



30th Annual Report
2014-15

Defining The Future Through Partnerships



SPEL Semiconductor Limited

Board of Directors

- | | |
|-----------------------------|---------------------------|
| 1. Mr. K. Ravikumar | Director |
| 2. Mr. M. Jayasankar | Director |
| 3. Dr. Enakshi Bhattacharya | Director |
| 4. Mr. D. Balakrishnan | Whole Time Director & CEO |

Chief Financial Officer

Mr. R. Venkatesh Kumar

Auditors

M.S. Krishnaswami & Rajan
GB, Anand Apartment, Ground Floor
JP Avenue, 6th Cross Street,
Dr. Radhakrishnan Salai, Mylapore,
Chennai 600 004.

Registered Office & Factory

5 CMDA Industrial Estate,
MM Nagar (Chennai) 603 209, India.

US Office

4030 Moorpark Ave # 236
San Jose, CA 95117, USA

Bankers

1. Indian Overseas Bank
2. Allahabad Bank

Registrar & Share Transfer Agents

Cameo Corporate Services Limited,
Subramanian Building,
V Floor, 1 Club House Road,
Chennai 600 002.
Tel : (044) 2846 0390
Fax: (044) 2846 0129



Vision

*To Be the **Natural Destination** for Global Customers Seeking
Cost-Effective Offshore Turnkey IC Assembly & Test Services*

Mission

*SPEL Semiconductor Limited, an IC Assembly &
Test Subcontractor for over 20 years, works as one team
to achieve Zero defect, Just-in-time, Cost-effective solutions
with Service that is uncompromised*

*SPEL's Partners - Customers, Suppliers,
Employees & Shareholders are confident in the
knowledge that we are consistently meeting and
exceeding their expectations*

Quality Policy

*Consistently provide products and services that will exceed
the quality expectations of our Customers*

*Implement process improvement programs, which will enable each
Employee to do their job, **right the first time***

*Work towards continual quality improvement through
training and teamwork*



Environment Policy

SPEL Semiconductor Limited is a leading Semiconductor Assembly & Test facility providing high quality Integrated Circuits Packing solutions and has the following policy for environmental care

Nurture the nature by complying with accepted environmental practices in all our activities, with the following guiding objectives

Gearing up for continual improvement with our Environmental Management System and reviewing it periodically

Respecting and being committed to meet and exceed legal and other requirements

Emphasizing the minimization of significant impacts, wastes and pollution prevention

Enhancing the environmental performance by resource conservation, awareness through training and by reducing, recycling and reusing waste and packing

Notifying this policy to all Stakeholders



Previous 5 years performance

(₹ in lakhs)

	2014-15	2013-14	2012-13	2011-12	2010-11
Sales	47,19.37	63,38.9	80,76.92	79,78.63	91,46.24
PBIDT	13,68.28	15,86.2	11,97.01	13,40.67	18,28.28
Finance Cost	4,04.29	4,70.37	5,84.01	3,25.12	1,73.25
PBDT	9,63.99	11,15.83	613	10,15.55	16,55.03
Depreciation	10,12.39	10,96.13	11,85.06	9,37.8	8,81.34
PBT	(48.4)	19.7	(5,72.06)	77.75	7,73.69
Tax Expense	(13.18)	(12.48)	(1,17.03)	20.81	3,20.71
PAT	(35.22)	32.18	(4,55.03)	56.94	4,52.98
Net Profit	(35.22)	32.18	(4,55.03)	56.94	4,52.98

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Notice

Notice is hereby given that the 30th Annual General Meeting of the Members of SPEL Semiconductor Limited will be held at 4.35 pm on Tuesday, Sep 8, 2015 at the Registered Office of the Company, No.5,CMDA Industrial Estate, Maraimalai Nagar 603 209 to transact the following business :

Ordinary Business

1. Adoption of Financial Statements

To receive, consider and adopt the Balance Sheet as at Mar 31, 2015 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.

2. Retirement by Rotation

To appoint a Director in place of Mr. D. Balakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.

3. Ratification of appointment of Auditors

"Resolved that pursuant to provisions of Section 139 of the Companies Act 2013 and Rules there under re-appointment of M/s M. S. Krishnaswami & Rajan, Chartered Accountants (Firm Regn No.01554S), as the Statutory Auditors of the Company to hold office from the conclusion of this AGM to the conclusion of 3rd consecutive AGM be and is hereby ratified.

By order of the Board
for SPEL Semiconductor Limited

Chennai
Jul 23, 2015

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242

Notes

1. Details required under Clause 49 of the Listing Agreement with the Stock Exchanges, of persons seeking appointment / re-appointment is annexed.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy/ Proxies to attend and vote instead of himself/herself. Such a Proxy/ Proxies need not be a Member of the Company. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total Share Capital of the Company.

3. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the Meeting. A Proxy form is sent herewith. Proxies submitted on behalf of Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. The Register of Members and the Share Transfer books of the Company will remain closed from Sep 2, 2015 to Sep 8, 2015 (both days inclusive).
5. For shares held in physical form, any change in address may be intimated immediately to the Company / Share Transfer Agent by quoting the Folio Number(s). For shares held in demat form, change in address may be intimated directly to the Members' DP. Members are requested to address all correspondences to the Registrar and Share Transfer Agents, Cameo Corporate Services Limited, Subramanian Building, 1 Club House Road, Chennai 600 002.
6. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and be verified.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
8. Electronic copy of the Abridged Annual Report is being sent to all the Members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Abridged Annual Report is being sent in the permitted mode.

Members may note that the Notice of the 30th Annual General Meeting and full Annual Report will be available on the Company's website www.spel.com for download. Physical copies of full Annual Report will be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to full Annual Report in physical form, upon making a request for the same, by post free of cost. For any communication, the Shareholders may also send requests to the Company's investor email id: investors@spel.com.



9. Voting through electronic means

In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services (India) Limited (CDSL), on all resolutions set forth in this Notice.

The instructions for Shareholders voting electronically are as under:

- (i) The voting period begins at 9.00 am on Saturday, Sep 5, 2015 and ends at 5.00 pm on Monday, Sep 7, 2015. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Sep 1, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below

For Members holding shares in Demat Form and Physical Form

- PAN Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders)
- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.
 - In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. • Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the Member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.



(xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.

(xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on

approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

10. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays and Sundays, up to and including the date of the Annual General Meeting of the Company.

Note: e-Voting shall not be allowed beyond said time.

By order of the Board
for SPEL Semiconductor Limited

Chennai
Jul 23, 2015

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242

**Details of Director as on The Date of this Notice Seeking Appointment/Re-appointment
at the Annual General Meeting (“AGM”)**

Name of the Director	Mr. D. Balakrishnan
Date of Birth	Dec 8, 1963
Date of Appointment	Jun 19, 2014
Qualification	Engineering (Electronics & Communication) from Bangalore University
Expertise in specific functional area	Exceptional Leadership qualities leading to his success in team building, Production Planning & Control and Resource Management.
No. of Shares held in the Company	10,000 shares
Directorship in other Companies	Nil
Membership/Chairmanships of the Committees of other Public Companies	Nil
Attendance in the Board Meetings	No. of Board Meetings : 7 Attended : 4



Directors' Report

Your Directors present the 30th Annual Report of the Company together with the Audited Accounts for the year ended Mar 31, 2015.

1. Financial Highlights / Performance

The Operating results of your Company for the year ended Mar 31, 2015 are given below

(₹ in Lakhs)

Particulars	Year ended Mar 31, 2015	Year ended Mar 31, 2014
Sales	47,19.37	63,38.89
Other Income	1,37.81	1,14.86
PBIDT	13,68.28	15,86.20
Interest	4,04.29	4,70.37
Depreciation	10,12.40	10,96.13
Profit before Taxation	(48.40)	19.70
Tax / Deferred Tax	(13.18)	(12.48)
Profit after Taxation	(35.22)	32.18

Though your Company's production remained the same during both the financial years, drop in Average Selling Price has resulted in depressed receipts. Due to increase in employee cost as compared to the previous financial year, a marginal loss has resulted during the year.

2. Dividend

Due to the loss for the year, dividend could not be paid during the year.

3. Reserves

The reserves of the Company has been reduced from ₹ 41,52.38 lakhs to ₹ 40,85.75 lakhs at the end of the year due to transition to Schedule II of the Companies Act, 2013 relating to depreciation (net of deferred tax) ₹ 31.41 lakhs and due to the loss for the year ₹ 35.22 lakhs.

4. Company Performance

The Financial Year 2014-15 had seen a cyclical performance in terms of order receipts. The first quarter was soft, followed by robust second quarter. The Customer demands further slowed down in third & fourth quarters. This is due to the drop in demand from end Customers like delayed product launches, drop in product Sales etc. & excess inventory situation. In particular, the demand drop from a major US brand mobile manufacturer from third quarter was predominant.

The business with most of the Important / Growing / emerging Customers is on the rise. There have been

improved orders, new product introductions & Customer additions during this year. This was made possible due to the Engineering, Application support from SPEL apart from the QCDS factors (Quality, Cost, Delivery, Service).

SPEL was able to strengthen relationship with its one of the biggest European Customers and the volumes are growing. The outlook for FY 2015-16 is good and other strategic partnership for new projects like Smartcard Module manufacturing are being discussed.

