



SPEL Semiconductor Limited

an IC Assembly & Test Company

32nd Annual Report

2016-17

(Abridged)

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. 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.

Bankers

Indian Overseas Bank

Registrar & Share Transfer Agents

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



Previous 5 years performance

(₹ In Lakhs)

	2016-17	2015-16	2014-15	2013-14	2012-13
Sales	35,66.70	25,85.04	47,19.37	63,38.90	80,76.92
PBIDT	1,36.49	(9,86.62)	13,68.29	15,86.20	11,97.01
Finance Cost	2,66.93	3,04.40	4,04.29	4,70.37	5,84.01
PBDT	(1,30.44)	(12,91.02)	9,64.00	11,15.83	6,13.00
Depreciation	7,11.10	10,71.32	10,12.40	10,96.13	11,85.06
PBT	(8,41.54)	(23,62.34)	(48.40)	19.70	(5,72.06)
Tax Expense	37.00	(3,83.33)	(13.18)	(12.48)	(1,17.03)
PAT	(8,78.54)	(19,79.00)	(35.22)	32.18	(4,55.03)
Net Profit	(8,78.54)	(19,79.00)	(35.22)	32.18	(4,55.03)

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Notice

Notice is hereby given that the 32nd Annual General Meeting of the Members of SPEL Semiconductor Limited will be held at 3.30 pm on Thursday, Sep 7, 2017 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, 2017 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 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 next AGM be and is hereby ratified”

Special Business

4. Service and Delivery of Documents

To consider fixing minimum fee for serving various documents on Members of the Company and in this regard, consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :

“Resolved that pursuant to Section 20 and other applicable provisions, if any, of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company may serve documents on its Members, by sending the document(s) that

he / she is entitled to receive as a Member under the Act by Post or by Registered Post or by Speed Post or by Courier or such electronic or other mode as may be prescribed, depending on event and circumstance of each case from time to time”.

“Resolved further that the Board of Directors of the Company or its duly constituted Committee be and is hereby authorized to decide, in respect of any advance request for sending documents in a particular mode of delivery by any Member provided at least one week in advance of the dispatch of the document by the Company along with requisite fee duly received by the Company and that no such request shall be entertained by the Company post/dispatch of such documents by the Company to the Member, the charges payable for such delivery, as prescribed below for each mode of dispatch”.

Sl. No.	Mode of Despatch	Minimum rate per document at the minimum slab of the weight of the document in each category (in ₹)	
		With in India	International
1.	Ordinary	15	1.2 times of the post actual
2.	Registered Post	100	
3.	Speed Post	100	
4.	Courier	100	
5.	Electronic Mail	20	20



“Resolved further that the Board of Directors of the Company or its duly constituted committee be and is hereby authorized to amend or alter such charges from time to time either keeping in view the change of charges as applicable to that mode or in any situation so warrants and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

Explanatory Statement

Section 20 of the Companies Act, 2013 which deals with service of documents, inter-alia, enables the Company to dispatch any document to a Member as per his preferred mode on receipt of specific request subject to deposit of such fee as determined by the Members in the general meeting. Accordingly, consent of the Members is sought for passing a resolution authorizing the Board of Directors to decide the fee payable as set out at item No. 4 of the Notice on dispatch of document as per the choice of mode selected by any Member of the Company.

The Board recommends the resolution for approval of the Members in the best interest of the Company. The rate indicated in the resolution is minimum rate per document at the minimum slab of the weight in the respective category of each mode of dispatch as mentioned thereat.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any other officials of the Company is, in any way, financially or otherwise, concerned or interested in the resolution.

By order of the Board
for SPEL Semiconductor Limited

Chennai
May 30, 2017

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242.

Notes

1. Details required under 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 1, 2017 to Sep 7, 2017 (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 32nd 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 :

- a. The voting period begins at 9.00 am on Sep 4, 2017 and ends at 5.00 pm on Sep 6, 2017. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Aug 31, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. The Shareholders should log on to the e-voting website www.evotingindia.com.
- c. Click on Shareholders.
- d. Now Enter your User ID
 - i. For CDSL : 16 digits beneficiary ID,
 - ii. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e. Next enter the Image Verification as displayed and Click on Login
- f. 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.

- g. If you are a first time user follow the steps given below:
- h. After entering these details appropriately, click on "SUBMIT" tab.

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat 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.
DOB	<p>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.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ✦ 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 (c).

- i. 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.
- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- l. 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.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. 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.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.



- p. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- q. 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.
- r. Note for Non – Individual Shareholders and Custodians
 - i. 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.
 - ii. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - iii. 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.
 - iv. 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.
 - v. 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.

- vi. 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 D. Balakrishnan
May 30, 2017 Whole Time Director & CEO
DIN: 02131242

Annexure

Details of Directors seeking Appointment – Reappointment at the Annual General Meeting

Name of the Director	Mr. D. Balakrishnan
Date of Birth	Dec 8, 1963
Date of Appointment	Jun 19, 2014
Qualification	Degree in Engineering (Electronics & Communication) from Bangalore University.
Expertise in Specific functional areas	He has over 23 years of experience in the Semiconductor Industry. He has been instrumental in scaling operations and possesses exceptional Leadership qualities besides proving his mettle in Team Building, Production Planning & Control and Resource Management.
Chairmanship / Directorship of other Companies (excluding Foreign companies and Section 25 Companies)	-----
Committee position held in other Companies	-----
Shareholding (No. of Shares)	10,000 shares



Directors' Report

Your Directors present the 32nd Annual Report of the Company together with the Audited Accounts for the year ended Mar 31, 2017.

