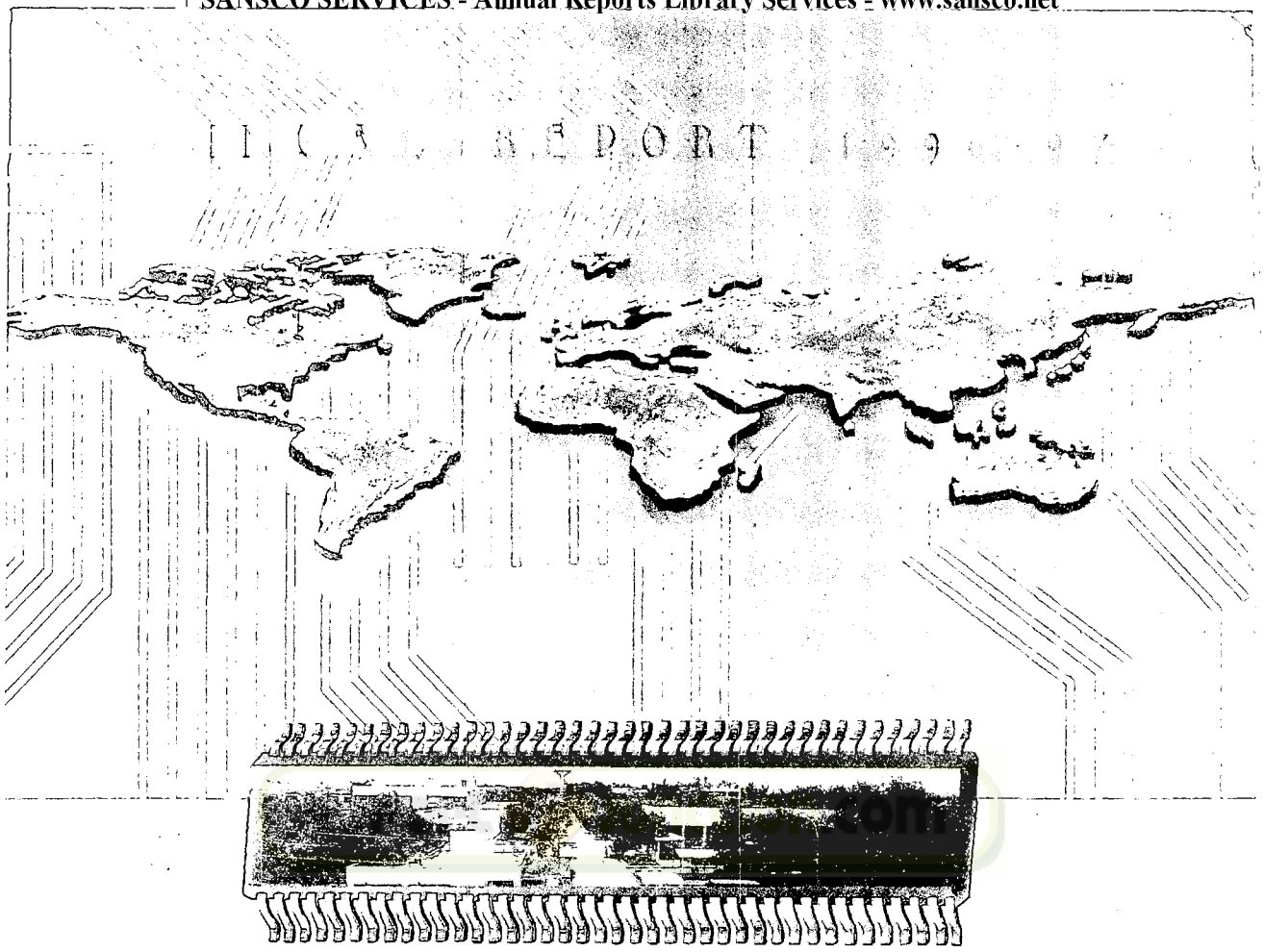
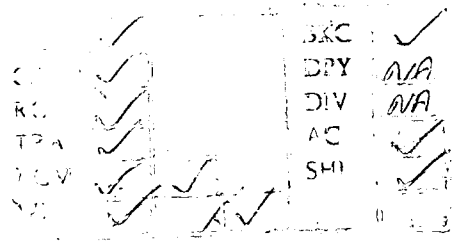
SANSCO SERVICES - Annual Reports Library Services - www.sansco.net



