

August 14, 2023

**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",
C-1, Block G, Bandra – Kurla Complex,
Bandra (E), Mumbai – 400 051.**

Scrip Code: SWELECTES

Dear Sir / Madam,

Sub: Submission of Clippings of News Paper publications

As required under Regulation 33 read with Regulation 47 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Unaudited Standalone and Consolidated Financial Results of the Company for the Quarter ended 30.06.2023 were approved at the Board Meeting held on 12.08.2023 and published in all editions of "Business Line" (English) and "The Hindu Tamil Thisai" (Vernacular - Tamil) on 13.08.2023.

The copies of the above newspaper publications are being enclosed herewith.

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

Thanking you,

Yours faithfully,

For SWELECT ENERGY SYSTEMS LIMITED

R. SATHISHKUMAR

Company Secretary

Encl.: as above

Not enough escape velocity

FUND CALL. Investors can exit Sundaram Small Cap Fund based on sustained underperformance versus category



GETTY IMAGES/ISTOCKPHOTO

Kumar Shankar Roy
bl. research bureau



Investor interest in small-cap funds is palpable right now. The fund category has turned into an overnight sensation. Small-cap funds have raked in more than 55 per cent of net inflows into the entire equity fund universe in the April-June 2023 quarter.

It is true that for investors with long-term goals, small-cap funds can play a key part in their wealth creation journey.

But with markets at their buoyant best, many funds appear to be doing well just like a rising tide lifts all boats. Given the higher scope of alpha in small-caps, it is better to compare fund performance with category peers than just the benchmark, which is typically a wider basket of small-cap stocks.

We believe this may be a good time to rid your portfolio of under-performing funds and switch to better alternatives. Hence, investors holding units of Sundaram Small Cap Fund can exit the scheme based on sustained underperformance — short- and long-term point-to-point returns as well as rolling returns versus category. SIP returns, too, have lagged the category.

The last one year has witnessed the small-cap fund category clock an average 27 per cent rise, with the best fund performers rising by over 35 per cent.

The 28-odd per cent return of Sundaram Small Cap (assigned 1 star by *bl.portfolio* Star Track MF Ratings) places it near the middle of the pack. Hence, investors can lock these gains and sell the fund units. Deploy the corpus in a

WHY SELL

- Below category performance
- Stable track record yet to develop
- Invest in better funds upon some correction

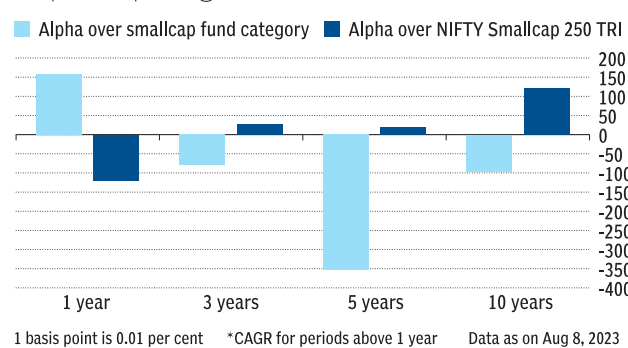
staggered manner upon some market correction in consistent performers such as Nippon India Small Cap (5 stars) and SBI Small Cap (4 stars). Both the funds currently have some restrictions for lumpsum investments.

INSIPID SHOW
Among the oldest actively-managed funds in its category, Sundaram Small Cap has, in different points in time, appeared promising but ultimately disappointed.

In a nutshell, its relative returns are not in sync with the risk taken. Hence, the fund's AUM even after 18 years is yet to cross the ₹3,000-crore mark.

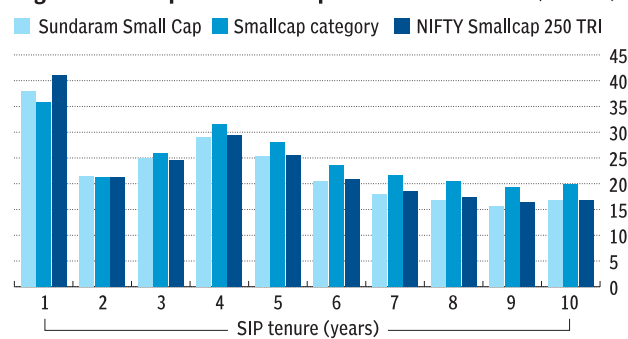
For Sundaram Small Cap Fund, in the last 10 years (2013-2022), barring 2014 (top quartile), the lows outnumber the highs by a wide margin in terms of annual returns.

