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15th ANNUAL REPORT 1999 - 2000

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SPEL

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
	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" 88 (Old No. 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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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 and 6 of the Notice is annexed hereto.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from 26th June, 2000 to 5th July, 2000 (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. Members who hold shares in the dematerialized form are requested to indicate their DP ID and Client ID Numbers in the Attendance slip.

7. The Company has listed its shares at :
   (a) Madras Stock Exchange Ltd.
   Exchange Building, Post Box No. 183, 11, Second Line Beach, Chennai - 600 001.
   (b) 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. Members 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.

10. Securities and Exchange Board of India (SEBI) has stipulated that effective 21st March, 2000, the shares of SPIC Electronic and System Limited (SPEL) would be compulsorily traded in dematerialized form by all investors i.e., it would be essential for all investors to open an account with a Depository Participant (DP) for trading in the shares of SPEL.

11. Members can avail of the nomination facility in respect of their shares held in the Company.

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NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Members of SPIC ELECTRONIC AND SYSTEM LIMITED (SPEL) will be held at 3.00 p.m., on Wednesday the 5th July, 2000 at 'Sathguru Gnanananda Hall', No.314, T.T.K. Road, Alwarpet, Chennai 600 018 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2000 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 Thiru C.N. Gangadaran, who retires by rotation and being eligible, offers himself for re-election
3. To elect a Director in the place of Thiru K. Swaminathan, 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 a SPECIAL RESOLUTION:

   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 Sixteenth 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 a SPECIAL RESOLUTION:

   SPECIAL RESOLUTION

   "RESOLVED THAT subject to the approval of the Central Government in accordance with Section 21 of the Companies Act, 1956, the name of the Company be changed from SPIC ELECTRONIC AND SYSTEM LIMITED to SPEL SEMICONDUCTOR LIMITED and that the relevant provisions of the Memorandum and Articles of Associations be suitably altered with a view to incorporating the said change."

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

   SPECIAL RESOLUTION

   "RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956, the Company hereby approves that the Register of Members, Index of Members and copies of all Annual Returns, prepared under Sections 159 and 160 of the Companies Act, 1956, together with the copies of certificates and documents required to be annexed thereto be kept at the office of the new Registrar and Share Transfer Agents viz., M/s. Cameo Corporate Services Ltd., situated at 'Subramanian Building', No. 1, Club House Road, Chennai 600 002, instead of being kept at the Registered office of the Company."

By order of the Board
for SPIC ELECTRONIC AND SYSTEM LIMITED

May 12, 2000

Regd.Office:
88 (Old No.97), Mount Road
Chennai - 600 032

B. PUSHPARAJ
Secretary

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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 & 6 of the accompanying Notice convening the Fifteenth Annual General Meeting of the Company.

ITEM NO. 5

Your Company is easily identified as 'SPEL' in the international semiconductor market. Further, your Company's present business of manufacturing and marketing of the integrated circuits (ICs) is identified as 'semiconductor' and not 'electronic' by the customers. Therefore, it is considered that it would be more appropriate to change the name of your Company from 'SPIC ELECTRONIC AND SYSTEM LIMITED' to 'SPEL SEMICONDUCTOR LIMITED'. The Company since obtained name availability from the authority concerned in terms of Section 21 of the Companies Act, 1956. The Company has to pass a Special Resolution and seek the approval of the Central Government for changing the name of the Company.

The Board of Directors recommends the Resolution under Item No. 5 of the accompanying Notice for adoption.

MEMORANDUM OF INTEREST

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

ITEM NO. 6

Under the provisions of section 163 of the Companies Act, 1956, certain documents, such as Register of Members, Index of Members have to be kept at the Registered Office of the Company. However, these documents may be kept at any other place within the city, in which the Registered Office is situated, if such other place has been approved for this purpose by a Special Resolution passed by the Company in General Meeting. The Company proposes to keep the aforesaid documents at the new Registrar and Share Transfer Agents' office viz., M/s. Cameo Corporate Services Limited 'Subramanian Building', No. 1, Club House Road, Chennai 600 002, instead of being kept at the Registered Office of the Company. Approval of the Members is therefore, sought by a Special Resolution as set out under Item No. 6 of the accompanying Notice.

The Board of Directors recommends the Resolution under Item No. 6 of the accompanying Notice for adoption.

MEMORANDUM OF INTEREST

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

By order of the Board
for SPIC ELECTRONIC AND
SYSTEM LIMITED

May 12, 2000
Regd.Office:
88 (Old No.97), Mount Road, B. PUSHPARAJ
Chennai - 600 032 Secretary

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DIRECTORS' REPORT

Your Directors herewith present the Fifteenth Annual Report along with the audited accounts for the year ended 31st March, 2000.

During the year under review, your Company could maintain the operating profit at the same level despite a marginal reduction in the net sales value. The reduction in the sales value is largely due to the suspension of orders from US customers on the apprehensions of Y2K related issues. Though your Company had taken all steps to ensure Y2K compliance in all equipment and systems, US customers dictated by their corporate policies chose to suspend the orders. Most of the customers had built up over stocks of components in the last quarter of 1999 for their requirements for February and March 2000.

