	Non-Executive, Non-Independent	4	4
Mr. R. Sathishkumar	Company Secretary & Compliance Officer	4	4

Date of the Meetings held during the year: 22.05.2017, 09.08.2017, 10.11.2017 and 08.02.2018

The Stakeholders' Relationship Committee was reconstituted by the Board of Directors in their meeting held on 10.05.2018. The composition of Committee after reconstitution is given below:

Name of Members and Chairperson	Category
Mr. N. Natarajan	Chairperson, Independent Non - Executive
Mrs. Jayashree Nachiappan	Member, Non – Executive, Non - Independent

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
Nil	Nil	Nil

**6) REMUNERATION OF DIRECTORS**

i) **Pecuniary relationship or transactions of the non-executive Directors vis-à-vis the Company:** NIL

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

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

Sl. No.	Nature of Meeting	Sitting fees for each meeting (Rs.)
1.	Board	10,000
2.	Audit Committee	5,000
3.	Stakeholders Relationship Committee	5,000

**Commission to the Independent Directors:**

As approved by the shareholders at the Annual General Meeting held on 24.7.2013, commission was paid to Mr. V.M. Sivasubramaniam and Mr. N. Natarajan, Independent Directors.

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

**Non-Executive Directors:**

(Rupees in Lakhs)

Name	Category	Sitting fees	Commission	Total
Mr. V.M. Sivasubramaniam	Independent	1.10	2.50	3.60
Mr. N. Natarajan	Independent	0.80	2.50	3.30
Mrs. Jayashree Nachiappan	Non Independent	1.00	-	1.00
Mr. G. S. Samuel	Independent	0.60	-	0.60
Mr. S. Annadurai	Independent	0.60	-	0.60
Total		4.10	5.00	9.10

**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 Meetings. 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	19.34	-	5.01	4.78	53.28
Mr. A. Balan	21.00	4.84	-	4.75	13.08	43.67
Mr.V.C.Raghunath	8.70	-	0.59	0.49	0.29	10.07
Mrs.V.C.Mirunalini*	5.29	-	0.36	0.36	0.29	6.30
Total	59.14	24.18	0.95	10.61	18.44	113.32

\*Appointed as a Whole Time Director with effect from 28.6.2017 [Before appointment Mrs. V.C. Mirunalini was working as an Assistant Vice President (Products & Special Projects) till 27.6.2017 in the Company]. Hence, her remuneration has been taken with effect from 28.6.2017.

**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 2015
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 2014
Mrs. V.C. Mirunalini	Whole time Director	5 years with effect from 28th June 2017
Mr. K.V. Nachiappan	Whole time Director	5 years with effect from 20th April 2018

**Non Executive – Non Independent**

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

**Independent Directors**

Name	Period of contract / Date of appointment
Mr.V.M. Sivasubramaniam*	28th July 2014 to 31st March 2019
Mr. N. Natarajan	28th July 2014 to 31st March 2019
Mr. G.S. Samuel	28th July 2016 to 27th July 2021
Mr. S. Annadurai	28th June 2017 to 27th June 2022

\* Resigned on 26.04.2018

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
2014-15	Savera Hotel, No. 146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004	29.07.2015	3.30 P.M.
2015-16	Savera Hotel, No. 146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004	28.07.2016	3.30 P.M.
2016-17	Savera Hotel, No. 146, Dr. Radhakrishnan Road, Mylapore, Chennai - 600 004	11.08.2017	3.30 P.M.

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

No special resolutions were passed.

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

### iv) Person who conducted the postal ballot exercise: Not applicable

### v) Whether any special resolution is proposed to be conducted through postal ballot: No

### vi) 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, presentation made to media, etc., are also placed on the Company's website.

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

Email of the Compliance Officer of the Company : [company.secy@swelectes.com](mailto:company.secy@swelectes.com)

Telephone Number : 044-24993266

Fax Number : 044-24995179

E-mail ID for the purpose of registering complaints by investors : [cg.ird@swelectes.com](mailto:cg.ird@swelectes.com)

## 9) GENERAL SHAREHOLDERS' INFORMATION

i) **Annual General Meeting** : TWENTY THIRD ANNUAL GENERAL MEETING

ii) **Day, Date and time** : Thursday the 9th August 2018 at 3.30 P.M.

iii) **Venue** : Savera Hotel, 'Samavesh Hall', No.146,  
Dr. Radhakrishnan Road, Mylapore,  
Chennai-600 004.



- iv) **Financial year** : 01.04.2017 to 31.03.2018
- v) **Date of Book closure** : From Friday, 3rd August 2018 to Thursday, 9th August 2018  
[Both days inclusive]
- vi) **Dividend Payment Date** : on or before 23rd August 2018.

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

BSE Limited Floor 25, P. J. Towers, Dalal Street, Mumbai - 400 001. Stock Code: 532051.	National Stock Exchange of India Limited "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. Stock Code: SWELECTES
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viii) **Details of Annual Listing Fees paid for the year 2018-19:**

Name of Stock Exchange	Date of Payment
BSE Limited	24.04.2018
National Stock Exchange of India Limited	24.04.2018

ix) **Market Price Data: High, Low during each month in the last financial year 01.04.2017 to 31.03.2018.**

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-17	421.00	347.25	420.00	333.05
May-17	458.70	336.05	459.00	332.20
Jun-17	550.00	418.00	550.90	419.30
Jul-17	633.00	501.25	658.80	502.05
Aug-17	571.30	500.00	578.00	499.00
Sep-17	574.00	488.00	573.60	486.25
Oct-17	571.00	495.10	549.45	495.50
Nov-17	524.85	445.00	525.30	446.00
Dec-17	495.00	450.00	495.00	449.00
Jan-18	527.80	452.00	526.00	450.00
Feb-18	469.50	385.00	468.00	381.10
Mar-18	425.00	336.00	427.00	336.65

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)
28-Apr-17	383.25	29,918.40	379.15	9,304.05
31-May-17	433.25	31,145.80	433.70	9,621.25
30-Jun-17	503.40	30,921.61	502.80	9,520.90
31-Jul-17	556.65	32,514.94	558.30	10,077.10
31-Aug-17	534.60	31,730.49	535.75	9,917.90
29-Sep-17	495.10	31,283.72	495.10	9,788.60
31-Oct-17	507.60	33,213.13	509.35	10,335.30
30-Nov-17	471.25	33,149.35	471.50	10,226.55
29-Dec-17	473.65	34,056.83	476.80	10,530.70
31-Jan-18	453.15	35,965.02	455.15	11,027.70
28-Feb-18	422.85	34,184.04	423.75	10,492.85
28-Mar-18	355.55	32,968.68	357.85	10,113.70

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

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

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

**xiii) Share transfer system:**

The share transfer work is being handled by Company's Registrar and Share Transfer Agent, M/s. Cameo Corporate Services Limited. The Company has a Share Transfer Committee comprises of the following members:

- 1) Mr. R. Chellappan, Chairperson
- 2) Mr.R.Sathishkumar, Member

The Share transfers are being approved by the Share transfer Committee and ratified by the Stakeholders relationship Committee and minutes are being placed at the Board Meeting. Share transfers are registered and dispatched within a period of 15 days from the date of receipt, if the documents are correct and valid in all respects.

**xiv) Other Committees of Board:**

**a) Corporate Social Responsibility Committee**

The Corporate Social Responsibility Committee comprises of the following Members

- 1) Mr. N. Natarajan - Chairperson
- 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 Committee met on 10th November 2017 and recommended the amount to be spent on CSR during the year 2017-2018. 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 - Chairperson
- 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 in terms of the following:

- a) Forex Dealings
- b) Position of collection of Outstanding from the Customers and extending credit facilities to the customers
- c) Inventory control
- d) Placing of orders with Suppliers in respect of critical components and High value items
- e) Review of proposed Borrowing from Bank by analysing the requirement and the indicative interest charged by the Bankers and recommending the same to the Borrowing Committee of the Board for its consideration.
- f) External Commercial Borrowings
- g) Capital outlay / Expansion of the Company's activities
- h) Statutory Obligations – compliance, legal Issues, if any
- i) Budgetary allocation and analysis of variation with regards to Budget and actuals
- j) Diversification of activities and manufacture of new line of products
- k) Review of Internal Control systems

It is an ongoing process within the organisation. 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 Consultants in the respective area of specialisation for discussions. At present the Company has not identified any element of risk which may threaten the existence of the company.

#### c) Forex Management Committee

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

- 1) Mr. R. Chellappan - Chairperson
- 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.

#### d) Investment Committee

The Investment Committee was reconstituted on 10.05.2018 and comprises of the following members to ensure the effective investments of the Company's funds.

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

The Committee met on 13.04.2017, 27.06.2017 and 18.12.2017.

#### xv) Distribution of Shareholding as on 31.03.2018

Shareholding of Nominal Value	Shareholders		Share Amount	
Rs.	Number	% of total	Rs.	% of total
10-5000	13,022	94.19	1,04,57,750	10.35
5001-10000	416	3.01	31,93,240	3.16
10001-20000	191	1.38	29,73,650	2.94
20001-30000	55	0.40	14,24,690	1.41
30001-40000	31	0.22	11,41,500	1.13
40001-50000	16	0.12	7,29,850	0.72
50001-100000	35	0.25	26,35,370	2.61
100001- and above	59	0.43	7,85,02,350	77.68
Total	13,825	100	10,10,58,400	100

**xvi) Shareholding pattern as on 31.03.2018:**

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	55,26,655	54.69
Bodies Corporate	30	0
<b>Total (1)</b>	<b>55,26,685</b>	<b>54.69</b>
<b>2. Public:</b>		
Mutual Funds	52,533	0.52
Financial Institutions / Banks	12,150	0.12
Employee Trusts	1,17,600	1.16
Individuals –		
i. Individual shareholders holding nominal share capital up to Rs. 2 lakhs.	20,34,260	20.13
ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs	13,51,658	13.38
Bodies Corporate	2,51,072	2.47
Clearing Members	10,799	0.11
Directors or their relatives	560	0.01
HUF	1,25,106	1.24
IEPF	5,170	0.05
Non Resident Indians	6,18,247	6.12
<b>Total (2)</b>	<b>45,79,155</b>	<b>45.31</b>
<b>Grand Total (1+2)</b>	<b>1,01,05,840</b>	<b>100</b>

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

The Company has established connectivity with the depositories, namely, National Securities Depository Limited, Mumbai and Central Depository Services (India) Limited, Mumbai to provide facility of trading shares in dematerialized form. International Securities Identification Number (ISIN) allotted to the equity shares of the Company is INE409B01013. As on March 31, 2018, 1,00,31,551 equity shares of the company, constituting 99.26 % were in dematerialized form and the shareholders have the option 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
1	Manufacturing facility & Research and Development	58/3(14D, D/1) Salem Main Road, Veerappampalayam PO, Idappadi - 637105, Salem District.
2	Solar Photovoltaic Modules Manufacturing Plant	No.31 to 34 & 37, KIADB Industrial Area, Phase-1, Dabaspeth, Nelamangala Taluk, Bengaluru - 562111.
3	1.1 MW Solar Power Plant	SF. No. 166 & 169, Sembagoundan Pudur, No. 51, Kuppepalayam Village, Coimbatore - 641107.
4	0.5 MW Wind Mill Power Unit-3 Nos	Naranapuram Village, Ponnapuram, Dharapuram Taluk, Tiruppur District
5	10 MW Solar Power Plant	Kolakudi Village, Thottiyam Taluk, Musiri, Trichy.
<b>Plant Locations of the Wholly Owned Subsidiaries</b>		
6	Amex Alloys Private Limited - Manufacturing of Iron, Alloy and Investment Castings	SF. No. 289/2, Kunnathur Pudur (PO), Sathy Road, Coimbatore - 641107
7	Amex Alloys Private Limited - 2 MW Solar Power Plant	SF. No. 890/A, 891/A and 891/B Monjanur Village, Aravakurichi Taluk, Karur District
8	NOEL Media & Advertising Private Limited - 1 MW Solar Power Plant	SF. No. 191/15, 191/7, 191/18, 191/29, 191/20, 191/22, 191/25, 191/26, 191/27, 191/28, 191/30 Thachanendal Village, Illayankudi Taluk, Sivagangai District, Tamil Nadu.
9	SWELECT Green Energy Solutions Private Limited - 12 MW Solar Power Plant	(SF. No. 889, 890A, 887, 892, 891A & 891B); ( SF. No. 929/A(P) & 929/B1(P)) Monjanur Village, Aravakurichi Taluk, Karur District
10	K J Solar Systems Private Limited - 2 MW Solar Power Plant	SF. No. 594/A, 598, 786 & 787 Komarapalayam Village, Dharapuram Taluk, Tirupur District
11	SWELECT Power Systems Private Limited -10 MW Solar Power Plant	Huralagere, Thuraganoor and Byaderahalli villages of Kunigal Taluk, Tumkur District, Karnataka

**xxiii) Address for correspondence:**

SWELECT ENERGY SYSTEMS LIMITED

'SWELECT House', No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai - 600 004, Tamil Nadu.

Tel: 044 - 24993266, Fax: 044 - 24995179, Email: info@swelectes.com, website: www.swelectes.com.

**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 under the 'Investors' web link.

**11) SEPARATE MEETING OF THE INDEPENDENT DIRECTORS.**

The Independent Directors had a separate meeting on 31.03.2018 to review the performance and evaluation of the Board.



**12) DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS:**

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

**13) ADOPTION OF THE NON-MANDATORY REQUIREMENTS**

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 are listed below:

**i) Separate posts of chairperson and chief executive officer**

The Company has appointed separate persons to the post of Chairperson and Managing Director.

**ii) Reporting of Internal Auditor**

The Internal auditor is reporting to the Audit Committee and Managing Director.

**14) Policy for determining 'material' subsidiaries is disclosed in the Company's website**

www.swelectes.com under the 'Investors' web link.

**15) The policy on dealing with related party transactions has been disclosed on the Company's website**

www.swelectes.com under the 'Investors' web link.

**16) 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.

**17) Certificate from Chief Executive Officer (CEO) / Chief Financial Officer (CFO)**

The CEO/CFO certification on the financial statements for the year has been submitted to the Board of Directors, in its meeting held on May 25, 2018, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

There were no unclaimed Shares lying with the Company and hence the disclosures in terms SEBI (LODR), Regulations, 2015, is not provided.

**19) 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, the Company has transferred unpaid / unclaimed dividend for the financial year 2009-2010 to the Investor Education and Protection Fund (IEPF) and has also uploaded the information in respect of unclaimed dividends as on the date of the last AGM i.e. August 11, 2017, on the website of IEPF viz. www.iepf.gov.in and under the "Investors" section on the website of the Company.

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

The Company has sent out individual communication to the shareholders whose dividend remains unclaimed for seven consecutive years, and published an advertisement in the newspapers, inviting such shareholders to claim their dividend. Since there were no communication received from the Shareholders, the Company transferred 5170 Equity Shares to the Investor Education and Protection Fund Authority vide Corporate Action taken on 4.12.2017.

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 the Investor page.

The Members who have not claimed their dividend so far for the financial year ended 2010-2011 or any subsequent financial years are requested to lodge their claims with the Company

For and on behalf of the Board of Directors

Chennai  
25th May 2018

Sd/-  
R.CHELLAPPAN  
Managing Director

Sd/-  
A. BALAN  
Joint Managing Director

## 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.

Chennai  
25th May 2018

Sd/-  
R.Chellappan  
Managing Director

## CORPORATE GOVERNANCE CERTIFICATE

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

We have examined the compliance of conditions of Corporate Governance by SWELECT Energy Systems Limited, for the year ended on 31st March 2018, as stipulated in the Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

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

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

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

Place: Chennai  
Date: 25.05.2018

Sd/-  
R.Kannan  
Practising Company Secretary  
FCS No.6718  
C P 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)

Date: 25.05.2018

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 2018 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 2017 – March 2018 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

Sd/-  
P.JAGAN  
Chief Financial Officer

## ANNEXURES TO THE BOARD'S REPORT

### ANNEXURE - 1

Form No. MR-3

#### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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 my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2018** 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.

Based on a review of the compliance reports by functional heads of the company including the Plants in various locations in India to Top Management/Board of Directors of the Company, I report that the company has substantially complied with the provisions of those Acts that are applicable to it such as, the Factories Act, 1948, Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Minimum Wages Act, 1948, Employees Provident Fund Act, 1952, Employees State Insurance Act, 1948, Public Liability Insurance Act, 1991, Environment Protection Act, 1986 and Others pollution control and other law.

No specific violations in respect of Tax laws came to the notice of the undersigned from the review of check list. However I report that I have not carried out the audit with reference to the applicable Financial Laws, such as the Direct and Indirect Tax Laws, as same falls under the review of statutory audit and other designed professionals.

I have also examined compliance with the applicable Standards/Regulations 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).
- II. Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. SWELECT Energy Systems Limited (“the Company”) for the financial year ended on March 31, 2018 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings are not applicable for the year under review. Further the provisions of the FEMA to the extent of Foreign Direct Investment/Overseas Direct Investment have been complied with.

- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (c) 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;
  - (d) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- VI. The other laws as may be applicable specifically to the company in our opinion
- (a) Electricity Act;
  - (b) National Tariff Act Policy
  - (c) Essential Commodities Act, 1955

I have also examined compliance with the applicable provisions of Securities and Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015.

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

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;

I further report that, based on the information provided by the Company, its officers and authorised representatives during the conduct of audit, and also on review of quarterly compliance reports by respective department heads / company secretary, in my opinion, adequate systems, processes and control mechanism exist in the Company to monitor and ensure compliance with other applicable laws such as Labour Laws and Environmental Laws.

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

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

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

I further report that during the audit period, there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the company's affairs.

Sd/-

**R Kannan**  
Practicing Company Secretary  
FCS No: 6718  
C P No: 3363

Place: Chennai  
Date: 25th May 2018



## 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:

Swelect has continued in taking steps towards energy conservation and green energy utilization by:

- Implementation of Energy Storage Solution at the Head Office to enable shifting of peak hour power consumption and utilization of solar energy during non-solar hours as well
- Maximizing performance of the already installed rooftop Solar installations
- Continuing to change the street lights and indoor lighting into LED and energy efficient lighting systems

##### (ii) The steps taken by the company for utilizing alternate sources of energy;

- 100% of SWELECT's own rooftops have been utilized for solar installation
- 80% of the rented premises have also been fitted with solar roofs
- Both the module manufacturing factory (HHV Solar Technologies) and BoS factory (U3S) utilize at least 50% of their power from renewable energy
- Amex Alloys Group (Alloys, Irons and Investment casting foundries) utilizes Renewable Power from solar & 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)

##### (iii) The capital investment on energy conservation equipment:

- Energy efficient IT systems and lighting systems
- Addition of Solar Power sources to provide Auxiliary Power supply to the Mega Watt scale plants to conserve Energy
- Addition of Energy Storage Solution at the Head Office to reduce peak hour energy usage

#### (B) Technology absorption-

##### (i) The efforts made towards technology absorption:

- In the Power Conversion area, extensive research was carried out to bring in more ranges of grid tie inverters and grid interactive inverters.
- Further, a new Energy Storage Solution has been evaluated and now positioned for commercial sale
- In the Solar PV Module division, the PERC (Passivated Emitter Rear Contact) cell technology has been absorbed and product is under release
- Continuous efforts are being made to improve the Solar PV module efficiency

##### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution:

- Power conversion technology improvement has led to better cost reduction in the solution offered to the customer and the freedom to customize as per our requirement
- The PERC cell technology and higher module efficiency has helped in improving the throughout of the plant, the overall cost reduction of production and better market presence

##### (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-

- The details of technology imported;
  - Efficiency improvement of Grid tie inverter
  - PERC cell technology for the solar PV modules

- 3) ESS for the bigger solar power plants
  - b. The year of import: Between 2015 – 2018
  - c. Whether the technology been fully absorbed;
    - 1) The grid tie inverter has been absorbed to an extent of 80%
    - 2) The PERC cell technology has been absorbed 90%
    - 3) The ESS technology has been absorbed 50%
  - d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
    - 1) The grid tie inverter and the certifications for new BIS standards are under way
    - 2) For the PERC cell absorption, a new measurement system is required which will be purchased this year
    - 3) ESS technology has been evaluated for smaller range. This year, further research and validation will be done to absorb the rest.
- (iv) The expenditure incurred on Research and Development during the year is Rs.45.00 lakhs and previous year it was Rs.50.00 lakhs.

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

The foreign exchange outgo and earnings of the Company for the period under review were Rs.10,402.20 lakhs and Rs.10.76 lakhs respectively.

For and on behalf of the Board of Directors

Chennai  
25th May 2018

Sd/-  
R.CHELLAPPAN  
Managing Director

Sd/-  
A. BALAN  
Joint Managing Director

**ANNEXURE-3**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018**  
[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 Indian Non- Government Company
Address of the Registered office and contact details	"SWELECT HOUSE" No.5, Sir P.S. Sivasamy Salai, Mylapore, Chennai - 600 004 Tamil Nadu Ph: 044-24993266, Fax: 044-24995179 Email: info@swelectes.com, cg.ird@swelectes.com. Website: www.swelectes.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Ltd., "Subramanian Building", No.1, 5th Floor, Club House Road, Chennai - 600002, Tamil Nadu. Ph: 044-28460390 Email: investor@cameoindia.com. 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 products: Manufactured and Traded goods (Solar Modules, Mounting structures, Transformers and Inverters)	2790	87.86

**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 SF No.289/2,Kunnathur Pudur (Po), Sathy Road, Coimbatore, Tamil Nadu-641107	U27310TZ2003PTC010905	Subsidiary Company	100%	Section 2(87)
2	SWELECT GREEN ENERGY SOLUTIONS (P) LTD 'SWELECT HOUSE' No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai, Tamil Nadu-600004	U31100TN2010PTC078425	Subsidiary Company	100%	Section 2(87)
3	SWELECT SOLAR ENERGY PRIVATE LIMITED 'SWELECT HOUSE' No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai, Tamil Nadu-600004	U31104TN2008PTC068923	Subsidiary Company	100%	Section 2(87)
4	SWELECT POWER SYSTEMS PRIVATE LIMITED 'SWELECT HOUSE' No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai, Tamil Nadu-600004	U31103TN2012PTC084184	Subsidiary Company	100%	Section 2(87)

Sl. No	Name and Address of the company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
5	NOEL MEDIA & ADVERTISING PRIVATE LIMITED 'SWELECT HOUSE' No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai, 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 'SWELECT HOUSE' No. 5, Sir P.S.Sivasamy Salai, Mylapore, Chennai, Tamil Nadu - 600004	U29307TN2014PTC113480	Step down Subsidiary	100% held by SWELECT Solar Energy Private Limited	Section 2(87)
7	SWELECT ENERGY SYSTEMS PTE. LIMITED 2 Kallang Pudding Road, 02-12 Mactech Building, Singapore - 349307	NOT APPLICABLE (COMPANY REGISTERED OUTSIDE INDIA) ie. Singapore	Subsidiary Company	100%	Section 2(87)
8	SWELECT Inc 2773 B, Hartland Rd, Falls Church Virginia -22043	NOT APPLICABLE (COMPANY REGISTERED OUTSIDE INDIA) ie. UNITED STATES OF AMERICA	Subsidiary Company	100%	Section 2(87)
9	SWELECT ENERGY SYSTEMS LLC 2773 B, Hartland Rd, Falls Church Virginia - 22043	NOT APPLICABLE (COMPANY REGISTERED OUTSIDE INDIA) ie. UNITED STATES OF AMERICA	Step down Subsidiary	80% held by SWELECT Inc	Section 2(87)
10	SWELECT ENERGY SYSTEMS (ASIA PACIFIC) PTE. LIMITED 2 Kallang Pudding Road, 02-12 Mactech Building, Singapore - 349307	NOT APPLICABLE (COMPANY REGISTERED OUTSIDE INDIA) ie. Singapore	Step down Subsidiary	51% held by SWELECT Energy Systems Pte. Limited	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				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. SHAREHOLDING OF PROMOTER AND PROMOTER GROUP										
1.	INDIAN									
a.	INDIVIDUALS/HINDU UNDIVIDED FAMILY	5787318	0	5787318	57.2670	5526655	0	5526655	54.6877	-2.5793
b.	CENTRAL GOVERNMENT	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	STATE GOVERNMENT(S)	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	BODIES CORPORATE	30	0	30	0.0002	30	0	30	0.0002	0.0000
e.	BANKS / FINANCIAL INSTITUTIONS	0	0	0	0.0000	0	0	0	0.0000	0.0000
f.	ANY OTHER	0	0	0	0.0000	0	0	0	0.0000	0.0000
SUB - TOTAL (A)(1)		5787348	0	5787348	57.2672	5526685	0	5526685	54.6879	-2.5793

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2.</b>	<b>FOREIGN</b>									
a.	NRIs - INDIVIDUALS	687985	0	687985	6.8077	0	0	0	0.0000	-6.8077
b.	OTHER – INDIVIDUALS	0	0	0	0.0000	0	0	0	0.0000	0.0000
c.	BODIES CORPORATE	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	BANKS/FINANCIAL INSTITUTIONS	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>687985</b>	<b>0</b>	<b>687985</b>	<b>6.8077</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6.8077</b>
	<b>TOTAL SHARE HOLDING OF PROMOTER AND PROMOTER GROUP (A) = (A)(1)+(A)(2)</b>	<b>6475333</b>	<b>0</b>	<b>6475333</b>	<b>64.0749</b>	<b>5526685</b>	<b>0</b>	<b>5526685</b>	<b>54.6879</b>	<b>-9.3870</b>
<b>B.</b>	<b>PUBLIC SHAREHOLDING</b>									
<b>1.</b>	<b>INSTITUTIONS</b>									
a.	MUTUAL FUNDS	157232	0	157232	1.5558	52533	0	52533	0.5198	-1.0360
b.	BANKS/FINANCIAL INSTITUTIONS	16942	0	16942	0.1676	12150	0	12150	0.1202	-0.0474
c.	CENTRAL GOVERNMENT	0	0	0	0.0000	0	0	0	0.0000	0.0000
d.	STATE GOVERNMENT(S)	0	0	0	0.0000	0	0	0	0.0000	0.0000
e.	VENTURE CAPITAL FUNDS	0	0	0	0.0000	0	0	0	0.0000	0.0000
f.	INSURANCE COMPANIES	0	0	0	0.0000	0	0	0	0.0000	0.0000
g.	FOREIGN INSTITUTIONAL INVESTORS	0	0	0	0.0000	0	0	0	0.0000	0.0000
h.	FOREIGN VENTURE CAPITAL FUNDS	0	0	0	0.0000	0	0	0	0.0000	0.0000
i.	OTHERS (SPECIFY)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	<b>SUB - TOTAL (B)(1)</b>	<b>174174</b>	<b>0</b>	<b>174174</b>	<b>1.7234</b>	<b>64683</b>	<b>0</b>	<b>64683</b>	<b>0.6400</b>	<b>-1.0834</b>
<b>2.</b>	<b>NON-INSTITUTIONS</b>									
a.	BODIES CORPORATE									
i	INDIAN	158898	700	159598	1.5792	250372	700	251072	2.4844	0.9051
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	1687332	79589	1766921	17.4841	1775312	73589	1848901	18.2953	0.8112
ii	INDIVIDUAL SHAREHOLDERS HOLDING NOMINAL SHARE CAPITAL IN EXCESS OF RS. 1 LAKH	1102882	0	1102882	10.9133	1537017	0	1537017	15.2091	4.2958
c.	OTHERS (SPECIFY)									
i	CLEARING MEMBERS	105338	0	105338	1.0423	10799	0	10799	0.1068	-0.9355
ii	DIRECTORS AND THEIR RELATIVES	235	0	235	0.0023	560	0	560	0.0055	0.0032
iii	HINDU UNDIVIDED FAMILIES	110040	0	110040	1.0888	125106	0	125106	1.2379	0.1491
iv	IEPF	0	0	0	0.0000	5170	0	5170	0.0511	0.0511
v	NON RESIDENT INDIANS	93718	0	93718	0.9273	618247	0	618247	6.1177	5.1904
vi	EMPLOYEE TRUSTS	117601	0	117601	1.1636	117600	0	117600	1.1636	0.0000
	<b>SUB - TOTAL (B)(2)</b>	<b>3376044</b>	<b>80289</b>	<b>3456333</b>	<b>34.2013</b>	<b>4440183</b>	<b>74289</b>	<b>4514473</b>	<b>43.5082</b>	<b>9.3068</b>
	<b>TOTAL PUBLIC SHAREHOLDING (B) = (B)(1)+(B)(2)</b>	<b>3550218</b>	<b>80289</b>	<b>3630507</b>	<b>35.9248</b>	<b>4504866</b>	<b>74289</b>	<b>4579155</b>	<b>45.3119</b>	<b>8.2234</b>
	<b>TOTAL (A)+(B)</b>	<b>10025551</b>	<b>80289</b>	<b>10105840</b>	<b>100.0000</b>	<b>10031551</b>	<b>74289</b>	<b>10105840</b>	<b>100.0000</b>	<b>0.0000</b>

