



SPEL Semiconductor Limited
an IC Assembly & Test Company



27th Annual Report
2011 - 12

Defining The Future Through Partnerships



SPEL Semiconductor Limited

Board of Directors

- | | |
|-----------------------------|---------------------|
| 1. Dr. A. C. Muthiah | Chairman |
| 2. Mr. Ar Rm Arun | Director |
| 3. Mr. S. R. Vijayakar | Director |
| 4. Dr. A. Besant C. Raj | Director |
| 5. Dr. T. S. Vijayaraghavan | Director |
| 6. Mr. N. Sivashanmugam | Whole Time Director |

Chief Executive Officer

Mr. D. Balakrishnan

Head Corporate Affairs & Company Secretary

Mr. S. S. Arunachalam

Auditors

Natarajan & Co.,
2/342 II Street , Kandaswamy Nagar,
Palavakkam, Chennai 600 041.

Registered Office & Factory

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

US Office

3120 De La Cruz Blvd.,
Suite # 107,
Santa Clara, CA 95054, 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

(Rs. in lakhs)

	2011-12	2010-11	2009-10	2008-09	2007-08
Sales	7978.63	9146.24	8716.00	8100.26	7281.33
PBIDT	1255.57	1828.28	1962.55	2115.28	1977.77
Interest	239.69	173.25	214.57	323.98	278.96
PBDT	1015.68	1655.03	1747.98	1791.30	1698.81
Depreciation	937.93	881.34	818.45	830.45	606.71
PBT and prior period items	77.75	773.69	929.53	960.85	1092.10
Tax / Deffered Tax	20.81	320.71	318.69	337.31	361.03
PAT	56.94	452.98	610.84	623.54	731.07
Net Profit	56.94	452.98	610.84	623.54	731.07

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Notice to Members

Notice is hereby given that the 27th Annual General Meeting of the Members of SPEL Semiconductor Limited will be held at 4.00 pm on Monday, Jul 30, 2012 at the Registered office of the Company No. 5 CMDA Industrial Estate, Maraimalai Nagar 603 209 to transact the following Business :

Ordinary Business

- 1 To receive, consider and adopt the audited Balance Sheet of the Company as at Mar 31, 2012 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2 To elect a Director in the place of Mr. Ar Rm Arun, Director who retires by rotation and being eligible, offers himself for re-election.
- 3 To elect a Director in the place of Dr. T. S. Vijayaraghavan, Director who retires by rotation and being eligible, offers himself for re-election
- 4 To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution :

“Resolved that Natarajan & Co., Chartered Accountants, the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold Office until the conclusion of the 28th Annual General Meeting on a remuneration of ₹ 1,50,000/- including out of pocket expenses.”

Special Business

5. To consider extension of term of office and payment of remuneration to Mr. N. Sivashanmugam, Whole Time Director

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

“Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, subject to the Shareholder’s approval, the term of office of Mr. N. Sivashanmugam as a Whole time Director be and is hereby extended from Apr 1, 2013 to Jul 31, 2013”

“Resolved that pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, read with schedule XIII of the Companies Act, 1956,

including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and subject to the approval of the Shareholders, approval of the Company be and is hereby granted for paying the following remuneration to Mr. N. Sivashanmugam, as Whole time Director, with effect from Aug 1, 2012 to Jul 31, 2013 on the following terms and conditions and as per the terms of the agreement entered into between the Company and Mr. N. Sivashanmugam. The cost to Company will be ₹ 31 lakhs p.a., of which ₹ 18 lakhs p.a. will be performance based incentive. Following are the breakup of fixed remuneration.

Fixed Remuneration

- a. Basic salary : ₹ 6,60,000 /- p.a (Rupees six lakhs sixty thousand only)
- b. Special Allowance : ₹ 1,29,000/- p.a (Rupees One Lakh Twenty nine thousand only)

Perquisites

- a. Conveyance Reimbursement : At actual subject to a maximum of ₹ 5,04,000/- p.a including chauffer for official purpose.
- b. Medical Reimbursement : ₹ 15,000/- p.a

Other benefits

- a. Provident Fund : As per the rules of the Company
- b. Gratuity : As per the rules of the Company
- c. Telephone : Mobile expenses at actual and use of telephone at residence for Official purposes to the extent of ₹ 12,000/- p.a.

“Resolved further that Mr. S. S. Arunachalam, Head Corporate Affairs & Company Secretary be and is hereby authorized to do such acts, to sign and file the necessary documents with statutory authorities.”

(By order of the Board)
For SPEL Semiconductor Limited

Place : Chennai
Date : Apr 25, 2012

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

Notes

1. Explanatory Statement of material facts pursuant to Section 173(2) of the Companies Act, 1956 for item No.5 of the Notice is annexed hereto.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll, to vote instead of himself / herself and a Proxy need not be a Member of the Company. The instrument appointing the Proxy to be valid shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting.
3. Members / Proxies are requested to bring the attendance slip sent with the Annual Report duly filled-in for attending the Meeting. Members who hold shares in the dematerialized form are requested to indicate their DIP ID and Client ID Numbers in the Attendance Slip.
4. The Register of Directors Shareholding maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the Members at the AGM.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Jul 20, 2012 to Jul 30, 2012 (both days inclusive).
6. 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.
7. Members are requested to address all correspondences to the Registrar and Share Transfer Agent, Cameo Corporate Services Limited, Subramaniam Building, 1 Club House Road, Chennai 600 002.
8. Members 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.
9. Investors may simultaneously opt for dematerialisation at the time of lodging their shares for transfer. For further details, Investors may write to the Company / Share Transfer Agent.
10. Members are requested to consolidate multiple share certificates / multiple folios into one share certificate / one folio to save on the cost of dematerializing their shareholdings.
11. Members are advised that the copies of the Annual Report will NOT be distributed at the venue of the AGM and hence they are advised to bring their copies of the Annual Report, which are mailed by the Company to them at their registered address.

Inspection of documents

All material documents relating to the aforesaid items of the Agenda of the Notice are available for inspection by the Members at the Registered Office of the Company on any working day between 11.00 am and 1.00 pm prior to the date of the Meeting.

Explanatory Statements pursuant to Section 173 (2) of the Companies Act, 1956

Item 5

To consider extension of term of office and payment of remuneration to Mr. N. Sivashanmugam, Whole Time Director

The Shareholders of the Company at the 26th Annual General Meeting held on Jul 27, 2011 approved the appointment of Mr. N. Sivashanmugam, as Whole time Director for a period commencing from Apr 1, 2012 to Mar 2013 and had also approved the remuneration payable to him.

Considering the contribution made by Mr. N. Sivashanmugam, Whole time Director, the Board at its meeting held on Apr 25, 2012 considered the extension of his term of the office from April 1, 2013 to Jul 31, 2013 and also decided the terms of remuneration from Aug 1, 2012 to Jul 31, 2013 on the recommendation of the Remuneration and Compensation Committee, which it had decided, at its meeting held on Apr 25, 2012

Except Mr. N. Sivashanmugam, no other Director of the Company is in any way concerned with or interested in the resolution at item No. 5 of the Notice.

This resolution and explanatory statement shall also be treated as an abstract of variation in terms and conditions of the appointment of Mr. N. Sivashanmugam and Memorandum of interest under Section 302 (7) of the Companies Act, 1956.

The Board recommends the resolution set forth in Item No. 5 for approval of the Shareholders.

(By order of the Board)
For SPEL Semiconductor Limited

Place : Chennai
Date : Apr 25, 2012
S. S. Arunachalam
Head Corporate Affairs &
Company Secretary



Directors' Report

Your Directors hereby present the 27th Annual Report of the Company together with the Audited Accounts for the year ended Mar 31, 2012.

Semiconductor - Global & Indian scenario

Global Scenario: The Semiconductor industry grew by less than 1% in 2011 despite weak global economic scenario and natural disasters that affected production in Asia. The Semiconductor Industry Association (SIA) projected that the industry's worldwide sales will hit \$301 billion in 2012 – a 0.4% increase over 2011 sales of \$299.50 billion. Beyond 2012, the industry is expected to grow at a significantly faster pace across all regions, Prediction is for a 7.2% growth for 2013 (\$322 billion in total sales) and 4.4% growth for 2014 (\$337 billion).

The PC shipments have crossed the 89 million mark globally in the Q1 CY 2012, showing a growth of a 1.9% over shipments 87 million in the same quarter last year. As per Gartner, a research agency, these results have exceeded their earlier projections of a 1.2% decline for the quarter. Also the Mobile phone production is expected to grow 6.7% with semiconductor revenue for mobile phones totaling \$57.2 billion in 2012.

Indian Scenario: The national policy on Electronics will have an impact across the board and present several new opportunities. The demand for electronics goods in the country in 2011-12 stood at \$69.6 billion, with less than half of this sourced locally. With studies pegging the demand at \$400 billion and local production at \$100 billion by 2020, the country is expected to import goods and components worth \$300 billion.

This year will be characterized by opportunities and challenges. The policy if implemented has the potential to be a game changer with far reaching consequences for all of us. This policy will address the huge gap between locally produced electronics and the demand for it. Notwithstanding a weak global economic environment the industry expects boost in demand following the Government of India's decision to connect 2.5 lakh villages with broad band facilities during 2012. Roll out of the National knowledge network project would also be crucial for the industry. Consumer, Industrial and medical segment is also expected to do significantly well during this year.

Forecast for 2012 by segment: The communication segment forecast calls for the strongest semiconductor growth in 2012-13 as it will have 5.5% growth followed by computing industry 4.2% growth.

From an application perspective, smart phones, mobile PCs and tablets will fuel semiconductor growth through 2014. Total smartphone shipments will reach 659.8 million units in 2012-13, up 33.5% from the 494.2 million units shipped in 2011. Gartner estimates that semiconductor revenue from tablets will grow from \$2.4 billion in 2010 to \$17.8 billion in 2014. India and Brazil are estimated to be in the top five countries in smart phone usage and sales.

In the PC market, consumer PC purchases grown to 1.8% in 2011 as per International Data Corporation and expected to grow 5% in 2012 and 9.5% in 2013. However, some of this slowdown is being made up for by stronger-than-expected sales of tablets. Revenue for other PC semiconductor components, including CPUs, will increase.

The outlook for mobile phone production has improved. Overall semiconductor revenue from mobile phones is on pace to total \$51.85 billion in 2011. In 2012, worldwide semiconductor revenue from mobile phones is projected to reach \$57.31 billion, a 10.5% increase from 2011.

SPEL performance during the year

Your Company continues still to be 1st & only Semiconductor IC assembly & Test production facility. It is continuously maintaining this position despite the market fluctuations and other external factors. SPEL continues to be a trusted & strategic contract manufacturing partner for many of the world's leading Semiconductor companies.

Your Company faced various challenges during the current financial year and it was addressed efficiently. In the process it also addressed (a) Production bottlenecks to improve productivity (b) Modernization of equipment for enhanced product mix and (c) equipping itself for future expansions. This would enable SPEL to address increased outsourcing from present & potential Customers in future. Due to these pro-active approaches, SPEL had effectively handled the pricing pressures that resulted from the recession and emerged with reduced impact.

Cause of concern

- The change in Customer loading pattern, i.e. increase in low pin-count packages volumes in place of higher pin-count packages has affected optimum utilization of operating capacity.
- Increased QFN / DFN packages loading at the expense of leaded packages have resulted in skewed capacity utilization creating bottlenecks in certain areas.
- SPEL has to respond to critical Customer's requirement for future growth. They are very high volumes and low Average Selling Price (ASP) products. These requirements can be met only if continuous investments are made in certain Assembly and Test Equipment
- Imposed power restrictions resulted in increased diesel consumption which contributed to reduction in PAT during the year.

How addressed: The Management with its strong commitment and extensive support from its Employees, Suppliers & Customers, maintained its position, despite the Global Slowdown and Economic Crisis in Europe. Investments were made to address the vital requirements of operation with Bank's assistance. Your Company is also sourcing alternate power solutions to combat ever increasing power cost.



The Customer portfolio has widened with reduced dependency on single Customer. Also, your company serves three of the top 20 Semiconductor Companies in the world. Significant product wins achieved during last quarter for very high volume requirements for hand held applications where small device foot-print is needed.

Sales Network established to serve Asia Pacific / Europe regions.

Financial Performance

The Operating results of your Company for the year ended Mar 31, 2012 are given below

(₹in Lakhs)

Particulars	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Sales	7978.63	9146.24
Other Income	86.38	160.51
PBIDT	1255.37	1830.52
Interest	239.69	173.25
Depreciation	937.93	883.67
Profit before Taxation	77.75	773.60
Tax / Deferred Tax	20.81	321.31
Profit after Taxation	56.94	452.29

Due significant reduction (20%) in Average Selling Price, sales revenue of your Company for current year have decreased by 13% over the previous year even though volume grew by 10%. Due to this and due to increase in expenditure on manpower, power, marketing expenses, other overheads, which were necessitated due to operational growth, had an impact on contribution. All the package lines of your Company are in good demand and are expected to increase the contribution in future years.