The demand for the packages supported by SPEL is steady for leaded packages and growing for QFNs and contribution is expected to increase in future years.

- Leaded Packages – SPEL is able to find opportunities for increased loading from existing Customers to utilize the available capacity. No new Capacity additions have been planned
- QFN Packages – Demand is growing. Flip Chip QFN is witnessing more growth than normal QFN and SPEL is planning to have this capability in the next Financial Year.

5. Human Resources Development

Your Company has enthroned the attributes listed below as its core values. The Management will assiduously practice and enthuse its Employees to imbibe these virtues. Towards this end training is imparted every month, every Employee goes throughout the drill at least once in six months

- Business Ethics : defines us as a Company
- Professionalism : defines us as Individuals
- Citizenship : defines our contribution to Society

SPEL's medium for Corporate Social Responsibility (CSR) is through Socio-Economic Contribution (S-E-C) and SPEL Employees Social Service Organization (SESSO). For most people, the idea of Social Service is donating money to a social organization - perhaps an old-age home or an orphanage or similar. This however is the easy part. The difficult part is volunteering one's time to improve society.

When can we make a contribution to Society?

During Phase 1 of our lifetime, perhaps up to the age of 35, we are so focused on building our careers, starting our families & establishing a name for ourselves

During Phase 2 perhaps from age of 35 thru 65, we are the most active in our work, working as a team, being able to significantly contribute to Economic Development.



During Phase 3 perhaps from age 65 onwards, we are most able to contribute our time on an increased basis to social causes

S-E-C at SPEL is all about how we can contribute socially during Phase 2 itself while also handling Economic Development. Towards this, there are 3 areas that each of us can assist by making these a part of our day to day approach :

1. Following discipline in any and everything we do.
2. Providing a helping hand to people around us in any way we possibly can.
3. Showing the right path forward to people around us.

S-E-C in SPEL is primarily done by One-to-One Mentoring as each person encourages & motivates the other, towards a more purposeful & effective lifestyle.

As part of the core values, following activities were undertaken through SESSO :

- i) Educational assistance to the needy people in and around Factory.
- ii) Voluntary Blood Donation camp.
- iii) Assistance to orphanage and old age home located near Factory.

6. Material changes affecting the financial position of the Company which have occurred between the end of Financial Year and the date of the report.

A section of the workers of the Company has gone on strike since mid Apr 2015 raising a charter of demands. This has affected the normal production and the execution of the orders from the Customers. The Company's Management has taken all possible steps and the normalcy has been restored as the strike has been called off on Jun 18, 2015.

7. Details of significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

Nil

8. Adequacy of internal financial controls with reference to the Financial Statements.

Details in respect of internal financial controls and their adequacy are included in the MDA, which forms part of this report.

9. Subsidiary/Joint Ventures/Associate Companies

The Wholly Owned Subsidiary Company SPEL America Inc., in California, USA has been rendering marketing services to your Company resulting in enhanced Customer base and satisfaction. There has been no

material change in the nature of the business of the Subsidiary Company.

Pursuant to provisions of Section 129(3) of the Act, a statement containing salient features of the financial statements of the Company's Subsidiary in Form AOC-1 is attached to the financial statements of the Company.

Pursuant to the provisions of Section 136 of the Act, the financial statements of the Company, consolidated financial statements along with relevant documents and separate audited accounts in respect of the Subsidiary Company are available in the website of the Company www.spel.com.

The annual accounts of the Subsidiary Company and related detailed information are kept in the Registered Office of the Holding Company and will be made available to the Shareholders during working hours.

10. Deposits

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

11. Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the rules framed thereunder, M/s. M.S. Krishnaswami & Rajan, Chartered Accounts, (Firm Registration No.01554S) were appointed as Statutory Auditors of the Company from the conclusion of the 29th Annual General Meeting (AGM) of the Company held on Sep 15, 2014 till the conclusion of the 33rd Annual General Meeting of the Company to be held in the year 2018, subject to ratification of their appointment at every AGM.

12. Reply to Auditors' Comments in their Report

The Auditors have commented in their report that

- a) in respect of the procedures of physical verification of work-in-progress (including box stock) adopted by the Management, the periodicity of verification of the said stock need to be improved considering the quantity and value of the said stocks.

The Management is taking appropriate steps to improve the periodicity of physical verification of work-in- progress (including box stock) as suggested by Auditors during the current year.

- b) the Company not regular in depositing undisputed Provident Fund, Employee State Insurance and Income tax (TDS) and Property dues during the year.

Due to decline in the performance during the year and attendant financial constraints, the Company