Category code	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C. SHARES HELD BY CUSTODIANS AND AGAINST WHICH DEPOSITORY RECEIPTS HAVE BEEN ISSUED										
	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
TOTAL CUSTODIAN (C)		0	0	0	0.0000	0	0	0	0.0000	0.0000
GRAND TOTAL (A)+(B)+(C)		10025551	80289	10105840	100.0000	10031551	74289	10105840	100.0000	0.0000

**ii) Shareholding of promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% 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	4815954	47.6551	0.0000	4889681	48.3847	0.0000	0.7296
2	BALAN.A	308094	3.0486	0.0000	309728	3.0648	0.0000	0.0162
3	NACHIAPPAN K.V.	110232	1.0907	0.0000	110232	1.0907	0.0000	0.0000
4	GUNASUNDARI C	82086	0.8122	0.0000	82086	0.8122	0.0000	0.0000
5	MIRUNALINI V. C	41962	0.4152	0.0000	41962	0.4152	0.0000	0.0000
6	RAGHUNATH V. C.	38800	0.3839	0.0000	39010	0.3860	0.0000	0.0020
7	ARTHANARI GOUNDER	12600	0.1246	0.0000	0	0.0000	0.0000	-0.1246
8	AARTHI BALAN	12200	0.1207	0.0000	16400	0.1622	0.0000	0.0415
9	PREETHA BALAN	12000	0.1187	0.0000	16200	0.1603	0.0000	0.0416
10	RISHII NANDHAN K N	10000	0.0989	0.0000	10000	0.0989	0.0000	0.0000
11	VASANTHA B	7056	0.0698	0.0000	11256	0.1113	0.0000	0.0415
12	JAYASHREE NACHIAPPAN	100	0.0009	0.0000	100	0.0009	0.0000	0.0000
13	SWELECT ELECTRONICS PRIVATE LIMITED	30	0.0002	0.0000	30	0.0002	0.0000	0.0000
14	SARAH V RAJASEKHAR*	189912	1.8792	0.0000	-	-	-	-
15	B G GIRI*	101350	1.0028	0.0000	-	-	-	-
16	R. VEERAMANI*	100000	0.9895	0.0000	-	-	-	-
17	BHAGYALAKSHMI SUNDARAM*	93900	0.9291	0.0000	-	-	-	-
18	CHANDRA PARAMASIVAM*	80008	0.7917	0.0000	-	-	-	-
19	SHARFUDHEEN A K SHEIK JT1 : IQBAL SHEIK*	47400	0.4690	0.0000	-	-	-	-
20	VATTUR S RAJENDRAN*	47100	0.4660	0.0000	-	-	-	-
21	KASI K GOUNDAN *	46800	0.4630	0.0000	-	-	-	-
22	MIKE K MANICKAM*	40600	0.4017	0.0000	-	-	-	-
23	RICHARD J DHYANCHAND*	38900	0.3849	0.0000	-	-	-	-
24	GEETHA SIVANANDAM*	30000	0.2968	0.0000	-	-	-	-
25	THANGAMANI*	29600	0.2928	0.0000	-	-	-	-
26	ALFRED VIDYA SAGAR*	28341	0.2804	0.0000	-	-	-	-
27	SARASWATHI GOUNDAN*	27900	0.2760	0.0000	-	-	-	-
28	K P SHANMUGA SUNDARAM*	23500	0.2325	0.0000	-	-	-	-
29	MARY BHARATALAKSHMI SAGAR*	21332	0.2110	0.0000	-	-	-	-
30	CHITRA SIVANANDAM*	20000	0.1979	0.0000	-	-	-	-
31	KARTHIK BALASUBRAMANIAN*	18600	0.1840	0.0000	-	-	-	-
32	MALAR BALASUBRAMANIAN*	18600	0.1840	0.0000	-	-	-	-
33	SUMATHI BALASUBRAMANIAN*	18600	0.1840	0.0000	-	-	-	-
34	G.RAMASUBRAMANIAN*	850	0.0084	0.0000	-	-	-	-
35	K P CHANDRASEKARAN*	800	0.0079	0.0000	-	-	-	-
36	K P SHANMUGA SUNDARAM JT1 : S PADMAVATHI*	126	0.0012	0.0000	-	-	-	-

\* Under the provisions of Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and approval granted by the National Stock Exchange of India Limited and BSE Limited vide their letter dated 11.9.2017 and 10.10.2017 respectively, the Promoter group shareholders mentioned in S. No. 14 to 36, were classified as Public Shareholders with effect from 13.10.2017. Accordingly, the shareholding of re-classified shareholders at the end of the year 31.03.2018 is not reported in the above table



### 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 the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company
1.	<b>CHELLAPPAN.R</b>				
	At the beginning of the year 01-Apr-2017	4815954	47.6551	4815954	47.6551
	Purchase 15-Sep-2017	48085	0.4758	4864039	48.1309
	Purchase 29-Sep-2017	1915	0.0189	4865954	48.1499
	Purchase 22-Dec-2017	696	0.0068	4866650	48.1568
	Purchase 29-Dec-2017	1030	0.0101	4867680	48.1670
	Purchase 25-Jan-2018	10000	0.0989	4877680	48.2659
	Purchase 23-Feb-2018	500	0.0049	4878180	48.2709
	Purchase 02-Mar-2018	827	0.0081	4879007	48.2790
	Purchase 09-Mar-2018	6124	0.0605	4885131	48.3396
	Purchase 16-Mar-2018	4550	0.0450	4889681	48.3847
	At the end of the Year 31-Mar-2018	4889681	48.3847	4889681	48.3847
2.	<b>BALAN A</b>				
	At the beginning of the year 01-Apr-2017	308094	3.0486	308094	3.0486
	Purchase 22-Dec-2017	634	0.0062	308728	3.0549
	Purchase 02-Mar-2018	1000	0.0098	309728	3.0648
	At the end of the Year 31-Mar-2018	309728	3.0648	309728	3.0648
3.	<b>RAGHUNATH V C</b>				
	At the beginning of the year 01-Apr-2017	38800	0.3839	38800	0.3839
	Purchase 25-Jan-2018	100	0.0009	38900	0.3849
	Purchase 02-Feb-2018	100	0.0009	39000	0.3859
	Purchase 02-Mar-2018	10	0.0000	39010	0.3860
	At the end of the Year 31-Mar-2018	39010	0.3860	39010	0.3860
4.	<b>ARTHANARI GOUNDER</b>				
	At the beginning of the year 01-Apr-2017	12600	0.1246	12600	0.1246
	Sale 19-Jan-2018 (Inter-se Transfer)	-12600	-0.1246	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
5.	<b>AARTHI BALAN</b>				
	At the beginning of the year 01-Apr-2017	12200	0.1207	12200	0.1207
	Purchase 19-Jan-2018 (Inter-se Transfer)	4200	0.0415	16400	0.1622
	At the end of the Year 31-Mar-2018	16400	0.1622	16400	0.1622
6.	<b>PREETHA BALAN</b>				
	At the beginning of the year 01-Apr-2017	12000	0.1187	12000	0.1187
	Purchase 19-Jan-2018 (Inter-se Transfer)	4200	0.0415	16200	0.1603
	At the end of the Year 31-Mar-2018	16200	0.1603	16200	0.1603
7.	<b>VASANTHA B</b>				
	At the beginning of the year 01-Apr-2017	7056	0.0698	7056	0.0698
	Purchase 19-Jan-2018 (Inter-se Transfer)	4200	0.0415	11256	0.1113
	At the end of the Year 31-Mar-2018	11256	0.1113	11256	0.1113

Note: Apart from the above, there is no change in Promoters' Shareholding.

### 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 the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company
1.	<b>HITESH SATISHCHANDRA DOSHI JT1 : BHANU SATISHCHANDRA DOSHI</b>				
	At the beginning of the year 01-Apr-2017	290315	2.8727	290315	2.8727
	Purchase 14-Apr-2017	96710	0.9569	387025	3.8297
	At the end of the Year 31-Mar-2018	387025	3.8297	387025	3.8297

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares of the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company
2.	<b>K.SATISH</b>				
	At the beginning of the year 01-Apr-2017	120201	1.1894	120201	1.1894
	At the end of the Year 31-Mar-2018	120201	1.1894	120201	1.1894
3.	<b>V C RAGHUNATH (Holding on behalf of SWEES EMPLOYEES WELFARE TRUST)</b>				
	At the beginning of the year 01-Apr-2017	117600	1.1636	117600	1.1636
	At the end of the Year 31-Mar-2018	117600	1.1636	117600	1.1636
4.	<b>ANIL KUMAR GOEL</b>				
	At the beginning of the year 01-Apr-2017	102000	1.0093	102000	1.0093
	At the end of the Year 31-Mar-2018	102000	1.0093	102000	1.0093
5.	<b>SATISHCHANDRA SHANTILAL DOSHI JT1 : BHANU SATISHCHANDRA DOSHI</b>				
	At the beginning of the year 01-Apr-2017	101771	1.0070	101771	1.0070
	At the end of the Year 31-Mar-2018	101771	1.0070	101771	1.0070
6.	<b>BHAGYALAKSHMI SUNDARAM*</b>				
	At the beginning of the year 01-Apr-2017	93900	0.9291	93900	0.9291
	At the end of the Year 31-Mar-2018	93900	0.9291	93900	0.9291
7.	<b>B.G. GIRI*</b>				
	At the beginning of the year 01-Apr-2017	101350	1.0028	101350	1.0028
	Sale 19-Jan-2018	-10000	-0.0989	91350	0.9039
	Sale 09-Mar-2018	-91350	-0.9039	0	0.0000
	Purchase 09-Mar-2018	91350	0.9039	91350	0.9039
	At the end of the Year 31-Mar-2018	91350	0.9039	91350	0.9039
8.	<b>JOHN JAYA PRASADA RAO EDA*</b>				
	At the beginning of the year 01-Apr-2017	0	0.0000	0	0.000
	Purchase 12-May-2017	67500	0.6679	67500	0.6679
	At the end of the Year 31-Mar-2018	67500	0.6679	67500	0.6679
9.	<b>KETAN DEDHIA* JT1 : KUMUD DEDHIA</b>				
	At the beginning of the year 01-Apr-2017	21384	0.2116	21384	0.2116
	Sale 19-May-2017	-483	-0.0047	20901	0.2068
	Purchase 07-Jul-2017	4818	0.0476	25719	0.2544
	Purchase 14-Jul-2017	18135	0.1794	43854	0.4339
	Purchase 21-Jul-2017	18352	0.1815	62206	0.6155
	Purchase 28-Jul-2017	2910	0.0287	65116	0.6443
	Purchase 30-Mar-2018	15000	0.1484	80116	0.7927
	At the end of the Year 31-Mar-2018	80116	0.7927	80116	0.7927
10.	<b>ESWARA GOUNDAN N</b>				
	At the beginning of the year 01-Apr-2017	62400	0.6174	62400	0.6174
	At the end of the Year 31-Mar-2018	62400	0.6174	62400	0.6174
11.	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC INFRASTRUCTURE FUND #</b>				
	At the beginning of the year 01-Apr-2017	157232	1.5558	157232	1.5558
	Sale 23-Jun-2017	-11600	-0.1147	145632	1.4410
	Sale 14-Jul-2017	-4000	-0.0395	141632	1.4014
	Sale 21-Jul-2017	-19500	-0.1929	122132	1.2085
	Sale 18-Aug-2017	-6600	-0.0653	115532	1.1432
	Sale 01-Sep-2017	-8500	-0.0841	107032	1.0591
	Sale 08-Sep-2017	-857	-0.0084	106175	1.0506
	Sale 15-Sep-2017	-30800	-0.3047	75375	0.7458
	Sale 22-Sep-2017	-9226	-0.0912	66149	0.6545
	Sale 05-Jan-2018	-1000	-0.0098	65149	0.6446
	Sale 12-Jan-2018	-6016	-0.0595	59133	0.5851
	Sale 19-Jan-2018	-2300	-0.0227	56833	0.5623
	Sale 02-Mar-2018	-4300	-0.0425	52533	0.5198
	At the end of the Year 31-Mar-2018	52533	0.5198	52533	0.5198
12.	<b>AMBIT CAPITAL PRIVATE LIMITED#</b>				
	At the beginning of the year 01-Apr-2017	96710	0.9569	96710	0.9569
	Sale 07-Apr-2017	-96710	-0.9569	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares of the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company
13.	<b>RAMACHANDRAN R#</b>				
	At the beginning of the year 01-Apr-2017	62400	0.6174	62400	0.6174
	At the end of the Year 31-Mar-2018	62400	0.6174	62400	0.6174
14.	<b>SURENDRA KUMAR SIROHIYA# JT1 : SARLA SIROHIYA</b>				
	At the beginning of the year 01-Apr-2017	38000	0.3760	38000	0.3760
	Purchase 10-Nov-2017	150	0.0014	38150	0.3775
	Purchase 17-Nov-2017	1000	0.0098	39150	0.3873
	Purchase 24-Nov-2017	850	0.0084	40000	0.3958
	Purchase 19-Jan-2018	200	0.0019	40200	0.3977
	Purchase 02-Feb-2018	345	0.0034	40545	0.4012
	At the end of the Year 31-Mar-2018	40545	0.4012	40545	0.4012

\*Not listed under Top Ten as on 01.04.2017 but appeared in the Top Ten as on 31.3.2018

# Listed under Top Ten as on 01.04.2017 but not appeared in the Top Ten as on 31.3.2018

**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 the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company
	<b>DIRECTORS</b>				
1.	<b>CHELLAPPAN R</b>				
	At the beginning of the year 01-Apr-2017	4815954	47.6551	4815954	47.6551
	Purchase 15-Sep-2017	48085	0.4758	4864039	48.1309
	Purchase 29-Sep-2017	1915	0.0189	4865954	48.1499
	Purchase 22-Dec-2017	696	0.0068	4866650	48.1568
	Purchase 29-Dec-2017	1030	0.0101	4867680	48.1670
	Purchase 25-Jan-2018	10000	0.0989	4877680	48.2659
	Purchase 23-Feb-2018	500	0.0049	4878180	48.2709
	Purchase 02-Mar-2018	827	0.0081	4879007	48.2790
	Purchase 09-Mar-2018	6124	0.0605	4885131	48.3396
	Purchase 16-Mar-2018	4550	0.0450	4889681	48.3847
	At the end of the Year 31-Mar-2018	4889681	48.3847	4889681	48.3847
2.	<b>A. BALAN</b>				
	At the beginning of the year 01-Apr-2017	308094	3.0486	308094	3.0486
	Purchase 22-Dec-2017	634	0.0062	308728	3.0549
	Purchase 02-Mar-2018	1000	0.0098	309728	3.0648
	At the end of the Year 31-Mar-2018	309728	3.0648	309728	3.0648
3.	<b>V. C. Mirunalini</b>				
	At the beginning of the year 01-Apr-2017	41962	0.4152	41962	0.4152
	At the end of the Year 31-Mar-2018	41962	0.4152	41962	0.4152
4.	<b>RAGHUNATH V. C.</b>				
	At the beginning of the year 01-Apr-2017	38800	0.3839	38800	0.3839
	Purchase 25-Jan-2018	100	0.0009	38900	0.3849
	Purchase 02-Feb-2018	100	0.0009	39000	0.3859
	Purchase 02-Mar-2018	10	0.0000	10	0.0000
	At the end of the Year 31-Mar-2018	39010	0.3860	39010	0.3860
5.	<b>VILLIPALAYAM MARIMUTHU SIVASUBRAMANIAM JT1 : KUPPANNAN SUSEELA *</b>				
	At the beginning of the year 01-Apr-2017	200	0.0019	200	0.0019
	At the end of the Year 31-Mar-2018	200	0.0019	200	0.0019
6.	<b>S. ANNADURAI</b>				
	At the beginning of the year 01-Apr-2017	175	0.0017	175	0.0017
	At the end of the Year 31-Mar-2018	175	0.0017	175	0.0017

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares of the Company	% of total shares of the Company	No. of shares of the Company	% of total shares of the Company
7.	<b>JAYASHREE NACHIAPPAN</b>				
	At the beginning of the year 01-Apr-2017	100	0.0009	100	0.0009
	At the end of the Year 31-Mar-2018	100	0.0009	100	0.0009
8.	<b>NARAYANASWAMI NATARAJAN</b>				
	At the beginning of the year 01-Apr-2017	25	0.0002	25	0.0002
	At the end of the Year 31-Mar-2018	25	0.0002	25	0.0002
9.	<b>G. S. SAMUEL</b>				
	At the beginning of the year 01-Apr-2017	10	0.0001	10	0.0001
	At the end of the Year 31-Mar-2018	10	0.0001	10	0.0001
* Ceased to be a Director with effect from 26.04.2018 Mr. K.V. Nachiappan was appointed as a Whole Time Director of the Company with effect from 20.04.2018 and he holds 110232 equity shares constituting 1.09% to the total equity at the beginning and end of the financial year.					
<b>Chief Financial Officer</b>					
10	<b>P JAGAN</b>				
	At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000
<b>Company Secretary</b>					
11	<b>R. SATHISHKUMAR</b>				
	At the beginning of the year 01-Apr-2017	0	0.0000	0	0.0000
	At the end of the Year 31-Mar-2018	0	0.0000	0	0.0000

## 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	6,521.38	0	0	6,521.38
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	10.75	0	0	10.75
<b>Total (i+ii+iii)</b>	<b>6,532.13</b>	<b>0</b>	<b>0</b>	<b>6,532.13</b>
<b>Change in Indebtedness During the financial year</b>				
• Addition	2,737.98	0	0	2,737.98
• Reduction	816.27	0	0	816.27
<b>Net Change</b>	<b>1,921.71</b>	<b>0</b>	<b>0</b>	<b>1,921.71</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	8,437.96	0	0	8,437.96
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	15.88	0	0	15.88
<b>Total (i+ii+iii)</b>	<b>8,453.84</b>	<b>0</b>	<b>0</b>	<b>8,453.84</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*	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24.15	21.00	9.78	6.01	60.94
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	9.79	17.83	0.29	0.29	28.20
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager				Total amount
		R. Chellappan	A. Balan	V. C. Raghunath	V. C. Mirunalini*	
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit **	19.34	4.84	-	-	24.18
	- others, specify...	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
<b>TOTAL (A)</b>		<b>53.28</b>	<b>43.67</b>	<b>10.07</b>	<b>6.30</b>	<b>113.32</b>
Ceiling as per the Act						193.42

\* Mrs. V. C. Mirunalini was working as Assistant Vice President (Products & Special Projects) till 27.6.2017 and she was appointed as Whole Time Director of the Company w.e.f. 28.06.2017. Therefore her remuneration has been taken for calculation only from 28.06.2017.

\*\* @ 1% of the Net profits of the Company to Mr. R. Chellappan

\*\* @ 0.25% of the Net profits of the Company to Mr. A. Balan but not exceeding Rs.10 Lakh per annum

**B. Remuneration to Other directors:**

(Rs. In Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors				Total amount
1.	<b>Independent Directors</b>	<b>V.M. Sivasubramaniam</b>	<b>N. Natarajan</b>	<b>G.S.Samuel</b>	<b>S. Annadurai</b>	
	Fee for attending board / committee meetings	1.10	0.80	0.60	0.60	3.10
	Commission	2.50	2.50	-	-	5.00
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>3.60</b>	<b>3.30</b>	<b>0.60</b>	<b>0.60</b>	<b>8.10</b>
2.	<b>Other Non-Executive Directors</b>	<b>Jayashree Nachiappan</b>				
	Fee for attending board /committee meetings	1.00				1.00
	Commission	-				-
	Others, please specify	-				-
	<b>Total (2)</b>	<b>1.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.00</b>
	<b>Total (B)=( 1+2 )</b>	<b>4.60</b>	<b>3.30</b>	<b>0.60</b>	<b>0.60</b>	<b>9.10</b>
	<b>Total (A+B)</b>					<b>122.42</b>
	<b>Less: Sitting Fees</b>					<b>4.10</b>
	<b>Total Managerial Remuneration</b>					<b>118.32</b>
	<b>Overall Ceiling as per the Act</b>					<b>212.77</b>

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

(Rs. In Lakhs)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total amount
		R .Sathishkumar Company Secretary	P. Jagan Chief Financial Officer	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.04	27.61	35.65
	(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>8.04</b>	<b>27.61</b>	<b>35.65</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

Chennai  
25th May 2018



## ANNEXURE-4

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 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 formed the Corporate Social Responsibility (CSR) committee on 06.02.2014, which comprises of the following Members.

- 1) Mr. N. Natarajan - Chairperson
- 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	2014-15	2015-16	2016-17
Profit as per section 198 of Companies Act, 2013	559.81	3153.75	1593.65
Average Profit for 3 years			1769.07
2% on the above			35.38

The amount arrived for the CSR activities was Rs.35.38 Lakhs for the financial year 2017-2018.

The following amount towards the CSR activities were spent during the year (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.	Durga alarm, Delhi	Women Welfare	Other area, Delhi	0.25	0.25	0.25	Direct
2	Foundation for sustainable development (International Justice Mission) Chennai	Skill development and Livelihood	Local area Chennai district Tamil Nadu	15.34	15.34	15.34	International Justice Mission, Chennai
3.	Udhavum Karangal, (Sri Gayathri Medical Mission & Research Foundation), Chennai	Education	Local area Chennai district Tamil Nadu	2.50	2.50	2.50	Sri Gayathri Medical Mission & Research Foundation, Chennai
4.	Single Teacher (Swami Vivekananda Rural development society, Chennai)	Education	Local area Chennai district Tamil Nadu	3.00	3.00	3.00	Swami Vivekananda Rural development society, Chennai
	<b>TOTAL</b>			<b>21.09</b>	<b>21.09</b>	<b>21.09</b>	

The Company couldn't spend the entire amount budgeted for CSR activities, Since there was delay in release of subsidy, Energy Sales payments, and completed project payments from Government departments. The Company is in the process of evaluating various projects in the coming years.

The Company will continue to support the local initiatives to improve infrastructure as well as support in other corporate social responsibility initiatives.

Sd/-  
R. CHELLAPPAN  
Member-CSR Committee

Sd/-  
N. NATARAJAN  
Chairperson-CSR Committee

## **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 the 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.

The Committee will meet once in a year and the proceedings of the meeting will be tabled at the subsequent Board meeting.

### **Conclusion**

A concept whereby Company 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) Such other officer as may be prescribed

**“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” means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional head.

#### **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 meeting of the Committee shall be held at 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.

**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.

**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	:	22:1
	2. Mr. A. Balan	:	18:1
	3. Mr. V.C. Raghunath	:	4:1
	4. Mr. V. C. Mirunalini*	:	3:1
	5. Mr. V.M. Sivasubramaniam	:	1:1
	6. Mr. N. Natarajan	:	1:1
	7. Mr. G.S.Samuel	No remuneration was paid for the financial year 2017-2018 except sitting fees	
	8. Mrs. Jayashree Nachiappan		
	9. Mr. S. Annadurai		
* salary calculated from the date of appointment i.e., 28.6.2017			
(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	:	15.12%
	2.Mr.A.Balan, JMD	:	45.42%
	3.Mr. V.C. Raghunath, WTD	:	3.45%
	4.Mr. V.M. Sivasubramaniam	:	-50.00%
	5.Mr. N. Natarajan	:	-50.00%
	6.Mr.V.C.Mirunalini,WTD	:	Not comparable*
	7.Mr.P.Jagan, CFO	:	6.21%
	8.Mr.R.Sathishkumar,CS	:	10.93%
	*Appointed as a Whole Time Director with effect from 28.6.2017 [Before appointment Mrs. V.C. Mirunalini was working as an Assistant Vice President (Products & Special Projects) till 27.6.2017 in the Company]		
(iii) the percentage increase in the median remuneration of employees in the financial year;	1.62%		
(iv) the number of permanent employees on the rolls of company;	266		
(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 employees other than the managerial personnel : 2.88%		
	Percentage increase in the managerial remuneration: 23.19%		
	There were no exceptional circumstances for increase in the managerial remuneration		
(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 :	Nil
During the year, Mr. V.C. Raghunath, Whole Time Director, was in receipt of remuneration of Rs.10.07 Lakhs per annum	There were 8 employees as provided in the Top Ten Lists (Serial No.3 to 10) were in receipt of remuneration in excess of Whole Time Director Mr. V.C. Raghunath.  These 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.
During the year, Mrs. V.C. Mirunalini was appointed as Whole Time Director with effect from 28.06.2017 and in receipt of remuneration of Rs.6.30 Lakhs for the part period from 28.06.2017 to 31.03.2018.	Not comparable, since the remuneration received by the Whole Time Director is pertaining to the part period

d) Top ten employees in terms of remuneration drawn during the financial year 2017-2018

S. No.	Employee Name & Designation	Remuneration received (Rs. In lakhs)	Nature of employment, whether contractual or otherwise	Qualifications and experience of the employee	Date of commencement of employment	Age	The last employment held by such employee before joining the company	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2)	Whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager
1	R Chellappan Managing Director	53.28	Regular	B.E (EEE), 46 Years	12/09/1994	65	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.	48.385	Father of Mr. V.C. Raghunath & Mrs. V.C. Mirunalini Whole Time Directors
2	A Balan Joint Managing Director	43.67	Regular	B.E (EEE), 47 Years	03/10/2015	65	Novateur Electrical & Digital Systems Private Limited	3.065	No
3	P Jagan Chief Financial Officer	27.61	Regular	B.Sc., FCA 22 Years	08/03/2013	52	Goodearth Maritime Limited	Nil	No
4	HR Vasuki Chief Operating Officer	22.44	Regular	M.Sc, 23 Years & 8 months	05/08/2008	48	GE Thermometrics India Private Limited	Nil	No
5	S Nataraj Assistant Vice President (Renewable Energy Projects)	20.88	Regular	M. Tech (Chemical Engg) 11 Years & 8 months	22/12/2014	36	Ernst & Young, Chartered Accountants	Nil	No
6	Arindam Sarker Chief Technical Officer	19.59	Regular	Ph.D, 20 Years	01/04/2008	44	Hind High Vacuum Co. (Pvt.) Ltd.	Nil	No
7	Prakash Das Assistant Vice President (Projects)	14.45	Regular	B.E, PGDASD, ME, 14 Years & 5 months	01/11/2011	41	Leonics Company Limited	Nil	No
8	V Venkatesh Vice President- Operational and Special Projects	12.75	Regular	B.E, 27 Years & 4 months	25/12/2014	48	Novateur Electrical & Digital Systems Private Limited	0.003	No
9	L Mohana Rao Assistant General Manager - Accounts and Finance	12.06	Regular	M.Com, MBA, 25 Years & 7 months	11/02/2008	48	HHV Solar Technologies Private limited	Nil	No
10	G Yuvaraj Senior Manager- Maintenance and Information Technology	11.06	Regular	MA , Dip.in Electronics & Mechatronics & Computer Science, 20 Years	17/04/2012	39	HHV Solar Technologies Private limited	Nil	No

## **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 2018, 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 the significant accounting policies and other explanatory information.