Emphasis on Values

Your Company has adopted the following as its Values. The Management is highly committed to put these in practice such that all Employees understand. Training sessions are conducted every month such that all Employees attend this program at least once in 6 months:

- Business Ethics : defines us as a Company
- Professionalism : defines us as individuals
- Citizenship : defines our contribution to society

Corporate Social Responsibility (CSR)

SPEL encourages its Employees to participate actively in CSR through SPEL Employees Social Service Organization (SESSO). Following activities were undertaken through SESSO during the previous year.

- Provided educational assistance to the needy people in and around Factory.
- Conducted a voluntary Blood Donation camp.
- Provided assistance to an orphanage and old age home located near Factory.

Dividend

It has not been possible for your Directors to recommend dividend for this financial year due to continuous investment requirement faced during the year.

Fixed Deposits

The fixed deposits for the period were ₹ 2.45 Crores.

Research & Development (R&D)

The Company has carved out an ambitious plan of investment in R&D. This will include investment in PIP and MODLIB. This will assist Company's revenue and profitability in the future years.

Dematerialization of Shares

As the Members are aware, the Company's shares are in the compulsory demat mode, facilitated through arrangement with M/s National Securities Depository Ltd. (NSDL) and M/s Central Depository Services (India) Ltd. (CDSL). Going by the percentage of demat shareholders, it is found that as many as 26,65,596 shares (5.78% of total shares issued), continued to be in physical mode. Your Directors earnestly appeal to all of you to demat the shares and derive the benefits of holding the shares in electronic form.

Subsidiary

The Wholly Owned Subsidiary Company SPEL America Inc, in California, USA has been rendering the marketing services to your Company resulting in enhanced Customer base and satisfaction.

Pursuant to the Circular No. 2/2011 dated Feb 8, 2011 of Ministry of Corporate Affairs, the Board at its Meeting held on Apr 19, 2012 resolved not to enclose the Subsidiary Company's accounts for the year in the Annual Report.

The Annual accounts of the Subsidiary Company and related detailed information will be made available to the Shareholders at any point of time. The annual accounts of the Subsidiary Company will also be kept for inspection by any Shareholders in the Head Office of the Holding Company.

Auditors

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

Directors

Mr. Ar Rm Arun and Dr. T.S. Vijayaraghavan are the directors retiring at the ensuing annual general meeting. As both are being eligible, offering themselves for reappointment. A brief profile of both directors are provided as follows

Mr. Ar Rm Arun

Mr. Arun is an Entrepreneur with a mission of building businesses that transcend time. This mission is made possible by perfecting & growing global deliveries while promoting a Values' based society Mr. Arun holds a Bachelor's degree in Electronics & Communication



Engineering from the Regional Engineering College, Trichy, India and a Master's degree in Electrical Engineering from the State University of New York, Stony Brook, USA. His specialization was in the field of VLSI Design. Having initially been with Polaroid Corp located in Cambridge, Massachusetts, he later worked for Intel Corp, Santa Clara, California

Mr. Arun is on the Executive Committee of the Federation of Indian Chambers of Commerce & Industry (FICCI). He is also the Convener of the IT & Communications Panel of FICCI's Tamil Nadu State Council. Government of Tamilnadu, with a view to formulate the 12th Five year Plan had appointed Mr. Ar Rm Arun, as a member on the State Planning Commission's Steering Committee for Industries & Minerals. This appointment is concentrated on improving Industries & Minerals development within Tamil Nadu and is considering his knowledge of basic issues within this sector.

Dr. T. S. Vijayaraghavan

Dr. Vijayaraghavan holds a Bachelors degree in Mechanical & Electrical Engineering and Doctorate in Science. He is a retired Member of the Indian Administrative Service from the Tamilnadu Cadre. He is currently the Chairman, Committee on Industry, Ministry of Environment and Forests. Member, Senate of the Sri Ramachandra Medical College & Research Institute, Chennai. He is Chairman of SPEL Board's Securities Transfer & Investors' Grievance Committee (STIGC) and a Member of SPEL Board's Audit Committee and Remuneration and Compensation Committee (RCC).

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended Mar 31, 2012 the applicable Accounting Standards had been followed along with proper explanation relating to material departures
2. That the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit or loss of your Company for the year under review
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the accounts for the year ended Mar 31, 2012 on a 'going concern' basis.

Corporate Governance

Your Company is committed to the standards of Corporate Governance and in this direction has laid down well documented internal policies, procedures including Board and Committee procedures and practices in particular relation with Shareholders, Customers, Suppliers and Employees in order to enhance the long-term Shareholder value and maximize interest of all stakeholders.

Your Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance.

A detailed Report on Corporate Governance and a Management Discussion and Analysis report have been attached to form part of the Annual Report.

A Certificate from the Auditors of your Company regarding the compliance of conditions of Corporate Governance has been annexed to this report.

Information pursuant to Section 217 of the Companies Act, 1956

In terms of Section 217 (1) (e) of the Companies Act, 1956 and the rules framed there under, the particulars relating to the conservation of energy, technology absorption & foreign exchange earnings and outgo are given below :

a. Conservation of Energy.

The Company has in place an Energy Committee which meets once a month. This Committee consists of Cross-functional Executives. This Committee identifies the potential areas to conserve energy and implements novel energy saving measures, apart from recommending investment proposals to the management.

Various measures to conserve water were undertaken, notable amongst them being, reuse of Dicing process water & Rain Water Harvesting. Following are the details of power & water consumed. 7350 KL of water was saved during the year.

Power	Water
8904922 units	77976 KLits

b. Technology Absorption.

The particulars regarding Technology Absorption are not applicable to your Company.

c. Foreign Exchange Earnings and Outgo.

Your Company is a 100% export oriented unit and is constantly striving to increase its exports.

Foreign Exchange used during the year : ₹ 4,129.19 lakhs

Foreign Exchange earned during the year : ₹ 7,966.91 lakhs

Particulars of Employees

There are no such Employees drawing remuneration in excess of limits mentioned as per the revised Notification dated Mar 31, 2011 of the Ministry of Corporate Affairs as per Section 217 (2A) of the Companies Act, 1956. Hence no disclosure is required as per the above Notification.



Environment and Safety Measures

Your Company understands that every individual has a responsibility towards our environment. Towards this, Your Company has been devising measures and encouraging its Employees to care for the environment and protect it through conservation of resources, waste minimization and proper disposal, pollution prevention and planting of trees.

Further Your Company's manufacturing activities do not result in any significant release of effluent in the environment.

The Environmental Management System established and maintained by your Company is certified by Bureau Veritas Certification (2004 Version).

Your Company considers environmental care to be a continuous effort and are always on the look out for more avenues to nurture nature by enhancing its environmental performance and also Keeping in view the global trends in procurement of environment friendly products, Company has already introduced Green-molding compounds that are environment friendly as demanded by the Customers.

Acknowledgements

Your Directors wish to place on record their gratitude to the Government of India, the Government of Tamil Nadu, Financial Institutions, Bankers, Insurance Companies, Customs & Excise authorities, valued overseas Customers & Vendors and the Promoters for their continued assistance and support extended to the Company.

Yours Directors wish to place on record, their appreciation of the efficient and loyal services rendered by the Employees at all levels to the Company.

Yours Directors wish to thank the Shareholders for their continued support, forbearance and the confidence reposed on the Management.

For and on behalf of Board of Directors

Place : Chennai
Date : Apr 25, 2012

Dr. A. C. Muthiah
Chairman

Auditors' Certificate on Corporate Governance

To the Members of SPEL Semiconductor Limited

We have examined the compliance of conditions of Corporate Governance by SPEL Semiconductor Limited for the year ended on Mar 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no grievance(s) is / are pending for the period exceeding one month against the Company as per the records maintained by the Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Natarajan & Co.**,
Chartered Accountants,

A. Baskar
Partner
M.No:211721

Place : Chennai
Date : Apr 25, 2012



Management Discussion & Analysis

Business Environment

The Global Semiconductor sales for the year 2011-12 were US\$ 302.2 Billion, an increase of 1.3 % compared to FY 2010-11 sales of US\$ 298.3 Billion. This was as forecasted by majority of the research institutes including the Gartner and Semiconductor Industry Association (SIA). However, sales declined by 5.5 % in Dec 2011 compared with a month earlier. This was due to the inventory correction.

The Asia-Pacific region represented 42% of global Semiconductor sales, while the Americas accounted for 17% of the sales. India & China, two of the key emerging markets drive a lot of demand. In addition to purchasing consumer items such as handsets and computers, both regions continue to invest in wired and wireless infrastructure. These investments in infrastructure create demand for a broad range of Semiconductor products. With improving consumer confidence and purchasing power the Semiconductor industry is well positioned for growth in FY 2012-13. The Semiconductor Industry Association forecast the growth of the Semiconductor sales to be 10% for the year 2012-13.

Impact of the Thailand Flood on the Semiconductor Market in 2011

In the longer term, we believe the impact is not likely to be significant in terms of the worldwide Semiconductor market. Since the industry is not running at full capacity (88% IC capacity utilization in 4Q FY 2011-12 according to SICAS). This Capacity loss in Thailand can be made up elsewhere – although likely by competing companies. Many Thailand companies are still major suppliers of electronics, but much of their manufacturing has been moved to other parts of Asia.

Although the situation in Thailand is unique, other disasters (natural or man-made) have affected the industry in the short term but have not had significant effects in the longer term. The impact on Japan by Tsunami continues and Japan is back to business recently.

Application driven Technology

Semiconductor industry is one of the few industries where new products become obsolete in quick succession because the industry is one of the fastest in business. The constant need for innovation and development has time and again fueled change. There is a never ending demand for device integration and the need to shrink sizes for a variety of hand held and miniature applications.

3D Packages: These packages are designed to integrate more circuits into the package. A 3D package contains two or more chips which are stacked vertically and are connected by edge wiring. A new technology called Through Silicon Via (TSV) are used to bridge two or more chips by creating conductive vias in the silicon chip. They help to further reduce the package size.

Touch Screen Devices: The introduction of the Apple iPad and the touch enabled interface of Windows 7 OS are said to be behind the rapid expansion of this market. Even though touch enabled appliances have been around for some time, the iPad seems to have triggered the growth for low cost devices with touch enabled screens. Windows 7 on the other hand seems to trigger a whole new segment of tablets after the net books.

E-readers & Tablets: According to Digitimes research E-book reader shipments are estimated to reach 28.9 Million units, up 31.4% on year with the US to still be the major contributor to growth. As for Europe, although the region has potential, since the overall market scale is still rather small, its contribution to shipments will be limited.

These are an entirely new segment of consumer electronics targeted at people on the move. E-readers are typically touch screens with captive memory to read e-papers and e-books. They are becoming hugely popular due to their low cost and ease of use. Tablets on the other hand are miniature laptops slower than the net books but come with increased portability. These tablets try to take advantage of the touch interface in Windows 7 to provide users more flexibility and control.



Global Trend for SPEL's package lines

As your Company's share in the global volumes and revenues is small, there is a good potential for increasing the volumes and revenues by widening the Product Portfolio, Customer base and further enhancing the QCDS (Quality, Cost, Delivery & Service) factors. However, we are having limitation on scaling up capacity to next level.

The outlook for the year 2012 looks promising with a 10% growth predicted; global Semiconductor revenues are expected to reach US\$ 323.2 Billion up from US\$ 302.2 Billion in 2011. The communication segment forecast calls for the strongest Semiconductor growth in 2012 as it will have 5.5% growth followed by computing industry (4.2% growth).

From an application perspective, smart phones, mobile PCs and tablets will fuel Semiconductor growth through 2014. Tablets are seeing rapid growth due to the success of the Apple iPad, and the market will continue to see strong growth with greater competition in this space. Total smartphone shipments will reach 659.8 Million units in 2012, up 33.5% from the 494.2 Million units shipped in 2011. Gartner estimates that Semiconductor revenue from tablets will grow from \$ 2.4 Billion in 2010 to \$ 17.8 Billion in 2014. India and Brazil are estimated to be in the top five countries in smart phone usage and sales.

In the PC market, consumer PC purchases grown to 1.8% in 2011 as per International Data Corporation and expected to grow 5% in 2012 and 9.5% in 2013. However, some of this slowdown is being made up for by stronger-than-expected sales of tablets. Revenue for other PC Semiconductor components, including CPUs, will increase.