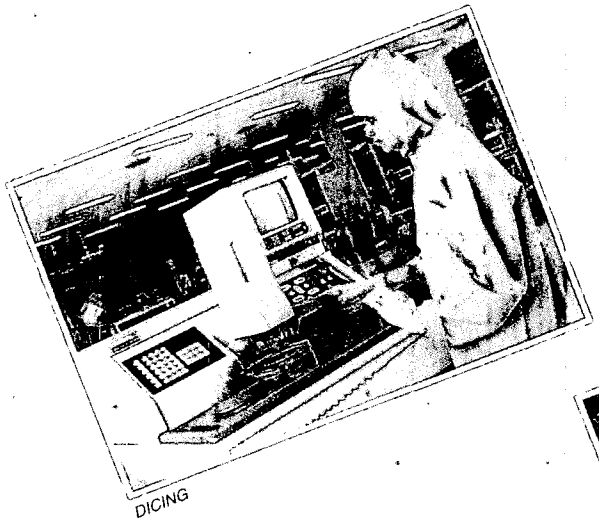


SPEL

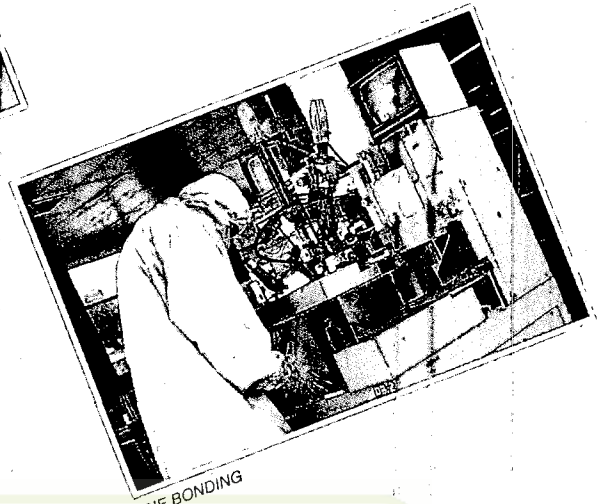
Onward and Upward

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

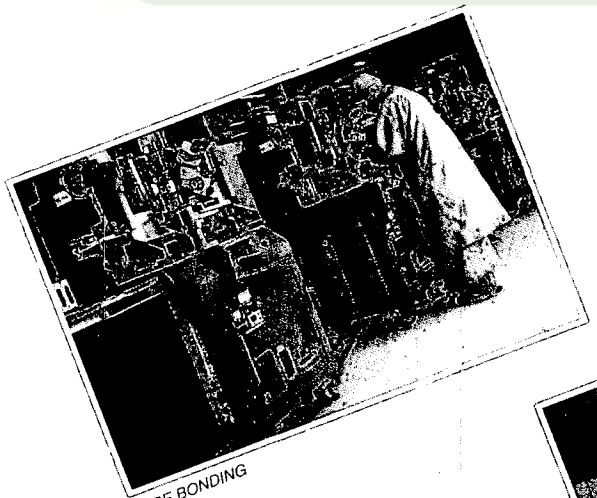


DICING

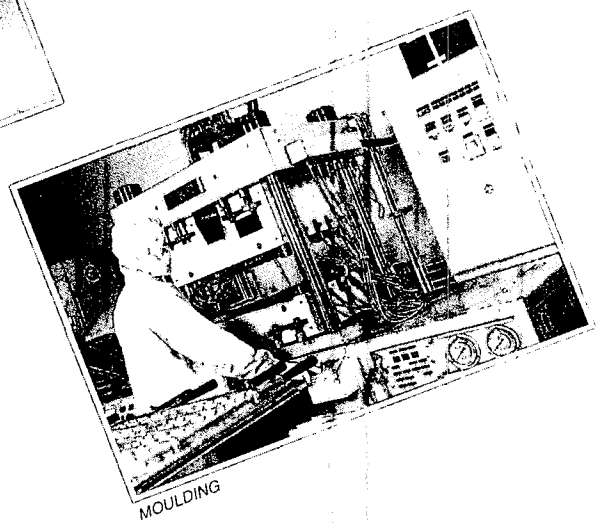


DIE BONDING

Report Junction.com



WIRE BONDING



MOULDING

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

SPEL

SPIC ELECTRONIC AND SYSTEM LIMITED

BOARD OF DIRECTORS	Dr. P.R. SUNDARAVADIVELU	Chairman
	Dr. B.C. SEETHARAMAN	Director
	K. SWAMINATHAN	Director
	BHOJ RAJ SINGH	Director
	C.N. GANGADARAN	Director
	S.R. VIJAYAKAR	Director
	M. KUMAR	Director
	R. SOUNDARARAJAN	Director
	D. KAMALAKKANNAN	Director (Finance) (Upto 25.06.1997)
	N. DHANUSHKODI	Managing Director
SECRETARY	B. PUSHPARAJ	
AUDITORS	M/s. NATARAJAN & CO., Chartered Accountants, Chennai - 600 035.	
REGISTERED OFFICE	"SPIC Centre" 97, Mount Road, Guindy, Chennai - 600 032.	
FACTORY	Maraimalai Nagar Industrial Complex, Chengalpattu - M.G.R. District, Tamilnadu.	
BANKERS	State Bank of Hyderabad Canara Bank Allahabad Bank	
REGISTRARS AND SHARE TRANSFER AGENTS	M/s. Cameo Share Registry, (A Division of MCC Finance Ltd.), "Subramanian Building", 1, Club House Road, Chennai - 600 002.	

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

CONTENTS	Page No.
Notice to Shareholders	3
Directors' Report	6
Auditors' Report	9
Balance Sheet	11
Profit & Loss Account	12
Schedules	13
Balance Sheet Abstract/ Business Profile	26
Cash Flow Statement	28

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of SPIC ELECTRONIC AND SYSTEM LIMITED (SPEL) will be held at 3.05 p.m., on Thursday the 4th September, 1997 at the Auditorium of Indian Bank Management Academy for Growth & Excellence (IMAGE), M.R.C. Nagar, Raja Annamalaipuram, Chennai 600 028 (Near Chettinad Vidyashram-Ayyappan Temple) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors.

2. To Elect Directors:
   (a) To appoint a Director in the place of Thiru C.N. Gangadaran, who retires by rotation and being eligible, offers himself for re-appointment.
   (b) To appoint a Director in the place of Thiru K. Swaminathan, who retires by rotation and being eligible, offers himself for re-appointment.

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

   SPECIAL RESOLUTION

   "RESOLVED THAT pursuant to Section 224-A of the Companies Act, 1956, M/s. Natarajan & Co., Chartered Accountants, Chennai, the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office until the conclusion of the Thirteenth 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