#### **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 Companies Act, 2013 ("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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.

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. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

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.

#### **Opinion**

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 Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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.
  - 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 relevant books of account.
  - d) In our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors of the Company as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 on the 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 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 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 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)

Place: Bengaluru  
Date: 25 May 2018  
VB/PV/MS/2018/13

**V. Balaji**  
Partner  
Membership No. 203685

## **ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in Paragraph 3 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 at 31 March 2018 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 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 respective 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, in terms of their reports referred to in the Other Matters paragraph below, 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 referred to in the Other Matters paragraph below, 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 2018, 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)

Place: Bengaluru

Date: 25 May 2018

VB/PV/MS/2018/13

**V. Balaji**

Partner

Membership No. 203685

## **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) In respect of its fixed assets:

- a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- b) The Property, Plant and Equipment of the Company 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 explanations 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/transfer deed/conveyance deed provided to us, we report that, the title deed comprising of all the immovable properties of land and building and investment properties are held in the name of the Company as at the balance sheet date.

In respect of immovable property of land and building that have been taken on lease and disclosed as property, plant and equipment in the Standalone 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, not prejudicial to the Company's interest.
- b) The schedule of repayment of principal and payment of interest has been stipulated as on demand according to the terms of the agreement and such repayments of principal amounts and interest have been regular as per stipulations.
- c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act 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 from the public 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, and prescribed by the Central Government under sub-section (1) of Section 148 of the Act, 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 been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Goods and Service Tax, Excise Duty, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Goods and Services Tax, Excise Duty, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears at the year end 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, Service tax, Customs Duty, Value Added Tax and Cess which have not been deposited as on 31 March 2018 on account of disputes are as follows:

Name of the statute	Nature of dues	Amount 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	12.00	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.
The Central Sales tax Act, 1956 (Haryana)	Ex-parte order	15.04	2011-12	Joint Excise & Taxation Commissioner, Appeals Haryana
Service tax	Differential tax and Interest	2.92	2011-2012	Central Excise and Service Tax Appellate Tribunal (CESTAT)
Service tax	Differential tax and Interest	2,741.11	2008-2009	Central Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act	Levy of CVD and SAD on imports	612.12	2009-2015	2009 - 2012 –The Excise Appellate Tribunal 2012-2013 –Commissioner of Central Excise 2013-2015 – The Excise Appellate Tribunal
Income Taxes	Disallowances of items	1,165.66	2009-2010 / 2012-2013 & 2013-2014	Commissioner of Income Tax (CIT) Appeals

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not issued any debentures and has not borrowed any money from financial institutions.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year were applied for the purposes for which they were raised.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and, hence, reporting under clause (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, transactions with related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the Standalone Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, 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 Paragraph 3 clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions during the current year with any of the directors of the Company or its Subsidiary Company or a person connected with him and, hence, the 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)

Place: Bengaluru  
Date: 25 May 2018  
VB/PV/MS/2018/13

**V. Balaji**  
Partner

Membership No. 203685

**SWELECT ENERGY SYSTEMS LIMITED**

**Balance Sheet as at 31 March 2018**

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

<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>(A) ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	3	6,415.06	7,224.07
(b) Capital work-in-progress		128.73	0.25
(c) Investment Property	4	1,672.85	1,754.30
(d) Intangible assets	5	7,193.27	5,638.10
(e) Financial Assets			
(i) Investment in Subsidiaries - Equity Shares	6	6,666.93	6,657.93
(ii) Other non-current Investments	7(a)	6,830.35	6,830.35
(iii) Loans	7(c)	9,853.82	546.94
(iv) Other financial assets	7(d)	192.19	94.09
(v) Bank balances	7(e)	19.54	37.63
(f) Income Tax Asset (Net)	18	53.08	-
(g) Other non-current assets	8	727.15	17.67
<b>Total Non-current assets</b>		<b>39,752.97</b>	<b>28,801.33</b>
<b>Current assets</b>			
(a) Inventories	9	5,694.90	4,770.99
(b) Financial Assets			
(i) Investments	7(b)	26,646.33	25,131.04
(ii) Loans	7(c)	474.62	7,934.13
(iii) Trade receivables	10	3,171.05	5,849.08
(iv) Cash and cash equivalents	11	1,879.59	2,882.44
(v) Other bank balances	7(e)	5,965.95	4,520.52
(vi) Other financial assets	7(d)	781.82	449.35
(c) Other Current assets	12	304.89	157.04
<b>Total current assets</b>		<b>44,919.15</b>	<b>51,694.59</b>
<b>TOTAL ASSETS</b>		<b>84,672.12</b>	<b>80,495.92</b>

PARTICULARS	Note No.	As at 31 March 2018	As at 31 March 2017
<b>(B) EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	1,010.58	1,010.58
(b) Other Equity	14	66,309.92	64,490.59
<b>Total Equity</b>		<b>67,320.50</b>	<b>65,501.17</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	908.98	1,824.97
(ii) Other financial liabilities	17	115.63	130.56
(b) Provisions	19	374.76	418.53
<b>Total Non-current liabilities</b>		<b>1,399.37</b>	<b>2,374.06</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	16	6,812.78	3,948.92
(ii) Trade payables	20	7,571.62	7,176.76
(iii) Other financial liabilities	17	1,077.67	901.44
(b) Other current liabilities	21	128.90	191.86
(c) Provisions	19	361.28	401.71
<b>Total Current liabilities</b>		<b>15,952.25</b>	<b>12,620.69</b>
<b>Total Liabilities</b>		<b>17,351.62</b>	<b>14,994.75</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>84,672.12</b>	<b>80,495.92</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/-  
**V Balaji**  
Partner

Place : Bengaluru  
Date: 25 May 2018

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

**Swelect Energy Systems Limited**

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

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

Place: Chennai  
Date: 25 May 2018

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

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

Place: Chennai  
Date: 25 May 2018

**SWELECT ENERGY SYSTEMS LIMITED**

**Statement of Profit and Loss for the year ended 31 March 2018**

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

<b>PARTICULARS</b>	<b>Note No.</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>INCOME</b>			
Revenue From Operations	22	17,382.92	17,006.97
Other Income	23	1,818.08	2,696.41
Finance Income	24	1,989.85	1,919.44
<b>Total Income</b>		<b>21,190.85</b>	<b>21,622.82</b>
<b>EXPENSES</b>			
Cost of raw materials and components consumed	25	13,650.38	10,001.08
Purchase of traded goods		356.34	2,767.98
Increase in inventories of work-in-progress, traded goods and finished goods	26	(1,400.55)	(566.87)
Excise duty		8.50	44.97
Employee benefits expense	27	1,140.03	1,151.30
Depreciation and amortisation expense	29	1,343.04	1,114.44
Other expenses	28	2,425.68	2,739.64
Finance costs	30	580.58	529.55
<b>Total Expenses</b>		<b>18,104.00</b>	<b>17,782.09</b>
<b>Profit before tax</b>		<b>3,086.85</b>	<b>3,840.73</b>
<b>Tax Expense</b>			
Current tax	18	739.92	902.88
Deferred Tax (credit) / charge		-	-
<b>Income tax expense</b>		<b>739.92</b>	<b>902.88</b>
<b>Profit for the year</b>		<b>2,346.93</b>	<b>2,937.85</b>

<b>PARTICULARS</b>	<b>Note No.</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>Other Comprehensive Income (OCI)</b>			
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement losses on defined benefit plans	32	(52.23)	-
Income Tax Effect	18	11.15	-
<b>Net Other Comprehensive Income not to be reclassified to profit or loss in subsequent periods</b>		<b>(41.08)</b>	<b>-</b>
<b>Total Comprehensive Income for the year</b>		<b>2,305.85</b>	<b>2,937.85</b>
<b>Earnings per share (Face value of Rs. 10/- each)</b>			
1. Basic (in INR)	31	23.22	29.07
2. Diluted (in INR)	31	23.22	29.07

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/-  
**V Balaji**  
Partner

Place : Bengaluru  
Date: 25 May 2018

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

**Swelect Energy Systems Limited**

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

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

Place: Chennai  
Date: 25 May 2018

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

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

Place: Chennai  
Date: 25 May 2018



**SWELECT ENERGY SYSTEMS LIMITED**

**Cash Flow Statement for the year ended 31 March 2018**

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

<b>PARTICULARS</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit after taxation</b>	2,346.93	2,937.85
Adjustments to reconcile profit after tax to net cash flows:		
Tax expense	739.92	902.88
Depreciation/amortisation	1,343.04	1,114.44
Loss on investments carried at fair value through Profit and Loss	(1,500.00)	(2,156.63)
Unrealised foreign exchange loss / (gain), net	41.87	(31.46)
Net gain from the sale of current investment	(82.26)	(127.52)
Dividend income - mutual fund	(3.48)	(0.46)
Provision for bad and doubtful debts and Bad debts written off	47.45	131.26
Liabilities no longer required, written back	(16.58)	(36.04)
Provision for warranty written back	(140.08)	-
Interest expense	558.14	493.06
Interest income	(1,989.85)	(1,919.44)
Gain on sale of Vehicles	(1.10)	-
Loss on retirement of Property, Plant and Equipment	29.23	-
<b>Operating profit before working capital changes</b>	<b>1,373.23</b>	<b>1,307.94</b>
<b>Movement in working capital :</b>		
Decrease / (Increase) in trade receivables	2,630.58	(1,455.35)
Increase in current and non-current assets	(130.18)	(2,279.02)
Increase in inventories	(923.91)	(1,505.76)
Increase in trade payables, other current and long term liabilities	318.18	1,325.56
Increase in provisions	15.14	140.96
Increase in current and non-current Financial assets	(2,310.74)	-
<b>Cash flow generated from / (used in) operations</b>	<b>972.30</b>	<b>(2,465.67)</b>
Taxes paid, net	(793.35)	(554.87)
<b>Net cash flow generated from / (used in) operating activities (A)</b>	<b>178.95</b>	<b>(3,020.54)</b>

<b>PARTICULARS</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>B. Cash flow from investing activities:</b>		
Capital expenditure	(2,674.84)	(534.63)
Redemption of current investments	66.97	2,196.33
Investment in subsidiaries	(9.00)	(1.00)
Bank deposits (placed)/ redeemed (having original maturity of more than three months)	(1,427.34)	609.15
Interest received	2,022.65	1,956.57
Dividend received on mutual fund	3.48	0.46
Sale of Vehicles	1.10	-
<b>Net cash flow (used in) / generated from investing activities (B)</b>	<b>(2,016.98)</b>	<b>4,226.88</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from short-term borrowings	-	11.78
Repayment of long-term borrowings	(3.57)	(1,929.91)
Interest paid	(553.01)	(503.38)
Dividend paid	(404.23)	(101.06)
Dividend tax paid	(82.29)	(20.69)
<b>Net cash flow used in financing activities (C)</b>	<b>(1,043.10)</b>	<b>(2,543.26)</b>
<b>Net decrease in cash and cash equivalents (A + B + C)</b>	<b>(2,881.13)</b>	<b>(1,336.92)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(362.12)</b>	<b>974.80</b>
<b>Closing cash and cash equivalents</b>	<b>(3,243.25)</b>	<b>(362.12)</b>
<b>Cash and Cash equivalents (Refer Note 11(a))</b>	<b>(3,243.25)</b>	<b>(362.12)</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/-  
**V Balaji**  
Partner

Place : Bengaluru  
Date: 25 May 2018

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

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

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

Place: Chennai  
Date: 25 May 2018

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

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

Place: Chennai  
Date: 25 May 2018

**SWELECT ENERGY SYSTEMS LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2018**  
(All amounts are in INR Lakhs, unless otherwise stated)

**a. Equity Share Capital**

As at 1 April 2016	Changes in Equity Share Capital during the year (Refer Note 13)	Balance as at 31 March 2017	Changes in Equity Share Capital during the year (Refer Note 13)	Balance as at 31 March 2018
1010.58	-	1,010.58	-	1,010.58

**b. Other Equity**

Particulars	Reserves & Surplus				Total Other Equity
	Capital Reserve	Securities Premium Reserve	Retained Earnings	General Reserve	
<b>Balance as at 1 April 2016</b>	<b>152.64</b>	<b>4,796.48</b>	<b>38,623.23</b>	<b>18,102.14</b>	<b>61,674.49</b>
Profit for the period	-	-	2,937.85	-	2,937.85
Dividend for the year 2015-16	-	-	(101.06)	-	(101.06)
Dividend Distribution Tax for the year 2015-16	-	-	(20.69)	-	(20.69)
<b>Balance as at 31 March 2017</b>	<b>152.64</b>	<b>4,796.48</b>	<b>41,439.33</b>	<b>18,102.14</b>	<b>64,490.59</b>
Profit for the period	-	-	2,346.93	-	2,346.93
Other Comprehensive Income (Net of tax)	-	-	(41.08)	-	(41.08)
Dividend for the year 2016-17	-	-	(404.23)	-	(404.23)
Dividend Distribution Tax for the year 2016-17	-	-	(82.29)	-	(82.29)
<b>Balance at 31 March 2018</b>	<b>152.64</b>	<b>4,796.48</b>	<b>43,258.66</b>	<b>18,102.14</b>	<b>66,309.92</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. 117366WW-100018)

Sd/-

**V Balaji**  
Partner

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

Sd/-

**R. Sathishkumar**  
Company Secretary

Sd/-

**P. Jagan**  
Chief Financial Officer

Place : Bengaluru  
Date: 25 May 2018

Place: Chennai  
Date: 25 May 2018

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

#### 1. Corporate information

SWELECT ENERGY SYSTEMS LIMITED ('the Company') was incorporated as a public limited Company on 12 September 1994. 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. The Company is domiciled in India and its shares are listed on BSE and NSE. The registered office of the Company is located at Chennai.

#### 2 Basis of preparation

##### (i) 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.

##### (ii) 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.

##### (iii) 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.

##### (iv) 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 2018 is included in the following notes:

Note 3 - Useful life of Fixed Assets

Note 22 - Revenue from Service Concession Arrangements

Note 38 - Fair valuation of Financial Assets/Liabilities

Note 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 32 – Measurement of Defined Benefit Obligations: Key actuarial assumptions

##### (v) Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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 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 categorized 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 categorized 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**

### **(i) 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 realized or intended to sold or consumed in the normal operating cycle
- ♦ Held primarily for the purpose of trading
- ♦ Expected to be realized 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

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

The Company classifies all other liabilities as non-current.

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

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

**(ii) 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 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.

The Company has assumed that recovery of excise duty flows to the Company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Company on its own account, revenue includes excise duty (until 30 June 2017).

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

**Sale of power**

Revenue from sale of power from renewable energy sources is recognised in accordance with the price agreed under the provisions of the Power Purchase Agreement entered into with Tamil Nadu 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**Dividend**

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

**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.

**(iii) Service Concession Agreement**

The Company constructs infrastructure used to provide a public service and 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 A to Ind AS 11 - 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 service 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 amortized 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 amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

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 expire.



## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

#### (iv) Inventories

Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress, Finished goods	Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
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.

#### (v) 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 a 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 the 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 the 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 Other Comprehensive Income or directly in Equity.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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.

**(vi) Employee Benefits**

**Defined Contribution Plan**

Provident Fund

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

Employee State Insurance

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

**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.

**(vii) 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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 expenses 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.

**(viii) Earnings per share**

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

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

Property, Plant and Equipment and 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.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, 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 fixed assets, 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 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 Company identifies and determines cost of each component/part of the asset 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 assets 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

**(x) Depreciation and amortisation**

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

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

**(xi) 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 and Equipment. 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 assets.

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.

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

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

The carrying amounts of assets are 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.

**(xiii) Investment Property**

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 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 Company'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 Note 4. Fair values are determined on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by an independent valuer.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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 asset is recognised in the Statement of Profit and Loss in the period of derecognition.

#### **(xiv) 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 capitalized 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.

#### **(xv) Leases**

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

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

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

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

#### **(xvi) 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.

#### **(xvii) Provision for Warranties**

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

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

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

**(xviii) Financial instruments**

**Financial Assets:**

**Initial recognition and measurement**

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

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

**Subsequent measurement**

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

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

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

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

• **Business model test:** The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realise its fair value changes).

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

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

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

• **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 2018**

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 associates, joint venture and subsidiaries**

The Company has accounted for its investment in subsidiaries and associates, joint venture at cost.

#### **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 ECL's at each reporting date, right from its initial recognition.

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

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

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

#### **Financial Liabilities:**

##### **Initial recognition and measurement**

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

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



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

**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.

**(xix) Fair value measurement**

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

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

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

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

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

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, maximizing 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 summarizes the accounting policy for fair value. Other fair value related disclosures are given in relevant notes.

#### (xx) **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.

#### (xxi) **Cash dividend**

The Company recognizes a liability to make cash, when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized 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.

#### (xxii) **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.

#### (xxiii) **Business combinations**

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

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

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

**SWELECT ENERGY SYSTEMS LIMITED****Notes to Standalone Ind AS financial statements for the year ended 31 March 2018****(xxiv) 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.

**(xxv) 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 2018**  
(All amounts are in INR Lakhs, unless otherwise stated)

**3 Property, Plant and Equipment**

Particulars	Land	Buildings	Plant and Machinery	Office & Electrical Equipment	Computers	Furniture and Fittings	Vehicles	Leasehold Improvements	Total
<b>Cost</b>									
<b>As at 01 April 2016</b>	<b>1,108.83</b>	<b>280.81</b>	<b>5,558.34</b>	<b>228.39</b>	<b>29.05</b>	<b>214.27</b>	<b>49.18</b>	<b>4.58</b>	<b>7,473.45</b>
Additions	-	-	332.67	15.85	6.84	48.32	39.56	-	443.24
Deletions	-	-	-	-	-	-	-	-	-
Other Transfers (Refer Note (i) below)	-	359.20	-	-	-	-	-	-	359.20
<b>As at 31 March 2017</b>	<b>1,108.83</b>	<b>640.01</b>	<b>5,891.01</b>	<b>244.24</b>	<b>35.89</b>	<b>262.59</b>	<b>88.74</b>	<b>4.58</b>	<b>8,275.89</b>
Additions	-	38.12	111.07	5.87	8.19	0.08	46.39	-	209.72
Deletions (Refer Note (ii) below)	-	(20.30)	(23.00)	-	-	-	(6.10)	-	(49.40)
Other Transfers (Refer Note (i) below)	-	(4.24)	-	-	-	-	-	-	(4.24)
<b>As at 31 March 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>
<b>Depreciation</b>									
<b>As at 01 April 2016</b>	<b>-</b>	<b>11.01</b>	<b>135.72</b>	<b>44.65</b>	<b>13.39</b>	<b>44.61</b>	<b>13.98</b>	<b>3.18</b>	<b>266.54</b>
Charge for the year	-	13.26	620.35	48.43	12.32	46.07	13.80	-	754.23
Deletions	-	-	-	-	-	-	-	-	-
Other Transfers (Refer Note (i) below)	-	31.05	-	-	-	-	-	-	31.05
<b>As at 31 March 2017</b>	<b>-</b>	<b>55.32</b>	<b>756.07</b>	<b>93.08</b>	<b>25.71</b>	<b>90.68</b>	<b>27.78</b>	<b>3.18</b>	<b>1,051.82</b>
Charge for the year	-	29.21	828.29	50.78	8.08	48.78	20.42	0.49	986.05
Deletions (Refer Note (ii) below)	-	(2.33)	(11.74)	-	-	-	(6.10)	-	(20.17)
Other Transfers (Refer Note (i) below)	-	(0.79)	-	-	-	-	-	-	(0.79)
<b>As at 31 March 2018</b>	<b>-</b>	<b>81.41</b>	<b>1,572.62</b>	<b>143.86</b>	<b>33.79</b>	<b>139.46</b>	<b>42.10</b>	<b>3.67</b>	<b>2,016.91</b>
<b>Net Block</b>									
<b>As at 31 March 2017</b>	<b>1,108.83</b>	<b>584.69</b>	<b>5,134.94</b>	<b>151.16</b>	<b>10.18</b>	<b>171.91</b>	<b>60.96</b>	<b>1.40</b>	<b>7,224.07</b>
<b>As at 31 March 2018</b>	<b>1,108.83</b>	<b>572.18</b>	<b>4,406.46</b>	<b>106.25</b>	<b>10.29</b>	<b>123.21</b>	<b>86.93</b>	<b>0.91</b>	<b>6,415.06</b>

**Notes:**

- Other transfers represent Buildings that are transferred to / from Investment Property to / from Property Plant and Equipment for use in the business operations of the Company.
- Deletions during the year ended 31 March 2018 comprises of Property, Plant and Equipment written off during the year (Gross Block Rs. 43.30 lakhs, Accumulated depreciation Rs. 14.07 lakhs and Net Block Rs. 29.23 lakhs).
- Gross Block of Plant and Machinery as at 31 March 2018 includes Rs. 665.80 lakhs (31.03.2017 - Rs. 665.80 lakhs), is being used by Amex Alloys Private Limited, a wholly owned Subsidiary, under an operating lease agreement entered into with the Subsidiary.
- 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. 39.72 lakhs.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

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

#### 4 Investment Property

Particulars	Buildings	
	As at 31 March 2018	As at 31 March 2017
<b>Cost</b>	<b>1,924.10</b>	<b>2,283.30</b>
Additions during the year	-	-
Deletions during the year	-	-
Other Transfers (Refer Note 3(i))	4.24	(359.20)
<b>Closing Balance</b>	<b>1,928.34</b>	<b>1,924.10</b>
<b>Depreciation</b>		
Opening balance	169.80	100.42
Charge for the year	84.90	100.43
Other Transfers (Refer Note 3(i))	0.79	(31.05)
<b>Closing Balance</b>	<b>255.49</b>	<b>169.80</b>
<b>Net Block</b>	<b>1,672.85</b>	<b>1,754.30</b>

#### Information regarding Income and Expenditure of Investment Properties

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Rental income derived from Investment Properties	356.87	277.34
(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	2.22	4.07
<b>Profit arising from Investment Properties before depreciation and indirect expenses</b>	<b>354.65</b>	<b>273.27</b>
Less – Depreciation	(84.90)	(100.43)
<b>Profit arising from Investment Properties before indirect expenses</b>	<b>269.75</b>	<b>172.84</b>

#### Measurement of fair values:

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

As at 31 March 2018 and 31 March 2017, the fair value of the Property is Rs. 3,063.78 lakhs and Rs. 2,818.13 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 Properties and has no contractual obligations to purchase, construct or develop Investment properties or has any plans for major repairs, maintenance and enhancements. Fair Value Hierarchy disclosures for Investment Properties have been provided in Note 38.

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 Properties

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

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

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

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

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

#### Reconciliation of fair value:

Particulars	Amount
<b>Gross Block as at 31 March 2018</b>	1,928.34
Fair value difference (net)	1,135.44
<b>Fair Value as at 31 March 2018</b>	<b>3,063.78</b>

#### 5 Intangible assets

Particulars	Certification Process	Service Concession Arrangement (Refer Note below)	Computer Software	Total
<b>Cost</b>				
<b>As at 01 April 2016</b>	<b>45.02</b>	<b>5,972.73</b>	<b>27.61</b>	<b>6,045.36</b>
Additions	48.92	-	-	48.92
Deletions	-	-	-	-
<b>As at 31 March 2017</b>	<b>93.94</b>	<b>5,972.73</b>	<b>27.61</b>	<b>6,094.28</b>
Additions	9.55	1,817.42	0.29	1,827.26
Deletions	-	-	-	-
<b>As at 31 March 2018</b>	<b>103.49</b>	<b>7,790.15</b>	<b>27.90</b>	<b>7,921.54</b>
<b>Amortisation</b>				
<b>As at 01 April 2016</b>	<b>10.70</b>	<b>178.40</b>	<b>7.30</b>	<b>196.40</b>
Charge for the year	17.56	242.22	-	259.78
Deletions	-	-	-	-
<b>As at 31 March 2017</b>	<b>28.26</b>	<b>420.62</b>	<b>7.30</b>	<b>456.18</b>
Charge for the year	6.07	251.20	14.82	272.09
Deletions	-	-	-	-
<b>As at 31 March 2018</b>	<b>34.33</b>	<b>671.82</b>	<b>22.12</b>	<b>728.27</b>
<b>Net block</b>				
<b>As at 31 March 2017</b>	<b>65.68</b>	<b>5,552.11</b>	<b>20.31</b>	<b>5,638.10</b>
<b>As at 31 March 2018</b>	<b>69.16</b>	<b>7,118.33</b>	<b>5.78</b>	<b>7,193.27</b>

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

#### **Notes:**

- (i). 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 would need to be accounted under the principles of Appendix A of Ind AS 11 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 A of Ind AS 11 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 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 Intangible asset. The Intangible asset is amortised over the agreement period.

Also Refer Note 22 and Note 25.

- (ii). Intangible asset with a carrying amount of Rs. 860.30 lakhs (as at 31 March 2017: Nil) has been pledged to secure borrowings of the Company (refer Note 16). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.
- (iii). Intangible asset with a carrying amount of Rs. 5,318.91 lakhs (as at 31 March 2017: Rs. 5,552.11 lakhs) has been pledged in favour of the Grantor against the grant received from Grantor.