The outlook for mobile phone production has improved. In 2012, worldwide Semiconductor revenue from mobile phones is projected to reach \$ 57.31 Billion, a 10.5% increase from 2011-12.

Outlook

The industry could not follow the exceptional growth of 31.8% achieved in 2010. The Semiconductor industry has risen only by 1.3% in the year 2011, which was much lesser than the 9% growth predicted a year back. With positive trends emerging by the end of 2011, the industry expected to grow at 10% for the year 2012 with revenue of US\$ 323.2 Billion. Of the total revenues forecasted for the year 2012-13, about 45 % can be attributed to the computing industry, which accounted for sales of US\$ 121 Billion. The rapidly growing smart phone segment accounted for about US\$ 87 Billion in sales in 2011-12 and is expected grow although there is pressure on price points to remain low.

Semiconductor sales in growth areas such as tablets, e-readers and LED/LCD TVs is offsetting flat or decreased revenue from more traditional devices such as DVD players and game consoles. Overall, it is expected that the consumer industry will grow by another 11% in 2012-13.

Growth in automotive and industrial segments is expected to top 8 % in 2012-13. Sectors comprising this segment include high growth areas such as infotainment, safety and diagnostic systems, engine control, energy/battery management, M2M communications, smart grid, LED lighting and factory automation.

At the regional level Asia-Pacific will account for more than half of the Semiconductor market by the end of forecast period.

Corporate Risk Management (CRM) in SPEL

Company has put in place CRM system to mitigate the risks arising in the process of Company's growth. CRM can give comfort that risks are identified, analyzed and controlled. These solutions are targeted to satisfy our growth partners. Implementing a comprehensive and integrated approach to fraud Risk Management across the enterprise remains a significant challenge. Your Company has made the Risk Management as a part of the corporate culture. The Board, Senior Management, Internal Audit, in fact all Employees, has a role to play to ensure that the Company is enacting and achieving ethical and responsible business practices. CRM in SPEL is achieved by segmenting it into three primary objectives — prevention, detection and response. It is a comprehensive and integrated approach that enables control criteria in these three areas to work together.



- **Prevention** covers aspects like fraud & misconduct risk assessment, code of conduct, employee & third-party due diligence, communication & training.
- **Detection** includes issues like hotlines, audit & monitoring, and proactive forensic data analysis.
- **Response** will have to incorporate internal investigation protocols, enforcement & accountability protocols, disclosure protocols and remedial action protocols.

Presently, your Company has identified the risks and addressed suitably to the best of its ability. The Employees at various levels know the importance of the risks, their impact and ways and means to mitigate such risks. In this process, a “Champion Committee”, which would champion the Risk Management process, a Risk Compliance Officer for the purpose of reporting compliance and risk controllers, to be associated with specific individual risks has been nominated. A regular reporting on the CRM to the Board, Audit Committee and Management Committee of Directors is being made in line with the Corporate Governance requirements.

1. Lack of Component level assembly in India is putting off potential Customers to looking SPEL as option for local OSAT partner. Indian Electronics industry is still at nascent stage in terms of component level assembly in spite of booming consumer electronics. All the Multi-National Companies who have set up factories in India e.g., Samsung, LG, Sony buy the components either knocked down kits and pay the duty, buy through centralized procurement offices in Asia Pacific for their various factories located around the world. The components are shipped as a complete set to various locations. These anomalies can be removed when a strong focus from the government in terms of local manufacturing is made.
2. Bigger subcons have huge unutilized capacities that they are willing to fill up by offering 20-25% less than us; this is well below our cost. They are set to go all out to get whatever capacity that they can attract and not averse to take low ASP businesses like QFN. They are also willing to work with small and medium Chip Companies whom they don't entertain during boom circle. Your Company is working out very competitive pricing with reduced margin to attract Customers. Your Management is working out continuous cost reduction process to reduce the cost and pass on the benefit to Customers.
3. However, your Company is limited by its capacity in scalability. This would prohibit SPEL in doing very large volumes with small margin like Chinese sub-cons. Some of the pricing is calculated on FOB basis (inclusive of freight). SPEL is at a disadvantage here as the major EMS companies are situated in China. High volumes will assist us in better bargaining with Vendors thereby pricing can be improved.
4. Following are some of the potential risks for FY 2012-13 and ways of mitigating the same.

Sl. No.	Risk	Mitigation plans
1	Increase in power cost & frequent power interruption	a. Purchase of private power b. Increase in Maximum Demand with TNEB c. Alternate Power (Bio Mass / Bio Gas or Solar) d. Captive power sources through Bio Mass / Bio Gas or Solar
2	Addressing Employee Attrition	Employee motivation measures are already in place. The result of which will be known during next quarters
3	Increasing Input Cost	a. Qualify alternative low cost material b. Qualify alternative Vendors c. Further reduction in wire dia d. Negotiation with Vendors to not pass on the burden



Emphasis on Values & CO's

Your Company has adopted the following as their Core Values and the Management are highly committed to put in practice all these Values. Training sessions are conducted every month to make all the Employees aware of the Core Values. All the Employees attend this program at least once in six months and put it to practice.

- a. Business Ethics : defines us as a Company
- b. Professionalism : defines us as individuals
- c. Citizenship : defines our contribution to society

Your Company has adopted the following as its objectives :

- Profit : Generate sufficient profit that enables our remaining three Corporate Objectives.
- Competence : Widen product portfolio to cover new packages, make process improvements and improve effectiveness of manpower by training.
- Stakeholders : Strengthen relationship with all Stakeholders - Customers, Employees, Vendors, Investors and Lenders.
- Growth : Achieve growth by Market spread & distribution, Customer spread, Revenue and Technology improvements.

Internal Controls Systems and Adequacy

Your Company has adequate Internal Control Systems commensurate with the size and the nature of operations. Coverage of the Internal Audit function and the review by Audit Committee of the various operations & Internal Control measures regularly strengthens the Internal Control Systems of your Company.

Human Resources

Your Company has 465 regular Employees besides 115 Apprentices & Trainees. The Employees of your Company form the experienced, educated and talented technical pool of Human Resources. In view of better opportunities and career growth within your Company, the attrition rate amongst the Employees is less than 3%. About 50% of the Employees are in the services of your Company for over 12 years.

a. Training

Adequate internal, external and overseas training programs are provided to the Employees for sharpening their skills, knowledge and performance. Your Company has identified Business Ethics, Professionalism, and Citizenship as the 3 Core Values to be adhered to by all the Employees and has hosted in its website. Periodical sessions are held on the Core Values.

b. Employee Motivation

In order to create better accountability and ensure clear demarcation of responsibility among Employees, proper performance appraisal is done to the Employees of all the positions. Your Company adopts a policy of promoting experienced and talented personnel within the organization to shoulder higher responsibilities.

Your Company has well defined award schemes to recognize the Best Employee, the Best Stage Production Achievement, the Best suggestion for improvement and Effective 5S Housekeeping schemes. All are implemented with the total involvement of the Employees. An Employee Deficiency Report (EDR) system is also in place to assign demerit points for failures and deficiencies in performance thereby ensure proper care in delivering the quality product.

Your Company views the Employees as 'partners in growth' and provides them adequate opportunity for their career growth within your Company. Family day is being conducted annually to develop sense of family unity. Open Door



Policy is adopted to provide a conducive working environment. Periodical open forum sessions are done, where the CEO personally addresses the Employees on the progress of the Company and to motivate better performance. Your Company has not lost a single day of work due to industrial strike. The industrial relations during the year were normal.

c. Succession planning

All the Functions have line matrix which show up to 3rd inline. Each reporting officer does gap analysis that will show the additional training / mentoring required for the next inline to fill in the shoes of his / her reporting authority if & when the need arises.

Health, Safety and Environment (HSE) Standard

Your Company understands that every individual has a responsibility towards our environment. Towards this, Your Company has been devising measures and encouraging its Employees to care for the environment and protect it through conservation of resources, waste minimization and proper disposal, pollution prevention and planting of trees.

Further Your Company's manufacturing activities do not result in any significant release of effluent in the environment.

The Environmental Management System established and maintained by your Company is Certified by Bureau Veritas Certification. The upgraded ISO 14001 Certificate from 1996 version to 2004 version will comprehensively take care of safe environment practices. It is hopeful that the Company will be able to achieve this certification during the current year

Your Company considers environmental care to be a continuous effort and is always on the look out for more avenues to nurture nature by enhancing its environmental performance and also keeping in view the global trends in procurement of environment friendly products; Company has switched over completely to Green-molding compounds that are environment friendly as demanded by the Customers.

Your Company is committed to the provision of workplaces, services and plants which comply with correct applicable legal requirements and with the highest Health, Safety and Environment (HSE) standards as mentioned below. This goal is pursued in every area of Company's activities and during all phases of project execution, such as engineering, procurement and site activities.

Minimizing the environmental impact of our activities

Optimizing the process safety risk analysis and system

Eliminating health threats

Striving for a "zero accident" work place

Endeavor for continuous improvement.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence Company's operations include global and domestic supply and demand conditions affecting selling prices of finished goods, input availability and prices, changes in Government regulations, tax laws, economic developments within the Country and other factors such as litigation and industrial relations.



Report on Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below.

1. Company's philosophy on Code of Governance

The Company's philosophy of Corporate Governance is proactively meeting its obligations to its Shareholders and creating goodwill with all its Stakeholders.

SPEL believes to enhance the long-term Shareholders value and maximize interest of other Stakeholders through various measures of good governance and further this endeavor, strives to conduct its business with integrity, fairness, accountability and transparency in all its dealings with Stakeholders and regulatory authorities. We have always believed that sound Corporate Governance practices is the cornerstone of any enterprise and is thus forms an integral part of its business policy. Even before the standards were made mandatory, SPEL has been continuously gearing itself to surpass these. The results of good Corporate Governance practices are reflected in confidence reposed by the various Stakeholders.

2. Board of Directors

Composition : The present strength of the Board as on the date of this report is 6 Directors. The Board comprises a combination of Executive and Non-executive Directors.

Composition of Board of Directors, their other Directorships and Committeeships is depicted hereunder :

Sl. No.	Name of the Director	Executive / Non-Executive Independent / Promoter	No. of other Companies in which Director*	No. of Committees (other than SPEL Semiconductor Limited) in which he is Member or Chairman**	Attendance at last AGM (Yes/ No)
1	Dr. A. C. Muthiah	Non-Executive – Non Independent	2	—	No
2	Mr. Ar Rm Arun #	Non-Executive –Non Independent	2	—	Yes
3	Mr. S. R. Vijayakar	Non-Executive – Independent	1	1	No
4	Dr. T. S. Vijayaraghavan	Non-Executive – Independent	1	—	Yes
5	Dr. A. Besant C. Raj	Non-Executive – Independent	1	—	Yes
6	Mr. N. Sivashanmugam	Executive	2	—	Yes

Note

* Includes directorships held in Public Limited Companies only. Directorship held in Private Limited Companies, Foreign Companies and Companies formed under Section 25 of the Companies Act, 1956 are excluded.

** Includes positions held in Audit Committee, Securities Transfer and Investors' Grievance Committee

Mr. Ar Rm Arun was Vice Chairman till Apr 25, 2012

Dr. A. C. Muthiah, Chairman and Mr. Ar Rm Arun, Director are considered to be related.