The software talents of our engineers in developing test programmes had attracted the attention of our customers. In this field, we are transforming our operations from technical body shopping to project based activities. We are also moving from cost based advantage to skill based attraction. Your Company is concentrating on the project type software business as this is a preferred operation over technical manpower deputation. We are confident that business on this software activity will increase very substantially in the near future.

The procedural delays and attendant costs in Import/Export operations in Indian Ports are being taken up with the authorities concerned. The narrow interpretations of reforms procedures at operational level continue to haunt exploration of business opportunities.

The product quality and ON-TIME performance have been maintained at high levels and continue to improve.

Your Company has secured the renewal of Licence to operate as 100% Export Oriented Unit (EOU) under the Electronic Hardware Technology Park (EHTP) Scheme for a further 5 year period i.e., up to December 2004

IC PACKAGING (ICP) :

Operating Results:

The Operating results of the company for the year ended 31st March 2000 are summarised as follows:

	For the year ended 31st March 2000	For the year ended 31st March 1999
	(Rs. in lakhs)	
Net Sales Value	5531	6354
Other Income	54	64
Profit before Depreciation and Interest	638	736
Interest	242	301
Operating Profit	396	434
Depreciation	174	170
Profit before Tax	222	264

Marketing :

M/s. Pericom Semi Conductor, USA has qualified your Company for 40,48 and 80 pin devices during the year under review. This Company has product line similar to M/s. Quality Semi Conductor Inc. and hence your Company is pursuing for qualification of other packages as well by M/s. Pericom.

Your Company has been receiving regular orders from VISHAY-DALE, KOA-Speer Corporation, Integration Associates etc.

Marketing efforts with US customers like International Micro Circuits, ASIC Advantage, Siliconix, Vaishali Semi Conductors are in various stages and your Company is confident to add to its customers list during the coming months.

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FUTURE PLANS :

Your Company has taken steps to open a non-trading liaison office at US to provide prompt services to the customers. Various customers have been indicating their preference to have this type of liaison office closer to them since such immediate physical presence enhances their comfort level to work with us. We are very confident that the liaison office will give a high visibility to your Company and hope to expand business to higher levels.

DEPOSITORY SYSTEM :

The Company has signed an agreement with Central Depository Services India Ltd. (an agreement had already been signed with National Securities Depository Ltd.) for dematerialisation of the Company's shares. The Securities and Exchange Board of India (SEBI) has stipulated that effective 21st March 2000 the shares of your Company would compulsorily be traded in dematerialised form by all investors i.e., it would be essential for all investors to open an account with a Depository Participant (DP) for trading in the shares of the Company.

MAGNETIC MEDIA PROJECT (MMP):

Your Company is in the process of completing the required formalities for the sale of its "Magnetic Media Project" for which the Members have already accorded their approval.

PUBLIC DEPOSIT :

Your Company has not accepted any deposit to which provisions of Section 58A of the Companies Act, 1956 are applicable.

INDUSTRIAL RELATIONS :

The industrial relations during the year was harmonious. Your Directors wish to place on record the excellent co-operation extended by the employees in achieving the objectives of your Company.

AUDITORS :

The Company's Auditors, M/s.Natarajan & Co., Chartered Accountants, retiring at the conclusion of the forthcoming Annual General Meeting are eligible for re-appointment.

DIRECTORS :

Thiruvalargal K. Swaminathan and C N Gangadaran, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment as Directors.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956 :

In terms of section 217 (1) (e) of the Companies Act, 1956 and the rules framed thereunder, particulars relating to the conservation of energy, technology absorption, foreign exchange [illegible] and outgo is enclosed as part of this re[illegible]

A statement giving particulars as required under section 217 (2A) of the Companies Act, 1956 and the rules framed thereunder, is attached and forms part of this report.

YEAR 2000 (Y2K) COMPLIANCE :

All computer based systems of the Company transited smoothly into the new millenium and have been performing without any Y2K problem.

ACKNOWLEDGEMENT :

Your Company is grateful to the Government of India, the Government of Tamil Nadu, Financial Institutions, Banks, Vendors and Valued Overseas Customers for their continued assistance and co-operation in achieving the objectives of your Company. The Board of Directors greatly appreciate the dedicated and sincere service rendered by all employees of your Company.

For and on behalf of the Board

May 12, 2000 Dr P R SUNDARAVADIVELU
Chennai 600 032. Chairman

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Statement showing the particulars of Employees of the Company as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of the Board of Directors for the year ended 31st March, 2000

S.No.	Name	Designation & Nature of duties	Age, Qualification and Experience	Last employment and post held	Date of commencement of employment	Gross Amount Rs.
1.	N. DHANUSHKODI	Managing Director	60 years B.E. Hons (Electrical) 38 years	Executive Director, M/s. Southern Petrochemical Industries Corporation Limited (SPIC)	4.12.1992	17,21,913/-

The above employee has been employed on contractual basis and is not related to any of the Directors of the Company.

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31st March, 2000.

Total Foreign Exchange used during the year	Rs. 4731.96 lakhs
Total Foreign Exchange earned during the year	Rs. 6089.47 lakhs

The particulars regarding Conservation of Energy, Technology Absorption and R&D are not applicable during the year.

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