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

   SPECIAL RESOLUTION

   "RESOLVED THAT pursuant to Section 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the financial institutions and other appropriate authorities as may be necessary, consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company for issuing 51,50,000 equity shares of Rs. 10/- each, at par, to Southern Petrochemical Industries Corporation Ltd. (SPIC), the Promoters of the Company, interalia, on the following terms and conditions:-

   (a) The issue of 51,50,000 equity shares of Rs. 10/- each, at par, in consideration for conversion of unsecured subordinate loan of Rs. 515 lakhs made by SPIC, the Promoters of the Company;

   (b) The new equity shares to be issued shall rank pari-passu in all respects with the existing equity shares of the Company except that the shares shall be entitled to pro-rata dividend, if any, declared from the date of allotment;

   (c) The Company shall list the new equity shares with Chennai and Mumbai Stock Exchanges;

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

(d) The equity shares comprised in the present issue shall be issued subject to and in terms of the letters of sanction of reliefs/ concessions issued by the financial institutions."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to take all necessary steps to give effect to the above resolution."

June 12, 1997
Regd.Office:
97, Mount Road
Chennai - 600 032

By order of the Board
B. PUSHPARAJ
Secretary

NOTES

A. 1. As per Section 224-A of the Companies Act, 1956, if 25% or more of the subscribed capital of the Company is held by the Central or State Government, Public Financial Institutions or Nationalised Banks or General Insurance Companies, whether singly or in any combination, the appointment or re-appointment of the Auditors at each Annual General Meeting shall be made by a Special Resolution. Since more than 25% of the subscribed capital of the Company is held by Public Financial Institutions, the re-appointment of Auditors has to be made by a Special Resolution and accordingly the Special Resolution as set out in item No.3 is recommended for adoption by the Members.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on 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 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 or other authority shall be deposited at the Registered Office of the Company not later than 48 hours before the time for holding of the meeting. In default, the instrument of proxy shall not be treated as valid.

