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SPEL

Onward and Upward

ATTENTION SHAREHOLDERS

We are glad to inform you that the Equity Shares of your Company are available for dematerialisation.

Dematerialisation eliminates - fake/forged shares entering the market - rules out risks of loss of shares in transit - reduces shares transfer time.

Dematerialisation is also cost beneficial to the Shareholders.

Shareholders may contact the nearest Depository Participant of their choice and dematerialise their shares.



SPIC ELECTRONIC AND SYSTEM LIMITED**BOARD OF DIRECTORS**

Dr. P.R. SUNDARAVADIVELU	Chairman
Dr. B.C. SEETHARAMAN	Director
K. SWAMINATHAN	Director
C.N. GANGADARAN	Director
S.R. VIJAYAKAR	Director
M. KUMAR	Director – IDBI Nominee
R. SOUNDARARAJAN	Director
Ar. Rm. ARUN	Director
N. DHANUSHKODI	Managing Director

SECRETARY

B. PUSHPARAJ

AUDITORS

M/s. NATARAJAN & CO.,
Chartered Accountants,
Chennai - 600 041.

REGISTERED OFFICE

"SPIC Centre"
97, Mount Road,
Guindy, Chennai - 600 032.

FACTORY

Plot No. 1,2,5 & 6
NH 7, CMDA Industrial Estate,
M.M. Nagar, Kancheepuram District - 603 209.

BANKERS

State Bank of Hyderabad
Canara Bank
Allahabad Bank

**REGISTRARS AND
SHARE TRANSFER AGENTS**

M/s. Cameo Corporate Services Ltd.,
"Subramanian Building",
1, Club House Road,
Chennai - 600 002.

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OPERATING RESULTS AT A GLANCE

(Rs. in lakhs)

Particulars	1997-98	1998-99
Profit before Interest and Depreciation	639.15	736.62
Interest	319.53	301.96
Profit before Depreciation	319.62	434.66
Depreciation	216.57	170.21
Profit before Tax	103.05	264.45
Provision for Taxation	—	—
Net Profit	103.05	264.45



NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Members of SPIC ELECTRONIC AND SYSTEM LIMITED (SPEL) will be held at 3.05 p.m., on Monday the 5th July, 1999 at 'Rani Seethai Hall', No.603, Anna Salai, Chennai 600 006 to transact the following business

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.
2. To elect a Director in the place of Dr. B. C. Seetharaman, who retires by rotation and being eligible, offers himself for re-election
3. To elect a Director in the place of Thiru R. Soundararajan, who retires by rotation and being eligible, offers himself for re-election.
4. To consider and if thought fit, to pass with or without modification, the following Resolution as SPECIAL RESOLUTION :

"RESOLVED THAT M/s. Natarajan & Co., Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office until the conclusion of the Fifteenth Annual General Meeting on such remuneration as may be decided by the Board of Directors in addition to reimbursement of out of pocket expenses."

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Thiru Ar Rm Arun, be and is hereby appointed a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

6. To consider and if thought fit, to pass with or without modifications, the following Resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered with effect from 6.10.1998 as follows:

- (a) After sub clause (q) of Article 2, the following sub-clauses be inserted:
 - (r) "Depositories Act, 1996" shall include any statutory modifications or re-enactment thereof.
 - (s) "beneficial owner" shall mean the beneficial owner as defined in Clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.
 - (t) "Depository" shall mean a Depository as defined under Clause (e) of sub-section (1) of Section 2 of the Depositories Act, 1996.
- (b) Existing Article 11 be replaced with the following.

"Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members

as the holder of any share(s) and whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent, future or partial interest, lien, pledge (except only as by these presents otherwise provided for) or other claim to or interest in such share(s) on the part of any other person whether or not it shall have express or implied notice thereof."

- (c) To insert the following words at the end of Article 14(4):

"Provided the shares are not held in an electronic and fungible form under the provisions of the Depositories Act, 1996."

- (d) To insert the following Article after the existing Article 18 (1) and to be numbered as 18(2):

"18(2) Notwithstanding anything contained in the Articles of Association, the Company shall be entitled to dematerialise its shares, debentures and other securities pursuant to the Depositories Act, 1996 and to offer its shares, debentures and other securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members with the details of Members holding shares both in material and dematerialised form in any media as permitted by law including any form of electronic media."

- (e) To insert the following Article after the existing Article 43(g) and to be numbered as 43(h):

"43(h) Notwithstanding anything contained in the Articles of Association in the case of transfer of shares or other marketable securities, where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, 1996, shall apply."

7. To consider and if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging, by the Board of Directors of the Company, of all the immovable and movable properties of the Integrated Circuits Project (ICP) of the Company, wheresoever situate, both present and future subject to prior charges created and/or to be created in favour of the Company's bankers, ranking pari passu with the mortgages and charges created and / or to be created in favour of Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India Ltd. (IFCI), and ICICI Ltd for their outstanding assistance to or in favour of ICICI Limited to secure:

- (a) Rupee Term Loan not exceeding Rs. 500 lakhs (Rupees five hundred lakhs only) lent and advanced/agreed to be lent and

advanced by ICICI Ltd. to the Company under Project Finance Scheme.

