



SPEL Semiconductor Limited
an IC Assembly & Test Company

31st Annual Report

2015-16
(Abridged)

Defining The Future Through Partnerships

SPEL Semiconductor Limited

Board of Directors	<div><div>1. Mr. K. Ravikumar</div><div>Director</div><div>2. Mr. M. Jayasankar</div><div>Director</div><div>3. Dr. Enakshi Bhattacharya</div><div>Director</div><div>4. Mr. D. Balakrishnan</div><div>Whole Time Director & CEO</div></div>
Chief Financial Officer	Mr. V. Srinivasan*
Company Secretary & Compliance Officer	Mr. S. S. Arunachalam**
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	<div><div>1. Indian Overseas Bank</div><div>2. Allahabad Bank</div></div>
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

* Appointed w.e.f. Apr 2, 2016

** Appointed w.e.f. Nov 2, 2015

Contents

Sl.No.	Description	Page
1.	Notice of 31 st Annual General Meeting	3
2.	Directors' Report	10
3.	Management Discussion & Analysis	17
4.	Extract of Annual Return	19
5.	Secretarial Audit Report	25
6.	Report on Corporate Governance	29
7.	Standalone Abridged Financial Statements (Page 37 to 52)	
	• Independent Auditors Report	
	Report on the Abridged Standalone Financial Statements	37
	Report on the Standalone Financial Statements	38
	• Balance Sheet	43
	• Statement of Profit & Loss Account	44
	• Cash Flow Statement	45
	• Statement on Significant Accounting Policies	46
	• Notes to Abridged Financial Statements	48
	• Statement containing salient features of the Financial Statements of Subsidiaries / Associates Companies / Joint Ventures	52
8.	Consolidated Abridged Financial Statements (Page 53 to 66)	
	• Independent Auditors Report	
	Report on the Abridged Consolidated Financial Statements	53
	Report on the Consolidated Financial Statements	54
	• Balance Sheet	58
	• Statement of Profit & Loss Account	59
	• Cash Flow Statement	60
	• Statement on Significant Accounting Policies	61
	• Notes to Abridged Financial Statements	63



Notice

Notice is hereby given that the 31st Annual General Meeting of the Members of SPEL Semiconductor Limited will be held at 4.00 pm on Saturday, Jul 30, 2016 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, 2016 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. K. Ravikumar, 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 thereunder, 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 2nd consecutive AGM be and is hereby ratified"

Special Business

4. Appointment of Mr. M. Jayasankar as Independent Director

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

"Resolved that in accordance with the provisions of Sections 149, 150, 152 and applicable provisions of the Companies Act, 2013 ("Act") thereunder read with Schedule IV to the Act as is current at any time, Mr. M. Jayasankar, (holding DIN 00048351), a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and is eligible for appointed as an Independent Director of the Company with effect from Jul 30, 2016 and upto Jul 29, 2021, not liable to retire by rotation."

5. Appointment of Dr. Enakshi Bhattacharya as Independent Director

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution :

"Resolved that in accordance with the provisions of Sections 149, 150, 152 and applicable provisions of the Companies Act, 2013 ("Act") thereunder read with Schedule IV to the Act as is current at any time, Dr. Enakshi Bhattacharya, (holding DIN 05277571), a Non-Executive Independent Director of the Company, who has submitted a declaration that she meets the criteria for independence as provided in Section 149 (6) of the Act and is eligible for appointed as an Independent Director of the Company with effect from Jul 30, 2016 and upto Jul 29, 2021 not liable to retire by rotation."

6. Issue of Non-Convertible Debenture on private placement

To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolutions :

"Resolved that pursuant to Section 42 and 71 of the Companies Act, 2013 ("the Act") read with Rule 14 (2) Companies (Prospectus and allotment of Securities) Rules, 2014 and Companies Share Capital and Debentures Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and subject to the 117 (w ii) provisions of Articles of Association of the Company, and subject to such other approvals as may be required from time to time, consent of the Members be and is hereby accorded to the Board of Directors (Board)/ Committee of Directors, to offer, issue and allot in one or more tranches Secured, Non-Convertible Debentures/ Bonds on private placement basis during the Financial Year 2016-17 for an amount not exceeding ₹ 50 Crores on such terms and conditions and at such times at par including individuals, one or more companies, bodies Corporate, banks, financial institutions, as the case may be or such other person(s) as the Board/ Committee of Directors may decide so, however the aggregate amount of funds to be raised by issue of Non-Convertible Debentures/ Bonds shall not exceed ₹50 Crores.