No. of Board meetings held, dated on which held & Attendance of each director at the Board Meeting

Four Board Meetings were held on Apr 29, 2011, Jul 27, 2011, Oct 28, 2011 & Jan 24, 2012

Name of the Director	No. of Board Meetings attended
Dr. A. C. Muthiah	3
Mr. Ar Rm Arun	4
Mr. S. R. Vijayakar	2
Dr. T. S. Vijayaraghavan	4
Dr. A. Besant C. Raj	4
Mr. N. Sivashanmugam	4

3. Composition of various Board Committees

Name of the Committee	Names of Directors	Category
Audit Committee	Dr. A. Besant C. Raj Dr. T. S. Vijayaraghavan Mr. S. R. Vijayakar	Chairman Member Member
Management Committee	Mr. Ar Rm Arun Mr. N. Sivashanmugam	Chairman Member
Securities Transfer and Investors' Grievance Committee	Dr. T. S. Vijayaraghavan Dr. A. Besant C. Raj Mr. N. Sivashanmugam	Chairman Member Member
Remuneration and Compensation Committee	Mr. S. R. Vijayakar Dr. A. Besant C. Raj Dr. T. S. Vijayaraghavan	Chairman Member Member

4. Board and Committee functioning

a. Board Meetings

1. The Board meetings are generally held in Chennai with the majority of Directors present at each meeting.
2. The detailed Agenda with notes is circulated well in advance and contains all the matters enshrined in Clause 49 of the Listing Agreement
3. Sufficient time is allocated for discussing the items of business, more specifically on the operations front with detailed presentations by the Chief Executive Officer.
4. The Board takes on record the Compliance confirmation from the Head Corporate Affairs & Company Secretary at each meeting which contains the compliance status of all the applicable legislations to the Company. These are also reviewed by the Management Committee at each of its meetings.

b. Management Committee

1. The Management Committee comprises of the Vice Chairman who is the Chairman of the Committee with the other Member being the Whole Time Director. The Chief Executive Officer of the Company is the invitee to the Committee apart from such invitees from time to time. Head Corporate Affairs & Company Secretary is the Secretary of the Committee.
2. The terms of reference of the Committee are laid down by the Board
3. The Agenda for each of these meeting cover the Production, Sales, Operations, Finance, HR and Corporate Affairs of the Company.
4. The meeting is held once in a month
5. The detailed Agenda with notes are circulated well in advance and detailed discussions are held
6. The Committee takes on record the detailed compliance confirmation on the various applicable legislations to the Company placed by the Head Corporate Affairs & Company Secretary

c. Audit Committee

The Audit Committee comprises a majority of Non-executive Independent Directors. Terms of reference of the Audit Committee includes a review of :

1. Financial statements before submission to the Board
2. Draft financial statements and Auditors' Report before submission to the Board
3. Accounting policies and practices
4. Risk management policies and practices
5. Compliance with Stock Exchange and legal requirements concerning financial statements
6. Related party transactions
7. Recommendation of appointment of Auditors and fixing their fees
8. To review the internal control systems and internal audit reports and their compliance thereof

Head Corporate Affairs & Company Secretary is the Secretary of the Committee.

Four Audit Committee Meetings were held on Apr 29, 2011, Jul 27, 2011, Oct 28, 2011 & Jan 24, 2012

Name of the Director	No. of Audit Committee Meetings attended
Dr. A. Besant C. Raj	4
Dr. T. S. Vijayaraghavan	4
Mr. S. R. Vijayakar	2

d. Remuneration and Compensation Committee

The Committee advises the broad policy for remuneration, terms of employment and any changes, including service contracts of Executive and Non-Executive Directors and supervise the Employee Stock Option Scheme (ESOS).

Remuneration and Compensation Committee Meeting was held on Apr 28, 2011

Name of the Director	No. of Committee Meetings attended
Dr. T. S. Vijayaraghavan	1
Dr. A. Ramakrishna **	1
Mr. S. R. Vijayakar	-

Remuneration and Compensation Committee decides on the remuneration of the Whole Time Director and the Chief Executive Officer. The Committee takes into account the general market trend pertaining to the industry viz., the rules of the Company.

** Resigned w.e.f. Apr 29, 2011

5. Details of Remuneration paid to Directors

(Amount in ₹)

Sl. No.	Names of Directors	Remuneration paid during the year 2011-12			
		Salary / Special allowance/ Perquisites	Commission / Bonus / Incentive	Sitting fees	Total
1.	Dr. A. C. Muthiah	NA	NA	24,000	24,000
2.	Mr. Ar Rm Arun	NA	2,48,145*	NA	2,48,145
3.	Mr. S. R. Vijayakar	NA	NA	30,000	30,000
4.	Dr. T S. Vijayaraghavan	NA	NA	61,000	61,000
5.	Dr. A. Besant C. Raj	NA	NA	60,000	60,000
6.	Dr. A. Ramakrishna ##	NA	NA	1,000	1,000
7.	Mr. N. Sivashanmugam	12,80,529**	NA	NA	12,80,529

Resigned w.e.f Apr 29, 2011

* Vice Chairman will be paid profit incentive @ 3% on net profits as determined in accordance with the provisions of Section 198, 309 of the Companies Act, 1956 for FY 2011-12 as per the approval of the Central Government. The Central Government has given its approval vide its letter No.SRNB04815718/1/2011-CL-VII dated Dec 1, 2011.

** Following are the Remuneration details of Mr. N. Sivashanmugam, Whole Time Director :

Remuneration	Per annum
Basic salary	: ₹ 6,60,000/-
Special Allowance	: ₹ 50,029/-

In addition to the above, ₹ 95,264/- has been paid towards variable pay on prorata basis depending on the sales revenue achieved.

Number of shares held by Non-Executive Directors

Sl.No	Name of the Director	Number of shares held
1.	Dr. A.C.Muthiah	4000
2.	Mr. Ar Rm Arun	408223

6. The resume in brief and other details of the Directors, whose appointment /re-appointment are for the consideration of the Members at the ensuing 27th Annual General Meeting, are furnished below :

Mr. Ar Rm Arun

Mr. Arun is an Entrepreneur with a mission of building businesses that transcend time. This mission is made possible by perfecting & growing global deliveries while promoting a Values' based society Mr. Arun holds a Bachelor's degree in Electronics & Communication Engineering from the Regional Engineering College, Trichy, India and a Master's degree in Electrical Engineering from the State University of New York, Stony Brook, USA. His specialization was in the field of VLSI Design. Having initially been with Polaroid Corp located in Cambridge, Massachusetts, he later worked for Intel Corp, Santa Clara, California

Mr. Arun is on the Executive Committee of the Federation of Indian Chambers of Commerce & Industry (FICCI). He is also the Convener of the IT & Communications Panel of FICCI's Tamil Nadu State Council. Government of Tamilnadu, with a view to formulate the 12th Five year Plan had appointed Mr. Ar Rm Arun, as a member on the State Planning Commission's Steering Committee for Industries & Minerals. This appointment is concentrated on improving Industries & Minerals development within Tamil Nadu and is considering his knowledge of basic issues within this sector.

Dr. T. S. Vijayaraghavan

Dr. Vijayaraghavan holds a Bachelors degree in Mechanical & Electrical Engineering and Doctorate in Science. He is a retired Member of the Indian Administrative Service from the Tamilnadu Cadre. He is currently the Chairman, Committee on Industry, Ministry of Environment and Forests. Member, Senate of the Sri Ramachandra Medical College & Research Institute, Chennai. He is Chairman of SPEL Board's Securities Transfer & Investors' Grievance Committee (STIGC) and a Member of SPEL Board's Audit Committee and Remuneration and Compensation Committee (RCC). In addition, he is also on the Board of Wheels India Limited.

7. Securities Transfer and Investors' Grievance Committee

- The Securities Transfer and Investors' Grievance Committee comprise a majority of Independent Non-Executive Directors. Dr. T. S. Vijayaraghavan is the Chairman of the Committee.
- Mr. S. S. Arunachalam, Head Corporate Affairs & Company Secretary is the Compliance Officer
- The Table below shows the nature of complaints received from Shareholders during 2011-12, all of them has been resolved within one month.

Sl. No.	Nature of Complaint	No. of Complaints Received	Attended	Pending
1.	Non-receipt of Share Certificates after transfer & Others	5	5	Nil

- Disclosure on the delegated authority constituted for attending share transfer work

Sl. No.	Description of delegated authority	Full address of delegated authority	Telephone No.(s)	Fax No.(s)	eMail	Average intervals at which share transfers approved
1.	Head Corporate Affairs & Company Secretary	5 CMDA Industrial Estate, MM Nagar (Chennai) 603 209.	(044) 47405490	(044) 47405303	investors@spel.com	15 days
2.	Cameo Corporate Services Limited	"Subramanian Building" 1 ClubHouse Road, Chennai 600 002	(044) 28460390	(044) 28460129	investor@cameoindia.com	

8. General Body Meetings

Details regarding venue, date and time of last three AGM's.

Sl. No.	Financial Year	Details of Location	Date & Time when held
1.	2008-09	5 CMDA Industrial Estate Maraimalai Nagar 603 209	Jul 31, 2009 2.45 pm
2.	2009-10	5 CMDA Industrial Estate Maraimalai Nagar 603 209	Jul 30, 2010 2.45 pm
3.	2010-11	5 CMDA Industrial Estate Maraimalai Nagar 603 209	Jul 27, 2011 2.30 pm

Special Resolutions passed in the previous 3 AGMs :

24th AGM : 1. Extension of term of office of Mr. N. Sivashanmugam, Whole time Director and Chief Financial Officer
2. Increase in profit incentive to Mr. Ar Rm Arun, Vice Chairman of the Company

25th AGM : 1. To vary the terms and conditions of appointment of Mr. N. Sivashanmugam, Director (Whole-time)
2. Payment of profit incentive to Mr. Ar Rm Arun, Vice Chairman of the Company

26th AGM : 1. Extension of term of office and payment of revised remuneration to Mr. N. Sivashanmugam, Whole Time Director

Postal Ballot : The Company has not made use of the Postal Ballot during the year

9. Disclosures

- No transaction of material nature has been entered into by the Company with related parties i.e. Directors or Management, their subsidiaries or relatives that may have potential conflict with the interests of the Company at large.
- The Board duly authorized all transactions with the Companies in which the Promoters or Directors or the Management, their subsidiaries or their relatives are deemed to be interested.
- There were no instances of non-compliance by the Company, on any matter related to capital markets during the last three years. Further, there has been no penalty, and stricture imposed on the Company by Stock Exchanges or SEBI or any statutory authorities against the Company.
- The Company has a Whistle Blower Policy, wherein the employees enjoys access of report of the Audit Committee
- All the mandatory requirements have been complied by the Company and also adopted some of the non-mandatory requirements of this clause.

10. Means of Communications

Financial results of the Company are published in Trinity Mirror and Makkal Kural. The results are also displayed in URL, namely **www.spel.com**. The Company does not display official news releases. Company has not made presentations to institutional investors or to the analysts.

11. General Shareholder Information

- Annual General Meeting (as indicated in the notice) : Jul 30, 2012 at Registered Office of the Company
- Financial year : 2011-12
- Dates of Book Closure : Jul 20, 2012 to Jul 30, 2012
- Listed on Stock Exchange : 1. Bombay Stock Exchange Limited (BSE)
Stock Code : Demat - 517166, Physical - 17166
2. Delhi Stock Exchange Limited (DSE)
- ISIN Number NSDL & CDSL : INE 252A01019
- Outstanding GDR/ADR/Warrants : No
or any convertible instruments
- Registrar & Share Transfer Agent : Cameo Corporate Services Limited
- Address for Communication : a. Head Corporate Affairs & Company Secretary
SPEL Semiconductor Limited
5 CMDA Industrial Estate
MM Nagar (Chennai) 603 209
India
b. Cameo Corporate Services Limited
Subramanian Building
1 Club House Road
Chennai 600 002
- Share Transfer System : All transfer requests received are processed and approved by an authorized signatory. Normally transfers are processed and approved twice a month.
- Factory Location : 5 CMDA Industrial Estate, MM Nagar (Chennai), 603 209. India.

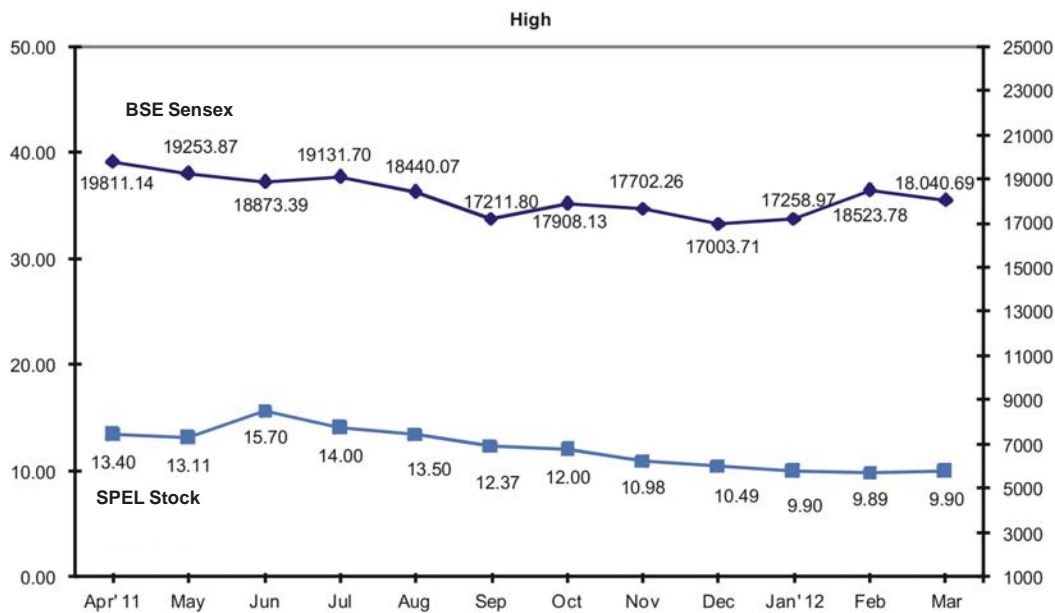
12. Distribution of Shareholding as on Mar 31, 2012