3. The explanatory statement of material facts pursuant to Article 65 of the Articles of Association read with Section 173 of the Companies Act, 1956 in respect of Special Business set out against item No. 4 of the notice is annexed herewith.

4. The Register of Members and the Share Transfer Books will remain closed from Thursday the 21st August, 1997 to Thursday the 4th September,1997, both days inclusive.

B. 1. Members are requested to notify immediately any change in their address to the Registrars viz. M/s. Cameo Share Registry (A Division of MCC Finance Ltd.), 'Subramanian Building', No.1, Club House Road, Chennai - 600 002.

2. 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.

3. Members/Proxies should bring the attendance slip duly filled-in for attending the meeting.

4. Shareholders are requested to bring their copy of Annual Report for the meeting.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory Statement sets out material facts referring to item No.4 of the notice convening the Twelfth Annual General Meeting.

ITEM NO.4

In terms of the letters of sanction of reliefs/ concessions issued by the financial institutions and the resolution passed at the Tenth Annual General Meeting of the Company held on 24th August, 1995, equity shares were allotted to the concerned financial institutions at the Meeting of the Board of Directors of the Company held on 21st March, 1996. No issue/ allotment of shares were made to Southern Petrochemical Industries Corporation Ltd. (SPIC), the Promoters of the Company, in terms of resolutions passed at the Tenth Annual General Meeting of the Company pending approvals from the Government of India to SPIC. The consent of the Members is required by way of a Special Resolution as provided under the relevant guidelines issued by Securities and Exchange Board of India (SEBI) on August 4, 1994 for issue of 51,50,000 equity shares of Rs.10/- each, at par, to SPIC.

The Board of Directors of your Company commend the resolutions for your approval.

MEMORANDUM OF INTEREST

Except Messrs. Dr P.R. Sundaravadivelu and R. Soundararajan, none of the Directors of the Company is interested in or concerned with the proposed resolutions.

INSPECTION OF DOCUMENTS

The documents referred to in the notice/ explanatory statement are open for inspection at the Registered Office of the Company during office hours on all working days, expect on Saturdays and Holidays, between 11.00 a.m. and 3.00 p.m. before the date of the Annual General Meeting.

June 12, 1997

By order of the Board

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

B. PUSHPARAJ
Secretary

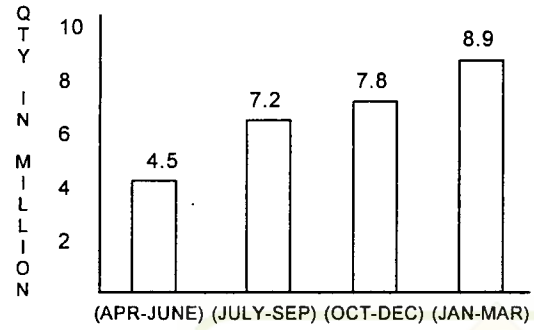
www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

DIRECTORS' REPORT

Your Directors herewith present the Twelfth Annual Report along with the audited accounts for the year ended 31st March, 1997.

During the year under review, your Company has shown improvement in each quarter and this uptrend continues. The quantity of ICs assembled during each quarter is shown below.



The consistent quality and the unfailing schedule of delivery maintained by your Company have helped to build the confidence of the overseas customers. The confidence thus built has led to consignment of capital equipment by these customers to build their products. Such consignments ensure long term commitment of business by these customers.

After finding acceptance of SPEL assembled devices by U.S. based Original Equipment Manufacturers (OEMs), our customers have now supplied these devices to Japanese OEMs as well for evaluation. Your Company is very confident that the devices will pass the evaluation test of Japanese customers and the business volume will increase markedly.

The skepticism of international customers over the procedural issues and infrastructural facilities as existing now which have a bearing on our quality of service is yet to be overcome fully. The improvement in these areas will help us to reduce the cycle time of processing the products and to increase correspondingly business volume allocated to us by the customers. Your Company is continuously working to minimize the effect of various hurdles faced in import/export operations.

Your Company now assembles some fine pitch packages at much better quality than available with advanced assembly houses in Korea and Taiwan. This higher quality and better yield has drawn a few new customers who have commenced quality evaluations. When these quality trials are completed the business will jump to substantially higher levels in the very near future.