## **6 Financial Assets**

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

<b>Particulars</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
4,44,000 (31 March 2017 : 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 2017 : 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 2017 : 65,00,000) Equity shares of Amex Alloys Private Limited, Rs.10/- each fully paid	1,636.18	1,636.18
1,35,000 (31 March 2017 : 1,35,000) Equity shares of Swelect Green Energy Solutions Private Limited, Rs.100/- each fully paid	135.00	135.00
10,000 (31 March 2017 : 10,000) Equity warrants of SWELECT Inc, USA, USD 10/- each fully paid	68.85	68.85
10,000 (31 March 2017 : 1,000) Equity shares of Swelect Power Systems Private Limited, Rs.100/- each fully paid	10.00	1.00
<b>Total</b>	<b>6,666.93</b>	<b>6,657.93</b>
Aggregate book value of unquoted investments	6,666.93	6,657.93
Non-Current	6,666.93	6,657.93



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**7. Financial Assets**

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unquoted Investment in equity shares at fair value through statement of profit and loss</b>		
3,00,000 (31 March 2017 : 3,00,000) Equity shares of Rs.10/- each fully paid in Gem Sugars Limited	30.00	30.00
3,520 (31 March 2017 : 3,520) Equity shares of Rs.10/- each fully paid in Yajur Energy Solutions Private Limited	0.35	0.35
<b>Unquoted Investment in debt instruments of subsidiary carried at amortised cost</b>		
63,00,000 (31 March 2017: 63,00,000) of 10% compulsorily convertible Debentures of Swelect Green Energy Solutions Private Limited, Rs.100/- each fully paid	6,300.00	6,300.00
<b>Investment in tax free bonds (unquoted) carried at amortised cost</b>		
50,000 (31 March 2017: 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>6,830.35</b>	<b>6,830.35</b>
Aggregate book value of unquoted investments	6,830.35	6,830.35

**Note:**

Investment in tax free bonds are non-derivative financial assets which generate an effective interest income of 8.51% for the Company.

**7(b) Current investments**

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

**Quoted Mutual funds**

Particulars	As at 31 March 2018	As at 31 March 2017
Nil (31 March 2017 : 2,00,00,000) units of Rs.10/- each fully paid up Kotak Fixed Maturity Plan - Growth series	-	2,573.48
1,921,876.42 (31 March 2017: 1,921,876.42) units of Rs.10/- each fully paid up Birla Sunlife Treasury Optimizer - Growth - Regular Plan #	4,258.23	4,001.10
5,965,315.96 (31 March 2017: 5,965,315.96 ) units of Rs.11.73/- each fully paid up Edelweiss Banking and PSU Debt Fund - Regular Plan Growth *	857.44	806.55
9,817,676.82 (31 March 2017: 9,817,676.82) units of Rs.10/- each fully paid up HSBC Income Fund - STP Growth **	2,788.47	2,641.77
13,525,932.84 (31 March 2017: 13,525,932.84) units of Rs.10/- each fully paid up UTI Short term income Fund - Growth **	2,856.99	2,696.87
17,339,638.21 (31 March 2017: 17,339,638.21) units of Rs.10/- each fully paid up SBI short term debt fund - Direct Plan - Growth	3,554.78	3,334.62
20,163,916.17 (31 March 2017: 20,163,916.17) units of Rs.10/- each fully paid up UTI Short term income Fund - Institutional - Growth**	4,259.08	4,020.38
316,156.84 (31 March 2017: 316,156.84) units of Rs.10/- each fully paid up ICICI Prudential flexible regular plan **	1,053.23	984.32
315,383.90 (31 March 2017: 779,864.38) units of Rs.10/- each fully paid up Aditya Birla Sunlife Saving Fund Growth **	1,077.69	2,485.05

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

Particulars	As at 31 March 2018	As at 31 March 2017
Nil (31 March 2017: 4,604,001.81) units of Rs.10/- each fully paid up HDFC Cash Management Fund Treasury Advantage	-	1,581.90
LIC Endowment Plus ##	5.00	5.00
99,386.45 (31 March 2017: Nil) units of Rs. 10/- each fully paid up HSBC Low Duration Fund Growth	15.17	-
1,00,00,000 (31 March 2017: Nil) units of Rs. 10/- each fully paid up HSBC Fixed Term Series 129 Growth	1,048.90	-
4,717,843.47 (31 March 2017: Nil) units of Rs. 10/- each fully paid up IDFC Bond Fund Short Term Regular Plan Growth **	1,667.89	-
16,588,846.66 (31 March 2017: Nil) units of Rs. 10/- each fully paid up HDFC Medium term Opportunities Fund- Growth **	3,203.46	-
<b>Total</b>	<b>26,646.33</b>	<b>25,131.04</b>
Aggregate cost of quoted investments	22,564.13	21,680.35
Aggregate market value of quoted investments	26,646.33	25,131.04
Current	26,646.33	25,131.04

**Note:**

\* Investments marked have been pledged as collateral securities with banks for availment of term loans for the Company. (Refer Note 16).

\*\* Investments marked have been pledged as collateral securities with banks for availment of term loans for the Company and its Subsidiaries. (Refer Note 16).

# Investment marked have been pledged partly as collateral security with a bank for availment of term loan for one or more Subsidiaries of the Company (Refer Note 16).

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

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

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-Current</b>		
Loans to Related parties (Refer Note 2 below) (Also Refer Note 34)	9,300.58	-
Other Financial Assets (Refer Note 1 below)	553.24	546.94
<b>Total</b>	<b>9,853.82</b>	<b>546.94</b>
<b>(ii) Current</b>		
Loans to employees	1.02	2.95
Loans to Related parties (Refer Note 2 below) (Also Refer Note 34)	-	7,841.25
Other Financial Assets (Refer Note 1 below)	473.60	89.93
<b>Total</b>	<b>474.62</b>	<b>7,934.13</b>
<b>Total</b>	<b>10,328.44</b>	<b>8,481.07</b>

**Notes:**

- Other financial assets are non-derivative financial assets which generate an effective finance income of 8.5 % - 16.58 % for the Company.
- Loans to related parties are non-derivative financial assets repayable on demand which generate an interest income of 10 % for the Company.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-Current</b>		
Balance with Government authorities	472.63	374.53
Provision for doubtful advance	(280.44)	(280.44)
<b>Total</b>	<b>192.19</b>	<b>94.09</b>
<b>(ii) Current</b>		
Earnest money deposit	48.95	62.00
Interest accrued on fixed deposits	88.53	121.33
Renewable Energy Income Receivable	370.53	-
Balance with Government authorities	290.39	297.61
Other Current Financial assets	15.01	-
Provision for doubtful advance	(31.59)	(31.59)
<b>Total</b>	<b>781.82</b>	<b>449.35</b>
<b>Total</b>	<b>974.01</b>	<b>543.44</b>
Considered good	661.98	231.41
Considered doubtful	312.03	312.03

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-Current</b>		
Deposits with original maturity more than 12 months (Refer Note below)	19.54	37.63
<b>Total</b>	<b>19.54</b>	<b>37.63</b>
<b>(ii) Current</b>		
Deposits with original maturity more than 3 months and less than 12 months (Refer Note below)	5,965.95	4,520.52
<b>Total</b>	<b>5,965.95</b>	<b>4,520.52</b>
<b>Total</b>	<b>5,985.49</b>	<b>4,558.15</b>

**Note:**

The balance in deposit accounts bears an average interest rate of 7.5% and have been pledged as collateral securities with banks for availing overdraft, Bank Guarantees and Foreign Currency Non-resident Loan for the Company and its subsidiary. (Refer Note 16).

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

Particulars	As at 31 March 2018	As at 31 March 2017
Capital advances	727.15	-
Prepaid expenses	-	17.67
<b>Total</b>	<b>727.15</b>	<b>17.67</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**9 Inventories**

Particulars	As at 31 March 2018	As at 31 March 2017
Raw materials and components	1,738.07	2,433.50
Raw materials in transit	215.49	-
Work-in-progress (Refer Note below)	96.74	94.78
Finished goods	2,283.11	1,780.25
Traded goods	1,332.44	436.72
Stores and spares	29.05	25.74
<b>Total</b>	<b>5,694.90</b>	<b>4,770.99</b>

**Note:**

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

**10 Trade receivables**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(a) Unsecured, Considered good</b>		
Other than Related parties	2,624.71	4,741.45
Receivables from Related parties (Refer Note 34)	546.34	1,107.63
<b>(b) Doubtful</b>		
Other than related parties	222.46	190.25
Less : Allowance for Expected Credit Loss (Refer Note below)	(222.46)	(190.25)
<b>Total</b>	<b>3,171.05</b>	<b>5,849.08</b>

**Note:**

In accordance with Ind AS 109, the Company 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 Photovoltaic Panels, Solar Power Generating Systems and accessories and other services such as installation, maintenance and sale of power. Trade receivables are non-interest bearing and are generally on terms of 60 days. No interest is charged on the balance regardless the age of the balance. The Company uses judgements in making certain assumptions and selects inputs to determine the impairment of these trade receivables. This is based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of the reporting period.

**11 Cash and cash equivalents**

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks:		
On current accounts	417.16	280.88
On unpaid dividend accounts	30.12	30.28
Deposits with original maturity less than 3 months (Refer Note below)	1,423.46	2,568.53
Cash on hand	8.85	2.75
<b>Total</b>	<b>1,879.59</b>	<b>2,882.44</b>

**Note:**

The balance on deposit accounts bears an interest rate of 7.5% have been pledged with Banks as collateral securities for availing Bank guarantees for the Company.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

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

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks:		
On current accounts	417.16	280.88
Deposits with original maturity less than 3 months	1,423.46	2,568.53
Cash on hand	8.85	2.75
	<b>1,849.47</b>	<b>2,852.16</b>
Less: Bank overdrafts (Refer Note 16)	(5,092.72)	(3,214.28)
<b>Total</b>	<b>(3,243.25)</b>	<b>(362.12)</b>

**12 Other Current assets**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured, considered good:</b>		
Supplier advances	202.66	117.33
Prepaid expenses	76.33	27.95
Other receivables	25.90	11.76
<b>Total</b>	<b>304.89</b>	<b>157.04</b>

**13 Equity Share Capital**

Particulars	Equity Shares of Rs. 10/- each	
	Nos.	Amount
<b>Authorised Share Capital</b>		
<b>As at 31 March 2017</b>	<b>470,00,000</b>	<b>4,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2018</b>	<b>470,00,000</b>	<b>4,700.00</b>
<b>Issued, Subscribed &amp; Fully paid up</b>		
<b>As at 31 March 2017</b>	<b>101,05,840</b>	<b>1,010.58</b>
Issue of Equity Share Capital	-	-
<b>As at 31 March 2018</b>	<b>101,05,840</b>	<b>1,010.58</b>

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

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

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

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

Equity shares of Rs.10/- each fully paid	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding in the class	Number of shares	% holding in the class
R. Chellappan, Managing Director	48,89,681	48.38%	48,15,954	47.66%

As per the 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 Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**14 Other Equity**

**Other Equity movement during the years 2016-17 and 2017-18:-**

Particulars	Capital Reserve	Securities Premium Reserve (Refer Note (i) below)	Retained Earnings	General Reserve (Refer Note (ii) below)	Other Comprehensive Income	Total
<b>As at 1 April 2016</b>	152.64	4,796.48	38,623.23	18,102.14	-	61,674.49
Profit for the year	-	-	2,937.85	-	-	2,937.85
Distribution made during the year	-	-	(121.75)	-	-	(121.75)
<b>As at 31 March 2017</b>	152.64	4,796.48	41,439.33	18,102.14	-	64,490.59
Profit for the year	-	-	2,346.93	-	(41.08)	2,305.85
Distribution made during the year	-	-	(486.52)	-	-	(486.52)
<b>As at 31 March 2018</b>	<b>152.64</b>	<b>4,796.48</b>	<b>43,299.74</b>	<b>18,102.14</b>	<b>(41.08)</b>	<b>66,309.92</b>

- (i) **Securities Premium Reserve** – 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 Reserve”. The Company may issue fully paid-up bonus shares to its members out of the Securities Premium Reserve 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.

**15 Distribution made and proposed**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended 31 March 2017 : Rs. 4/- per share (31 March 2016: Rs. 3/- per share)	404.23	101.06
Dividend Distribution tax on final Dividend	82.29	20.69
<b>Proposed dividends on Equity shares:</b>		
Proposed Dividend for the year ended 31 March 2018 Rs. 4/- per share (31 March 2017: Rs. 4/- per share)	404.23	404.23
Dividend Distribution Tax (DDT) on Proposed Dividend	82.29	82.29

Proposed Dividend of Rs. 4/- per share on Equity shares are subject to the approval at the Annual General Meeting and are not recognised as a liability (including DDT thereon) as at 31 March 2018.

**16 Borrowings**

**Financial Liabilities carried at amortised cost**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-Current</b>		
Term loan from Banks	885.75	1,824.97
Vehicle Loan	23.23	-
<b>Total</b>	<b>908.98</b>	<b>1,824.97</b>
Secured Borrowings	908.98	1,824.97

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**Details of long term borrowings are given below:**

Particulars	As at 31 March 2018	Effective Interest Rate	Currency	Repayment Terms	Security
Term loan - 1	355.00	8.10%	INR	Repayable in quarterly instalments of Rs. 88.75 lakhs, each ending March 2019	Mutual funds
Term loan - 2	178.75	8.10%	INR	Repayable in quarterly instalments of Rs. 44.69 lakhs, each ending March 2019	Mutual funds
Term loan - 3	347.50	8.10%	INR	Repayable in quarterly instalments of Rs. 43.44 lakhs, each ending March 2020	Mutual funds
Term loan - 4	712.00	9.25%	INR	Repayable in quarterly instalments (Rs.25.37 lakhs each till December 2025 and Rs.27.15 lakhs for March 2026) starting from June 2019 each ending March 2026.	2 MW Solar Plant installed at Integral Coach Factory, Chennai
Vehicle Loan	31.93	8.00%	INR	Loan obligation plus interest, is payable in 48 equal monthly instalments.	Vehicle
<b>Total</b>	<b>1,625.18</b>				
<b>Less: Current Portion</b>	<b>716.20</b>				
<b>Non-Current Borrowings</b>	<b>908.98</b>				

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(ii) Current</b>		
Term loan from Banks	943.72	-
Bank overdrafts	5,092.72	3,214.28
External Commercial Borrowing (ECB)	776.34	734.64
<b>Total Current Borrowings</b>	<b>6,812.78</b>	<b>3,948.92</b>
Secured loans	6,812.78	3,948.92

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

Particulars	As at 31 March 2018	Effective Interest Rate	Currency	Repayment Terms	Security
Bank overdrafts	5,092.72	8.00%- 8.35%	INR	Repayable on demand	Fixed deposits and Mutual funds
ECB - 1	225.74	0.45%	EUR	Repayable in June 2018	Fixed deposits
ECB - 2	148.14	2.13%	USD	Repayable in June 2018	Fixed deposits
ECB - 3	58.82	0.70%	EUR	Repayable in June 2018	Fixed deposits
ECB - 4	309.49	2.18%	USD	Repayable in August 2018	Fixed deposits
ECB - 5	34.15	3.11%	USD	Repayable in January 2019	Fixed deposits
Term loan - 5	943.72	8.00%	INR	Bullet repayment terms; interest payable monthly	Mutual funds
<b>Total Short Term Borrowings</b>	<b>6,812.78</b>				



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**17 Other Financial Liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non Current</b>		
Rental deposits	115.63	130.56
<b>Total</b>	<b>115.63</b>	<b>130.56</b>
<b>(ii) Current</b>		
Current maturities of long term debt (Refer Note 16)	716.20	747.50
Unpaid dividend	30.12	30.28
Interest accrued	15.88	10.75
Capital creditors	218.98	1.21
Rental deposits	46.85	40.38
Statutory dues payable	49.64	71.32
<b>Total</b>	<b>1,077.67</b>	<b>901.44</b>
<b>Total</b>	<b>1,193.30</b>	<b>1,032.00</b>

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Deferred tax liabilities</b>		
Impact on difference between tax, depreciation and amortisation charged for the financial reporting period.	1,508.11	920.49
<b>Gross deferred tax liabilities</b>	<b>1,508.11</b>	<b>920.49</b>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	-	(12.32)
Carry forward business loss and unabsorbed depreciation	(1,508.11)	(908.17)
<b>Gross deferred tax assets</b>	<b>(1,508.11)</b>	<b>(920.49)</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 2018 and 31 March 2017 are:

**Statement of Profit or Loss:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current income tax:</b>		
Current income tax charge	728.77	902.88
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	-	-
<b>Total</b>	<b>728.77</b>	<b>902.88</b>

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

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

As at 31 March 2018, the Company has total eligible deferred tax asset of Rs. 4,449.35 lakhs (including on account of business loss, unabsorbed depreciation and MAT Credit entitlement) as per the revised 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 depreciate and MAT Credit, the Company has recognised deferred tax asset to the extent of Rs.1,508.11 lakhs towards carried forward tax losses and unabsorbed depreciation and unused tax credits 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 2018 and 31 March 2017:

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Accounting Profit before income tax (including other comprehensive income)</b>	<b>3,034.62</b>	<b>3,840.73</b>
<b>Minimum Alternate Tax (MAT) Adjustments:</b>		
Add: Allowance for Expected Credit Loss	32.21	-
Add: Interest on late payment of Tax Deducted at Source	0.28	-
Less: Dividend income earned on Mutual Funds	(3.48)	-
<b>Book Profit for MAT Calculation</b>	<b>3,063.63</b>	<b>3,840.73</b>
At India's statutory income tax rate of 21.34% (31 March 2017: 21.34%) (Refer Note below)	21.34%	21.34%
<b>Derived Tax Charge for the year</b>	<b>653.84</b>	<b>819.61</b>
<b>Adjustments:</b>		
Tax impact on account of one fifth of the amount credited to the opening reserves as at 31 March 2016 pursuant to transition to Ind AS	74.93	83.27
<b>Net derived tax charge</b>	<b>728.77</b>	<b>902.88</b>
<b>Income tax expense reported in the statement of Profit and Loss</b>	<b>728.77</b>	<b>902.88</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 21.34%.

#### (c) Income Tax asset

Income tax asset of Rs. 53.08 lakhs as at 31 March 2018 (As at 31 March 2017 - Nil) represents the tax deducted at source/advance tax, net of provision for income tax.

## 19 Provisions

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-current</b>		
Provision for warranties (Refer Note below)	271.62	362.08
Provision for gratuity (Refer Note 32)	103.14	38.42
Provision for compensated absences	-	18.03
<b>Total</b>	<b>374.76</b>	<b>418.53</b>
<b>(ii) Current</b>		
Provision for warranties (Refer Note below)	63.77	113.39
Provision for gratuity (Refer Note 32)	10.00	6.99
Provision for compensated absences	58.19	40.51
Provision for Income tax (net of advance tax)	229.32	240.82
<b>Total</b>	<b>361.28</b>	<b>401.71</b>
<b>Total</b>	<b>736.04</b>	<b>820.24</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**Note:**

Provision for warranties

Particulars	As at 31 March 2018	As at 31 March 2017
At the beginning of the year	475.47	325.41
Arising during the year	128.18	151.51
Utilisation/Reversal/Discounting of warranties	(268.26)	(1.45)
<b>At the end of the year</b>	<b>335.39</b>	<b>475.47</b>
Non-current	271.62	362.08
Current	63.77	113.39

**20 Trade payables**

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payables	1,877.96	2,003.47
(Refer note below regarding dues to Micro, Small and Medium Enterprises)		
Trade payables to Related parties (Refer Note 34)	5,693.66	5,173.29
<b>Total</b>	<b>7,571.62</b>	<b>7,176.76</b>

**Note:**

There is no overdue amount payable to Micro, Small and Medium Enterprises as defined under "The Micro Small and Medium Enterprises Development Act, 2006". Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the year.

**21 Other current liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017
Advance from customers	128.90	191.86
<b>Total</b>	<b>128.90</b>	<b>191.86</b>

**22 Revenue from operations**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue from operations</b>		
Sale of products		
Manufactured goods		
Solar Photovoltaic Panels	8,976.86	8,479.21
Solar Power Generating Systems and accessories	3,485.99	2,520.45
Traded goods	241.19	3,414.73
Sale of services		
Installation	235.03	475.48
Annual Maintenance Contracts	81.16	47.58
Others	18.32	122.34
Sale of power	1,189.77	1,083.44
Revenue from service concession arrangements (Refer Note 5)	2,225.00	-
<b>Other operating revenue</b>		
Scrap Sales	8.60	17.28
Rental Income	528.00	441.37
Renewable Energy Certificate Income (net)	393.00	405.09
<b>Total</b>	<b>17,382.92</b>	<b>17,006.97</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**23 Other Income**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Exchange differences (net)	57.04	356.71
Gain on sale of investments (net)	82.26	127.52
Gain on investments carried at fair value through Profit and Loss	1,500.00	2,156.63
Dividend income on investments - carried at fair value through Profit and Loss	3.48	0.46
Provision no longer required written back (Net) (Refer Note 19)	140.08	-
Liabilities no longer required, written back	16.58	36.04
Other non-operating income	18.64	19.05
<b>Total</b>	<b>1,818.08</b>	<b>2,696.41</b>

**24 Finance Income**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Finance Income from Related parties (Refer Note 34)	1,362.27	1,220.77
Others	627.58	698.67
<b>Total</b>	<b>1,989.85</b>	<b>1,919.44</b>

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the beginning of the year	2,433.50	1,457.91
Add: Purchases	11,214.45	10,976.67
Add: Cost incurred towards Service Concession arrangements (Refer Note 5)	1,955.99	-
	<b>15,603.94</b>	<b>12,434.58</b>
Less: Inventories at the end of the year	1,953.56	2,433.50
<b>Total</b>	<b>13,650.38</b>	<b>10,001.08</b>

**26 Increase in inventories of work-in-progress, traded goods and finished goods**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Inventories at the end of the year</b>		
Traded goods	1,332.44	436.72
Work-in-progress	96.74	94.78
Finished goods	2,283.11	1,780.25
	<b>3,712.29</b>	<b>2,311.75</b>
<b>Inventories at the beginning of the year</b>		
Traded goods	436.72	210.62
Work-in-progress	94.78	175.98
Finished goods	1,780.25	1,358.28
	<b>2,311.75</b>	<b>1,744.88</b>
<b>Total</b>	<b>(1,400.55)</b>	<b>(566.87)</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**27 Employee benefits expense**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	978.05	983.59
Contribution to provident and other funds	61.64	57.13
Gratuity expense (Refer Note 32)	23.50	21.93
Staff welfare expenses	76.84	88.65
<b>Total</b>	<b>1,140.03</b>	<b>1,151.30</b>

**28 Other expenses**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sub-contracting and processing expenses	803.53	835.53
Consumption of stores and spares	50.45	55.97
Service and maintenance charges	10.70	5.45
Power and fuel	174.57	169.96
Wheeling charges	13.30	19.02
Freight and forwarding charges	108.32	79.70
Rent (Refer Note 33)	151.52	163.66
Rates and taxes	71.97	127.61
Insurance	22.68	32.01
Repairs and maintenance		
- Plant & Machinery	71.93	71.48
- Buildings	35.76	35.07
- Others	75.98	79.29
Corporate Social Responsibility (Refer Note (i) below)	21.09	20.39
Sales promotion	61.86	38.66
Advertisement	57.31	52.87
Security charges	65.45	58.51
Travelling and conveyance	159.28	150.22
Communication costs	38.79	38.79
Printing and stationery	22.00	17.81
Legal and professional fees	166.07	162.24
Payment to auditor (Refer Note (ii) below)	26.99	44.03
Liquidated damages	9.02	54.99
Provision for Doubtful/Trade/Other receivables	32.21	15.52
Bad debts/advances written off	15.24	115.74
Net loss on Retirement of Property, Plant and Equipment	29.23	-
Provision for warranties (net of reversals) (Refer Note 19)	-	151.51
Director's sitting fees	4.10	3.10
Miscellaneous expenses	126.33	140.51
<b>Total</b>	<b>2,425.68</b>	<b>2,739.64</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**Notes:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>(i) Corporate Social Responsibility</b>		
Gross amount required to be spent by the Company during the year	35.38	42.41
Amount spent during the year	21.09	20.39
In pursuance of Section 135 of the Companies Act, 2013, the Company has spent on various activities as enumerated in the CSR Policy of the Company which covers Skill development and livelihood, Education and Women welfare.		
<b>(ii) Payment to auditor</b>		
Audit fee	15.50	32.00
Limited review	7.00	9.00
Tax Audit Fee	1.50	-
Certification	1.42	-
Reimbursement of expenses	1.57	3.03
	<b>26.99</b>	<b>44.03</b>

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

**29 Depreciation and amortisation expense**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of Property, Plant and Equipment	986.05	754.23
Depreciation of Investment Property	84.90	100.43
Amortisation of Intangible assets	272.09	259.78
<b>Total</b>	<b>1,343.04</b>	<b>1,114.44</b>

**30 Finance costs**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest on borrowings	558.14	493.06
Bank and other charges	22.44	36.49
<b>Total</b>	<b>580.58</b>	<b>529.55</b>

**31 Earnings per share (EPS)**

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit attributable to equity shareholders of the Company (A)	2,346.93	2,937.85
Weighted average number of Equity shares for basic and diluted EPS (B)	101,05,840	101,05,840
Basic Earnings per share (A/B) Rs.	23.22	29.07
Diluted Earnings per share (A/B) Rs.	23.22	29.07

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**32 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.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Employer's Contribution to Provident Fund	61.64	57.13
<b>Defined Benefits Plan - Gratuity Plan (funded)</b>		
Particulars	As at 31 March 2018	As at 31 March 2017
<b>Reconciliation of opening and closing balances of obligation</b>		
Defined Benefit obligation as at the beginning of the year	125.49	101.74
Current Service Cost	16.99	20.09
Interest Cost	6.01	7.82
Past Service Cost	7.26	-
Actuarial loss	52.31	-
Benefits paid	(0.94)	(4.16)
Defined Benefit obligation as at the end of the year	207.12	125.49
<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	80.08	60.11
Expected return on plan assets	6.76	5.98
Actuarial gain	0.09	-
Employer's contribution	7.99	18.87
Benefits paid	(0.94)	(4.88)
Fair value of plan assets as at the end of the year	93.97	80.08
<b>Reconciliation of fair value of assets and obligations</b>		
Fair value of plan assets	93.97	80.08
Present value of obligation	207.12	125.49
Net Obligation disclosed as :		45.41
- Current	10.00	6.99
- Non - Current	103.14	38.42
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Recognised in profit or loss</b>		
Current Service Cost	16.99	20.09
Expected return on plan assets	(6.76)	(5.98)
Interest Cost	6.01	7.82
Past Service Cost	7.26	-
	<b>23.50</b>	<b>21.93</b>
<b>Recognised in other comprehensive income:</b>		
Actuarial loss / (gain)	52.22	-
Net Cost	<b>75.72</b>	<b>21.93</b>



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

(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 31 March 2018	As at 31 March 2017
<b>Investments details:</b>		
Fund with LIC	93.97	80.08
<b>Total</b>	<b>93.97</b>	<b>80.08</b>

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

Particulars	2017-18	2016-17
	Gratuity	
Discount rate	7.64%	7.34%
Future salary increases	10.00%	5.00%
Expected Return on Plan Assets	7.64%	8.00%
Employee turnover	8.00%	5.00%
Contribution Expected to be paid during the next year	10.00	19.82
	Compensated Absences	
	2017-18	2016-17
Discount rate	7.64%	7.10%
Future salary increases	10.00%	10.00%
Employee turnover	8.00%	8.00%

A quantitative sensitivity analysis for significant assumptions as at 31 March 2018 is as shown below:

**Gratuity plan:**

Assumptions - Sensitivity Level	For the year ended 31 March 2018			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate	8.64%	6.64%	189.91	227.03
Future salary increases	11%	9.00%	226.67	189.59
Employee turnover	9.00%	7.00%	204.31	210.23
Assumptions - Sensitivity Level	For the year ended 31 March 2017			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate	8.34%	6.34%	121.45	129.18
Future salary increases	6.00%	4.00%	128.43	122.98
Employee turnover	6.00%	4.00%	120.92	128.45

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 10.00 years (31 March 2017: 17.28 years).