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
1 – 100	13858	43.39	1162591	2.52
101 – 500	13508	42.29	3899089	8.46
501 – 1000	2547	7.98	2137347	4.63
1001 – 2000	1005	3.15	1626656	3.52
2001 – 3000	361	1.13	948193	2.06
3001 – 4000	142	0.44	524952	1.14
4001 – 5000	179	0.56	859348	1.86
5001 – 10000	189	0.59	1428920	3.10
10001 and above	149	0.47	33530347	72.71
Grand Total	31938	100.00	46117443	100.00
No. of Shareholders in Physical Mode	13685			
No. of Shareholders in Electronic Mode	18253			

13. Shareholding Pattern as on Mar 31, 2012

Category	No. of Shareholders	No. of Shares	%
Promoter	1	25811207	55.96
Mutual Funds	2	8600	0.02
Nationalized Banks	1	100	0.00
Overseas Corporate Bodies	1	9000	0.02
Non-Resident Indians	166	334048	0.74
Domestic Companies	411	1347225	2.92
Resident Individuals	31340	18597436	40.32
Clearing Members	13	6277	0.01
Trusts	3	3550	0.01
Total	31938	46117443	100.00

14. Stock Performance V/s BSE Sensex



15. Market Price Data High & Low, Trading volume and no. of trades during each month for FY 2011-12

Month	High	Low	Trading Volume (No.of shares in lakhs)	No. of Trades
Apr 2011	13.40	10.24	7.26	2128
May	13.11	8.75	5.28	1871
Jun	15.70	11.02	12.48	2155
Jul	14.00	11.99	3.34	1254
Aug	13.50	10.12	6.46	1373
Sep	12.37	9.50	9.51	882
Oct	12.00	9.50	1.31	678
Nov	10.98	8.25	1.69	425
Dec	10.49	7.21	0.79	349
Jan 2012	9.90	7.80	1.39	565
Feb	9.89	8.25	2.07	685
Mar	9.90	7.50	1.99	585

16. Non – Mandatory Requirements

- a. Remuneration & Compensation Committee : The Company has a Remuneration & Compensation Committee detailed in this report.
- b. Whistle Blower Policy : The Company has a mechanism for employees to report to the Management concerns about unethical behavior, actual or suspected fraud or violations of the Company's Code of Conduct or Ethics Policy and the existence of said mechanism was appropriately communicated within the organization.

Chief Executive Officer's Declaration on Code of Conduct

As required by Clause 49 of the Listing Agreement, the CEO's declaration for Code of Conduct is given below :

To
The Members of SPEL Semiconductor Limited

This is to certify that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management for the period ended Mar 31, 2012.

For SPEL Semiconductor Limited

Place : Chennai
Date : Apr 25, 2012

D. Balakrishnan
Chief Executive Officer

Certificate by CEO

The Certificate from CEO was obtained and placed before the Board.

Report of the Auditors

To the Members of SPEL Semiconductor Limited

1. We have audited the attached Balance sheet of SPEL SEMICONDUCTOR LIMITED as at 31st March, 2012, Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
- (v) On the basis of the written representations received from the Directors as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March, 2012 from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes on accounts attached thereto give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2012; and
 - (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Natarajan & Co**
Chartered Accountants,

A Baskar
Partner
M.No: 211721

Place : Chennai
Date : Apr 25, 2012

Annexure referred to in paragraph 3 of the report of even date of the Auditors to the Members of SPEL Semiconductor Limited on the Accounts for the year ended Mar 31, 2012

- | | |
|--|---|
| <p>(i) (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;</p> <p>(b) These fixed assets have been physically verified by the Management at reasonable intervals; No material discrepancies were noticed on such verification.</p> <p>(c) No substantial part of fixed assets has been disposed off during the year.</p> | <p>(iv) In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.</p> |
| <p>(ii) (a) The physical verification of inventory has been conducted at reasonable intervals by the Management;</p> <p>(b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p> | <p>(v) (a) According to information and explanation given to us, the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered;</p> <p>(b) In our opinion and according to information and explanation given to us, these transactions in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time;</p> |
| <p>(iii) (a) The company has not granted any loans secured or unsecured to Companies, firms or other parties listed in the register maintained under Section 301 of the Act.</p> <p>The Company had taken unsecured loan in the form of fixed deposit from parties listed in the register maintained under Section 301 of the Companies Act, 1956.</p> <p>(b) In our opinion, the rate of Interest and other terms and conditions on which loans have been taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the Company.</p> <p>(c) The Company is regular in repaying the principal amount as stipulated and has been regular in the payment of Interest.</p> <p>(d) There is no overdue amount of loans taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956</p> | <p>(vi) In our opinion and according to information and explanation given to us, the company has accepted inter-corporate deposits and has complied with the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA of the Act and the rules framed there under, wherever applicable.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.</p> <p>(viii) We are of the opinion that, prima facie, the Company is maintaining Cost Records as applicable under Section 209 (1) (d) of the Companies Act, 1956.</p> <p>(ix) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income- tax, Sales-tax, Wealth Tax, Custom Duty, Excise Duty, and other statutory dues with the appropriate authorities.</p> <p>(b) In our opinion and according to information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears as at 31st March 2012 for a period</p> |

of more than six months from the date they became payable.

- (c) The dues of Customs under dispute have not been deposited amounting to ₹19.50 lakhs.
- (x) The Company does not have any accumulated losses as at the end of the financial year and the Company has not incurred cash losses in this financial year and in the financial year immediately preceding this financial year also.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions.
- (xii) This clause is not applicable as the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments.

Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.

- (xv) Term loans were applied for the purpose for which the loans were obtained;
- (xvi) According to information and explanations given to us, the funds raised on short-term basis have not been used for long term investment and vice versa.
- (xvii) According to information and explanations given to us, the company has not made any preferential allotment of shares to companies covered in the register maintained under Section 301 of the Act.
- (xviii) No debentures have been issued during the year.
- (xix) There was no public issue during the year.
- (xx) No fraud on or by the Company has been noticed or reported during the year.

For **Natarajan & Co**
Chartered Accountants,

A Baskar
Partner
M.No: 211721

Place : Chennai
Date : Apr 25, 2012



Balance Sheet As at Mar 31, 2012

(₹ in Hundred)

	Notes	As at Mar 31, 2012	As at Mar 31, 2011
Source of Funds			
Shareholders' Funds			
Share Capital	1	46,13,253	46,13,253
Reserves and Surplus	2	46,02,300	45,24,779
Money received against share warrants		-	-
Share application money pending allotment			
Non-current liabilities			
Long term borrowings	3	16,80,354	14,37,613
Deferred tax liabilities (Net)		12,06,753	11,85,939
Other Long term liabilities	4	-	-
Long term provisions	5	2,17,571	1,65,114
Current liabilities			
Short term borrowings	6	13,72,933	15,65,872
Trade payables	7	7,45,620	8,96,382
Other current liabilities	7	12,16,936	8,25,891
Short term provisions	5	1,51,976	3,29,119
Total		1,58,07,696	1,55,43,962
Assets			
Non-current assets			
Fixed Assets			
Tangible Assets	8	1,26,64,753	1,03,62,810
Intangible Assets	9	35,910	43,317
Capital work-in-progress		-	13,99,652
Intangible assets under development		-	-
Non-current Investments		44	44
Long term loans and advances	10	61,266	8,27,871
Other non-current assets		-	-
Current assets			
Current investments		-	-
Inventories	12	16,67,273	15,76,336
Trade receivables	11	6,62,951	4,57,360
Cash and cash equivalents	13	2,53,989	4,57,330
Short term loans and advances	10	34,346	39,956
Other current assets	10	4,27,164	3,79,286
Total		1,58,07,696	1,55,43,962

Notes forms an Integral part of the Balance Sheet

For and on behalf of the Board

Per our report attached

Dr. A. C. Muthiah
Chairman

Ar Rm Arun
Director

Dr. A. Besant C. Raj
Director

For **Natarajan & Co.**
Chartered Accountants

Dr. T. S. Vijayaraghavan
Director

N. Sivashanmugam
Whole Time Director

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

A. Baskar
Partner
M.No. 211721

Place : Chennai
Date : Apr 25, 2012



Statement of Profit and Loss Account for the Year Ended Mar 31, 2012

(₹ in Hundred)

	Notes	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Income			
Revenue from Operations	14	79,78,631	91,46,240
Other Income	15	86,375	1,60,962
Total Revenue		<u>80,65,006</u>	<u>93,07,202</u>
Expenditure			
Cost of Materials Consumed	16	38,78,055	43,61,850
Purchase of Stock in Trade			-
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	19	(50,020)	1,68,089
Employee Benefit expenses	20	15,75,774	15,60,433
Finance Costs	25	2,39,694	1,73,704
Depreciation and Amortisation expenses	24	9,37,805	8,81,345
Other expenses	21	14,05,946	13,88,092
Total Expenditure		<u>79,87,254</u>	<u>85,33,514</u>
Profit before exceptional and extraordinary items and tax		77,752	7,73,689
Exceptional items		-	-
Profit before extraordinary items and tax		77,752	7,73,689
Extraordinary items		-	-
Profit before tax		77,752	7,73,689
Tax expense:			
Current Tax		17,522	2,62,107
Less: MAT Credit Entitlement		(17,522)	(50,049)
Deferred Tax		20,814	1,08,648
Profit for the period		56,939	4,52,983
Profit brought forward		24,30,401	19,77,418
Net Profit carried to Balance Sheet		24,87,340	24,30,401
Nominal value of each shares in ₹		10.00	10.00
Basic EPS in ₹		0.12	0.98
Diluted EPS in ₹		0.12	0.98
Number of Shares		4,61,17,443	4,61,17,443
Number of Shares for Diluted EPS		4,61,17,443	4,61,17,443

Notes forms an Integral part of the Profit and Loss Account

For and on behalf of the Board

Per our report attached

Dr. A. C. Muthiah
Chairman

Ar Rm Arun
Director

Dr. A. Besant C. Raj
Director

For **Natarajan & Co.**
Chartered Accountants

Dr. T. S. Vijayaraghavan
Director

N. Sivashanmugam
Whole Time Director

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

A. Baskar
Partner
M.No. 211721

Place : Chennai
Date : Apr 25, 2012

Notes

Significant Accounting Policies

i. Basis of accounting

The financial statements have been prepared under the historical cost conversion, except certain fixed assets which are revalued, on accrual basis and in accordance with the generally accepted accounting principles in India (Indian GAAP). The said financial statements comply with the relevant provision of the Companies Act, 1956 and the Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 as applicable.

ii. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

iii. Fixed Assets and Depreciation

Expenditure which are of a capital nature are capitalised at a cost, which comprises purchase price (net of rebates and discounts), import duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

Depreciation is being charged on straight line method on a pro-rata basis in accordance with rates specified under Schedule XIV of the Companies Act, 1956. Asset cost less than Rs 5000/- is depreciate in the year of purchase.

Certain assets have been revalued as on Mar 31, 2005 & Mar 31, 2008 and the resultant surplus has been added to the cost of the assets with the corresponding credit to revaluation reserve account.

iv. Borrowing Cost

Borrowing cost are capitalized as a part of the cost of qualifying asset when it is possible that they will result in future economic benefit. Other borrowing cost is expensed.

v. Impairment of Asset

At each balance sheet date, the carrying values of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

vi. Investments

Long Term Investments are valued at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in nature

vii. Inventories

Inventories are valued at the lower of cost or net realizable value. The cost comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location and condition. Inventories cost are determined on a weighted average basis.

viii. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency as at the balance sheet date are translated at the rate of exchange prevailing at the year end. Exchange differences arising on actual payments / realizations and year end restatements are dealt with in the profit and loss account.

Premium or Discount on forward contracts is amortised over the life of such contracts and is recognized as income or expense. Foreign currency contracts are stated at market value as at the year end.

ix. Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer.

Interest income is recognized on time proportion basis.

Service revenue is recognised on completion of the service and becomes chargeable

x. Employee Benefit

The Company accounts for Gratuity Liability equivalent to the premium amount payable to Life Insurance Corporation of India based on percentage of annual salary specified by Life Insurance Corporation of India

In respect of compensated absences, the liability is determined on the actual basis and is provided for.

Contribution to defined contribution schemes such as provident fund, employee pension fund and cost of other benefit are recognized as an expenses in the year incurred.

xi. Taxation

Current tax is determined on the income for the year chargeable to tax in accordance with Income Tax Act, 1961.