Tepid alpha generation



1 basis point is 0.01 per cent *CAGR for periods above 1 year Data as on Aug 8, 2023

Big room for improvement vs. peers



The scheme has been in the bottom quartile on five occasions (2013, 2016, 2018, 2019 and 2022), lower-mid quartile in three instances (2015, 2020 and 2021) and once in upper-mid quartile (2017).

Compared with any other fund category, small-cap funds face big swings in returns. This means small-cap funds tend to swing between extremely good and terribly bad returns.

When you win big but also lose frequently, returns can't be great. For instance, Sundaram Small Cap posted negative returns in five out of 10 years. In 2018, when small-caps saw a big crash, the fund lost a whopping 29 per cent vs. category average of -17 per

cent. In fact, in each year that it has posted negative returns, it has lost more than the category. In 2011, another bad year for small-caps, the fund had lost 34 per cent, underperforming most peers. And in sync with benchmark losses. Comparing rolling returns and return distribution of the fund versus its category also shows the gap. For the 10-year period (August 8, 2013 to August 8, 2023), the fund's average rolling return for two, three, five and seven years is consistently lower than small-cap fund category.

In the three- and five-year periods, chances of clocking negative returns for the fund were 19 per cent and 11 per

cent — markedly higher than 13 per cent and 5 per cent for the small-cap fund category.

In terms of trailing point-to-point returns, Sundaram Small Cap is ahead of the category by 159 basis points in one year, but lags by 79 basis points in three years, by 354 basis points in five years and by 96 basis points in 10 years. Alpha over the benchmark is low in most cases. (see table) SIP investors are not better off either, with long-term SIP returns of Sundaram Small Cap mostly lower than its category (see table).

TRANSITION IN PROGRESS
The fund's investing strategy has been focussed on buying 'attractively valued high growth' stocks using a stock selection approach that can be best described as bottom-up. But the fund's total expense ratio at over 2 per cent (regular plan) is too high, given its below category performance.

Recently, Principal Small Cap Fund was merged into Sundaram Small Cap Fund. There was a complete overhaul of portfolio management team around 2022. With the current managers steering the fund only since December 2021 and November 2022, a stable track record may evolve over time but transition in terms of long-term performance could be a work in progress.

Selecting small-cap stocks in India is a very different ball game from choosing mega- or mid-caps. Small-caps require a bottom-up approach with an ear to the ground on governance and management moves.

We prefer small-cap funds with specialist managers who ain't juggling a battery of other funds in the same fund house.

ETF movers

Top ETFs (Exchange Traded Funds) traded on NSE based on weekly change in price

ETF	NAV (₹)	Price (₹)	Weekly change in price (%)	Volume traded in the last week (in '000s)
Nippon India ETF Nifty PSU Bank	51	49.22	2.8	2,426
Nippon India ETF Nifty IT	32	31.96	1.4	46
SBI ETF IT	323	319.33	1.1	70
Nippon India ETF Nifty Midcap	145	144.28	0.8	845
Sbi-ETF 10 Year Gilt	217	216.49	0.2	12
SBI - ETF Quality	168	168.09	0.2	9
Nippon India ETF Nifty 8-13	21	24.19	0.2	2,141
GOLD ETFs				
SBI Gold ETF	52	52	-0.5	2,154
Uti Gold ETF	50	50	-0.5	332
Quantum Gold Fund	50	50	-0.6	176

Source: Bloomberg. Returns as on August 11, 2023

Best NPS plans

Top pension funds in each category based on 5-year CAGR

Name of the fund	NAV (₹) as on Nov 6	Returns (% CAGR)	Assets (₹ cr)		
TIER I: EQUITY PLANS					
Kotak Pension Fund	49.24	15.77	12.81	1385	
HDFC Pension Fund	39.72	13.69	21.34	12.45	25105
ICICI Prudential Pension Fund	53.08	15.43	22.41	12.38	7980
TIER I: GOVERNMENT BOND PLANS					
LIC Pension Fund #	25.72	8.97	4.68	9.32	4117
Aditya Birla Pension Scheme #	15.98	9.02	4.80	8.89	252
HDFC Pension Fund	23.81	8.39	4.55	8.89	17689
TIER I: CORPORATE DEBT PLANS					
HDFC Pension Fund	24.51	7.30	5.96	8.71	10558
Aditya Birla Pension Scheme	16.52	7.39	5.57	8.51	162
LIC Pension Fund	24.01	7.29	5.58	8.39	2297
TIER I: ALTERNATIVE INVESTMENTS (based on 3-year CAGR)					
SBI Pension Fund #	17.30	-0.78	6.44	8.76	57
HDFC Pension Fund	17.24	4.59	8.13	8.67	174
LIC Pension Fund	16.39	6.26	7.31	7.80	14