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

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

## 33 Commitments and Contingencies

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Operating leases: Company as lessee</b>		
<b>Future minimum rentals payable under non-cancellable operating leases are as follows:</b>		
Not later than one year	131.19	95.14
Later than one year but not later than five years	166.86	198.64
Later than five years	-	0.26
<b>Total</b>	<b>298.05</b>	<b>294.04</b>
<b>Operating leases: Company as lessor</b>		
<b>Future minimum lease rental receivable under non-cancellable operating lease are as follows:</b>		
Not later than one year	496.20	288.78
Later than one year but not later than five years	979.65	1,011.04
Later than five years	-	46.29
<b>Total</b>	<b>1,475.85</b>	<b>1,346.11</b>

## 34 Related party transactions

### Names of Related parties

#### Subsidiaries

Swelect Energy Systems Pte. Limited., Singapore  
SWELECT Inc , USA  
SWELECT Energy Systems LLC , USA  
Swelect Solar Energy Private Limited  
Amex Alloys Private Limited  
Noel Media & Advertising Private Limited  
Swelect Green Energy Solutions Private Limited  
K J Solar Systems Private Limited  
Swelect Power Systems Private Limited  
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 (w.e.f 28 June 2017)  
Mr. V.M.Sivasubramaniam - Independent Director (up to 26 April 2018)  
Mr. N.Natarajan - Independent Director  
Mr. G.S.Samuel - Independent Director  
Mr. S.Annadurai - Independent Director (w.e.f. 28 June 2017)  
Mrs. Jayashree Nachiappan - Non Executive Director  
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. V. Nachiappan (KMP w.e.f 20 April 2018)  
Mr. K. N. Rishii Nandhan

#### Enterprises owned or significantly influenced by Key Management Personnel or their relatives

Arken Solutions Private Limited  
Swelect Technologies Private Limited  
Swelect Electronics Private Limited

#### Entity in which the Company has Control

SWEES Emp loyees Welfare Trust

### Terms and conditions of transactions with Related parties :

The transactions with related parties are made on terms equivalent to those that prevail in 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 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: 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.

**34 Related party transactions**

Particulars	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Sale of goods</b>	<b>3,541.39</b>	<b>118.67</b>	<b>1.18</b>	<b>3.61</b>	-	-	<b>1.40</b>	<b>27.36</b>	<b>3,543.97</b>	<b>149.64</b>
Amex Alloys Private Limited	-	-	-	-	-	-	-	-	-	-
K J Solar Systems Private Limited	-	118.16	-	-	-	-	-	-	-	118.16
Noel Media & Advertising Private Limited	-	0.46	-	-	-	-	-	-	-	0.46
Swelect Green Energy Solutions Private Limited	121.00	0.05	-	-	-	-	-	-	121.00	0.05
Swelect Power Systems Private Limited	3,420.39	-	-	-	-	-	-	-	3,420.39	-
Mr. R. Chellappan	-	-	1.18	3.61	-	-	-	-	1.18	3.61
Arken Solutions Private Limited	-	-	-	-	-	-	1.40	27.36	1.40	27.36
<b>Purchases of traded goods</b>	<b>9,452.25</b>	<b>10,183.08</b>	-	-	-	-	-	-	<b>9,452.25</b>	<b>10,183.08</b>
Swelect Energy Systems Pte. Limited, Singapore	9,452.25	10,183.08	-	-	-	-	-	-	9,452.25	10,183.08
<b>Receipt of services</b>	-	-	-	-	-	-	<b>137.59</b>	<b>115.01</b>	<b>137.59</b>	<b>115.01</b>
Arken Solutions Private Limited	-	-	-	-	-	-	137.59	115.01	137.59	115.01
<b>Sale of Power</b>	<b>257.95</b>	<b>193.74</b>	-	-	-	-	-	-	<b>257.95</b>	<b>193.74</b>
Amex Alloys Private Limited	257.71	193.42	-	-	-	-	-	-	257.71	193.42
K J Solar Systems Private Limited	0.06	0.09	-	-	-	-	-	-	0.06	0.09
Swelect Green Energy Solutions Private Limited	0.18	0.23	-	-	-	-	-	-	0.18	0.23
<b>Reimbursement of expenses</b>	<b>37.11</b>	<b>43.76</b>	-	-	-	-	-	-	<b>37.11</b>	<b>43.76</b>
Amex Alloys Private Limited	37.11	43.21	-	-	-	-	-	-	37.11	43.21
Swelect Energy Systems Pte. Limited, Singapore	-	0.55	-	-	-	-	-	-	-	0.55
<b>Rental Income</b>	<b>171.13</b>	<b>171.13</b>	-	-	-	-	-	-	<b>171.13</b>	<b>171.13</b>
Amex Alloys Private Limited	171.13	171.13	-	-	-	-	-	-	171.13	171.13
<b>Interest Income</b>	<b>732.27</b>	<b>591.63</b>	-	-	-	-	-	-	<b>732.27</b>	<b>591.63</b>
Amex Alloys Private Limited	377.36	349.91	-	-	-	-	-	-	377.36	349.91
Swelect Solar Energy Private Limited	54.55	84.63	-	-	-	-	-	-	54.55	84.63
Noel Media & Advertising Private Limited	62.27	62.80	-	-	-	-	-	-	62.27	62.80
Swelect Green Energy Solutions Private Limited	139.29	45.39	-	-	-	-	-	-	139.29	45.39
K J Solar Systems Private Limited	3.08	3.21	-	-	-	-	-	-	3.08	3.21
Swelect Power Systems Private Limited	77.17	28.28	-	-	-	-	-	-	77.17	28.28
SWELECT Inc, USA	18.55	17.41	-	-	-	-	-	-	18.55	17.41
<b>Interest income on Debenture</b>	<b>630.00</b>	<b>629.14</b>	-	-	-	-	-	-	<b>630.00</b>	<b>629.14</b>
Swelect Green Energy Solutions Private Limited	630.00	629.14	-	-	-	-	-	-	630.00	629.14
<b>Rent expense</b>	-	-	<b>2.15</b>	<b>1.52</b>	-	-	-	-	<b>2.15</b>	<b>1.52</b>
Mr. R. Chellappan	-	-	2.15	1.52	-	-	-	-	2.15	1.52

Particulars	Subsidiaries		Key Management Personnel		Relatives of Key Management Personnel		Others		Total	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Sitting fees</b>										
Mr. V.M. Sivasubramaniam	-	3.10	4.10	0.90	-	-	-	-	4.10	3.10
Mr. N. Natarajan	-	0.90	1.10	0.70	-	-	-	-	1.10	0.90
Mr. G. S. Samuel	-	0.60	0.80	0.60	-	-	-	-	0.80	0.70
Mr. S. Annadurai	-	0.60	0.60	0.60	-	-	-	-	0.60	0.60
Mrs. Jayashree Nachiappan	-	0.90	1.00	0.90	-	-	-	-	1.00	0.90
<b>Commission</b>										
Mr. V.M. Sivasubramaniam	-	10.00	5.00	5.00	-	-	-	-	5.00	10.00
Mr. N. Natarajan	-	5.00	2.50	2.50	-	-	-	-	2.50	5.00
<b>Remuneration</b>										
Mr. R. Chellappan	-	119.29	148.97	46.28	10.16	15.47	-	-	159.13	134.76
Mr. A. Balan	-	30.03	53.28	30.03	-	-	-	-	53.28	46.28
Mr. V.C. Raghunath	-	9.73	10.07	9.73	-	-	-	-	43.67	30.03
Mr. R. Sathishkumar	-	7.25	8.04	7.25	-	-	-	-	10.07	9.73
Mr. P. Jagan	-	26.00	27.61	26.00	-	-	-	-	8.04	7.25
Mrs. V.C. Mirunalini	-	6.30	6.30	-	1.88	7.47	-	-	27.61	26.00
Miss. Aarthi Balan	-	-	-	-	8.28	8.00	-	-	8.18	7.47
<b>Consultancy Charges</b>										
Miss. Preetha Balan	-	-	-	-	5.32	4.88	-	-	5.32	4.88
<b>Dividend paid</b>										
Mr. R. Chellappan	-	50.94	206.51	47.47	6.21	1.55	-	-	212.72	52.49
Mr. A. Balan	-	3.08	12.32	3.08	-	-	-	-	192.64	47.47
Others	-	0.39	1.55	-	6.21	1.55	-	-	12.32	3.08
<b>Non-current investments made</b>										
Swelect Power Systems Private Limited - Equity shares	9.00	1.00	-	-	-	-	-	-	9.00	1.00
<b>Advances given</b>										
Swelect Solar Energy Private Limited	7,597.98	5,072.95	-	-	-	-	-	-	7,597.98	5,072.95
Amex Alloys Private Limited	56.91	956.17	-	-	-	-	-	-	56.91	956.17
Swelect Green Energy Solutions Private Limited	4,066.32	1,899.60	-	-	-	-	-	-	4,066.32	1,899.60
Noel Media & Advertising Private Limited	1,415.80	1,651.79	-	-	-	-	-	-	1,415.80	1,651.79
K J Solar Systems Private Limited	119.12	102.22	-	-	-	-	-	-	119.12	102.22
SWELECT Inc, USA	176.47	73.78	-	-	-	-	-	-	176.47	73.78
Swelect Power Systems Private Limited	19.20	13.09	-	-	-	-	-	-	19.20	13.09
<b>Repayment of advances</b>										
Amex Alloys Private Limited	6,138.65	2,640.27	-	-	-	-	-	-	6,138.65	2,640.27
Swelect Green Energy Solutions Private Limited	4,416.93	707.76	-	-	-	-	-	-	4,416.93	707.76
Noel Media & Advertising Private Limited	385.88	779.53	-	-	-	-	-	-	385.88	779.53
K J Solar Systems Private Limited	97.50	87.50	-	-	-	-	-	-	97.50	87.50
Swelect Power Systems Private Limited	130.00	65.38	-	-	-	-	-	-	130.00	65.38
Swelect Energy Systems Pte. Limited, Singapore	1,108.34	-	-	-	-	-	-	-	1,108.34	-
Swelect Solar Energy Private Limited	-	0.05	-	-	-	-	-	-	-	0.05
	-	1,000.05	-	-	-	-	-	-	-	1,000.05

### 34 Related party transactions

Particulars	Subsidiaries		Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Total	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
<b>Balance outstanding as at the year end:</b>						
<b>Trade payables</b>						
Swelect Energy Systems Pte. Limited., Singapore	5,582.23	5,119.50	111.43	53.79	5,693.66	5,173.29
Arken Solutions Private Limited	-	-	111.43	53.79	111.43	53.79
<b>Capital Creditors</b>						
Swelect Energy Systems Pte. Limited., Singapore	134.78	-	-	-	134.78	-
<b>Advance received from related parties</b>						
Amex Alloys Private Limited	-	10.36	-	-	-	10.36
<b>Amounts receivable from related parties</b>						
<b>Trade receivables</b>						
Amex Alloys Private Limited	515.31	1,080.27	31.03	27.36	546.34	1,107.63
Swelect Energy Systems Pte. Limited., Singapore	187.35	889.40	-	-	187.35	889.40
Noel Media & Advertising Private Limited	0.77	2.28	-	-	0.77	2.28
Swelect Green Energy Solutions Private Limited	16.91	66.24	-	-	16.91	66.24
K J Solar Systems Private Limited	67.86	0.29	-	-	67.86	0.29
Swelect Power Systems Private Limited	-	122.06	-	-	-	122.06
Arken Solutions Private Limited	242.42	-	-	-	242.42	-
<b>Advances</b>						
Swelect Solar Energy Private Limited	9,300.58	7,841.25	-	-	9,300.58	7,841.25
Noel Media & Advertising Private Limited	581.03	524.12	-	-	581.03	524.12
Amex Alloys Private Limited	605.97	584.36	-	-	605.97	584.36
K J Solar Systems Private Limited	4,780.12	5,130.73	-	-	4,780.12	5,130.73
Swelect Power Systems Private Limited	67.42	20.94	-	-	67.42	20.94
SWELECT Inc, USA	1,012.08	376.26	-	-	1,012.08	376.26
Swelect Green Energy Solutions Private Limited	198.12	178.92	-	-	198.12	178.92
	2,055.84	1,025.92	-	-	2,055.84	1,025.92

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**35 Directors' remuneration**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries	89.18	64.64
Commission	24.18	21.39
<b>Total</b>	<b>113.36</b>	<b>86.03</b>

**36 Contingent liabilities and Commitments**

**(a) Contingencies**

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

Particulars	As at 31 March 2018	As at 31 March 2017
i) CENVAT related matters *	2,747.07	5.96
ii) Sales tax related matters **	50.82	550.32
iii) Income tax related matters #	1,306.41	1,306.41
iv) Excise related matters ##	671.94	679.09
v) Rent claim related	2.51	2.51
<b>Total</b>	<b>4,778.75</b>	<b>2,544.29</b>

\* Rs. 3.03 lakhs deposited under dispute. (31 March 2017 - Rs.3.03 lakhs )

\*\* Rs. 3.33 lakhs deposited under dispute. (31 March 2017 - Rs. 24.69 lakhs)

# Rs. 140.76 lakhs deposited under dispute. (31 March 2017 - Rs. 140.76 lakhs)

## Rs. 65.68 lakhs deposited under dispute. (31 March 2017 - Rs. 64.81 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 where 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.

**(b) Commitments:**

- The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 1,345.63 (31 March 2017: Nil)
- Commitments relating to lease agreements, please Refer Note 33
- Investments given as security for loans availed by the Subsidiaries of the Company:

Particulars	Subsidiaries which have availed the loans	31 March 2018	31 March 2017
Fixed Deposits	Amex Alloys Private Limited and K J Solar Systems Private Limited	2,729.10	1,503.41
Mutual Funds	K J Solar Systems Private Limited, Swelect Power Systems Private Limited and Swelect Green Energy Solutions Private Limited	9,022.71	2,856.25

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

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

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

**Final equity dividend**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Period to which it relates	2016-17	2015-16
Number of non-resident shareholders	6	10
Number of equity shares of Rs. 10/- each held on which dividend was due	3,22,076	5,82,800
Amount remitted	12.88	5.83

**38 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 2018			As at 31 March 2017		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
<b>Financial assets</b>						
Investment in equity instruments (Other than in Subsidiaries)	30.35	-	30.35	30.35	-	30.35
Investments	26,646.33	6,800.00	33,446.33	25,131.04	6,800.00	31,931.04
Loans to Related Parties	-	9,300.58	9,300.58	-	7,841.25	7,841.25
Trade receivables	-	3,171.05	3,171.05	-	5,849.08	5,849.08
Cash and cash equivalents	-	1,879.59	1,879.59	-	2,882.44	2,882.44
Other bank balances	-	5,985.49	5,985.49	-	4,558.15	4,558.15
Renewable Energy Certificate Receivable	-	370.53	370.53	-	-	-
Balance with Government Authorities	-	450.99	450.99	-	360.11	360.11
Security deposits and Grant Receivable (Refer Note 5)	-	1,026.84	1,026.84	-	636.87	636.87
Earnest Money Deposit	-	48.95	48.95	-	62.00	62.00
Interest accrued on fixed deposits	-	88.53	88.53	-	121.33	121.33
Advance to employees	-	1.02	1.02	-	2.95	2.95
Statutory and other financial assets	-	15.01	15.01	-	-	-
<b>Total financial assets</b>	<b>26,676.68</b>	<b>29,138.58</b>	<b>55,815.26</b>	<b>25,161.39</b>	<b>29,114.18</b>	<b>54,275.57</b>



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

	As at 31 March 2018			As at 31 March 2017		
	FVTPL	Amortised Cost	Total	FVTPL	Amortised Cost	Total
<b>Financial liabilities</b>						
Borrowings - Term loans	-	2,545.67	2,545.67	-	2,572.47	2,572.47
Borrowings - Others	-	5,892.29	5,892.29	-	3,948.92	3,948.92
Interest accrued	-	15.88	15.88	-	10.75	10.75
Trade payables	-	7,571.62	7,571.62	-	7,176.76	7,176.76
Capital creditors	-	218.98	218.98	-	1.21	1.21
Unpaid Dividend	-	30.12	30.12	-	30.28	30.28
Rental Deposit	-	162.48	162.48	-	170.94	170.94
Statutory dues payable	-	49.64	49.64	-	71.32	71.32
<b>Total financial liabilities</b>	<b>-</b>	<b>16,486.68</b>	<b>16,486.68</b>	<b>-</b>	<b>13,982.65</b>	<b>13,982.65</b>

**Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

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

	As at 31 March 2018			As at 31 March 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Investment in equity instruments (Other than in Subsidiaries)	-	-	30.35	-	-	30.35
Other Investments	26,646.33	-	-	25,131.04	-	-
Investment Property (Refer Note 4)	-	-	3,063.78	-	-	2,818.13
	<b>26,646.33</b>	<b>-</b>	<b>3,094.13</b>	<b>25,131.04</b>	<b>-</b>	<b>2,848.48</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.

**(c) Offsetting**

The Company has not offset financial assets and financial liabilities as at 31 March 2018 and 31 March 2017. The Company's borrowings are secured by Fixed Deposits / Mutual Funds, the details of which are more fully described in Note 16.

**39 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 Ind AS financial statements:

**Service concession arrangements**

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Company. In assessing the applicability, Management has exercised significant judgment

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

in relation to the underlying ownership of the assets, terms of the power distribution arrangements entered with the Grantor, ability to determine prices, value of construction service, assessment of right to guaranteed cash etc.

#### **Operating lease commitments – Company as lessor**

The Company has entered into commercial property leases on its Investment Property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **Taxes**

Significant Management judgement is required to determine the amount of deferred tax assets (including MAT credit) that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **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 be 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 the 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 cost 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**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 32.

**40 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 oversee these risks. The senior professionals working to manage the financial risks for the Company are accountable to the Board of Directors and the Audit Committee. This process provides assurance that the Company's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company's policies and overall risk appetite. All foreign currency hedging activities for risk management purposes are carried out by a team that have the appropriate skills, experience and supervision. In addition, independent views from bankers and currency market experts are obtained periodically to validate risk mitigation decisions. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

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.

<b>Particulars</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Variable rate borrowings	8,414.73	6,521.39
Fixed rate borrowings	23.23	-
<b>Total</b>	<b>8,437.96</b>	<b>6,521.39</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 Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

<b>Particulars</b>	<b>Increase/ decrease in basis points</b>	<b>Effect on Profit before tax</b>
31 March 2018	+ 35 basis points	29.53
	- 35 basis points	(29.53)
31 March 2017	+ 100 basis points	65.21
	- 100 basis points	(65.21)

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Standalone Ind AS financial statements for the year ended 31 March 2018

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

#### (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 2018 and 31 March 2017 and all of its foreign currency exposure is unhedged. The following table demonstrates the sensitivity in the USD, Euro and other currencies to the functional currency of the Company, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives.

Particulars	Change in currency exchange rate	Effect on profit before tax		Effect on equity	
		For the Year Ended 31 March 2018	For the Year Ended 31 March 2017	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
US Dollars	+5%	(306.46)	(280.50)	(306.46)	(280.50)
	-5%	306.46	280.50	306.46	280.50
Euro	+5%	(14.77)	(12.22)	(14.77)	(12.22)
	-5%	14.77	12.22	14.77	12.22

#### (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 30 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 2018	1,038.72	1,843.19	289.14	3,171.05
Trade Receivables as at 31 March 2017	2,822.28	1,640.88	1,385.92	5,849.08

The requirement for impairment is analysed at each reporting date and provision is based on the Expected Credit Loss Method by following a provision matrix which results in provision percentages in the range of 10% to 100% based on the age bucket of receivables ranging from 1. 5 years to 5 years and more.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

#### **Lease rent receivable**

The Company's leasing arrangements represent the buildings and land let out to various customers which have been classified as Operating Lease. The creditworthiness of the customer is evaluated prior to sanctioning credit facilities. Appropriate procedures for follow-up and recovery are in place to monitor credit risk. The Company does not expect any losses from non-performance by these customers.

#### **Cash and bank balances**

The Company holds cash and cash equivalents with credit worthy banks and financial institutions as at the reporting date. The credit worthiness of such banks and financial institutions are evaluated by the Management on an ongoing basis and is considered to be good.

#### **Other financial assets including investments**

The Company does not expect any losses from non-performance by the counter-parties.

#### **(ii) Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the 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:

<b>Particulars</b>	<b>As at 31 March 2018</b>				<b>Carrying Value</b>
	<b>Less than 1 year</b>	<b>1- 5 years</b>	<b>More than 5 years</b>	<b>Total</b>	
Borrowings	2,574.88	874.81	355.76	3,805.45	8,437.96
Trade Payables	7,571.62	-	-	7,571.62	7,571.62
Other financial liabilities	386.34	76.68	-	463.02	477.10
<b>Total</b>	<b>10,532.84</b>	<b>951.49</b>	<b>355.76</b>	<b>11,840.09</b>	<b>16,486.68</b>

  

<b>Particulars</b>	<b>As at 31 March 2017</b>				<b>Carrying Value</b>
	<b>Less than 1 year</b>	<b>1- 5 years</b>	<b>More than 5 years</b>	<b>Total</b>	
Borrowings	1,668.58	1,959.15	-	3,627.73	6,521.39
Trade Payables	7,176.76	-	-	7,176.76	7,176.76
Other financial liabilities	124.87	135.52	20.96	281.35	284.50
<b>Total</b>	<b>8,970.21</b>	<b>2,094.67</b>	<b>20.96</b>	<b>11,085.84</b>	<b>13,982.65</b>

## **41 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

**Gearing Ratio:**

Particulars	As at 31 March 2018	As at 31 March 2017
Borrowings	8,437.96	6,521.39
Less: Cash and cash equivalents	(1,879.59)	(2,882.44)
<b>Net Debt</b>	<b>572.88</b>	<b>(919.20)</b>
Equity	67,320.50	65,501.17
<b>Total Capital</b>	<b>67,320.50</b>	<b>65,501.17</b>
<b>Capital and Net Debt</b>	<b>67,893.38</b>	<b>64,581.97</b>
<b>Gearing Ratio</b>	<b>0.84%</b>	<b>-1.42%</b>

**42 a) Standards issued but not yet effective**

Ind AS 115 - "Revenue from Contracts with Customers":

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Ind AS 115, Revenue from Contracts with Customers, as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is based on IFRS 15, Revenue from Contracts with Customers. The standard is effective for the accounting periods commencing on or after 1 April 2018.

Ind AS 115 replaces Ind AS 11 Construction contracts and Ind AS 18 Revenue. The core principle of Ind AS 115 is that an entity recognises revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer – assess whether the contract is within the scope of Ind AS 115. 'Customer' has now been defined.
- Identify the performance obligations in the contract – determine whether the goods and services in a contract are distinct.
- Determine the transaction price – transaction price will include fixed, variable and non cash considerations.
- Allocate the transaction price to the performance obligations in the contract – allocation based on a stand-alone selling price basis using acceptable methods.
- Recognise revenue when (or as) the entity satisfies a performance obligation – i.e. recognise revenue at a point in time or over a period of time based on performance obligations.

The Company is evaluating the requirements of the standards, and the transition effects on the financial statements are being evaluated.

**b) Standards yet to be notified:**

Ind AS 116 - "Leases":

On 18 July 2017, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) issued an Exposure Draft (ED) of Ind AS 116, Leases. Ind AS 116 is largely converged with IFRS 16. When notified, Ind AS 116 will replace Ind AS 17 Leases.

Ind AS 116 sets out a comprehensive model for identification of lease arrangements and their treatment in the financial statements of the lessor and lessee. Ind AS 116 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The Company is evaluating the requirement of the standard and the effect on the financial statements upon notification is being evaluated.

- 43** Previous year figures which have been audited by previous auditors have been regrouped/reclassified, wherever necessary. The following reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Standalone Ind AS financial statements for the year ended 31 March 2018**

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

Statutory Dues payable/ receivable to/from Government authorities was classified under other current liabilities/ Assets in the previous year financial statements. In line with the interpretations suggested in Ind AS Transition Facilitation Group (ITFG) Bulletin, the Company has reassessed the classification and noted that such Statutory Dues shall be reclassified to Financial liabilities/ Assets. Apart from the one mentioned above, a few other reclassifications have been made to enhance the comparability with the current year's financial statements. The impact of reclassifications is given below:

Particulars		Amount Reported	Amount Reclassified	Restated Amount
Borrowings - Current	Statutory Payables reclassified from other current financial liabilities to other current liabilities. Rental deposits reclassified from current borrowings to other current liabilities	3,989.30	(40.38)	3,948.92
Other financial liabilities- Current		789.74	111.70	901.44
Other Current liabilities		263.18	(71.32)	191.86
Property Plant & Equipment	Reclassified from Investment Property	6,895.92	328.15	7,224.07
Investment Property		2,082.45	(328.15)	1,754.30
Non-current Financial Assets- Others	Balances with Government authorities reclassified from Non-Current assets to Other non-current financial assets. Rental deposits reclassified	37.63	56.46	94.09
Bank Balances - Non-current		-	37.63	37.63
Other Non-current assets		111.76	(94.09)	17.67
Borrowings - Non-current	Rental Deposits reclassified from Borrowings- Non-Current to other financial liabilities- non-current	1,955.53	(130.56)	1,824.97
Other financial liabilities- Non-current		-	130.56	130.56
Other financial assets- Current	Balances with Government authorities reclassified from Other current assets to other current financial assets	183.33	266.02	449.35
Other current assets		423.06	(266.02)	157.04

**44** The Ind AS financial statements were approved by the Board of Directors on 25 May 2018.

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

**Swelect Energy Systems Limited**

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

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

Place: Chennai  
Date: 25 May 2018

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

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

Place: Chennai  
Date: 25 May 2018



## INDEPENDENT AUDITOR'S REPORT

To the Members of Swelect Energy Systems Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Swelect Energy Systems Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements")

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

The Parent's Board of Directors is responsible for the preparation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the Consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 Consolidated Ind AS 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31 March 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### **Other Matters**

We did not audit the financial statements / financial information of 9 subsidiaries, whose financial statements / financial information reflect total assets of Rs. 34,024.72 Lakhs as at 31 March 2018, total revenues of Rs 16,784.89 Lakhs and net cash flows amounting to Rs. 1,168.95 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 sub-section (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.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit 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 Cash Flow Statement and 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 Ind AS financial statements comply with the Indian Accounting Standards prescribed 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 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2018 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 the subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) 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)

Place: Bengaluru  
Date: 25 May 2018  
VB/PV/MS/2018/14

**V. Balaji**  
Partner  
Membership No. 203685

## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SWELECT ENERGY SYSTEMS LIMITED**

### **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 Group as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of Swelect Energy Systems Limited (hereinafter referred to as the "Parent" Company) and its subsidiary companies as of that date.