"Resolved further that in connection with the above, the Board/ Committee of Directors be and is hereby authorised to do all such acts, deeds matters and things, including appointment of Trustees and finalize, settle and execute all such documents, deeds, writings or agreements including Trust Deed , as may be deemed necessary, desirable proper or expedient for the purpose, of giving effect to this resolution and for matters connected therewith or incidental thereto"

"Resolved that pursuant to the provisions of Sec 80(1)(a) Board of Directors of the Company or the Committee thereof be and is hereby authorized to



finalize with the investor(s) for creating mortgage / charges / pledge / hypothecate and to negotiate / finalize, sign the documents in connection with the above issue of Non-convertible Debenture”

7. Borrowing Powers of the Board

To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolutions :

“RESOLVED THAT subject to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 and relevant rules made thereto including any statutory modifications or re-enactments thereof and in supersession of all the earlier resolutions passed in this regard, the Board of Directors (hereinafter referred to as the Board), including any committee thereof for the time being exercising the powers conferred on them by this resolution, be and are hereby authorized to borrow money, as and when required, from, including without limitation, any Bank and/or other Financial Institution and/or foreign lender and/or any Body corporate/ entity/ entities and/or authority/authorities and/ or through suppliers credit, any other securities or instruments, such as floating rate notes, Fixed rate notes, syndicated loans, debentures, commercial papers, short term loans or any other instruments etc. and/or through credit from official agencies and/or by way of commercial borrowings from the private sector window of multilateral Financial institution, either in rupees or in such other foreign currencies as may be permitted by law from time to time, as may be deemed appropriate by the Board for an aggregate amount not exceeding ₹100 Crores (Rupees Hundred Crores Only), notwithstanding that money so borrowed together with the monies already borrowed by the Company, if any (apart from temporary loans obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves.”

“FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto, and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution”.

8. To sell / lease or dispose of the part or the whole of the undertaking of the Company

Special Resolution to authorize Board of Directors to sell, dispose of the part or the whole of the undertaking of the Company under Sec 180 (1) (a) of Companies Act, 2013:

“RESOLVED THAT in supersession of earlier resolutions, if any, passed in this matter and pursuant to Section 180(1) (a) and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), subject to approvals, if any, consent of the Shareholders of the Company be and is hereby accorded, to sell / lease a portion of land situate at No. 5 CMDA Industrial Estate, M M Nagar, to the Board of Directors, including any Committee thereof (hereinafter referred to as the “Board”) on behalf of the Company”.

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board (including Committee thereof), be and is hereby authorized to do all such acts, deeds and things and to give such directions as may be necessary or expedient and to settle any question, difficulty that may arise in this regard as the Board in its absolute discretion, may deem fit and its decision shall be final and binding.”

9. To consider making Disinvestment in the Equity Shares of the Wholly Owned Subsidiary i.e. SPEL-Us

Special resolution for disinvestment in the Subsidiary Company as per the provisions of the Companies Act, 2013 :

“Resolved that as per the provisions of the Companies Act, 2013 and other applicable provisions made thereunder and subject to the approval of the Shareholders, the investment of \$100 made in SPEL-Us be and is hereby withdrawn”.

By order of the Board
for **SPEL Semiconductor Limited**

Chennai
May 30, 2016

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242

Notes

1. Details of Directors seeking appointment / re-appointment at the Annual General Meeting of the Company to be held on Jul 30, 2016 are provided in Annexure - A of this Notice.
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 Jul 25, 2016 to Jul 30, 2016 (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 Participants(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 31st 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 on Jul 27, 2016 at 9.00 am and ends on Jul 29, 2016 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Jul 23, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on Shareholders.
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) 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.
- (viii) 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

	<p>shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> 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.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both 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).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.

- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) 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 linked in the login should be emailed 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.
- (xxi) 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. A statement pursuant to Section 102 (1) of the Companies Act, 2013 relating to Special Business to be transacted at the meeting is annexed herewith.

11. 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.

Explanatory Statement in respect of the Special Business pursuant to Section 102 of the Companies Act, 2013

Item No.4

Mr. M. Jayasankar was appointed as Additional Director of the Company by the Board of Directors at its Meeting held on Sep 8, 2015 pursuant Section 149, 152 of the Companies Act, 2013 and Article 94 of Articles of Association of the Company and holds office upto the date of this Annual General Meeting of the Company pursuant to Section 161 (1) of the Act and Article 94 of Articles of Association of the Company

A brief profile of Mr. M. Jayasankar is given herein for the information of Shareholders.

Mr. M. Jayasankar, a Chemical Engineer, was Managing Director of Tuticorin Alkali Chemicals (TAC) for 8 years till his superannuation in 1999. He was associated with TAC for 25 years. Prior to this he was with Tata Chemicals for 15 years. Mr. Jayasankar has over 40 years of experience in the Chemical industry, in various functions such as Operations, R&D, Project Development, Execution & Management. He has wide exposure in Corporate and Financial Management. Presently he is a practicing Project & Management Consultant especially in the Soda Ash and allied chemical industry, both in India & abroad. Mr. Jayasankar is a Director of Vibrant Industries Ltd, Kamakshi Lamipack (Pvt) Ltd, and Abirami Packaging (Pvt) Ltd.