- (b) together with all interest thereon at the agreed rate, liquidated damages, commitment charges, premia on prepayment or on redemption, costs, charges, expenses and other monies payable by the Company to ICICI Ltd. under the Loan Agreement/Memorandum of terms and Conditions or Letters of sanction entered into/ to be entered into by the Company in respect of the said loan."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is

hereby authorised to finalise with ICICI Ltd. the documents for creating aforesaid mortgage and / or charge and to do all such acts and things as may be necessary for giving effect to the above resolutions."

By order of the Board
for SPIC ELECTRONIC AND
SYSTEM LIMITED

May 12, 1999

Regd. Office:

97, Mount Road
Chennai - 600 032

B. PUSHPARAJ
Secretary

NOTES

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll to vote instead of himself/herself and a Proxy need not be a Member of the Company. A Member unable to attend may appoint another person (whether a member or not) as his/her Proxy in the enclosed form. The instrument appointing the Proxy and the power of attorney or other authority if any under which it is signed or copy of that power or authority duly certified by a Notary Public or other proper authority shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding of the Meeting; in default, the instrument of Proxy shall not be treated as valid.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 for item Nos 5 to 7 of the Notice is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 24th June, 1999 to 5th July, 1999 (both days inclusive).
4. Members are requested to notify immediately any change in their address to the Company/Share Transfer Agents.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. Members/Proxies are requested to bring the Attendance slip sent with the Annual Report duly filled-in for attending the Meeting.
7. The Company has listed its shares at:
 1. Madras Stock Exchange Ltd.
Exchange Building, Post Box No. 183,
11 Second Line Beach, Chennai - 600 001.
 2. The Stock Exchange, Mumbai
Phiroze Jee Jeebhoy Towers,
Dalal Street, Mumbai - 400 001.The listing fee for these exchanges have been paid in time.
8. Shareholders are requested to bring their copies of Annual Report for the meeting.
9. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours (9.30 a.m. to 5.00 p.m) on all working days except Saturdays and Holidays before the date of the Annual General Meeting.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT**

(Pursuant to Article 65 of the Articles of Association of the Company read with Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out the material facts referred to in item Nos.5 to 7 of the Notice convening the Fourteenth Annual General Meeting.

ITEM NO.5

Thiru Ar Rm Arun was co-opted as an Additional Director of the Company by the Board of Directors at its meeting held on 15th October, 1998. As per section 260 of the Companies Act, 1956, read with Article 94 of the Articles of Association of the Company, Thiru Arun will hold Office as a Director of the Company only upto the date of this Annual General Meeting.

The Company has received a Notice from a Member in writing in accordance with Section 257 of the Companies Act, 1956 signifying his intention to propose the appointment of Thiru Arun as Director of the Company liable to retire by rotation.

Thiru Arun is an Engineer (Electronics and Communication) from R.E.C., Trichy and Post Graduate with specialisation in VLSI design from the State University of New York, USA. He has rich experience in the global semiconductor market. The Board considers that it will be in the interest of the Company to appoint him a Director of the Company and therefore recommend the passing of the Resolution contained under Item No. 5 of the accompanying notice.

MEMORANDUM OF INTEREST

Except Thiru Ar Rm Arun, none of the Directors of the Company is interested in this Resolution.

ITEM NO.6

Consequent to the passing of the Depositories Act, 1996 and introduction of the depository system, the Articles of Association of the Company need to be amended as proposed in the Resolution to be in line with the provisions of the Depositories Act, 1996.

The Board accordingly commends the Resolution for the approval of the Members.

MEMORANDUM OF INTEREST

None of the Directors of the Company is interested in this Resolution.

ITEM NO. 7

To meet the Company's capital expenditure and working capital margin, the Board has availed of Rupee Term Loan of Rs. 5 crores from ICICI Ltd. For securing the said borrowing, the Company is required to create a first mortgage/charge on all the immovable and moveable properties of Integrated Circuits Project (ICP) of the Company.

The aforesaid mortgage/charge will rank pari passu with the mortgages/ charges created /to be created in favour of Industrial Development Bank of India, Industrial Finance Corporation of India Ltd. and ICICI Ltd. for their outstanding assistance.

Section 283 (1) (a) of the Companies Act, 1956 provides, inter alia, that the Board of Directors of a public company shall not, except with the consent of such public company in general meeting, sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the

Company owns more than one undertaking, of the whole, or substantially the whole of any such undertaking.

Since the creation of mortgage/charge by the Company on its immovable and moveable properties as aforesaid in favour of ICICI Ltd may be regarded as disposal of the Company's properties/undertaking, it is necessary for Members to pass a Resolution under Section 293 (1) (a) of the Companies Act, 1956 for creation of such mortgage/charge.

MEMORANDUM OF INTEREST

None of the Directors of the Company is interested in this Resolution.

May 12, 1999
Regd. Office:
97, Mount Road
Chennai - 600 032

By order of the Board
for SPIC ELECTRONIC AND
SYSTEM LIMITED
B. PUSHPARAJ
Secretary