The business results of your Company during the year 1996-97 is as under :

IC PACKAGING (ICP)

Operating Results

The operating results of the Company for the year ended 31st March, 1997 are summarised as follows :

	For the year ended 31st March 1997 (Rs. in lakhs)	For the year ended 31st March 1996
Net Sale Value	2727	875
Other income	9	7
Profit / loss before depreciation and interest	225	(-)344
Interest	366	366
Operating profit/loss	(-)141	(-)710
Depreciation	161	137
Profit/loss before tax	(-)293	(-)840

Marketing

Presently, your Company is exporting ICs to USA and UK. Quality Semiconductor Inc, Semelab Plc, Vishay Dale, Alpha Semiconductor are the major customers. Discussions are in progress with US Companies like Silicon Magic, International Microcircuits Inc, Impala Linear Corporation etc.

www.reportjunction.com

[SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

In order to broaden customer base, your Company has been actively exploring Taiwanese and Japanese markets. As a result, representatives from two leading companies viz. M/s. TOYODA (A division of Toyota Corporation, Japan) and M/s. New Japan Radio Company have visited your facilities and orders are expected shortly. Also your Company received a trial order from M/s. Grotek International, Taiwan and order has been executed. Trade enquiries have also been received from South Africa and Israel.

Future Plans

Your Company has made concrete plans to enter niche areas. As a first step, your Company will be setting up a Laser Trimming facility. Also your Company is negotiating terms with M/s. Liberty Lab, USA for setting up a Burn-in Test facility to cater to World markets. The Company has taken steps to offer test software development and package development services to its clients in a big way. Introduction of high density packages like Quad Flat Pack, Ball Grid Array are also under consideration.

CONVERSION OF LOAN INTO EQUITY

As mentioned in the last year's report, allotment of equity shares to the Promoter Company (SPIC) for conversion of its subordinate loan of Rs.515 lakhs into equity in terms of sanction of package of reliefs/ concessions granted by the Financial Institutions is not yet effected since the necessary approval is still awaited.

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public during the year.

DIRECTORS

Pursuant to the provisions of the Companies Act, 1956 and Article 98 of the Articles of Association of the Company Thiruvalargal C.N. Gangadaran and K. Swaminathan are retiring at this Annual General Meeting and being eligible offers themselves for re-election.

Thiru D. Kamalakkannan, Director (Finance) will be retiring from the Board of the Company on the expiry of his term of office on 25th June, 1997. The Directors wish to place on record their appreciation of the invaluable services rendered by Thiru D. Kamalakkannan during his tenure as Director (Finance) of the Company.

LISTING AGREEMENT

Due to very poor trading of our shares in Ahmedabad, Delhi and Calcutta Stock Exchanges, it is considered to discontinue listing of shares of the Company with these Stock Exchanges with effect from April 1, 1997. However, listing with Chennai and Mumbai Stock Exchanges continues.

PARTICULARS OF EMPLOYEES

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

AUDITORS

M/s. Natarajan & Co., Chartered Accountants, appointed as Statutory Auditors at the Eleventh Annual General Meeting held on 2nd September, 1996, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENT

The Management is grateful to the Government of India, the Government of Tamil Nadu, the Promoter (SPIC), the Financial Institutions, the Consortium of Banks, Vendors and valued Overseas Customers for their continued assistance and co-operation.

Your Directors take this opportunity to express the Company's appreciation to the employees for their sustained dedication for the progress of the Company.

For and on behalf of the Board

June 12, 1997 P.R. SUNDARAVADIVELU
Chennai 600 032 Chairman

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

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, 1997

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	57 years B.E. Hons. (Electrical) 32 years	Executive Director, Southern Petrochemical Industries Corporation Limited	1.2.93	9,69,142
2.	D. KAMALAKKANNAN*	Director (Finance)	57 years B.Com., AICWA, D.B.M. 36 years	Financial Accountant, Gulf Petro-Chem Industries Co., Bahrain (A.B)	2.2.87	10,18,095

*Employed on contractual basis.

The above employees are 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, 1997

Total Foreign Exchange used during the year	Rs. 1989.47 lakhs
Total Foreign Exchange earnings during the year	Rs. 2331.41 lakhs

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

www.reportjunction.com