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

The respective Board of Directors of the Parent company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (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 respective 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 internal financial controls over financial reporting of the Parent Company and its subsidiary companies, which are companies incorporated in India, 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 internal financial controls system over financial reporting of the Parent Company and its subsidiary companies, which are companies incorporated in India.

#### **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 Parent Company and 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 2018, based on the criteria for internal financial control over financial reporting established by the respective companies 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.

### **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 subsidiaries, which are companies incorporated in India, is based on the reports of the statutory auditors of those subsidiary companies.

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

Place: Bengaluru  
Date: 25 May 2018  
VB/PV/MS/2018/14

**V. Balaji**  
Partner  
Membership No. 203685

**SWELECT ENERGY SYSTEMS LIMITED**

**Consolidated Balance Sheet as at 31 March 2018**

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

<b>PARTICULARS</b>	<b>Note No.</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>(A) ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, Plant and Equipment	3	19,068.62	20,476.35
(b) Capital work-in-progress		1,245.11	300.70
(c) Investment Property	4	2,699.89	2,789.17
(d) Goodwill on Consolidation	34	789.74	789.74
(e) Intangible assets	5	15,048.64	8,206.83
(f) Financial Assets			
(i) Investments	6 (a)	530.35	530.35
(ii) Loans	6 (c)	638.25	682.77
(iii) Other financial assets	6 (d)	40.74	94.09
(iv) Bank balances	6 (e)	19.54	37.63
(g) Income Tax Asset (Net)	17	308.37	86.58
(h) Deferred Tax Asset (Net)	17	205.60	34.16
(i) Other non-current assets	7	1,763.41	641.58
<b>Total Non-current assets</b>		<b>42,358.26</b>	<b>34,669.95</b>
<b>Current assets</b>			
(a) Inventories	8	6,903.31	6,353.40
(b) Financial Assets			
(i) Investments	6 (b)	26,646.32	25,131.04
(ii) Loans	6 (c)	532.11	105.44
(iii) Trade receivables	9	5,833.41	7,200.75
(iv) Cash and cash equivalents	10	8,826.18	10,462.44
(v) Other bank balances	6 (e)	6,315.22	5,332.14
(vi) Other financial assets	6 (d)	659.42	449.35
(c) Other Current assets	11	1,279.64	386.95
<b>Total Current assets</b>		<b>56,995.61</b>	<b>55,421.51</b>
<b>TOTAL ASSETS</b>		<b>99,353.87</b>	<b>90,091.46</b>

PARTICULARS	Note No.	As at 31 March 2018	As at 31 March 2017
<b>(B) EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	12	1,010.58	1,010.58
(b) Other Equity	13	70,470.01	69,012.39
<b>Total Equity</b>		<b>71,480.59</b>	<b>70,022.97</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15(a)	3,165.57	3,469.89
(ii) Other financial liabilities	16	115.63	130.56
(b) Deferred tax liabilities (net)	17	360.98	-
(c) Provisions	18	407.91	453.99
<b>Total Non-Current liabilities</b>		<b>4,050.09</b>	<b>4,054.44</b>
<b>Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	15(b)	15,868.94	6,341.67
(ii) Trade payables	19	5,339.57	7,106.31
(iii) Other financial liabilities	16	2,031.38	1,793.49
(b) Other current liabilities	20	139.52	351.56
(c) Provisions	18	443.78	421.02
<b>Total Current Liabilities</b>		<b>23,823.19</b>	<b>16,014.05</b>
<b>Total Liabilities</b>		<b>27,873.28</b>	<b>20,068.49</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>99,353.87</b>	<b>90,091.46</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/-

**V Balaji**

Partner

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

**Swelect Energy Systems Limited**

Sd/-

**R. Chellappan**

Managing Director

DIN:00016958

Sd/-

**R. Sathishkumar**

Company Secretary

Sd/-

**A. Balan**

Joint Managing Director

DIN:00017091

Sd/-

**P. Jagan**

Chief Financial Officer

Place : Bengaluru

Date: 25 May 2018

Place: Chennai

Date: 25 May 2018

Place: Chennai

Date: 25 May 2018



**SWELECT ENERGY SYSTEMS LIMITED**

**Consolidated Statement of Profit and Loss for the year ended 31 March 2018**

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

<b>PARTICULARS</b>	<b>Note No.</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>INCOME</b>			
Revenue from operations	21	29,617.25	24,686.17
Finance and Other Income	22 & 23	2,734.48	3,590.39
<b>Total income</b>		<b>32,351.73</b>	<b>28,276.56</b>
<b>Expenses</b>			
Cost of raw materials and components consumed	24	19,948.59	3,141.71
Purchase of traded goods		73.36	12,185.45
Increase in inventories of work-in-progress, traded goods and finished goods	25	(1,337.11)	(600.46)
Excise duty on sale of goods		169.66	556.38
Employee benefits expense	26	2,309.51	2,150.51
Depreciation and amortisation expense	28	2,327.54	1,946.00
Other expenses	27	5,092.38	4,850.36
Finance costs	29	1,027.12	959.15
<b>Total expenses</b>		<b>29,611.05</b>	<b>25,189.10</b>
<b>Profit before tax</b>		<b>2,740.68</b>	<b>3,087.46</b>
<b>Tax Expense</b>			
Current tax	17	962.18	924.39
MAT credit (entitlement)		(171.44)	-
Deferred Tax (Net)		360.98	-
<b>Income tax expense</b>		<b>1,151.72</b>	<b>924.39</b>
<b>Profit for the year</b>		<b>1,588.96</b>	<b>2,163.07</b>

PARTICULARS	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
<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		-	(215.32)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement loss on defined benefit plans	31	(52.23)	-
Income Tax Effect	17	11.15	-
<b>Other comprehensive income for the year, net of tax</b>		<b>(41.08)</b>	<b>(215.32)</b>
<b>Total Comprehensive Income for the year</b>		<b>1,547.88</b>	<b>1,947.75</b>
<b>Earnings per share (Face Value of Rs. 10/- each)</b>			
1. Basic (in INR)	30	15.72	21.40
2. Diluted (in INR)	30	15.72	21.40

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/-  
**V Balaji**  
Partner

Place : Bengaluru  
Date: 25 May 2018

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

**Swelect Energy Systems Limited**

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

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

Place: Chennai  
Date: 25 May 2018

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

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

Place: Chennai  
Date: 25 May 2018

**SWELECT ENERGY SYSTEMS LIMITED**

**Consolidated Cash flow statement for the year ended 31 March 2018**

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

<b>PARTICULARS</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit after taxation</b>	1,588.96	2,163.07
Adjustments to reconcile profit after tax to net cash flows:		
Tax expense	1,151.72	924.39
Depreciation/amortisation	2,327.54	1,946.00
Loss on investments carried at fair value through Profit and Loss	(1,500.00)	(2,156.63)
Unrealised foreign exchange loss / (gain), net	53.21	(30.46)
Net gain from the sale of current investment	(82.26)	(127.52)
Dividend income - mutual fund	(3.48)	(0.46)
Dividend Income - on equity investments	(4.70)	-
Provision for bad and doubtful debts and Bad debts written off	109.69	131.26
Liabilities no longer required, written back	(182.56)	(38.71)
Interest expense	848.04	829.61
Interest income	(745.15)	(591.58)
Gain on sale of Vehicles	(1.10)	-
Loss on retirement of Property, Plant and Equipment	29.23	-
<b>Operating profit before working capital / other changes</b>	<b>3,589.14</b>	<b>3,048.96</b>
<b>Movement in working capital / others:</b>		
Decrease / (Increase) in trade receivables	1,299.77	(262.60)
(Increase) / Decrease in current and non-current assets	(860.19)	18.62
Increase in inventories	(549.91)	(2,132.60)
(Decrease) / Increase in trade payables, other current and long term liabilities	(1,425.06)	2,628.77
(Decrease) / Increase in provisions	(63.01)	147.72
Increase in current and non-current Financial assets	(571.35)	-
<b>Cash flow generated from operations</b>	<b>1,419.39</b>	<b>3,448.87</b>
Taxes paid, net	(1,140.50)	(584.08)
<b>Net cash flow generated from operating activities (A)</b>	<b>278.89</b>	<b>2,864.79</b>

PARTICULARS	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>B. Cash flow from investing activities:</b>		
Capital expenditure	(9,982.01)	(1,228.07)
Proceeds on sale of tangible assets	-	40.00
(Investment) / Redemption of current investments	(1,433.02)	2,196.33
Bank deposits (placed) / redeemed (having original maturity of more than three months)	(964.99)	444.58
Interest received	2,277.79	656.35
Dividend received on mutual fund	3.48	0.46
Dividend Income on equity investments	4.70	-
Sale of Vehicles	1.10	-
<b>Net cash flow (used in) / generated from investing activities (B)</b>	<b>(10,092.95)</b>	<b>2,109.65</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds / (Repayment) of short term borrowings	6,478.18	(2,311.12)
Repayment of long term borrowings	(304.32)	(1,930.02)
Interest paid	(835.04)	(829.61)
Dividend paid	(404.23)	(101.06)
Dividend tax paid	(82.29)	(20.69)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>4,852.30</b>	<b>(5,192.50)</b>
<b>Exchange Differences on translation of foreign currency cash and cash equivalents (D)</b>	<b>5.71</b>	<b>(261.18)</b>
<b>Net decrease in cash and cash equivalents (A + B + C + D)</b>	<b>(4,956.05)</b>	<b>(479.24)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>7,217.88</b>	<b>7,697.12</b>
Add: Cash and bank balances on consolidation of SWEES Employee Welfare Trust	270.86	-
<b>Closing cash and cash equivalents</b>	<b>2,532.69</b>	<b>7,217.88</b>
Cash and Cash equivalents (Refer Note 10(a))	2,532.69	7,217.88

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/-

**V Balaji**

Partner

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

**Swelect Energy Systems Limited**

Sd/-

**R. Chellappan**

Managing Director

DIN:00016958

Sd/-

**R. Sathishkumar**

Company Secretary

Sd/-

**A. Balan**

Joint Managing Director

DIN:00017091

Sd/-

**P. Jagan**

Chief Financial Officer

Place : Bengaluru

Date: 25 May 2018

Place: Chennai

Date: 25 May 2018

Place: Chennai

Date: 25 May 2018

**SWELECT ENERGY SYSTEMS LIMITED**  
**Statement of Changes in Equity for the year ended 31 March 2018**

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

**a. Equity Share Capital**

As at 1 April 2016	Changes in Equity Share Capital during the year (Refer Note 12)	Balance as at 31 March 2017	Changes in Equity Share Capital during the year (Refer Note 12)	Balance as at 31 March 2018
1010.58	-	1,010.58	-	1,010.58

**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>As at 1 April 2016</b>	<b>304.10</b>	<b>182.68</b>	<b>45,887.90</b>	<b>375.00</b>	<b>401.87</b>	<b>18,102.14</b>	<b>1,938.39</b>	<b>67,192.08</b>
Profit for the period	-	-	2,163.07	-	-	-	-	2,163.07
Other Comprehensive Income (net of tax)	-	-	-	-	-	-	(215.32)	(215.32)
<b>Total comprehensive income</b>	<b>304.10</b>	<b>182.68</b>	<b>48,050.97</b>	<b>375.00</b>	<b>401.87</b>	<b>18,102.14</b>	<b>1,723.07</b>	<b>69,139.83</b>
Dividend for the year 2015-16	-	-	(101.06)	-	-	-	-	(101.06)
Dividend Distribution Tax for the year 2015-16	-	-	(20.69)	-	-	-	-	(20.69)
Others	-	-	-	-	(5.69)	-	-	(5.69)
<b>At 31 March 2017</b>	<b>304.10</b>	<b>182.68</b>	<b>47,929.22</b>	<b>375.00</b>	<b>396.18</b>	<b>18,102.14</b>	<b>1,723.07</b>	<b>69,012.39</b>
Profit for the period	-	-	1,588.96	-	-	-	-	1,588.96
Other comprehensive income (Net of tax)	-	-	(41.08)	-	-	-	-	(41.08)
Others	-	-	375.40	-	-	-	-	375.40
<b>Total comprehensive income</b>	<b>304.10</b>	<b>182.68</b>	<b>49,852.50</b>	<b>375.00</b>	<b>396.18</b>	<b>18,102.14</b>	<b>1,723.07</b>	<b>70,935.67</b>
Movement in Revaluation Reserve	-	-	-	-	(5.32)	-	-	(5.32)
Dividend for the year 2016-17	-	-	(404.23)	-	-	-	-	(404.23)
Dividend Distribution Tax for the year 2016-17	-	-	(82.29)	-	-	-	-	(82.29)
Others	-	-	-	-	-	-	-	-
<b>As at 31 March 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>1,723.07</b>	<b>70,470.01</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/-  
**V Balaji**  
Partner

Place : Bengaluru  
Date: 25 May 2018

For and on behalf of the Board of Directors

**Swelect Energy Systems Limited**

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

Place: Chennai  
Date: 25 May 2018

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

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

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

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

#### **1 Corporate information**

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

#### **2 Basis of preparation**

##### **(a) Statement of compliance**

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

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

Currency of the primary economic environment in which the Group operates ("the functional currency") is Indian Rupee (INR). Accordingly, the Management has assessed its functional currency to be Indian Rupee (INR).

##### **(c) Basis of measurement**

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

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

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

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

#### **Judgements**

Note 5 - Revenue from Service Concession Arrangements

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

Note 3 - Useful life of Property plant and equipment

Note 22 - 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 the 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 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 2018**

Fair values are categorized 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 categorized 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 (%)	
				2017-18	2016-17
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: SWELECT Energy Systems LLC , USA	USA	Subsidiary	100	100
4	Swelect Solar Energy Private Limited	India	Subsidiary	100	100
5	Subsidiaries of Swelect Solar Energy Private Limited: Noel Media & Advertising Private Limited K J Solar Systems Private Limited	India	Subsidiary	100	100
6			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 2018**

#### **(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 realized or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized 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 realization 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.

The Group has assumed that recovery of excise duty flows to the Group on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the Group on its own account, revenue includes excise duty (up to 30 June 2017).

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

##### **Sale of power**

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

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

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

Income arising from REC is initially recognized 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 realizing the same. The difference between the amount recognized initially and the amount realized 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 recognized 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 recognized 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 'Finance 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 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 or Loss due to its operating nature.

#### **(c) Service Concession Agreement**

The Group constructs infrastructure used to provide a public service and 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 A to Ind AS 11 - 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 granter 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 service 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 amortized 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 amortized in line with the actual usage of the specific public facility, with a maximum of the duration of the concession.

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.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018

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 expire.

#### (d) Inventories

Inventories are valued as follows:

Raw materials, stores and spares	Lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.
Work-in-progress, Finished goods	Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.
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 recognized 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.

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 recognized in respect of timing

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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 recognized 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 expenses in the year in which they arise.

##### **Translation of foreign subsidiaries:**

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian rupees using the exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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

#### **(h) Earnings per share**

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

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

The Group has elected to adopt the carrying value of Property, Plant and Equipment and intangible assets under the Indian GAAP as on 31st March 2015, as the deemed cost for the purpose of transition to Ind AS.

Tangible and 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.

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

Subsequent expenditure related to an item of fixed asset 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 fixed assets, 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 tangible assets and 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 asset 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 assets 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 amortization**

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

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

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

#### **(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 fixed assets, 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 assets.

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.

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

#### **(l) Impairment of tangible and intangible assets**

The carrying amounts of assets are 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 Properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, Investment Properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

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

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

Though the Group measures Investment Property using cost basis measurement, the fair value of Investment Property is disclosed Note 4. Fair values are determined on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by an independent valuer.

Investment Properties are derecognized when either they have been disposed of 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 asset is recognized 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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **(o) Leases**

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

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



## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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

#### **(p) Provisions and Contingencies**

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

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

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non- occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not 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 Group 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 upto 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.



## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

- Business model test: The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

#### **Derecognition**

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

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

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

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

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

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

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

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

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

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

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

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

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.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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

#### **Financial Liabilities:**

##### **Initial recognition and measurement**

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

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

##### **Subsequent measurement**

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

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

##### **Loans and borrowings**

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

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

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

##### **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

##### **Derecognition**

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

##### **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:

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

- 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, maximizing 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 categorization (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 summarizes 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 recognizes a liability to make cash, when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorized 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 has 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.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

#### **(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 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 2018**  
(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 2016</b>	<b>1,912.74</b>	<b>2,951.21</b>	<b>16,625.02</b>	<b>430.38</b>	<b>44.47</b>	<b>263.61</b>	<b>129.73</b>	<b>4.58</b>	<b>22,361.74</b>
Additions	-	193.46	285.16	5.47	8.88	48.00	34.29	-	575.26
Deletions	-	-	-	-	-	33.00	7.00	-	40.00
Others Transfers (Refer Note (ii) below)	-	359.20	-	-	-	-	-	-	359.20
Other Adjustments (Refer Note (iv) below)	-	(23.35)	-	-	-	66.00	14.00	-	56.65
<b>As at 31 March 2017</b>	<b>1,912.74</b>	<b>3,480.52</b>	<b>16,910.18</b>	<b>435.85</b>	<b>53.35</b>	<b>344.61</b>	<b>171.02</b>	<b>4.58</b>	<b>23,312.85</b>
Additions	31.44	101.10	408.33	13.23	12.21	1.05	55.81	-	623.17
Deletions (Refer Note (i) below)	-	(20.30)	(41.44)	-	-	-	(6.10)	-	(67.84)
Transferred to Investment Property	-	(0.46)	-	-	-	0.21	-	-	(0.25)
Other Adjustments (Refer Note (iv) below)	-	(171.81)	(22.23)	(19.20)	12.90	-	(1.34)	1.40	(200.28)
<b>As at 31 March 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>46,222.82</b>
<b>Depreciation</b>									
<b>As at 1 April 2016</b>	<b>-</b>	<b>82.54</b>	<b>1,070.53</b>	<b>72.14</b>	<b>19.99</b>	<b>67.50</b>	<b>28.49</b>	<b>4.58</b>	<b>1,345.77</b>
Charge for the year	-	73.86	1,201.08	72.12	19.93	64.20	28.49	-	1,459.68
Deletions	-	-	-	-	-	-	-	-	-
Other Transfers (Refer Note (ii) below)	-	31.05	-	-	-	-	-	-	31.05
<b>As at 31 March 2017</b>	<b>-</b>	<b>187.45</b>	<b>2,271.61</b>	<b>144.26</b>	<b>39.92</b>	<b>131.70</b>	<b>56.98</b>	<b>4.58</b>	<b>2,836.50</b>
Charge for the year	-	109.20	1,498.97	94.99	12.88	52.47	32.90	0.49	1,801.90
Deletions (Refer Note (i) below)	-	(2.33)	(30.15)	-	-	-	(6.10)	-	(38.58)
Transferred to Investment Property	-	(0.79)	-	-	-	-	-	-	(0.79)
<b>As at 31 March 2018</b>	<b>-</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>
<b>Net Block</b>									
<b>As at 31 March 2017</b>	<b>1,912.74</b>	<b>3,293.07</b>	<b>14,638.57</b>	<b>291.59</b>	<b>13.43</b>	<b>212.91</b>	<b>114.04</b>	<b>-</b>	<b>20,476.35</b>
<b>As at 31 March 2018</b>	<b>1,944.18</b>	<b>3,095.52</b>	<b>13,514.41</b>	<b>190.63</b>	<b>25.66</b>	<b>161.70</b>	<b>135.61</b>	<b>0.91</b>	<b>19,068.62</b>

**Notes:**

- Deletions during the year ended 31 March 2018 comprises of Property, Plant and Equipment written off during the year (Gross Block Rs. 61.74 lakhs, Accumulated depreciation Rs. 32.48 lakhs and Net Book Value Rs. 29.26 lakhs).
- Other transfers represent Buildings amounting to Rs. 328.15 lakhs that are transferred to / from Investment Property to/from Property, Plant and Equipment for use in the business operations of the Company.
- 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. 39.72 lakhs (31 March 2017 Nil).
- Other adjustments represent adjustments pursuant to foreign currency translation.

**SWELECT ENERGY SYSTEMS LIMITED**  
**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**  
(All amounts are in INR Lakhs, unless otherwise stated)

**4 Investment Property**

Particulars	Buildings	
	As at 31 March 2018	As at 31 March 2017
<b>Cost</b>	<b>2,984.37</b>	<b>3,366.92</b>
Additions during the year	-	-
Deletions during the year	-	-
Other Transfers (Refer Note 3(ii))	0.46	(359.20)
Other Adjustments	7.02	(23.35)
<b>Closing balance</b>	<b>2,991.85</b>	<b>2,984.37</b>
<b>Depreciation</b>		
Opening balance	195.20	113.99
Depreciation during the year	95.99	111.51
Other Transfers (Refer Note 3(ii))	0.79	(31.05)
Other Adjustments	(0.02)	0.75
<b>Closing balance</b>	<b>291.96</b>	<b>195.20</b>
<b>Net Block</b>	<b>2,699.89</b>	<b>2,789.17</b>

**Information regarding Income and Expenditure of Investment Property**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(a) Rental income derived from Investment Property	385.82	373.37
(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	17.44	4.07
<b>Profit arising from investment properties before depreciation and indirect expenses</b>	<b>368.38</b>	<b>369.30</b>
Less – Depreciation	95.99	111.51
<b>Profit arising from Investment Property before indirect expenses</b>	<b>272.39</b>	<b>257.79</b>

**Measurement of fair values:**

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

As at 31 March 2018 and 31 March 2017, the fair value of the property is Rs. 4,754.65 lakhs and Rs. 4,460.47 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 properties and has no contractual obligations to purchase, construct or develop Investment properties or has any plans for major repairs, maintenance and enhancements. Fair Value Hierarchy disclosures for Investment properties 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

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

- 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 Properties

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 rental 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 properties. Significant increase / decrease in long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly lower / higher fair value.

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

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

**Reconciliation of fair value:**

	Amount
<b>Gross Block as on 31 March 2018</b>	2,991.85
Fair value difference	1,762.80
<b>Fair Value as at 31 March 2018</b>	<b>4,754.65</b>

**5 Intangible assets**

Particulars	Certification Process	Service Concession Arrangement (Refer Note below)	Computer Software	Total
<b>Cost</b>				
<b>As at 1 April 2016</b>	<b>45.02</b>	<b>8,485.26</b>	<b>49.78</b>	<b>8,580.06</b>
Additions	48.92	192.04	20.29	261.25
Deletions	-	-	-	-
<b>As at 31 March 2017</b>	<b>93.94</b>	<b>8,677.30</b>	<b>70.07</b>	<b>8,841.31</b>
Additions	9.55	7,286.89	15.71	7,312.15
Deletions	-	-	-	-
<b>As at 31 March 2018</b>	<b>103.49</b>	<b>15,964.19</b>	<b>85.78</b>	<b>16,153.46</b>
<b>Amortisation</b>				
<b>As at 1 April 2016</b>	<b>10.73</b>	<b>230.86</b>	<b>18.08</b>	<b>259.67</b>
Charge for the year	17.56	357.25	-	374.81
Deletions	-	-	-	-
<b>As at 31 March 2017</b>	<b>28.29</b>	<b>588.11</b>	<b>18.08</b>	<b>634.48</b>
Charge for the year	6.07	403.17	20.41	429.65
Deletions / Adjustments	-	-	40.69	40.69
<b>As at 31 March 2018</b>	<b>34.36</b>	<b>991.28</b>	<b>79.18</b>	<b>1,104.82</b>
Net block				
<b>As at 31 March 2017</b>	<b>65.65</b>	<b>8,089.19</b>	<b>51.99</b>	<b>8,206.83</b>
<b>As at 31 March 2018</b>	<b>69.13</b>	<b>14,972.91</b>	<b>6.60</b>	<b>15,048.64</b>



## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018

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

#### Notes:

- 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 A of Ind-AS 11 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 A of Ind-AS 11 is not recognised as Property, Plant and Equipment of the Operator because the contractual service arrangement does not convey the right to control the use of the Infrastructure to the Operator

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

- a financial asset, or
- an Intangible asset.

The Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from the Grantor for the construction services; the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law, even if payment is contingent on the operator ensuring that the Infrastructure meets specified quality or efficiency requirements.

The tenure of the PPA represents the significant useful life of the Infrastructure. Consequently, the Group has an intangible right to receive cash through the tenure of the PPA and the same has been recognised as an Intangible asset. The Intangible asset is amortised over the agreement period.

Also Refer Note 21 and Note 24.

- Intangible asset with a carrying amount of Rs. 860.30 lakhs (as at 31 March 2017: Nil) has been pledged to secure borrowings of the Company (See Note 15(a)). The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.
- Intangible asset with a carrying amount of Rs. 5,318.91 lakhs (as at 31 March 2017: Rs. 5,552.11 lakhs) has been pledged in favour of the Grantor against the grant received from the Grantor.

## 6 Financial Assets

### 6 (a) Non-current investments

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unquoted Investment in equity shares at fair value through Statement of Profit and Loss</b>		
3,00,000 (31 March 2017 : 3,00,000) Equity shares of Rs.10/- each fully paid in Gem Sugars Limited	30.00	30.00
3,520 (31 March 2017 : 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 2017: 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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**6 (b) Current investments**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Investments at fair value through profit or loss (FVTPL)</b>		
<b>Quoted Mutual funds</b>		
Nil (31 March 2017 : 2,00,00,000) units of Rs.10/- each fully paid up	-	2,573.48
Kotak Fixed Maturity Plan - Growth series		
1,921,876.42 (31 March 2017: 1,921,876.42) units of Rs.10/- each fully paid up	4,258.23	4,001.10
Birla Sunlife Treasury Optimizer - Growth - Regular Plan #		
5,965,315.96 (31 March 2017: 5,965,315.96 ) units of Rs.11.73/- each fully paid up	857.44	806.55
Edelweiss Banking and PSU Debt Fund - Regular Plan Growth *		
9,817,676.82 (31 March 2017: 9,817,676.82) units of Rs.10/- each fully paid up	2,788.47	2,641.77
HSBC Income Fund - STP Growth **		
13,525,932.84 (31 March 2017: 13,525,932.84) units of Rs.10/- each fully paid up	2,856.99	2,696.87
UTI Short term income Fund - Growth **		
17,339,638.21 (31 March 2017: 17,339,638.21) units of Rs.10/- each fully paid up	3,554.78	3,334.62
SBI short term debt fund - Direct Plan - Growth		
20,163,916.17 (31 March 2017: 20,163,916.17) units of Rs.10/- each fully paid up	4,259.08	4,020.38
UTI Short term income Fund - Institutional - Growth**		
316,156.84 (31 March 2017: 316,156.84) units of Rs.10/- each fully paid up	1,053.23	984.32
ICICI Prudential flexible regular plan **		
315,383.90 (31 March 2017: 779,864.38) units of Rs.10/- each fully paid up	1,077.69	2,485.05
Aditya Birla Sunlife Saving Fund Growth **		
Nil (31 March 2017: 4,604,001.81) units of Rs.10/- each fully paid up	-	1,581.90
HDFC Cash Management Fund Treasury Advantage		
LIC Endowment Plus ##	5.00	5.00
99,386.45 (31 March 2017: Nil) units of Rs. 10/- each fully paid up	15.17	-
HSBC Low Duration Fund Growth		
1,00,00,000 (31 March 2017: Nil) units of Rs. 10/- each fully paid up	1,048.90	-
HSBC Fixed Term Series 129 Growth		
4,717,843.47 (31 March 2017: Nil) units of Rs. 10/- each fully paid up	1,667.89	-
IDFC Bond Fund Short Term Regular Plan Growth **		
16,588,846.66 (31 March 2017: Nil) units of Rs. 10/- each fully paid up	3,203.45	-
HDFC Medium term Opportunities Fund- Growth **		
	<b>26,646.32</b>	<b>25,131.04</b>
Aggregate cost of Quoted investments	22,564.13	21,680.35
Aggregate market value of Quoted investments	26,646.32	25,131.04
Current	26,646.32	25,131.04

**Note:**

\* Investments marked have been pledged as collateral securities with banks for availment of term loans for the Group. (Refer Note 15).