Deferred tax is recognized for all the timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

xii. Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of Company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

Notes

1 Share Capital

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Authorized Shares : 6,00,00,000 Equity Shares of ₹ 10/- each	60,00,000	60,00,000
Issued Shares : 4,61,47,613 Equity Shares of ₹ 10/- each	46,14,761	46,14,761
Subscribed Shares : 4,61,47,613 Equity Shares of ₹ 10/- each	46,14,761	46,14,761
Paid up Shares : 4,61,47,613 Equity Shares of ₹ 10/- each	46,14,761	46,14,761
Less : Forfeited Shares 30,170 Equity Shares of ₹ 5/- each	1,508	1,508
Total	46,13,253	46,13,253

1-a Equity Shares

	Year ended Mar 31, 2012		Year ended Mar 31, 2011	
	No.	(₹ in Hundred)	No.	(₹ in Hundred)
At the beginning of the period	4,61,174	46,13,253	4,61,174	46,13,253

1-b Terms/rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share.

In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

1-c Shares held by Holding/ultimate Holding Company and/or their Subsidiaries/Associates

Out of equity shares issued by the Company, shares held by its Holding Company, ultimate Holding Company and their Subsidiaries/Associates are as below;

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Southern PetroChemical Industries Corporation Limited, the Holding Company 2,58,11,207 equity shares of ₹ 10 each	25,81,121	25,81,121

1-d Aggregate number of shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting dated. NIL

1-e Details of Shareholders holding more than 5% Shares in the Company

	Year ended Mar 31, 2012		Year ended Mar 31, 2011	
	No.	(₹ in Hundred)	No.	(₹ in Hundred)
Equity Shares of ₹ 10 each fully paid Southern PetroChemical Industries Corporation Limited, the Holding Company	2,58,112	25,81,121	2,58,112	25,81,121

As per the records of the company, including its register of shareholders/members and other from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial

1-f Shares reserved for issue under options

Company has not reserved any equity shares for issue under the employee stock option (ESOP) plan of the company

2 Reserves and Surplus	Year ended Mar 31, 2012 (₹ in Hundred)		Year ended Mar 31, 2011 (₹ in Hundred)	
Capital Reserve	165		6,662	
Securities Premium account	47,346		47,346	
Revaluation Reserve	20,40,370		20,40,370	
Surplus/(deficit) in the statement of profit & loss	24,30,401		19,77,418	
Balances as per last financial statements				
Profit for the year / Surplus for the year	56,938		4,52,983	
	24,87,340		24,30,401	
Hedge Reserve	27,080			
Net Surplus in the statement of profit and loss	<u>46,02,300</u>		<u>45,24,779</u>	
3 Long- term borrowings	Non-current portion		Current maturities	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Term Loans				
Indian rupee loan from Banks (Secured)	16,80,354	12,15,624	5,60,000	10,000
Foreign Currency loan from Banks (Secured)	-	2,21,989	2,51,555	5,15,452
Total	<u>16,80,354</u>	<u>14,37,613</u>	<u>8,11,555</u>	<u>5,25,452</u>
4 Other long-term liabilities	Year ended Mar 31, 2012 (₹ in Hundred)		Year ended Mar 31, 2011 (₹ in Hundred)	
Nil	-		-	
5 Provisions	Long-term		Short-term	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Employee benefits	87,882	71,256	61,973	47,201
Gratuity Payable	1,29,689	93,858	-	-
Others	-	-	90,003	2,81,918
Total	<u>2,17,571</u>	<u>1,65,114</u>	<u>1,51,976</u>	<u>3,29,119</u>
6 Short-term borrowings	Year ended Mar 31, 2012 (₹ in Hundred)		Year ended Mar 31, 2011 (₹ in Hundred)	
Secured				
Packing Credit from Banks (Secured)	3,27,709		3,24,937	
OD against invoices (Secured)	96,322		1,01,015	
Buyers Credit (Secured)	2,03,902		1,94,920	
Sub - Total	6,27,933		6,20,872	
Unsecured				
Deposits	2,45,000		4,45,000	
Bank	5,00,000		5,00,000	
Sub - Total	7,45,000		9,45,000	
Total	<u>13,72,933</u>		<u>15,65,872</u>	

Note :

- A Term loans from Banks are secured by first mortgage of fixed assets acquired out of Bank Finance. Equitable Mortgage relating to Factory Land and Building at 5 CMDA Industrial Estate, Maraimalai Nagar. First Charge on the existing Plant & Machinery and other Fixed Assets for Term Loan.
- B Working Capital Loans from Banks are secured by hypothecation by way of first charge on the current assets of the Company viz. Stock of Raw materials, Stocks in Process, Semi-finished and Finished Goods, Stores and Spares not relating to Plant and Machinery (Consumables, Stores and Spares) Bills receivables, Book debts, deposits and all other movables excluding such movables as may be permitted by Banks in their discretion from time to time, both present and future, wherever situated and further secured by the second charges on the immovable assets of the Company both present and future. The charge on current assets of the Company will rank pari passu with the existing charges created and/or agreed to be created thereon in favour of Banks.
- C Other Terms and Condition of Sanction**
- C1 Security Documents Including Personal guarantee of Dr. A. C. Muthiah. Credit report of the guarantors to be provided.
- C2 Any escalation in project cost due to exchange rate fluctuation will be borne by the Company.

7 Other Current Liabilities

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Trade payables (including acceptances)	7,45,620	8,96,382
Other liabilities		
Current maturities of long-term borrowings	8,11,555	5,25,452
Advance from Customers	1,94,446	1,16,810
Interest Accrued & Due	77,930	
Tax Payable	(9,093)	66,693
Others	1,42,097	1,16,936
Total	19,62,556	17,22,273

8 Tangible Assets

Cost or Valuation	Gross Block				Depreciation				Net Block	
	As at Apr 1, 2011 (₹ in Hundred)	Additions (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Apr 1, 2011 (₹ in Hundred)	For the year (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2011 (₹ in Hundred)
Land	40,10,114	-	-	40,10,114	-	-	-	-	40,10,114	40,10,114
Building	6,82,382	45,284	-	7,27,666	2,63,198	19,963	-	2,83,162	4,44,504	4,19,184
Plant & Machinery	1,14,82,991	31,39,950	10,03,889	1,36,19,051	56,36,718	8,92,276	10,03,889	55,25,105	80,93,946	58,46,273
Furniture & fixtures	80,137	30,614	-	1,10,751	51,080	3,028	-	54,108	56,643	29,057
Office Equipments	1,54,651	14,762	-	1,69,413	1,10,459	10,479	-	1,20,937	48,476	44,193
Motor Vehicle	30,736	-	-	30,736	16,747	2,920	-	19,667	11,069	13,989
Total	1,64,41,011	32,30,609	10,03,889	1,86,67,731	60,78,201	9,28,666	10,03,889	60,02,978	1,26,64,753	1,03,62,810
Previous Year Figure	1,64,06,063	18,336	21,36,582	1,64,96,646	52,11,952	8,74,604	4,421	60,90,952		

Note :

Capital Work-in-Progress ₹ Nil (Previous year ₹ 21,76,310 hundred) relate to advances and purchases for Project.

This includes Borrowing Cost capitalisation for qualified asset amounting to ₹ Nil (Previous year ₹ 25,230 hundred).

Adjustments during the year represents ₹ 51,880 hundred (Previous year ₹ 18,990 hundred loss) towards exchange gain adjusted in fixed assets as per GOI Notification (GO No. GSR225(E) dated Mar 31, 2009).

9 Intangible Assets

Cost or Valuation	Gross Block				Depreciation				Net Block		
	As at Apr 1, 2011 (₹ in Hundred)	Additions (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Apr 1, 2011 (₹ in Hundred)	For the year (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2011 (₹ in Hundred)	
Software	56,196	1,732	-	57,928	12,879	9,139	-	22,019	35,910	43,317	
Previous Year Figure	14,611	41,586	-	56,196	6,138	6,741	-	12,879			

10 Loans & Advances

	Non- Current		Current	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Capital advances	-	7,76,659	-	-
Advances recoverable in cash or kind				
Unsecured Considered good	61,266	51,212	22,905	27,398
Doubtful	-	4,124	-	4,060
	<u>61,266</u>	<u>55,336</u>	<u>22,905</u>	<u>31,458</u>
Provision for doubtful advances	-	4,124	-	4,060
Total	61,266	51,212	22,905	27,398
Other loans and advances				
Loans to employees	-	-	10,060	10,209
Others	-	-	8,687	2,349
Pre-paid exp	-	-	20,290	17,413
Service tax claim	-	-	57,773	62,873
MAT	-	-	3,11,230	2,93,708
Accrued Income	-	-	3,486	5,292
Fairvalue of Forward Contract	-	-	27,080	-
Total	-	-	4,38,605	3,91,844
Grand total	61,266	8,27,871	4,61,510	419,242

11 Trade Receivables

	Non- Current		Current	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Unsecured Considered good				
Exceeding six months from due for payment	-	-	11,508	3,129
Doubtful	-	-	33,452	33,452
Total	-	-	44,960	36,581
Provision for doubtful	-	-	33,452	33,452
Total	-	-	11,508	3,129
Other receivables Unsecured considered good	-	-	6,51,443	4,54,231
Total	-	-	6,51,443	4,54,231
Grand total	-	-	6,62,951	4,57,360

12 Inventories (valued at lower of cost and net realizable value)

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Raw materials and components	6,32,526	5,97,989
Work-in- progress	7,22,853	6,02,447
Finished goods	51,995	1,22,381
Stores and spares	<u>2,59,899</u>	<u>2,53,519</u>
Total	<u>16,67,273</u>	<u>15,76,336</u>

13 Cash and bank balances

	Non- Current		Current	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Cash on hand	-	-	1,207	2,181
Balances with banks				
On current accounts	-	-	1,15,121	2,55,203
Deposits maturity less than 3 months	-	-	40,000	-
Margin money	-	-	<u>97,661</u>	<u>1,99,946</u>
Total	<u>-</u>	<u>-</u>	<u>2,53,989</u>	<u>4,57,330</u>

Margin money deposit with a carrying amount of ₹97,660 hundred (Previous year : ₹1,99,940 hundred) are given as security for opening of Letter of Credit with banks.

14 Revenue from operations

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Revenue from Operations		
Sales of products	78,39,653	90,65,224
Sale Services	92,612	67,785
Other Operating revenue		
Scrap sales	<u>46,366</u>	<u>13,231</u>
Revenue from Operations	<u>79,78,631</u>	<u>91,46,240</u>

Sale of products is related to sale Integrated Circuits

14A Details of services rendered

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Reliability Charges	31,356	40,015
Testing of ICs	<u>61,256</u>	<u>27,770</u>
Total	<u>92,612</u>	<u>67,785</u>

15 Details of Other Income

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Interest Income Bank deposits	11,115	6,951
Rental Income	54,561	19,246
Provision for no longer required	8,563	13,838
Forward Premium	-	2,400
Exchange Fluctuation (Net)	-	1,18,527
Other non-operating income	12,136	-
Total	<u>86,375</u>	<u>1,60,962</u>

16 Cost of raw materials and components consumed

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Inventory at the beginning of the year	6,00,959	5,41,434
Add Purchases	32,37,741	36,69,637
Less inventory at the end of the year	6,35,117	6,00,959
Cost of raw materials and components consumed	32,03,583	36,10,111
Stores Consumed	6,74,472	7,51,739
Total	<u>38,78,055</u>	<u>43,61,850</u>

17 Details of raw material and components consumed

	Year ended Mar 31, 2012		Year ended Mar 31, 2011	
	Qty	Value (₹ in Hundred)	Qty	Value (₹ in Hundred)
Lead frame	374.19	10,14,820	325.46	10,99,760
Gold Wire	9,170.12 Mill Nos.	16,67,600	11,550.50 Mill Nos.	18,34,440
Molding compound	34,773.39 Kms	2,37,940	43,558.66 Kms	3,24,380
Others	Kgs	2,83,210	Kgs	3,51,530

18 Details of Inventory

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Lead frame	2,88,459	2,79,542
Gold Wire/Copper Wire	1,77,080	1,54,822
Silver Epoxy	12,920	14,857
Molding compound	66,958	49,391
Others	89,700	1,02,347
Total	<u>6,35,117</u>	<u>6,00,959</u>

19 (Increase)/decrease in inventory

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	(increase)/ decrease (₹ in Hundred)
Inventories at the end of the year			
Work-in-progress	7,22,853	6,02,447	1,20,406
Finished goods	51,995	1,22,381	(70,386)
	7,74,848	7,24,828	50,020
Inventories at the beginning of the year			
Work-in-progress	6,02,447	8,60,861	1,20,40,609
Finished goods	1,22,381	33,707	88,674
	7,24,828	8,94,568	(1,68,089)
Total	50,020	(1,68,089)	