*Source: Value Research. Returns as on August 10, 2023, Assets as on 31-Jul-2023, *Assets as on 30-Jun-2023

Top PMS schemes

Based on 5-year returns

AMC	Strategy	AUM (in ₹ cr)	Returns (% CAGR)
LARGE CAP			
Renaissance	Opportunities	NA	23.4 20.1 15.0
ICICI Pru	Largecap	96	23.6 12.4 14.9
Aditya Birla Sun Life	Top 200 Core Equity	58	18.2 14.0 13.6
Nippon India	Absolute Freedom	NA	20.9 13.9 13.1
MULTI CAP			
Sameeksha Capital	Equity Fund	825	35.5 15.9 26.2
Green Portfolio	Special	222	18.9 11.0 25.4
Valuequest Inv. Advisors	Platinum	503	30.1 19.0 24.2
Bonanza	Edge	NA	42.5 22.0 22.9
Solidarity Advisors	Prudence	NA	12.3 4.9 20.9
MID-CAP			
Unifi Capital	APJ 20	NA	32.7 12.5 23.8
Right Horizons	Super Value	NA	30.1 31.3 22.7
Master Portfolio	Master Trust India	NA	27.7 13.9 20.1
Centrum	Multibagger	NA	15.4 6.9 19.6
SMALL CAP			
Equirus Wealth	Long Horizon	867	35.1 8.4 25.1
Ambit Inv. Advisors	Emerging Giants	371	27.4 13.1 20.2
Aequitas Investment	India Opportunities	2,355	69.0 31.1 19.9

*Source: PMS Bazaar. Returns as on July 31, 2023.

Profit from innovation

NFO REVIEW. The new Nippon fund will invest across all m-cap

Venkatasubramanian K
bl. research bureau



A key competitive advantage some companies have over others is the level of innovation they bring to their products and services that make life easier for large segments of the population globally.

Across sectors and industries, innovation can take the form of a new technology, an offbeat production process, a disruptive product, changes in operational procedures or even a transformational role played by a firm in the market. And investors in innovative companies have managed to gain enormous value and wealth over the years.

Nippon Life has rolled out a new 'innovation fund' to gain from this opportunity. The new fund offer (NFO) will be open till August 23.

Here's more on what constitutes innovation and whether the fund makes investment sense in the current environment.

INNOVATIVE SPECIALITY
In a broad sense, innovation is classified into three types. Innovation can span many industries such as power, pharma, FMCG, auto, technology services, telecom, indus-

trial automation and financial services, among others. These could be using the latest in AI, robotics, 3D printing, big data, blockchain and so on.

Typically, innovative companies are likely to have higher revenue growth that outstrips the industry they operate in, a huge market share, superior gross margins, and easy access to technology and capital.

An analysis by BCG shows that innovation advantage fetches companies 17 per cent higher return potential (BCG Most Innovative Companies top 50 vs MSCI World Index) and 20 per cent higher valuation. Around 56 per cent of companies fell back in the last decade and there has been a 50 per cent decrease in the age of new disruptors — decrease in the average age of S&P 500 companies today, compared with 1989 (19 vs 37 years old).

NFO BASICS
Nippon Life Innovation Fund will invest in companies across market caps that have a lower leverage and higher profitabil-

ity, with the bias towards growth firms. The fund will have concentrated exposures. Focus will be on fintech, speciality chemicals and pharma, auto and auto ancillaries, internet-based businesses, MNCs, and the like.

It will be benchmarked to the Nifty 500 TRI. With quality as a key criterion, the stocks that make it to the portfolio aren't likely to be inexpensive.

WHAT SHOULD YOU DO
Currently there are three global innovation 'fund of funds' offered by Axis, DSP and Kotak. All three have a one-year track record and returns of 8.5-18.5 per cent. ICICI Pru Innovation Fund was rolled out only a few months ago and is more domestic-focused.

For the Nippon fund, given the innovation and technology angle, we would have liked to add a bit of overseas flavour with exposure to companies in cutting-edge spaces in the US. But the restrictions on investing in global funds and adverse tax treatment poses a difficulty.

As the theme itself is nascent, with not many options around, investors with a high-risk appetite can consider the Nippon Life Innovation Fund for small SIPs as part of diversifying their satellite portfolio.