1. Financial Highlights / Performance

The Operating results of your Company for the year ended Mar 31, 2017 are given below

(₹ in Lakhs)

Particulars	Year ended Mar 31, 2017	Year ended Mar 31, 2016
Sales	35,66.70	25,85.04
Other Income	1,92.84	81.74
PBIDT	1,36.49	(9,86.62)
Interest	2,66.93	3,04.40
Depreciation	7,11.10	10,71.32
Profit before Taxation	(8,41.54)	(23,62.34)
Tax / Deferred Tax	37.00	(3,83.33)
Profit after Taxation	(8,78.54)	(19,79.00)

During this FY 2016-17, the turnover of the Company got improved. However, due to aftermath of the Employees unrest in the previous year, the recovery was considerably low. Though H1 FY 2016-17 first quarter was good, Q3 FY 2016-17 was the worst in the year as we had several natural calamities with delayed material deliveries. Q4 FY 2016-17 was good as order receipts increased significantly. Customer demands for the existing products & packages were volatile however have seen phased increase in order receipts. The Promoters of the Company had infused ₹ 13.5 Crs. during the year under review. The Company had also sold 5.8 acres of unutilized barren land pursuant to the special resolution passed by the Shareholders. This had assisted the Company to recover from the damages that had impacted due to labour unrest as mentioned above.

Your Company had maintained good relationship with all its Customers in US & Europe. Have seen good improvement in capturing business from one of the big Customers in the US and expected to improve production orders in FY 2017-18. The outlook for FY 2017-18 is good and SPEL has plans to induct new Customers from Europe & US regions.

The business with most of the Important, Growing and Emerging Customers is good. SPEL was able to have improved orders, new product introductions from these Customers.

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 ₹ 21,06.74 lakhs to ₹ 12,28.21 lakhs at the end of the year.

4. The Global Semiconductor Industry

Semiconductor industry posted sales totalling ₹ 338.9 billion in 2016, the industry's highest-ever annual sales and a modest increase of 1.1% compared to the 2015 total Globally. Fourth quarter sales of \$93.0 billion were 12.3% higher than the total from the fourth quarter of 2015 and 5.4% more than the third quarter of 2016.

The Asia-Pacific region saw growth of +1.6% over 2015 (\$106.2B in 2016) and accounts for approximately 31% of total global sales. China was the largest market in 2016, accounting for 31.1% (\$105.3B) with a growth of +9.2% over last year, Japan saw sales recover by +3.8% over last year (\$32.1B in 2016), although still not at the level of sales in 2014. The Americas and Europe saw a decline over prior year of -4.7% and -4.5% respectively.



In the India context, the Semiconductor industry is currently dominated by design services and embedded software, the Semiconductor consumption in India is likely to increase with consumer Electronics, Telecommunication segment, Instrumentation leading the growth. The major players in various Semiconductor segments are already present in India. The next opportunity and the industry segment is the Semiconductor manufacturing scenario in India.

Forecast for FY 2017-18

Mixed growth seen in 2016 will turn into a broad and more consistent growth in 2017. Areas to watch for in 2017 are the industrial, automotive and storage markets, which are growing quickly but represent a smaller portion of the overall market. The slow-growth outlook for traditional applications such as smartphones and PCs highlights the importance of Semiconductor markets outside of these categories, notably the IoT.

Globally Semiconductor revenue is forecasting a total of \$364.1 billion in 2017, an increase of 7.2% from 2016. The worst is now over with a positive outlook emerging for 2017 driven by inventory replenishment and increasing Average Selling Prices (ASPs) in select markets, particularly commodity memory and application-specific standard products.

Market Drivers for future

IDC estimates that the IoT market will grow at a 16.9% CAGR by 2020, at which time the market will represent \$1.7 trillion. Through this period, spending will be focused on devices (31.8% of total), with networking and IT services accounting for another third. IoT platforms, application software and as-a-service offerings will grow in the share of spending thereafter.

The Consumer Technology Association (CTA) expects U.S. consumer technology retail sales to be driven by Internet of Things (IoT) this year to touch \$287 billion. The CTA sees IoT

in three groups. The first is named Audio and Video, where smart TVs will grow 13%, streaming media players 5%, connected speakers and headphones 40% and wireless headphones 30%. The next category is the Smart Home, encompassing products like thermostats, smart smoke and CO2 detectors, IP/Wi-Fi cameras, smart locks, smart home systems, and smart switches, dimmers and outlets, which will grow 21%. The third category is wearable's, led by fitness trackers, which will grow 12% and smart watches, which will grow 22%.

The emerging fast-growing areas will be drones (up 149%), VR (up 440%) and 3D printing (up 64%). Smartphones, tablets and TVs are mature categories with shipments expected to grow a respective 5%, -9%, -1%. Laptops also play a role here with traditional devices expected to grow 2% and the hybrids, convertibles and detachable category growing 48%.

Automotive has been growing in importance, as the consumption of electronic components for safety, infotainment, navigation and fuel efficiency continues to increase. Semiconductor consumption in this market was worth around \$7 billion in 2015, according to Report linker. Primary areas of strength are hybrid electric vehicles, telematics and connectivity, and advanced driver assistance systems (ADAS), where the estimated 5-year CAGRs for chip demand are 20%, 19% and 18%, respectively.

Outsourced Assembly and Test (OSAT) Industry

The market is likely to witness moderate growth over the next five years and is estimated to expand at a CAGR of 5.8% during a six-year forecast period 2015 - 2021.

Semiconductor Companies prefer to remain fabless and concentrate on their