\*\* Investments marked have been pledged as collateral securities with banks for availment of term loans for the Group. (Refer Note 15).

# Investment marked have been pledged partly as collateral security with a bank for availment of term loan for Group (Refer Note 15).

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

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-Current</b>		
Other Financial Assets**	638.25	682.77
<b>Total</b>	<b>638.25</b>	<b>682.77</b>
<b>(ii) Current</b>		
Loans to employees	8.08	14.85
Earnest money deposit	48.95	-
Other Financial Assets**	475.08	90.59
<b>Total</b>	<b>532.11</b>	<b>105.44</b>
<b>Total</b>	<b>1170.36</b>	<b>788.21</b>

\*\* Other financial assets are non-derivative financial assets which generate an effective interest income of 8.5% - 16.58%.

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-Current</b>		
Interest accrued but not due on margin money accounts	1.74	-
Balance with Government authorities	280.44	374.53
Others	39.00	-
Provision for doubtful advance	(280.44)	(280.44)
<b>Total</b>	<b>40.74</b>	<b>94.09</b>
<b>(ii) Current</b>		
Interest accrued but not due on margin money accounts	-	20.99
Earnest money deposit	-	62.00
Interest accrued on fixed deposits	86.95	100.34
Renewable Energy Income Receivable	572.47	-
Balances with Government authorities	31.59	297.61
Provision for doubtful advance	(31.59)	(31.59)
<b>Total</b>	<b>659.42</b>	<b>449.35</b>
<b>Total</b>	<b>700.16</b>	<b>543.44</b>
Considered good	700.16	543.44
Considered doubtful	312.03	312.03

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non-Current</b>		
Deposits with original maturity more than 12 months #	19.54	37.63
<b>Total</b>	<b>19.54</b>	<b>37.63</b>
<b>(ii) Current</b>		
Deposits with original maturity more than 3 months and less than 12 months #	6,315.22	5,332.14
<b>Total</b>	<b>6,315.22</b>	<b>5,332.14</b>
<b>Total</b>	<b>6,334.76</b>	<b>5,369.77</b>

# The balance on deposit accounts bears an average interest rate of 6.5 % to 7.5% and have been pledged as collateral securities with banks for availing overdraft , Bank guarantees and Foreign Currency Non-resident Loan facilities for the Group. (Refer Note 15).

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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

Particulars	As at 31 March 2018	As at 31 March 2017
Capital advances	1,268.47	98.96
Prepaid expenses	101.07	93.71
Advances recoverable in cash	-	11.48
Others	393.87	437.43
<b>Total</b>	<b>1,763.41</b>	<b>641.58</b>

**8 Inventories**

Particulars	As at 31 March 2018	As at 31 March 2017
Raw materials and components	2,207.52	2,781.70
Raw materials In Transit	174.74	-
Work-in-progress	729.68	649.54
Finished goods	2,335.01	1,899.40
Traded goods	1,333.29	997.02
Stores and spares	123.07	25.74
<b>Total</b>	<b>6,903.31</b>	<b>6,353.40</b>

**Note :**

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

**9 Trade receivables**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(a) Unsecured, Considered good</b>		
Other than related parties	5,802.38	7,173.39
Receivables from Related parties (Note 33)	31.03	27.36
<b>(b) Doubtful</b>		
Other than Related parties	299.38	190.25
Less : Allowance for Expected Credit Loss (Refer Note below)	(299.38)	(190.25)
<b>Total</b>	<b>5,833.41</b>	<b>7,200.75</b>

**Note:**

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

Trade Receivables are unsecured and are derived from revenue earned from sale of Solar Photo Voltaic Panels, Solar Power Generating Systems and accessories, 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 31 March 2018	As at 31 March 2017
Balances with banks:		
On current accounts	715.12	945.34
On unpaid dividend accounts	30.12	30.28
Deposits with original maturity less than 3 months *	8,070.20	9,483.05
Cash on hand	10.74	3.77
<b>Total</b>	<b>8,826.18</b>	<b>10,462.44</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**Note:**

\* The balance on deposit accounts bearing an interest rate ranging from 6.80% - 7.50% have been pledged with Banks as collateral securities for availing the Packing credit foreign currency, Working Capital Demand loans, External Commercial Borrowings, Letter of credits, Bank guarantees and Trust receipt facilities for the Group.

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

Particulars	As at 31 March 2018	As at 31 March 2017
Balances with banks:		
On current accounts	715.12	945.34
Deposits with original maturity less than 3 months	8,070.20	9,483.05
Cash on hand	10.74	3.77
	<b>8,796.06</b>	<b>10,432.16</b>
Less: Bank overdraft (Refer Note 15 (b))	(6,263.37)	(3,214.28)
<b>Total</b>	<b>2,532.69</b>	<b>7,217.88</b>

**11 Other Current assets**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Unsecured and considered good:</b>		
Supplier advances	376.24	175.48
Prepaid expenses	95.86	55.74
Others	807.54	155.73
<b>Total</b>	<b>1,279.64</b>	<b>386.95</b>

**12 Equity Share Capital**

Particulars	Equity Shares of Rs. 10/- each	
	Nos.	Amount
<b>Authorised Share Capital</b>		
<b>As at 31 March 2017</b>	<b>470,00,000</b>	<b>4,700.00</b>
Increase/(Decrease) during the year	-	-
<b>As at 31 March 2018</b>	<b>470,00,000</b>	<b>4,700.00</b>
<b>Issued, Subscribed &amp; Fully paid up</b>		
<b>As at 31 March 2017</b>	<b>101,05,840</b>	<b>1,010.58</b>
Issue of Equity Share Capital	-	-
<b>As at 31 March 2018</b>	<b>101,05,840</b>	<b>1,010.58</b>

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

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

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

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

Equity shares of Rs.10/- each fully paid	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding in the class	Number of shares	% holding in the class
R. Chellappan, Managing Director	48,89,681	48.38%	48,15,954	47.66%

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 2018**

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

**13 Other Equity**

**Other Equity movement during the years 2016-17 and 2017-18:-**

Particulars	Capital Reserve	Capital Redemption Reserve	Revaluation Reserve	Securities Premium Reserve (Refer Note (i) below)	Retained earnings	General Reserve (Refer Note (ii) below)	Others	Other Comprehensive Income	Total
Balance at the beginning of the reporting period	304.10	375.00	396.18	182.68	47,929.22	18,102.14	-	1,723.07	69,012.39
Add: Profit for the year	-	-	-	-	1,588.96	-	-	-	1,588.96
Add: Other comprehensive income for the year	-	-	-	-	-	-	-	(41.08)	(41.08)
Less: Distribution made during the year	-	-	-	-	(486.52)	-	-	-	(486.52)
Less: Movement in Revaluation reserve	-	-	(5.32)	-	-	-	-	-	(5.32)
Add: Others	-	-	-	-	375.40	-	26.18	-	401.58
<b>Closing Balance as on 31 March 2018</b>	<b>304.10</b>	<b>375.00</b>	<b>390.86</b>	<b>182.68</b>	<b>49,407.06</b>	<b>18,102.14</b>	<b>26.18</b>	<b>1,681.99</b>	<b>70,470.01</b>

- (i) **Securities Premium Reserve** – 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 Reserve”. The Company may issue fully paid-up bonus shares to its members out of the Securities Premium Reserve 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.

**14 a. Distribution made and proposed**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended 31 March 2017 : Rs. 4/- per share (31 March 2016: Rs. 3/- per share)	404.23	101.06
Dividend Distribution tax on final Dividend	82.29	20.69
<b>Proposed dividends on Equity shares:</b>		
Proposed Dividend for the year ended 31 March 2018 Rs. 4/- per share (31 March 2017: Rs. 4/- per share)	404.23	404.23
Dividend Distribution tax (DDT) on Proposed Dividend	82.29	82.29

Proposed Dividend of Rs.4/- per share on Equity shares are subject to the approval at the Annual General Meeting and are not recognised as a liability (including DDT thereon) as at 31 March 2018.

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Final equity dividend</b>		
Period to which it relates	2016-17	2015-16
Number of non-resident shareholders	6.00	10.00
Number of equity shares of Rs 10/- each held on which dividend was due	3,22,076	5,82,800
Amount remitted	12.88	5.83

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**15 Borrowings**

**Financial Liabilities carried at amortized cost**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(a) Non-Current</b>		
Term loan from Banks	3,142.00	3,469.89
Vehicle Loan	23.57	-
<b>Total</b>	<b>3,165.57</b>	<b>3,469.89</b>
Secured Borrowings	3,165.57	3,469.89

Details of long term borrowings are given below:

Particulars	Currency	Effective Interest Rate	As at 31 March 2018	Repayment Terms	Security
<b>Borrowings:</b>					
Term loan -1	INR	8.10%	355.00	Repayable in quarterly instalments of Rs.88.75 lakhs, ending March 2019	Mutual funds
Term loan -2	INR	8.10%	178.75	Repayable in quarterly instalments of Rs.44.69 lakhs, ending March 2019	Mutual funds
Term loan -3	INR	8.10%	347.50	Repayable in quarterly instalments of Rs.43.44 lakhs, ending March 2020	Mutual funds
Term loan -4	INR	9.25%	712.00	Repayable in quarterly instalments (Rs. 25.37 lakhs each till December 2025 and Rs. 27.15 lakhs for March 2026) starting from June 2019 ending March 2026.	2 MW Solar Plant installed at Integral Coach Factory, Chennai
Term loan -5	INR	7.85%	700.00	16 Equal quarterly installments of Rs.43,75,000/- each starting from 1 December 2018 and ending on 1 September 2022 after 1 year moratorium.	Mutual funds of the Holding Company
Term loan -6	INR	7.85%	700.00	16 Equal quarterly instalments of Rs.43,75,000/- each starting from 14 December 2018 and ending on 14 September 2022 after 1 year moratorium.	Mutual funds of the Holding Company
Term loan -7	INR	7.85%	500.00	16 Equal quarterly instalments of Rs.31,25,000/- each starting from 4 January 2019 and ending on 4 October 2022 after 1 year moratorium.	Mutual funds of the Holding Company
Term loan -8	INR	7.85%	600.00	16 Equal quarterly instalments of Rs.37,50,000/- each starting from 4 February 2019 and ending on 4 November 2022 after 1 year moratorium.	Mutual funds of the Holding Company
Term loan -9	INR	8.10%	500.00	Repayable in quarterly instalments of Rs.125 lakhs, ending March 2019	Mutual funds of the Holding Company
Term loan -10	INR	8.10%	142.50	Repayable in quarterly instalments of Rs.35.62 lakhs, ending March 2019	Mutual funds of the Holding Company
Vehicle loan-1	INR	8.00%	31.93	Loan obligation plus interest, is payable in 48 equal monthly instalments.	Vehicle
Vehicle loan-2	INR	7.72%	2.42	Loan obligation plus interest, is payable in 60 equal monthly instalments.	Vehicle
<b>Sub Total</b>			<b>4,770.10</b>		
<b>Less: Current Portion</b>			<b>1,604.53</b>		
<b>Non-current Borrowings</b>			<b>3,165.57</b>		



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(b) Current</b>		
Term loan from Banks	3,848.72	-
Bank overdrafts	6,263.37	3,214.28
Foreign Currency Non-Resident Loan ( FCNR)	1,015.27	-
Packing Credit Foreign Currency (PCFC)	1,007.78	869.06
Working Capital Loan	2,411.23	1,179.01
External Commercial Borrowing (ECB)	1,322.57	1,072.25
Rental Deposits	-	7.07
<b>Total Current Borrowings</b>	<b>15,868.94</b>	<b>6,341.67</b>

Details of Short Term Borrowings are given below:

Particulars	As at 31 March 2018	Effective Interest Rate	Currency	Repayment Terms	Security
Bank overdrafts	6,263.37	7.95%- 8.35%	INR	Repayable on demand	Fixed Deposits and Mutual funds of the Holding Company
ECB 1	225.74	0.45%	EUR	Repayable in June 2018	Fixed Deposits
ECB 2	148.14	2.13%	USD	Repayable in June 2018	Fixed Deposits
ECB 3	58.82	0.70%	EUR	Repayable in June 2018	Fixed Deposits
ECB 4	309.49	2.18%	USD	Repayable in August 2018	Fixed Deposits
ECB 5	34.15	3.11%	USD	Repayable in January 2019	Fixed Deposits
ECB 6	346.68	EURIBOR +0.5 %	EUR	Due for rollover on 7 March 2019	Fixed Deposits
ECB 7	99.78	0.59%	EUR	Repayable in July 2018.	Fixed Deposits of the Holding Company
ECB 8	99.77	1.60%	USD	Repayable within 6 months from the date of the loan	Fixed Deposits
Short Term Loan- 1	943.72	8.00%	INR	For a period of 3 years with bullet repayment terms; interest payable monthly	Mutual funds
Short Term Loan- 2	1,905.00	7.80%	INR	Bullet repayment terms	Mutual funds of the Holding Company
Short Term Loan- 3	1,000.00	8.00%	INR	Bullet repayment terms ; interest payable monthly	Mutual funds of the Holding Company
Working capital demand loan -1	444.39	7.30%	INR	On demand	Fixed Deposits
Working capital demand loan -2	1,966.84	2.5% - 2.8%	USD	On demand	Fixed Deposits
Foreign Currency Non- Resident Loan ( FCNR)	1,015.27	6M EURIBOR + 3.50%	INR	On demand	Fixed Deposits of the Holding Company
Packing Credit Foreign Currency (PCFC)	1,007.78	2.00%	Euro	Repayable within 6 months from the date of the loan	Fixed Deposits of the Holding Group
<b>Total Short term Borrowings</b>	<b>15,868.94</b>				

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**16 Other Financial Liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non Current</b>		
Rental Deposit	115.63	130.56
<b>Total</b>	<b>115.63</b>	<b>130.56</b>
<b>(ii) Current</b>		
Current maturities of long-term debt (Refer Note 15(a))	1,604.53	1,592.55
Unpaid dividend	30.12	30.28
Interest accrued	35.83	22.83
Capital creditors	197.33	36.13
Rental deposits	53.40	40.38
Statutory dues payable	110.17	71.32
<b>Total</b>	<b>2,031.38</b>	<b>1,793.49</b>
<b>Total</b>	<b>2,147.01</b>	<b>1,924.05</b>

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Deferred tax liabilities</b>		
Impact on difference between tax, depreciation and amortisation charged for the financial reporting	1,900.98	920.49
<b>Gross deferred tax liabilities</b>	<b>1,900.98</b>	<b>920.49</b>
<b>Deferred tax assets</b>		
Impact of expenditure charged to the Consolidated Ind AS Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	-	(12.32)
Carry forward business loss and unabsorbed depreciation	(1,745.60)	(908.17)
MAT Credit Entitlement	-	(34.16)
<b>Gross deferred tax assets</b>	<b>(1,745.60)</b>	<b>(954.65)</b>
<b>Total Deferred tax liabilities (net)*</b>	<b>155.38</b>	<b>(34.16)</b>

\* Deferred tax liabilities as at 31 March 2018 comprises of deferred tax asset of Rs. 205.60 lakhs and deferred tax liabilities of Rs. 360.98 lakhs.

**(b) Income Tax**

The major components of income tax expense for the years ended 31 March 2018 and 31 March 2017 are:

**Consolidated Ind AS Statement of Profit or Loss:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Current income tax:</b>		
Current income tax charge	951.03	924.39
MAT credit (entitlement) / availed	(171.44)	-
Adjustments in respect of current income tax of previous year	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	360.98	-
<b>Total</b>	<b>1,140.57</b>	<b>924.39</b>

As at 31 March 2018, the Holding Company has total eligible deferred tax asset of Rs. 4,449.35 lakhs (including on account of business loss, unabsorbed depreciation and MAT Credit entitlement) as per the revised Income Tax Returns filed/Income Tax workings. In this regard, based on estimated tax workings and the accounting policy followed by the Group for recognition of deferred tax assets on such losses/unabsorbed depreciate and MAT Credit, the Holding Company has recognised deferred tax asset to the extent of Rs.1,508.11 lakhs towards carried forward tax losses and unabsorbed depreciation and unused tax credits to the extent of deferred tax liabilities.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2018 and 31 March 2017:**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Accounting Profit before income tax (including other comprehensive income)	2,688.45	2,872.14
<b>Minimum Alternate Tax (MAT) Adjustments:</b>		
Add: Provision for Expected Credit Loss	32.21	-
Add: Interest on late payment of Tax Deducted at Source	0.28	-
Less: Others	-	(215.32)
<b>Book Profit for MAT Calculation</b>	<b>2,720.94</b>	<b>3,087.46</b>
At India's statutory Minimum alternate tax rate of 21.34%**	21.34%	34.608%
(Previous year: Statutory income rate of 34.608%)		
<b>Derived Tax Charge for the year</b>	<b>580.65</b>	<b>1,068.51</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	88.63	151.37
Tax impact arising on account of set off of available losses	-	-
Effect of deferred taxes created on depreciation differences	360.98	-
Effect of non-deductible items for tax purposes	3.67	-
Effect of Income not taxable	(12.84)	-
Others	38.50	-
Tax impact on account of loss making subsidiaries	215.30	(289.71)
Permanent disallowance in subsidiaries	-	39.41
Effect of MAT credit recognised during the year	(158.84)	-
Effect of differential tax rates	24.52	(45.19)
<b>Net derived tax charge</b>	<b>1,140.57</b>	<b>924.39</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. Accordingly, the effective rate of tax has been considered as 21.34%.

**18 Provisions**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(i) Non- current</b>		
Provision for warranties (Refer Note below)	297.95	388.32
Provision for gratuity (Refer Note 31)	109.96	47.63
Provision for compensated absences	-	18.04
<b>Total (A)</b>	<b>407.91</b>	<b>453.99</b>
<b>(ii) Current</b>		
Provision for warranties (Refer Note below)	63.77	113.39
Provision for gratuity (Refer Note 31)	10.00	6.99
Provision for compensated absences	70.19	40.51
Provision for Income tax (net of advance tax)	299.82	260.13
<b>Total (B)</b>	<b>443.78</b>	<b>421.02</b>
<b>Total Provision [(A)+(B)]</b>	<b>851.69</b>	<b>875.01</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**Note:**

**Provision for warranties**

Particulars	As at 31 March 2018	As at 31 March 2017
At the beginning of the year	501.71	352.26
Arising during the year	128.18	151.51
Utilisation of warranties	(268.27)	(2.06)
<b>At the end of the year</b>	<b>361.62</b>	<b>501.71</b>

**19 Trade payables**

Particulars	As at 31 March 2018	As at 31 March 2017
Trade payables	5,228.14	7,052.52
(Refer note below regarding dues to micro, small and medium enterprises)		
Trade payables to related parties (Refer Note 33)	111.43	53.79
<b>Total</b>	<b>5,339.57</b>	<b>7,106.31</b>

**Note:**

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

Particulars	As at 31 March 2018	As at 31 March 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	74.61	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	1.97	-
(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	1.97	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	1.97	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**20 Other current liabilities**

Particulars	As at 31 March 2018	As at 31 March 2017
Advance from customers	136.27	211.35
Employee benefits payable	-	74.98
Statutory dues payable	-	65.23
Others	3.25	-
<b>Total</b>	<b>139.52</b>	<b>351.56</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**21 Revenue from operations**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue from operations</b>		
Sale of products		
Manufactured goods		
Solar Photovoltaic Panels	5,872.45	8,262.46
Solar Power Generating Systems and accessories	3,485.99	2,520.45
Alloys and castings	5,311.24	4,449.62
Grey Iron and Ductile Iron Castings	2,837.14	2,455.52
Traded goods	334.04	2,986.55
Sale of services		
Installation	235.03	477.67
Annual Maintenance Contracts	81.16	47.58
Others	9.32	122.28
Sale of power	2,230.97	2,287.45
Revenue from service concession arrangement (Refer Note 5)	7,865.49	222.52
<b>Other operating revenue</b>		
Scrap Sales	117.80	75.61
Rental Income	356.87	373.37
Renewable Energy Certificate Income (net)	601.43	405.09
Export Benefits	278.32	-
<b>Revenue from operations</b>	<b>29,617.25</b>	<b>24,686.17</b>

**22 Other income**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Exchange differences (net)	160.62	363.95
Rental Income	28.95	33.70
Dividend Income on equity investments	4.70	-
Gain on sale of investments (net)	82.26	127.52
Gain on investments carried at fair value through Profit and Loss	1,500.00	2,156.63
Dividend income on investments carried at fair value through Profit and Loss	3.48	0.46
Provision no longer required written back (Net) (Refer Note 18)	140.08	-
Liabilities no longer required, written back	42.48	38.71
Other non-operating income	26.74	278.30
	<b>1,989.33</b>	<b>2,999.27</b>

**23 Finance income**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income on financial assets carried at amortised cost	745.15	591.12
	<b>745.15</b>	<b>591.12</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventories at the beginning of the year	2,781.70	1,719.83
Add: Purchases	15,358.08	4,003.98
Add: Cost incurred towards Service Concession agreement (Refer Note 5)	4,191.07	199.60
	<b>22,330.85</b>	<b>5,923.41</b>
Less: Inventories at the end of the year	2,382.26	2,781.70
<b>Total</b>	<b>19,948.59</b>	<b>3,141.71</b>

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Decrease / (Increase) in Inventories of work-in-progress, traded goods and finished goods</b>		
Traded goods	(336.27)	(733.13)
Work-in-progress	(80.14)	33.35
Finished goods	(920.70)	99.32
<b>Total</b>	<b>(1,337.11)</b>	<b>(600.46)</b>

**26 Employee benefits expense**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	1,964.41	1,869.23
Contribution to provident and other funds	141.29	122.79
Gratuity expense (refer note 31)	52.40	24.93
Staff welfare expenses	151.41	133.56
<b>Total</b>	<b>2,309.51</b>	<b>2,150.51</b>

**27 Other expenses**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Sub-contracting and processing expenses	2,043.92	1,699.34
Consumption of stores and spares	50.45	55.97
Service and maintenance charges	10.70	5.45
Power and fuel	612.47	724.47
Wheeling charges	13.30	19.02
Freight and forwarding charges	212.14	152.29
Rent (Refer note 32)	195.07	187.38
Rates and taxes	105.89	177.06
Insurance	42.50	48.38

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

<b>Particulars</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
Repairs and maintenance		
- Plant & Machinery	264.34	201.99
- Buildings	67.26	45.42
- Others	104.94	120.51
Corporate Social Responsibility (Refer Note (i) below)	21.09	20.39
Sales promotion	69.58	43.65
Advertisement	57.31	52.87
Security charges	104.78	58.51
Travelling and conveyance	217.89	203.85
Communication costs	53.14	55.29
Printing and stationery	29.71	28.04
Exchange differences (net)	163.91	108.29
Legal and professional fees	268.93	276.17
Payment to auditor (Refer Note (ii) below)	36.52	59.24
Liquidated damages	9.02	54.99
Provision for doubtful receivables	68.90	15.52
Bad debts/advances written off	40.79	115.74
Property, Plant and Equipment written off	29.23	-
Provision for warranties (net of reversals) (Refer Note 18)	-	151.51
Directors' sitting fees	4.10	3.10
Miscellaneous expenses	194.50	165.93
	<b>5,092.38</b>	<b>4,850.36</b>

**(i) Corporate Social Responsibility**

<b>Particulars</b>	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
(i) Gross amount required to be spent by the Company during the year	35.38	42.41
(ii) Amount spent during the year	21.09	20.39

In pursuance of Section 135 of the Companies Act, 2013, the Company has spent on various activities as enumerated in the CSR Policy of the Company and covers water and sanitation, Animal welfare, Skill development and livelihood, Education and Women welfare.

**(ii) Payment to auditor**

Audit fee	23.79	47.21
Limited review	7.00	9.00
Tax Audit Fee	2.50	-
Certification	1.42	-
Reimbursement of expenses	1.81	3.03
	<b>36.52</b>	<b>59.24</b>

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



## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018

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

#### 28 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of Property, Plant and Equipment	1,801.90	1,459.68
Depreciation of Investment Property	95.99	111.51
Amortisation of Intangible assets	429.65	374.81
	<b>2,327.54</b>	<b>1,946.00</b>

#### 29 Finance costs

Interest on borrowings	846.07	829.61
Interest on Trade payables - Micro and small enterprises	1.97	
Net Loss on Foreign Currency Transactions and Translation	76.58	
Bank and other charges	102.50	129.54
	<b>1,027.12</b>	<b>959.15</b>

#### 30 Earnings price per share (EPS)

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

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit attributable to equity shareholders of the Company (A)	1,588.96	2,163.07
Weighted average number of Equity shares for basic and diluted EPS (B)	10,105,840	10,105,840
Basic Earnings per share (A/B)	15.72	21.40
Diluted Earnings per share (A/B)	15.72	21.40

#### 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.

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Employer's Contribution to Provident Fund	141.29	122.79

#### Defined Benefits Plan

##### Reconciliation of opening and closing balances of obligation

	Gratuity Plan (funded)	
	As at 31 March 2018	As at 31 March 2017
Defined Benefit obligation as at the beginning of the year	139.05	103.60
Current Service Cost	29.06	21.09
Interest Cost	9.97	14.17
Past Service Cost	7.26	-
Actuarial loss	66.97	-
Benefits paid	(5.16)	(4.16)
Others	(23.27)	4.35
Defined Benefit obligation as at the end of the year	223.88	139.05

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**Reconciliation of opening and closing balances of fair value of plan assets**

	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Fair value of plan assets as at the beginning of the year	84.43	60.11
Expected return on plan assets	11.90	10.33
Actuarial gain / loss	(0.03)	-
Employer's contribution	12.78	18.87
Benefits paid	(5.16)	(4.88)
Fair value of plan assets as at the end of the year	103.92	84.43

**Reconciliation of fair value of assets and obligations**

	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Fair value of plan assets	103.92	84.43
Present value of obligation	223.88	139.05
Net Obligation disclosed as:		
- Current	10.00	6.99
- Non - Current	109.96	47.63
	<b>For the year ended 31 March 2018</b>	<b>For the year ended 31 March 2017</b>
<b>Recognised in profit or loss:</b>		
Current Service Cost	29.06	21.09
Expected return on plan assets	(11.90)	(10.33)
Interest Cost	9.97	14.17
Past Service Cost	7.26	-
Others	18.01	-
<b>Recognised in other comprehensive income:</b>		
Actuarial loss / (gain)	52.23	-
<b>Net Cost</b>	<b>104.63</b>	<b>24.93</b>

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

	<b>Gratuity plan</b>	
<b>Particulars</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
<b>Investments details:</b>		
Fund with LIC	103.92	84.43
<b>Total</b>	<b>103.92</b>	<b>84.43</b>

The principal assumptions used in determining gratuity for the Group's plans are shown below:

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Discount rate:	7.64%	8.00%
Future salary increases:	10.00%	5.00%
Expected Return on Plan Assets:	7.64%	8.00%
Employee turnover:	8.00%	3.00%
Contribution Expected to be paid during the next year	10.00	19.82

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**A quantitative sensitivity analysis for significant assumptions as at 31 March 2018 is as shown below:**

Assumptions - Sensitivity Level	For the year ended 31 March 2018			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate:	8.64%	6.64%	189.91	227.03
Future salary increases:	11.00%	9.00%	226.67	189.59

  

Assumptions - Sensitivity Level	For the year ended 31 March 2017			
	Sensitivity Level		Impact on defined benefit obligations	
	1% increase	1% decrease	Amount	Amount
Discount rate:	8.64%	6.64%	121.45	129.18
Future salary increases:	11.00%	9.00%	128.43	122.98

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 2017: 17.28 years).