WHO AM I?

Are you an avid investor? How well do you know corporate India?

Here's a challenge. Using the five clues below, identify the company that is being talked about here

- 1 My promoter began his entrepreneurial journey at the age of 18, from a humble family background of government service. He tried several businesses before this business, they all failed. He used to sleep in the railway station when he was broke.
- 2 My founder became a billionaire at the age of 70 and his next billion came in the following year.
- 3 I celebrated my silver jubilee only recently, having started in the 1990s, as a trading firm first, before getting into manufacturing. Now I have more than 30 manufacturing locations and exports to 50+ countries.
- 4 I have been a pioneer in several products by associating with Institutions of repute to develop these product designs.
- 5 I have had a spectacular decade, both revenues and profits grew 20 per cent CAGR and shareholders have earned 20 times more. Still I am shunned by investors on ESG grounds though I maintain high standards of governance.

Send your answers by Wednesday 6 p.m. to who-am-i@thehindu.co.in, with your full name, postal address and phone number. A lucky winner in each week will get a book sponsored by UNIFI Capital as a reward.

Contributed by
UNIFI CAPITAL
Last week's stock: Federal Bank
Last week's winner: R Snehashree

SWELECT ENERGY SYSTEMS LIMITED
CIN: L93090TN1994PLC028578

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EXTRACT OF THE STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2023
(₹ in lakhs-Except Earnings per Share)

Sl. No.	Particulars	Quarter ended			
		30 June 2023 (Unaudited)	31 March 2023 (Refer Note 2)	30 June 2022 (Unaudited)	31 March 2023 (Audited)
1	Revenue from operations	8,504.84	9,286.77	6,340.60	36,598.08
2	Other Income	1,270.34	904.71	141.62	2,435.14
3	Total Income (1+2)	9,775.18	10,191.48	6,482.22	39,033.22
4	Net Profit / (Loss) for the period (before tax, Exceptional and/or Extraordinary items)	1,366.52	653.88	931.32	3,110.90
5	Net Profit / (Loss) for the period before tax (after Exceptional and/or Extraordinary items)	1,366.52	653.88	931.32	3,110.90
6	Net Profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	1,154.99	437.19	(270.65)	642.11
7	Total Comprehensive Income for the period [Comprising Profit/(Loss) for the period (after tax) and other Comprehensive Income (after tax)]	1,664.23	(1,819.14)	(157.64)	1,705.65
8	Equity Share Capital	1,515.88	1,515.88	1,515.88	1,515.88
9	Reserves (Other Equity) (excluding revaluation reserve)	-	-	-	76,840.15
10	Earnings Per Share (of Rs. 10/- each) :				
	Basic :	7.62	2.88	(1.79)	4.24
	Diluted :	7.62	2.88	(1.79)	4.24

Notes:

- (1) The Standalone and Consolidated unaudited financial results for the quarter ended 30 June 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 12 August 2023. The Statutory auditors of the Company have conducted a "Limited Review" of the unaudited Standalone and Consolidated financial results for the Quarter ended 30 June 2023.
- (2) The figures for the quarter ended 31 March 2023 are the balancing figures between the audited figures in respect of full financial year and unaudited published year-to-date figures upto the third quarter of the financial year ended 31 March 2023. The figures for the quarter ended 30 June 2023 and 30 June 2022 are subject to limited review.
- (3) Key numbers of the Standalone results :

Particulars	Quarter ended			
	30 June 2023 (Unaudited)	31 March 2023 (Refer Note 2)	30 June 2022 (Unaudited)	31 March 2023 (Audited)
(1) Revenue from Operations	8,647.05	5,028.58	3,027.40	22,891.46
(2) Other Income	1,454.93	1,231.33	285.39	3,211.47
(3) Total Income (1) + (2)	8,301.98	6,259.91	3,312.79	26,102.93
(4) Profit/(Loss) before tax	1,460.91	765.36	945.98	3,303.92
(5) Profit/(Loss) after tax	1,432.72	585.74	(205.66)	934.42

(4) The above is an extract of the Standalone and Consolidated Financial Results for the quarter ended 30.06.2023, filed with the Stock Exchanges under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of Financial Results are available on the Stock Exchange websites : www.nseindia.com, www.bseindia.com and on the Company's website www.swelectes.com.

For and on behalf of the Board
R. Chellappan
Managing Director
DIN : 00016958

Place : Chennai
Date : 12 August 2023