In the opinion of the Board, Mr. M. Jayasankar fulfills the conditions specified in the Act and Rules for his appointment as an Independent Director of the Company as he is independent of the management under Section 149(6) & 152(5) of the Act.

Accordingly under Section 149 read with Schedule VI of the Act, the appointment of Mr. M. Jayasankar as Independent Director is placed before the Members in the General Meeting for approval.

The Board recommends the election of Mr. M. Jayasankar as a Director not liable to retire by rotation, for the approval of the Shareholders.

Notice has been received from a Member signifying his intention to propose appoint of Mr. M. Jayasankar as Director of the Company along with a deposit of ₹ 1,00,000/-.

Except Mr. M. Jayasankar, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No.5

Dr. Enakshi Bhattacharya was appointed as Additional Director of the Company by the Board of Directors at its Meeting held on Sep 8, 2015 pursuant Section 149, 152 of the Companies Act 2013 and Article 94 of Articles of Association of the Company and holds office upto the date of this Annual General Meeting of the Company pursuant to Section 161 (1) of the Act and Article 94 of Articles of Association of the Company

A brief profile of Dr. Enakshi Bhattacharya is given herein for the information of Shareholders

Dr. Enakshi Bhattacharya completed her MSc (Physics) from IIT Bombay in 1980, PhD from TIFR Mumbai in 1985 and did post-doctoral work at the National Renewable Energy Laboratory (then SERI), USA from 1986-88. She was a Faculty Member in the Department of Physics, IIT Kanpur during 1988-91. Since 1991, she has been on the faculty of the Department of Electrical Engineering at IIT Madras, heading the Department from 2010 to 2013 and is currently a professor. She was a Visiting Scientist at the Micromachined Products Division of Analog Devices, USA from 1999 to 2000. She is interested in all forms of silicon: single crystal, poly, amorphous and porous and her current research interests are in Biosensors and MEMS with over 100 published papers in journals and international conference proceedings. She has supervised 4 PhD and 14 MS (by research) theses and is guiding 2 PhD and 2 MS scholars at present. She has successfully handled 14 sponsored projects and is currently engaged in 6 projects being the Principal Investigator for three of them. Major ongoing projects are the National Programme on MEMS, Smart Materials and Systems (NPMASS) sponsored Biosensor System for the detection of Triglycerides and the Department of Information Technology (DIT) sponsored Centre for NEMS and Nanophotonics. Besides regular teaching, she has also been involved in continuous education programme in the fields of Semiconductors, Biosensors, MEMS and Photovoltaics.



In the opinion of the Board, Dr. Enakshi Bhattacharya fulfills the conditions specified in the Act and Rules for her appointment as an Independent Director of the Company as she is independent of the management under Section 149(6) of the Act.

Accordingly, under Section 149 & 152 (5) read with Schedule VI of the Act, the appointment of Dr. Enakshi Bhattacharya as Independent Director is placed before the Members in the General Meeting for approval.

The Board recommends the election of Dr. Enakshi Bhattacharya as a Director not liable to retire by rotation, for the approval of the Shareholders.

Notice has been received from a Member signifying his intention to propose appoint of Dr. Enakshi Bhattacharya as Director of the Company along with a deposit of ₹ 1,00,000/-.

Except Dr. Enakshi Bhattacharya, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

Item No.6

In order to meet the working capital requirements of the Company that may arise during FY 2016-17, the Board of Directors of the Company at its meeting held on May 30, 2016 has, subject to the approval of the Shareholders in the General Meeting proposed to issue Non-Convertible Debentures/ Bonds to various person(s) on private placement basis, at such terms and conditions and at such price(s) in compliance with the requirements of regulatory authorities, in any and as may be finalised by the Board and/or Committee of Directors. The amount to be raised by way of issue of Secured Non-Convertible Debentures on private placement basis however shall not exceed ₹ 50 Crores in aggregate.

It may be noted that Section 42 and 71 of the Companies Act, 2013 ("the Act") read with Rule 14 (2) Companies (Prospectus and allotment of Securities) Rules, 2014 and all other applicable law, allows a company to pass a previous Special Resolution once in a year for all the offer or invitation for Non-Convertible debentures to be made during the year through a private placement basis in one or more tranches. Consent of the Members is therefore sought in connection with the aforesaid issue of Debentures/ Bonds from time to time and they are requested to authorise the Board (including any Committee of the Board) to issue Non-Convertible Debentures/ Bonds during the FY 2016-17 on private placement basis upto ₹ 50 Crores as stipulated above, in one or more tranches.

The Board recommends the Special Resolution set forth in item No 6 of the Notice for approval of the Members.

None of the Directors or Key Management Personnel of the Company including their relatives are interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company.