20 Employee benefit expense

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Salaries, wages and bonus	13,41,018	13,04,471
Contribution to Provident and other fund	1,16,618	1,07,126
Gratuity expense	45,831	36,780
Post employment benefits	20,756	13,585
Staff welfare	51,551	98,469
Total	15,75,774	15,60,433

21 Other expenses

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Characterization & Testing Charges	1,92,061	2,18,933
Power	3,50,477	3,01,999
Fuel	2,01,799	2,24,892
Travel and Conveyance	91,589	88,987
Insurance	7,197	4,982
Rent	17,121	11,236
Rates and Taxes	18,944	26,111
Telephone, Telex, Postage & Telegrams	11,823	14,606
Repairs and Maintenance	1,25,468	1,25,332
Carriage outwards	38,645	40,738
Directors' Sitting Fee	1,758	2,170
Marketing Fee	1,05,276	1,22,440
Commission to Vice Chairman	(33,050)	23,929
Miscellaneous Expenses	2,76,841	1,81,737
Total	14,05,946	13,88,092

22 Contingent Liabilities

Estimated value of contracts remaining to be executed on capital account and not provided for ₹ Nil (Previous year ₹ 5,97,500 hundred)

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Claims against the Company not acknowledged as debts	19,500	19,500
Guarantees given to Central Excise/banks on behalf of other companies with corresponding counter guarantees from them	5,20,000	5,20,000
Service Tax Demand	1,861	-
Income-tax demand	2,23,089	36,410
Letters of Credit for import purchases	5,26,290	4,19,060
Labour Case	15,000	-

23 Payment to Auditor

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
As Auditor		
Audit Fees	1,500	1,500
Tax Audit Fee	300	300
In Other Capacity		
Other Services (Certification Fees)	200	210
Reimbursement Of Expenses	150	150
Total	2,150	2,160

24 Depreciation and Amortization Expenses

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Depreciation of Tangible Assets	9,28,666	8,74,604
Amortization of Intangible Assets	9,139	6,741
Total	9,37,805	8,81,345

25 Finance Costs

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Interest	2,39,694	1,73,704

26 Earnings Per Share (EPS)

The Following Reflects the Profits and Share data used in the basic and Diluted EPS computations;

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Continuing Operations		
Operation for the Year	80,65,006	93,07,202
Profit/(Loss) after tax	56,938	4,52,983
Net Profit/(Loss) for Calculation of Diluted EPS	56,938	4,52,983
Weighted average Number of equity Shares in Calculating Basic EPS	4,61,325	4,61,325
Effect of Dilution		
Weighted average Number of equity Shares in Calculating Basic EPS	4,61,325	4,61,325

27 Gratuity and Other Post-Employment Benefit Plans

27-A Table 1

Gratuity Plan

Actuarial Calculations under AS15 (revised,2005)

Net Asset/Liability recognized in the Balance Sheet as at Mar 31, 2011

Local Currency-Rupees

	(₹ in Hundred)
A Net Asset/(Liability) Recognized in Balance Sheet Mar 31, 2011	
1 Present Value of Defined Benefit Obligation	2,17,319
2 Fair Value Of Plan Assets	1,23,461
3 Funded Status[Surplus/(Deficit)]	(93,858)
4 Unrecognized Past Service Costs	-
5 Net Asset /(Liability)recognized in the Balance Sheet	(93,858)
Assumption at Mar 31, 2011	
Discount Rate	8.20%

27-B Table 2

Gratuity Plan

Actuarial Calculations under AS15 (revised,2005)

Disclosure of employer expense for the year ending Mar 31, 2012

Local Currency-Rupees

	(₹ in Hundred)
A Components of Employer Expenses	
1 Current Service Cost (including risk premiums for Fully Insured Benefits)	21,493
2 Interest Cost	16,621
3 Expected Return On Plan Assets	-
4 Curtailment Cost/(Credit)	-
5 Settlement Cost/(Credit)	-
6 Past Service Cost	-
7 Actuarial Losses/(Gains)	7,717
8 Total employer expense recognize in P&L	45,832
Assumption at Mar 31, 2012	
Discount Rate	8.20%

27-C Table 3

Gratuity Plan

Actuarial Calculations under AS15 (revised,2005)

Net Asset / (Liability) recognized in the Balance Sheet as at Mar 31, 2012

Local Currency-Rupees

	(₹ in Hundred)
A Estimated Net Assets / (Liability) Recognized In Balance Sheet - Mar 31, 2012	
1 Present Value of Defined Benefit Obligation	2,54,680
2 Fair Value Of Plan Assets	1,24,990
3 Funded Status[Surplus/(Deficit)]	(1,29,689)
4 Unrecognized Past Service Costs	-
5 Net Asset / (Liability)recognized in the Balance Sheet	(1,29,689)
Assumption at Mar 31, 2012	
Discount Rate	8.69%

27-D Table 4

Gratuity Plan

Actuarial Calculations under AS15 (revised,2005)

Change In Obligation and assets over the year ending Mar 31, 2012

Local Currency-Rupees

	(₹ in Hundred)
A Change In Defined Benefit Obligation	
1 DBO at beginning of the period	2,17,319
2 Service Cost	21,493
3 Interest Rate	16,621
4 Curtailment Rate / (Credit)	-
5 Settlement Cost/(Credit)	-
6 Plan Amendments	-
7 Acquisitions	-
8 Actuarial Losses /(Gains)	28,491
9 Benefit Payments	(29,245)
10 DBO at end of the period	2,54,680
B Change In Fair Value of Assets	
1 Fair Value of Plan Assets at beginning of the period	1,23,461
2 Acquisition adjustment	-
3 Expected return on plan assets	-
4 Actual Company Contributions	10,000
5 Actuarial Gain/(Loss)	20,774
6 Benefits Payments	(29,245)
7 Fair Value of Plan Assets At end of the period	1,24,990
Assumptions at Mar 31, 2012	
Discount Rate	8.69%

27-E Table 5

**Gratuity Plan
Actuarial Calculations under AS15 (revised,2005)
Reconciliation of Net Asset / (Liability) recognized in Balance Sheet
For the year ending Mar 31, 2012
Local Currency-Rupees**

	(₹ in Hundred)
1 Net Asset / (Liability) at beginning of period	(93,858)
2 Employer Expense	45,832
3 Employer Contributions	10,000
4 Acquisitions/Business Combinations	-
5 Net Asset / (Liability) at end of Period	(1,29,689)

27-F Table 6

**Gratuity Plan
Actuarial Calculations under AS15 (revised,2005)
Experience History
Local Currency-Rupees**

	(₹ in Hundred)
1 Defined Benefit Obligation at end of the period	2,54,680
2 Plan Assets at end of the period	1,24,990
3 Funded Status	(1,29,689)
4 Experience adjustment on plan Liabilities	(1,98,621)
5 Experience adjustment on plan assets	20,774

27-G Assumptions

27-G1 One of the principal assumptions is the discount rate, which should be based Upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

27-G2 The Financial assumptions employed for the calculations as at Mar 31, 2011 and Mar 31, 2012 are as follows:

	Mar 31, 2011	Mar 31, 2012
Discount Rate	8.20%	8.69%
Expected return on assets	0.00%	9.00%
Salary escalation	0.00%	5.00%
Mortality	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate

Withdrawal Rate

Age From	Mar 31, 2011	Mar 31, 2012
18	NA	-
21	NA	-
31	NA	-
41	NA	-
56	NA	-
58	NA	-

27-G3 Notes:

- 1 The effect of Morbidity and With drawal have been factored by Constructing a Multiple Decrement Table on assumption of above Mortality table.
- 2 All the assumptions above have been set following discussions with the Company in this regard.
- 3 We understand that the assumptions of Future Salary increases (Which has been set in Consultation with the company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

28-A **Table 1**
Leave Plan
Actuarial Calculations under AS15 (revised,2005)
Net Asset / (Liability) recognized in the Balance Sheet as at Mar 31, 2011

Local Currency-Rupees

A Net Asset / (Liability) Recognized in Balance Sheet-Mar 31, 2011

1 Present Value of Defined Benefit Obligation

2 Fair Value Of Plan Assets

3 Funded Status[Surplus/(Deficit)]

4 Unrecognized Past Service Costs

5 Net Asset / (Liability) recognized in the Balance Sheet

Assumption at Mar 31, 2011

Discount Rate

(₹ in Hundred)

71,256

-

(71,256)

-

(71,256)

8.20%

28-B **Table 2**
Leave Plan
Actuarial Calculations under AS15 (revised,2005)
Disclosure of employer expense for the year ending Mar 31, 2012
Local Currency-Rupees

A Components of Employer Expenses

1 Current Service Cost (including risk premiums for Fully Insured Benefits)

2 Interest Cost

3 Expected Return On Plan Assets

4 Curtailment Cost/(Credit)

5 Settlement Cost/(Credit)

6 Past Service Cost

7 Actuarial Losses/(Gains)

8 Total employer expense recognize in P&L

Assumption at Mar 31, 2012

Discount Rate

(₹ in Hundred)

2,944

5,671

-

-

-

-

8,010

16,625

8.20%

28-C **Table 3**
Leave Plan
Actuarial Calculations under AS15 (revised,2005)
Net Asset / (Liability) recognized in the Balance Sheet as at Mar 31, 2012
Local Currency-Rupees

A Estimated Net Assets / (Liability) Recognized In Balance Sheet - Mar 31, 2012

1 Present Value of Defined Benefit Obligation

2 Fair Value Of Plan Assets

3 Funded Status[Surplus/(Deficit)]

4 Unrecognized Past Service Costs

5 Net Asset / (Liability) recognized in the Balance Sheet

Assumption at Mar 31, 2012

Discount Rate

(₹ in Hundred)

87,881

-

(87,881)

-

(87,881)

8.69%

28-D **Table 4**
Leave Plan
Actuarial Calculations under AS15 (revised,2005)
Change In Obligation and assets over the year ending Mar 31, 2012
Local Currency-Rupees

	(₹ in Hundred)
A Change In Defined Benefit Obligation	
1 DBO at beginning of the period	71,256
2 Service Cost	2,944
3 Interest Rate	5,671
4 Curtailment Rate / (Credit)	-
5 Settlement Cost/(Credit)	-
6 Plan Amendments	-
7 Acquisitions	-
8 Actuarial Losses /(Gains)	12,199
9 Benefit Payments	(4,190)
10 DBO at end of the period	87,881
B Change In Fair Value of Assets	
1 Fair Value of Plan Assets at beginning of the period	-
2 Acquisition adjustment	-
3 Expected return on plan assets	-
4 Actual Company Contributions	-
5 Actuarial Gain/(Loss)	4,190
6 Benefits Payments	(4,190)
7 Fair Value of Plan Assets At end of the period	87,881
Assumptions at Mar 31, 2012	
Discount Rate	8.69%

28-E **Table 5**
Leave Plan
Actuarial Calculations under AS15 (revised,2005)
Reconciliation of Net Asset / (Liability) recognized in Balance Sheet
For the year ending Mar 31, 2012
Local Currency-Rupees

	(₹ in Hundred)
1 Net Asset /(Liability) at beginning of period	(71,256)
2 Employer Expense	16,625
3 Employer Contributions	-
4 Acquisitions/Business Combinations	-
5 Net Asset / (Liability) at end of Period	(87,881)

28-F **Table 6**
Leave Plans
Actuarial Calculations under AS15 (revised,2005)
Experience History
Local Currency-Rupees

	(₹ in Hundred)
1 Defined Benefit Obligation at end of the period	87,881
2 Plan Assets at end of the period	-
3 Funded Status	(87,881)
4 Experience adjustment on plan Liabilities	775
5 Experience adjustment on plan assets	4,190

28-G **Assumptions**

28-G1 One of the principal assumptions is the discount rate ,which should be based Upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.



28-G2 The Financial assumptions employed for the calculations as at Mar 31, 2011 and Mar 31, 2012 are as follows.