**32 Commitments and Contingencies**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Operating leases: Company as lessee</b>		
<b>Future minimum rentals payable under non-cancellable operating lease are as follows:</b>		
Not later than one year	196.52	109.84
Later than one year but not later than five years	244.96	258.36
Later than five years	245.59	260.43
	<b>687.07</b>	<b>628.63</b>
<b>Operating leases: Company as lessor</b>		
<b>Future minimum lease rental receivable under non-cancellable operating lease are as follows:</b>		
Not later than one year	324.87	288.78
Later than one year but not later than five years	980.00	1,011.04
Later than five years	-	46.00
	<b>1,304.87</b>	<b>1,345.82</b>

**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 (w.e.f 28 June 2017)
Mr. N.Natarajan - Independent Director	Mr. V.M.Sivasubramaniam - Independent Director (up to 26 April 2018)
Mr. G.S.Samuel - Independent Director	Mr. S.Annadurai - Independent Director (w.e.f. 28 June 2017)
Mrs. Jayashree Nachiappan - Non Executive Director	
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. V. Nachiappan (KMP w.e.f 20 April 2018)	Mr. K. N. Rishii Nandhan

**Enterprises owned or significantly influenced by Key Management Personnel or their relatives**

Arken Solutions Private Limited	Swelect Technologies Private Limited	Swelect Electronics Private Limited
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**Terms and conditions of transactions with related parties :** The transactions with related parties are made on terms equivalent to those that prevail in 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 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2017: Nil). This assessment is undertaken 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	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by Key Management Personnel or their relatives		Total	
	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Sale of goods</b>	<b>1.18</b>	<b>3.61</b>	-	-	<b>1.40</b>	<b>27.36</b>	<b>2.58</b>	<b>30.97</b>
Mr. R. Chellappan	1.18	3.61	-	-	-	-	1.18	3.61
Arken Solutions Private Limited	-	-	-	-	1.40	27.36	1.40	27.36
<b>Purchase of Capital Goods</b>	-	-	-	-	<b>299.87</b>	-	<b>299.87</b>	-
Arken Solutions Private Limited	-	-	-	-	299.87	-	299.87	-
<b>Receipt of services</b>	-	-	-	-	<b>317.39</b>	<b>115.01</b>	<b>317.39</b>	<b>115.01</b>
Arken Solutions Private Limited	-	-	-	-	317.39	115.01	317.39	115.01
<b>Rent expense</b>	<b>2.15</b>	<b>1.52</b>	-	-	-	-	<b>2.15</b>	<b>1.52</b>
Mr. R. Chellappan	2.15	1.52	-	-	-	-	2.15	1.52
<b>Sitting fees</b>	<b>4.10</b>	<b>3.10</b>	-	-	-	-	<b>4.10</b>	<b>3.10</b>
Mr. V.M.Sivasubramaniam	1.10	0.90	-	-	-	-	1.10	0.90
Mr. N. Natarajan	0.80	0.70	-	-	-	-	0.80	0.70
Mr. G.S.Samuel	0.60	0.60	-	-	-	-	0.60	0.60
Mr. S. Annadurai	0.60	-	-	-	-	-	0.60	-
Mrs. Jayashree Nachiappan	1.00	0.90	-	-	-	-	1.00	0.90
<b>Commission</b>	<b>5.00</b>	<b>10.00</b>	-	-	-	-	<b>5.00</b>	<b>10.00</b>
Mr. V.M.Sivasubramaniam	2.50	5.00	-	-	-	-	2.50	5.00
Mr. N. Natarajan	2.50	5.00	-	-	-	-	2.50	5.00
<b>Remuneration</b>	<b>148.97</b>	<b>119.29</b>	<b>10.16</b>	<b>15.47</b>	-	-	<b>159.13</b>	<b>134.76</b>
Mr. R. Chellappan	53.28	46.28	-	-	-	-	53.28	46.28
Mr. A. Balan	43.67	30.03	-	-	-	-	43.67	30.03
Mr. V.C.Raghunath	10.07	9.73	-	-	-	-	10.07	9.73
Mr. R. Sathishkumar	7.25	7.25	-	-	-	-	8.04	7.25
Mr. P. Jagan	27.61	26.00	-	-	-	-	27.61	26.00
Mrs. V.C. Mirunalini	6.30	-	1.88	7.47	-	-	8.18	7.47
Miss. Aarthi Balan	-	-	8.28	8.00	-	-	8.28	8.00
<b>Consultancy Charges</b>	-	-	<b>5.32</b>	<b>4.88</b>	-	-	<b>5.32</b>	<b>4.88</b>
Miss Preetha Balan	-	-	5.32	4.88	-	-	5.32	4.88
<b>Dividend paid</b>	<b>206.52</b>	<b>50.94</b>	<b>5.93</b>	<b>1.48</b>	-	-	<b>212.45</b>	<b>52.42</b>
Mr. R. Chellappan	192.64	47.47	-	-	-	-	192.64	47.47
Mr. A. Balan	12.32	3.08	-	-	-	-	12.32	3.08
Others	1.56	0.39	5.93	1.48	-	-	7.49	1.87

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**33 Related party transactions**

Particulars	Enterprises owned or significantly influenced by Key Management Personnel or their relatives	
	As at 31 March 2018	As at 31 March 2017
<b>Balance outstanding as at the year end:</b>		
<b>Trade payables</b>	<b>111.43</b>	<b>53.79</b>
Arken Solutions Private Limited	111.43	53.79
<b>Capital Creditors</b>	<b>14.21</b>	<b>-</b>
Arken Solutions Private Limited	14.21	
<b>Amounts receivable from related parties</b>		
<b>Trade receivables</b>	<b>31.03</b>	<b>27.36</b>
Arken Solutions Private Limited	31.03	27.36

**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 2018.

Goodwill on consolidation as at 31 March 2018 stood at Rs. 789.74 lakhs (previous year 31 March 2017 : 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.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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 capitalization. The value-in-use is determined based on specific calculations. These calculations use pre-tax cash flow projections for a CGU / groups of CGU's over a period of five years. An average of the range of each assumption used is mentioned below. As of 31 March 2018 and 31 March 2017, 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 2018 stood at Rs. 151.46 lakhs (31 March 2017 :Rs. 151.46 lakhs) The details of which is provided below:

- a. The Group acquired 92% equity share stake in Amex Alloys Private Limited for a consideration of Rs.421.71 lakhs on 05 December 2010. The excess net asset value over the purchase consideration to the extent of Rs. 165.49 lakhs was recognised as capital reserve. The balance 8% equity share stake was acquired on 08 July 2013 for a consideration of Rs. 119.47 lakhs. Consequently, Amex Alloys Private Limited became a 100% subsidiary of the Group. The excess purchase consideration paid over the net assets taken over to the extent of Rs. 14.03 lakhs is adjusted with the capital reserve.

## **35 Contingent liabilities and Commitments:**

### **(a) Contingencies**

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

Particulars	As at 31 March 2018	As at 31 March 2017
a) Cenvat related matters *	2,747.07	5.96
b) Sales tax related matters **	50.82	550.32
c) Income tax related matters #	1,318.64	1,306.41
d) Excise related matters # #	696.70	703.86
e) Rent claim related	2.51	2.51
<b>Total</b>	<b>4,815.74</b>	<b>2,569.06</b>

\* Rs. 3.03 lakhs deposited under dispute. (2017 - Rs.3.03 lakhs )

\*\* Rs. 3.33 lakhs deposited under dispute. (2017 -Rs. 24.69 lakhs)

# Rs. 143.20 lakhs deposited under dispute. (2017 - Rs. 140.76 lakhs)

# # Rs. 67.54 lakhs deposited under dispute. (2017 - Rs. 64.81 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 Company's pending litigations comprise of proceedings pending with tax authorities. The Company 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 Company does not expect the outcome of these proceedings to have a material adverse effect on the financial statements.

### **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 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 advice and, hence, no specific provision for the same has been made.

### **(b) Commitments:**

- (i) The estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 1,445.43 (31 March 2017: Rs. Nil)
- (ii) Commitments relating to lease agreements, refer Note 32

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**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 2018			As at 31 March 2017		
	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	26,646.32	500.00	27,146.32	25,131.04	500.00	25,631.04
Trade receivables	-	5,833.41	5,833.41	-	7,200.75	7,200.75
Cash and cash equivalents	-	8,826.18	8,826.18	-	10,462.44	10,462.44
Other bank balances	-	6,334.76	6,334.76	-	5,369.77	5,369.77
Renewable Energy Certificate Receivable	-	572.47	572.47	-	-	-
Balances with Government Authorities	-	-	-	-	360.11	360.11
Security deposits and Grant Receivable (Refer Note 5)	-	1,113.33	1,113.33	-	773.36	773.36
Earnest Money Deposit	-	48.95	48.95	-	62.00	62.00
Interest accrued on fixed deposits	-	127.69	127.69	-	121.33	121.33
Advance to employees	-	8.08	8.08	-	14.85	14.85
<b>Total financial assets</b>	<b>26,676.67</b>	<b>23,364.87</b>	<b>50,041.54</b>	<b>25,161.39</b>	<b>24,864.61</b>	<b>50,026.00</b>
<b>Financial liabilities</b>						
Borrowings - Term loans	-	8,595.25	8,595.25	-	5,062.44	5,062.44
Borrowings - Others	-	12,043.79	12,043.79	-	6,341.67	6,341.67
Interest accrued	-	35.83	35.83	-	22.83	22.83
Trade Payables	-	5,339.57	5,339.57	-	7,106.31	7,106.31
Capital Creditors	-	197.33	197.33	-	36.13	36.13
Unpaid Dividend	-	30.12	30.12	-	30.28	30.28
Rental Deposit	-	169.03	169.03	-	170.94	170.94
Statutory dues payable	-	110.17	110.17	-	71.32	71.32
<b>Total financial liabilities</b>	<b>-</b>	<b>26,521.09</b>	<b>26,521.09</b>	<b>-</b>	<b>18,841.92</b>	<b>18,841.92</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 2018			As at 31 March 2017		
	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	26,646.32	-	-	25,131.04	-	-
Investment Property	-	-	4,754.65	-	-	4,460.47
	<b>26,646.32</b>	<b>-</b>	<b>4,785.00</b>	<b>25,131.04</b>	<b>-</b>	<b>4,490.82</b>



## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

#### **(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 2018 and 31 March 2017. 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**

Management has assessed applicability of Appendix A of Ind AS 11: Service Concession Arrangements to power distribution arrangements entered into by the Group. In assessing the applicability, Management has exercised significant judgment in relation to the underlying ownership of the assets, terms of the power distribution arrangements entered with the grantor, ability to determine prices, value of construction service, assessment of right to guaranteed cash etc.

#### **Operating lease commitments – Group as lessor**

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### **Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### **Taxes**

Significant management judgement is required to determine the amount of deferred tax assets (including MAT credit) that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### **Allowance for uncollectible trade receivables**

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when Management deems them not collectible. The Group has evaluated the receivable balances and has made allowances for the estimated irrecoverable amounts and no further allowance/write-off is expected on the receivables by the Group.

#### **Warranties**

Provision for warranties involves a significant amount of estimation. The provision is based on the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The best estimate is determined based on the Group's past experience of warranty claims and future expectations. These estimates are revised periodically.

## SWELECT ENERGY SYSTEMS LIMITED

### Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018

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

#### Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

#### Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators..

#### Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment leave encashment benefit and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Further details about defined benefit obligations are given in Note 31.

### 37 Additional disclosure requirement under Section 129 of the Companies Act, 2013.

Name of the entity	Net Assets		Share in Profit or Loss	
	As a % of the consolidated net assets	Amount	As a % of the consolidated profit/loss	As a % of the total consolidated Profit / (loss) after Taxation
<b>Parent</b>				
Swelect Energy Systems Limited	94.18%	67,320.50	151.63%	2,346.93
<b>Subsidiaries</b>				
<b>Foreign</b>				
Swelect Energy Systems Pte. Limited, Singapore	13.56%	9,694.44	16.53%	255.87
SWELECT Inc, USA	0.03%	23.56	-1.22%	(18.86)
SWELECT Energy Systems LLC, USA	-0.09%	(67.41)	0.00%	-
<b>Indian</b>				
Amex Alloys Private Limited	1.18%	844.78	-29.61%	(458.39)
Swelect Solar Energy Private Limited	0.50%	354.70	0.03%	0.52
Noel Media & Advertising Private Limited	0.36%	253.98	-0.02%	(0.33)
Swelect Green Energy Solutions Private Limited	-1.41%	(1,007.80)	-34.35%	(531.63)
K J Solar Systems Private Limited	0.42%	298.76	3.73%	57.77
Swelect Power Systems Private Limited	0.43%	304.29	19.20%	297.12
SWEES Employees Welfare Trust	0.49%	349.55	1.35%	20.90
Less : Inter-Group eliminations	-9.64%	(6,888.76)	-27.27%	(422.02)
<b>Total</b>		<b>71,480.59</b>		<b>1,547.88</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**38 Directors' remuneration**

	31 March 2018	31 March 2017
Salaries	122.68	64.64
Commission	24.18	21.39
	<b>146.86</b>	<b>86.03</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:

- Solar and Solar Related Activities
- Foundry Business
- 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 on an arm's length basis in a manner similar to transactions with third parties

<b>PARTICULARS</b>	<b>2017-18</b>	<b>2016-17</b>
<b>SEGMENT REVENUE:</b>		
Solar	34,167.82	28,213.35
Foundry	8,642.03	7,103.76
Less: Inter segment Revenue	(13,192.60)	(10,630.94)
<b>Total Revenue from Operations</b>	<b>29,617.25</b>	<b>24,686.17</b>
<b>SEGMENT RESULTS:</b>		
Solar Energy Systems / Services	1,029.90	689.38
Foundry	53.62	(181.56)
Others	2,684.28	3,538.79
Total Segment Results	3,767.80	4,046.61
Less : Interest and other financial charges	(1,027.12)	(959.15)
<b>Profit before tax</b>	<b>2,740.68</b>	<b>3,087.46</b>
<b>SEGMENT ASSETS:</b>		
Solar Energy Systems / Services	45,041.88	49,793.90
Foundry	9,355.97	11,259.47
Others	44,956.02	29,038.09
<b>Total</b>	<b>99,353.87</b>	<b>90,091.46</b>
<b>SEGMENT LIABILITIES:</b>		
Solar Energy Systems / Services	23,611.12	16,328.68
Foundry	4,257.88	3,739.81
Others	4.28	-
<b>Total</b>	<b>27,873.28</b>	<b>20,068.49</b>
<b>CAPITAL EXPENDITURE</b>		
Solar Energy Systems / Services	9,744.08	1,056.93
Foundry	237.93	171.14
<b>Total</b>	<b>9,982.01</b>	<b>1,228.07</b>

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

<b>PARTICULARS</b>	<b>2017-18</b>	<b>2016-17</b>
<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
Solar Energy Systems / Services	1,855.47	1,590.41
Foundry	472.07	355.59
<b>Total</b>	<b>2,327.54</b>	<b>1,946.00</b>
<b>NON CASH EXPENSE OTHER THAN DEPRECIATION AND AMORTISATION</b>		
Solar Energy Systems / Services	73.00	131.26
Foundry	36.69	-
<b>Total</b>	<b>109.69</b>	<b>131.26</b>
<b>The details in respect of the Key Geographical areas in which the Group has operations are given below:</b>		
<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Revenue from operations		
India	24,282.29	20,924.59
Europe	5,302.69	3,734.02
Others	32.27	27.56
<b>Total</b>	<b>29,617.25</b>	<b>24,686.17</b>
<b>Non-current assets (Excluding Financial assets &amp; Deferred tax asset)</b>		
India	38,556.62	29,967.79
Singapore	2,058.79	3,236.58
Others	-	-
<b>Total</b>	<b>40,615.41</b>	<b>33,204.37</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 2018 and 31 March 2017.

**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.

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.

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

<b>PARTICULARS</b>	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
Variable rate borrowings	20,615.47	11,404.11
Fixed rate borrowings	23.57	-
<b>Total</b>	<b>20,639.04</b>	<b>11,404.11</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:

<b>PARTICULARS</b>	<b>Year Ended 31 March 2018</b>	<b>Year Ended 31 March 2017</b>
31 March 2018	+ 50 basis points	103.08
	- 50 basis points	(103.08)
31 March 2017	+ 50 basis points	57.02
	- 50 basis points	( 57.02)

**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.

<b>Particulars</b>	<b>Change in currency exchange rate</b>	<b>Effect on profit before tax</b>		<b>Effect on equity</b>	
		<b>For the year ended</b>	<b>For the year ended</b>	<b>For the year ended</b>	<b>For the year ended</b>
		<b>31 March 2018</b>	<b>31 March 2017</b>	<b>31 March 2018</b>	<b>31 March 2017</b>
US Dollars	+5%	(306.46)	-	(306.46)	-
	-5%	306.46	(4.99)	306.46	(4.99)
Euro	+5%	(14.77)	-	(14.77)	-
	-5%	14.77	-	14.77	-

**(b) Credit Risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

**i) Trade and other receivables**

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on credit term in line with respective industry norms. Outstanding customer receivables are regularly monitored. The Group has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

## **SWELECT ENERGY SYSTEMS LIMITED**

### **Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

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 Group 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 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 2018	1,080.01	4,459.39	294.01	5,833.41
Trade Receivables as of 31 March 2017	2,822.28	2,992.55	1,385.92	7,200.75

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.

The table below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

Particulars	As at 31 March 2018			Total	Carrying Value
	Less than 1 year	1- 5 years	More than 5 years		
Borrowings	2,574.88	874.81	355.76	3,805.45	20,639.04
Trade Payables	5,339.57	-	-	5,339.57	5,339.57
Other financial liabilities	386.34	76.68	-	463.02	542.48
<b>Total</b>	<b>8,300.79</b>	<b>951.49</b>	<b>355.76</b>	<b>9,608.04</b>	<b>26,521.09</b>

  

Particulars	As at 31 March 2017			Total	Carrying Value
	Less than 1 year	1- 5 years	More than 5 years		
Borrowings	1,668.58	1,959.15	-	3,627.73	11,404.11
Trade Payables	7,106.31	-	-	7,106.31	7,106.31
Other financial liabilities	124.87	135.52	20.96	281.35	331.50
<b>Total</b>	<b>8,899.76</b>	<b>2,094.67</b>	<b>20.96</b>	<b>11,015.39</b>	<b>18,841.92</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 maximize 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 2018	As at 31 March 2017
Borrowings	20,639.04	11,404.11
Less: Cash and cash equivalents	(15,160.94)	(15,832.21)
<b>Net Debt</b>	<b>5,478.10</b>	<b>(4,428.10)</b>
Equity	71,480.59	70,022.97
<b>Total Capital</b>	<b>71,480.59</b>	<b>70,022.97</b>
<b>Capital and Net Debt</b>	<b>76,958.69</b>	<b>65,594.87</b>
<b>Gearing Ratio</b>	<b>7.12%</b>	<b>-6.75%</b>

**41 a) Standards issued but not yet effective:** Ind AS 115 - "Revenue from Contracts with Customers":

On 28 March 2018, the Ministry of Corporate Affairs (MCA), notified Ind AS 115, Revenue from Contracts with Customers, as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The new standard is based on IFRS 15, Revenue from Contracts with Customers. The standard is effective for the accounting periods commencing on or after 1 April 2018.

Ind AS 115 replaces Ind AS 11 Construction contracts and Ind AS 18 Revenue. The core principle of Ind AS 115 is that an entity recognises revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer – assess whether the contract is within the scope of Ind AS 115. 'Customer' has now been defined.
- Identify the performance obligations in the contract – determine whether the goods and services in a contract are distinct.
- Determine the transaction price – transaction price will include fixed, variable and non cash considerations.
- Allocate the transaction price to the performance obligations in the contract – allocation based on a stand-alone selling price basis using acceptable methods.
- Recognise revenue when (or as) the entity satisfies a performance obligation – i.e. recognise revenue at a point in time or over a period of time based on performance obligations.

The Group is evaluating the requirements of the standard, and the transition effects on the financial statements are being evaluated.



**SWELECT ENERGY SYSTEMS LIMITED**

**Notes to Consolidated Ind AS financial statements for the year ended 31 March 2018**

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

**a) Standards yet to be notified: Ind AS 116 - "Leases":**

On 18 July 2017, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) issued an Exposure Draft (ED) of Ind AS 116, Leases. Ind AS 116 is largely converged with IFRS 16. When notified, Ind AS 116 will replace Ind AS 17 Leases.

Ind AS 116 sets out a comprehensive model for identification of lease arrangements and their treatment in the financial statements of the lessor and lessee. Ind AS 116 applies a control model for the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The Company is evaluating the requirement of the standard and the effect on the financial statements upon notification is being evaluated."

- 42** Previous year figures which have been audited by previous auditors have been regrouped/reclassified, wherever necessary. The following reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

Statutory Dues payable/ receivable to/from Government authorities was classified under other current liabilities/ Assets in the previous year financial statements. In line with the interpretations suggested in Ind AS Transition Facilitation Group (ITFG) Bulletin, the Company has reassessed the classification and noted that such Statutory Dues shall be reclassified to Financial liabilities/ Assets. Apart from the one mentioned above, a few other reclassifications have been made to enhance the comparability with the current year's financial statements. The impact of reclassifications is given below:

Particulars		Amount Reported	Amount reclassified	Restated Amount
Borrowings - Current	Statutory Payables reclassified from other current liabilities to other financial liabilities. Rental deposits reclassified from current borrowings to other current liabilities.	3,989.30	(40.38)	3,948.92
Other financial liabilities- Current		789.74	111.70	901.44
Other Current liabilities		263.18	(71.32)	191.86
Property Plant and Equipment	Reclassified from Investment Property	6,895.92	328.15	7,224.07
Investment Property		2,082.45	(328.15)	1,754.30
Non- Current Financial Assets- Others	Balances with Government authorities reclassified from Other non-current financial assets to Non-Current assets. Rental deposits reclassified	37.63	56.46	94.09
Bank Balances - Non-Current		-	37.63	37.63
Other Non-current assets		111.76	(94.09)	17.67
Borrowings - Non-Current	Rental Deposits reclassified from Borrowings- Non-Current to other financial liabilities- non-current.	1,955.53	(130.56)	1,824.97
Other financial		-	130.56	130.56
Other financial assets- Current	Balances with Government authorities reclassified from Other current financial assets to other current assets	183.33	266.02	449.35
Other Current assets		423.06	(266.02)	157.04

- 43** The Ind AS financial statements were approved by the Board of Directors on 25 May 2018.

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

**Swelect Energy Systems Limited**

Sd/-  
R. Chellappan  
Managing Director  
DIN:00016958

Sd/-  
R. Sathishkumar  
Company Secretary

Place: Chennai  
Date: 25 May 2018

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

Sd/-  
P.Jagan  
Chief Financial Officer

Place: Chennai  
Date: 25 May 2018

**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	13/05/04	Apr-Mar	USD	65.04	4,372.90	5,321.55	13,427.48	3,733.03	-	9,528.90	297.36	41.49	255.87	-	100.00%	Singapore
2	SWELECT Energy Systems (Asia Pacific) Pte. Limited, Singapore (Refer Note 2)	03/02/16	Apr-Mar	USD	-	-	-	-	-	-	-	-	-	-	-	51.00%	Singapore
3	SWELECT Inc, USA	23/02/16	Jan- Dec	USD	65.04	68.85	(45.29)	221.75	198.19	-	-	(18.86)	-	(18.86)	-	100.00%	USA
4	SWELECT Energy Systems LLC, USA (Refer Note 3)	19/02/16	Jan- Dec	USD	65.04	-	(67.41)	32.50	99.91	-	-	-	-	-	-	100.00%	USA
5	Amex Alloys Private Limited	05/12/10	Apr-Mar	INR	-	650.00	158.09	10,164.97	9,356.88	-	8,642.05	(495.08)	-	(495.08)	-	100.00%	India
6	SWELECT Solar Energy Private Limited	02/09/09	Apr-Mar	INR	-	444.00	(89.30)	940.65	585.96	-	-	0.52	-	0.52	-	100.00%	India
7	Noel Media & Advertising Private Limited (Refer note 4)	15/05/15	Apr-Mar	INR	-	21.08	232.90	1,212.92	958.94	-	186.74	(0.33)	-	(0.33)	-	100.00%	India
8	SWELECT Green Energy Solutions Private Limited	13/05/13	Apr-Mar	INR	-	135.00	(1,142.80)	8,093.01	9,100.81	-	841.09	(531.63)	-	(531.63)	-	100.00%	India
9	K J Solar Systems Private Limited (Refer note 4)	11/02/16	Apr-Mar	INR	-	10.00	288.76	1,735.43	1,436.67	-	269.64	57.77	-	57.77	-	100.00%	India
10	SWELECT Power Systems Private Limited	11/04/16	Apr-Mar	INR	-	10.00	294.29	8,001.74	7,697.45	-	5,958.53	658.10	360.98	297.12	-	100.00%	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 31.03.2018.
- SWELECT Energy Systems (Asia Pacific) Pte. Ltd, Singapore is a subsidiary of SWELECT Energy Systems Pte. Ltd, Singapore and the Company is yet to commence the business as at 31.03.2018.
- 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 31.03.2018.

**For and on behalf of the board of directors**

Sd/-  
R. Chellappan  
Managing Director

Sd/-  
A. Balan  
Joint Managing Director

Sd/-  
R. Sathishkumar  
Company Secretary

Sd/-  
P. Jagan  
Chief Financial Officer

Place: Chennai  
Date: 25 May 2018



Registered Office : "SWELECT HOUSE", No. 5, Sir P.S. Sivasamy Salai,  
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