"Resolved that Board of Directors of the Company or the Committee thereof be and is hereby authorized to finalize with the investor(s) for creating mortgage / charges / pledge / hypothecate and to negotiate / finalize, sign the documents in connection with the above issue of Non-convertible Debenture."

Item No.7

As per Section 180 (1) (c) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's Bankers in ordinary course of business) by the Company beyond the aggregate of the Paid-up Capital of the Company and its Free Reserve requires approval from the Shareholders of the Company.

The Shareholders of the Company had by an Ordinary Resolution passed in Annual General Meeting held on May 11, 1988 authorized the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding ₹75 Crores, for the business of the Company. However, keeping in view of enhanced requirement of loan and also the legal requirement that Section 180(1) of the Companies Act, 2013 provides that the Board of Directors of a Company shall exercise the said power only with the consent of the Company by a Special Resolution. Hence, the Special Resolution at Item No.7 for authorizing the Board of Directors to borrow monies (apart from temporary loans obtained or to be obtained from the Company's Bankers in the ordinary course of business) from time to time on behalf of the Company not exceeding ₹100 crores is intended for this purpose.

The Directors recommends the resolution for Members' approval as a Special Resolution.

None of the Directors, Key Managerial Personnel or their relatives are in any way concerned or interested, financially or otherwise in this resolution.

Item No.8

In order to augment the production capacity, and to withstand the competition, Company needs to make further investments in capital expenditure. Management had approached bankers/ FIs and they are not willing to fund our expansion proposal. The Board at its meeting held on May 30, 2016 considered this situation and provided an alternate solution for capacity expansion i.e., to sell / lease a portion of barren land, which is not being utilized for any activities of the Company.

The Board recommends this resolution to the Shareholders to the best interest of the Company.

The Board recommends the Special Resolution set forth in item No.8 of the Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned



in the Resolution except to the extent of their shareholding, if any, in the Company.

Item No.9

SPEL-US was incorporated on Jun 1, 2005 in order to cater to the marketing requirements of the Company in USA. The requirement of a separate Subsidiary Company was necessitated at the time when the Company's major Customers' decision makers were located in USA but now most of US based Customers have their Planning & Operations teams based out of Asia.

The high cost of overheads does not justify having a subsidiary Company in US since Sales Representatives, working on retainers, take care of the required follow-ups & ensure that the required feedback mechanisms are not compromised. Administratively it will be beneficial for the Company that Sales Representatives are being appointed globally & report to Sales Head who is based out of Chennai. Having a Subsidiary in USA required adherence to lot of

paperwork & local statutory compliances resulting in additional financial & administrative burden. Since the returns did not commensurate the efforts, the Marketing service agreement was severed with SPEL-US.

The Board at its meeting held on May 30, 2016 considered the above scenario and recommends the resolution No.9 to the Shareholders

The Board recommends the Special Resolution set forth in item No.9 of the Notice for approval of the Members

None of the Directors or Key Managerial Personnel of the Company including their relatives is interested or concerned in the Resolution except to the extent of their shareholding, if any, in the Company

By order of the Board
for **SPEL Semiconductor Limited**

Chennai
May 30, 2016

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242

ANNEXURE - A

Pursuant of Resolution Nos. 4 & 5

Name of the Director	Mr. K.Ravikumar	Mr. M. Jayasankar	Dr. Enakshi Bhattacharya
Date of Birth	15.6.1949	Sep 24, 1935	Apr 23, 1959
Date of Appointment	26.5.2014	Sep 8, 2015	Sep 8, 2015
Qualification	M. Tech from IIT Madras and Post-Graduation in Business Administration	Degree in Engineering	MSc (Physics) from IIT Bombay & PhD from TIFR Mumbai
Expertise in Specific functional areas	Under his leadership, new technologies like supercritical thermal sets in the field of coal, and gas-based power plants were introduced for the first time in the country.	He has over 40 years of experience in the Chemical industry, in various functions such as Operations, R&D, Project Development, Execution & Management. He has wide exposure in Corporate and Financial Management.	She is interested in all forms of silicon: single crystal, poly, amorphous and porous and her current research interests are in Biosensors and MEMS with over 100 published papers in journals and international conference proceedings. She has also been involved in continuous education programme in the fields of Semiconductors, Biosensors, MEMS and Photovoltaics.
Chairmanship / Directorship of other Companies(excluding Foreign companies and Section 25 Companies)	Director in Reliance infrastructure Ltd & Jinbhavish Power Generations Pvt Ltd.	Director in Vibrant Industries Private Limited Kamakshi Lamipack (Pvt) Ltd, and Abirami Packaging (Pvt) Ltd	ChipTest Engineering Limited
Committee position held in other Companies	—	—	—
Shareholding (No. of Shares)	Nil (in SPEL)	Nil (in SPEL)	Nil (in SPEL)