	Mar 31, 2011	Mar 31, 2012
Discount Rate	8.20%	8.69%
Expected return on assets	0.00%	0.00%
Salary exaltation	0.00%	5.00%
Mortality	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate

Withdrawal Rate		Mar 31, 2011	Mar 31, 2012
Age From			
18		NA	-
21		NA	-
31		NA	-
41		NA	-
56		NA	-
58		NA	-

28-G3 Notes:

- 1 The effect of Morbidity and With drawal have been factored by Constructing a Multiple Decrement Table on assumption of above Mortality table.
- 2 All the assumptions above have been set following discussions with the Company in this regard.
- 3 We understand that the assumptions of Future Salary increases (Which has been set in Consultation with the Company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

29 Related party disclosure under Accounting Standard 18

(₹ in Hundred)

Nature of Relationship	Name of the Party	Nature of Transaction with Value
A. Holding Company	Southern Petrochemical Industries Corporation Limited	Balance as on Mar 31, 2012: a. Current Account ₹ 60 b. Guarantee issued ₹ 5,20,000
B. Subsidiary Company	SPEL America Inc.	Marketing Fee – ₹ 12,48,870
C. Key Management Personnel	Dr. A.C. Muthiah Chairman Mr. Ar Rm Arun Vice Chairman Mr. D Balakrishnan Chief Executive Officer Mr. N Sivashanmugam Whole Time Director	Personal Guarantee Commission – ₹ 8,180 Profit Commission – ₹ 2,481 Remuneration – ₹ 30,320 Remuneration - ₹ 12,800

D. Enterprise owned by/over Which Key Management Personnel is able to exercise significant influence	Valingro Exponenta Limited. Vice Chairman is Chairman in Valingro Exponenta Limited	Corporate Communications charges of ₹17,350 Corporate Rent Charges of ₹12,020 Balance Outstanding to them as on Mar 31, 2012 - ₹2,190
	Natronix Semiconductor Technology Limited Vice Chairman is Chairman in Natronix Semiconductor Technology Limited	Manpower Deputation Charges of ₹15,670 Balance Outstanding to them as on Mar 31, 2012 - ₹ 3,660
	ACM Medical Foundation Chairman is Director in ACM Medical Foundation	Fixed Deposit Outstanding as on Mar 31, 2012 ₹ 2,00,000

29-A Remuneration to key managerial personnel

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Mr. D Balakrishnan, Chief Executive Officer Salary, Bonus and contribution to PF	30,320	36,510
Mr. N Sivashanmugam Whole Time Director Salary, Bonus and contribution to PF	12,800	19,570
Total	43,120	56,080

30 CIF Value of Imports

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Capital goods and spares	15,11,800	14,10,770
Raw Materials & Consumables	36,40,180	37,98,670

31 Expenditure in Foreign Currency

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Travel and training	20,180	21,860
Marketing Fee	1,24,870	1,22,440
Characterization and Test Engineering Charges	2,31,110	2,13,520
Interest on Equipment Loan	-	520

32 Imported and Indigenous raw materials, components and spare parts consumed

	Year ended Mar 31, 2012		Year ended Mar 31, 2011	
	% of total consumption	(₹ in Hundred)	% of total consumption	(₹ in Hundred)
Raw Materials				
Imported	100.00	32,03,580	100.00	36,10,110
Indigenous	-	-	-	-
Total	100.00	32,03,580	100.00	36,10,110
Stores and Spares Parts				
Imported	79.68	5,43,610	75.24	5,65,400
Indigenous	20.32	1,38,610	24.76	1,86,340
Total	100.00	6,82,220	100.00	7,51,740

33 **Earnings in foreign Currency**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Exports at F.O.B Value	79,66,910	91,23,500

34 **Payment to Directors**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Salary	6,600	6,600
Special Allowance	500	1,990
Other Perquisites	4,880	10,090
Contribution to PF	820	890
Profit Commission to non Whole Time Director	2,480	23,930
Director Sitting Fee	1,750	2,170
Total	<u>17,030</u>	<u>45,670</u>

35 Computation of net profit in accordance with section 198 of the Companies Act, 1956

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Net Profit before taxes	77,752	7,73,690
Add: Managerial Remuneration	12,800	19,570
Profit Commission to Non Whole Time Director	2,481	23,930
Interest provision for delayed Tax payments	-	16,940
Net Profit as per section 198 of the Companies Act	9,033	8,34,120
Payments to Directors		
a. Remuneration to Whole Time Director	12,800	19,570
b. Profit Commission to Non Whole Time Director	2,481	23,930

36 **The Compounds of Deferred Tax Liability (Net) are as follows**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
A. Deferred Tax Asset		
Provision for Gratuity, Employee Benefit, Bonus, advance and debts/Carry Forward Unabsorbed Loss	1,31,680	86,470
Total (A)	<u>1,31,680</u>	<u>86,470</u>
B. Deferred Tax Liabilities		
Depreciation and Adjustment	1,52,494	1,95,120
Total (B)	<u>1,52,494</u>	<u>1,95,120</u>
Deferred Tax (Net) (A-B)	<u>(20,814)</u>	<u>(1,08,650)</u>

37 Impairment of Assets has been considered as per AS 28 & there is no impairment as on Mar 31, 2012.

38 The company has changed its accounting policy during the year to account for gains or losses on cash flow hedge in the appropriate equity account i.e., Hedge Reserve account. This is different from the method hitherto followed to recognize the same in Profit and Loss account.

39 Previous year's figures have been regrouped wherever necessary.

Cash Flow Statement for the year ended Mar 31, 2012
Pursuant to Clause 32 of the Listing Agreement

(₹ in Hundred)

	Year ended Mar 31, 2012		Year ended Mar 31, 2011
A. Cash Flow from Operating Activities :			
Net Profit before tax and extraordinary item :	77,752		7,73,689
Adjustments for :			
Depreciation	9,37,805	8,81,340	
Foreign Exchange loss	65,115	(1,18,070)	
Interest Income	(11,115)	(6,950)	
Rental Income	(50,993)	(11,950)	
Provision no longer required written back	(8,184)	(13,840)	
Bad Advances	8,184	-	
Transfer from reserve	(6,500)	-	
Interest Expense	2,39,694	11,74,006	1,73,250
Operating Profit before working capital changes	12,51,758		16,77,469
Adjustments for :			
Long term provisions	52,457	(27,180)	
Other Long term liabilities	-	35,000	
Trade payables	(1,50,762)	(19,950)	
Other current liabilities	3,91,045	(67,870)	
Short term provisions	(1,29,100)	194,790	
Long term loans and advances	7,66,605	(5,78,090)	
Inventories	(90,937)	(76,870)	
Trade receivables	(2,05,591)	2,74,080	
Short term loans and advances	5,610	(12,060)	
Other current assets	(3,276)	6,36,050.18	38,620
Cash generated from operations	18,87,808		14,37,939
Direct Tax Paid	65,565		2,49,010
Net Cash from Operating Activities	18,22,243		11,88,929
B. Cash Flow from Investing Activities :			
Purchase of Fixed Assets (including Capital Work-in-Progress and Long Term Loans Exchange difference)	(18,32,689)	(14,42,290)	
Proceeds from Sale of Fixed Assets	-	100	
Interest Income	11,115	6,950	
Rental Income	50,993	11,950	
Net Cash Flow in Investing Activities	(17,70,580)		(14,23,290)



	Year ended Mar 31, 2012	Year ended Mar 31, 2011
(₹ in Hundred)		
C. Cash Flow from Financing Activities :		
Short term borrowings - Receipt	7,061	6,90,720
Short term borrowings - Unsecured	(2,00,000)	(2,82,270)
Long Term borrowings - Secured	2,42,742	(10,75,290)
Long Term borrowings - Unsecured	-	12,55,640
Foreign Exchange gain	(65,115)	118,070
Interest Paid	(2,39,694)	(1,73,250)
Net Cash Flow in Financing Activities	(2,55,006)	5,33,620
Net increase/(decrease) in Cash and Cash Equivalents	(2,03,344)	2,99,259
Cash and Cash Equivalents as at Apr 01, 2011 (Opening Balance)	4,57,330	1,58,070
Cash and Cash Equivalents as at Mar 31, 2012 (Closing Balance)	2,53,986	4,57,329

For and on behalf of the Board

Dr. A. C. Muthiah
Chairman

Ar Rm Arun
Director

Dr. A. Besant C. Raj
Director

Dr. T. S. Vijayaraghavan
Director

N. Sivashanmugam
Whole Time Director

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

Place : Chennai
Date : Apr 25, 2012

Auditors' Report

We have examined the above Cash Flow Statement of SPEL Semiconductor Limited, for the year ended Mar 31, 2012, which is in agreement with the corresponding profit and loss account and balance sheet of the company, covered by our report of Apr 25, 2012 to the Members of the Company.

For **Natarajan & Co.**
Chartered Accountants

Place : Chennai
Date : April 25, 2012.

A Baskar
Partner
M.No.211721



Statement Regarding Subsidiary Companies Pursuant to Section 212 of the Companies Act, 1956

a. Name of the Subsidiary Company	SPEL America, Inc., USA
b. Financial Year of the Subsidiary Company ended on	Mar 31, 2012
c. Holding Company's Interest:	
i. No. of Equity Shares	10
ii. Face Value	\$ 10
iii. Paid up Value	\$ 100
iv. Extent of Holding	100 Percent
d. Net aggregate amount of Subsidiary's profit/(losses) not dealt with in the Holding Company's accounts:	
i. for subsidiary's financial year	Loss - 2,640 Hundred
ii. for its previous year	Loss - 699 Hundred
e. Net aggregate amount of Subsidiary's profit/(losses) dealt with in the Holding Company's accounts:	
i. for subsidiary's financial year	Nil
ii. for its previous financial year	Nil
f. Changes in the interest of the Holding Company between the end of the Subsidiary's financial year ended and Mar 31, 2012	Nil
g. Material Changes between the end of the subsidiary's financial year ended and Mar 31, 2012	Not Applicable

For and on behalf of the Board

Dr. A. C. Muthiah
Chairman

Ar Rm Arun
Director

Dr. A. Besant C. Raj
Director

Dr. T. S. Vijayaraghavan
Director

N. Sivashanmugam
Whole Time Director

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

Place : Chennai

Date : Apr 25, 2012

Details pursuant to the Circular No. 2/2011 dated Feb 8, 2011 of Ministry of Corporate Affairs

	(₹ in Hundred)
1 Capital	44
2 Reserve	(3,858)
3 Total Assets (Fixed and Current Asset)	3,795
4 Total Liabilities	7,610
5 Investment	-
6 Turnover	1,01,645
7 Profit before taxation	(2,257)
8 Provision for taxation	3,84
9 Profit after taxation	(2,641)
10 Proposed dividend	0%



Consolidated Financial Statements
of
SPEL Semiconductor Limited
2011-2012



Auditors' Report to the Board of Directors of SPEL Semiconductor Limited on the Consolidated Financial Statements of the Company and its Subsidiaries

1. We have audited the attached Consolidated Balance Sheet of SPEL Semiconductor Limited and its Subsidiaries as at 31st March, 2012 Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted the audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the Subsidiaries whose financial statements reflects total assets of ₹ 10.13 lakhs as at 31st March 2012, total revenues of ₹ 101.64 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors.
4. We report that the consolidated financial statements have been prepared by SPEL Semiconductor Limited's Management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
5. Based on our audit, and on consideration of reports of other Auditors on separate financial statements, and on the other financial information of the components and to the best of our knowledge and according to information and explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the Accounting Principles generally accepted in India :
 - (a) In the case of Consolidated Balance Sheet, of the state of the affairs of the SPEL Semiconductor Group as at 31st March, 2012; and
 - (b) In the case of Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date; and
 - (c) In the case of Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **Natarajan & Co**
Chartered Accountants,

A Baskar
Partner
M.No: 211721

Place : Chennai
Date : Apr 25, 2012



Consolidated Balance Sheet As at Mar 31, 2012

(₹ in Hundred)

	Notes	As at Mar 31, 2012	As at Mar 31, 2011
Equity and Liabilities			
Shareholders' Funds			
Share Capital	1	46,13,253	46,13,253
Reserves and Surplus	2	45,98,442	45,23,562
Money received against share warrants			
Share application money pending allotment			
Non-current liabilities			
Long term borrowings	3	16,80,354	14,37,613
Deferred tax liabilities (Net)		12,06,753	11,85,939
Other Long term liabilities	4		
Long term provisions	5	2,17,571	1,65,114
Current liabilities			
Short term borrowings	6	13,72,933	15,65,872
Trade payables		7,46,055	8,96,382
Other current liabilities	7	12,17,018	8,25,900
Short term provisions	7	1,52,244	3,32,443
Total		1,58,04,623	1,55,46,078
Assets			
Non-current assets			
Fixed Assets			
Tangible Assets	8	1,26,65,766	1,03,62,810
Intangible Assets	9	35,910	43,317
Capital work-in-progress			
Intangible assets under development			
Non-current Investments			
Long term loans and advances	10	61,266	8,27,871
Other non-current assets			
Current assets			
Current investments			
Inventories	12	16,67,273	15,76,336
Trade receivables	11	6,62,951	4,57,360
Cash and cash equivalents	13	2,54,608	4,58,103
Short term loans and advances	14	29,397	41,343
Other current assets	10	4,27,451	3,79,286
Total		1,58,04,623	1,55,46,078

Notes forms an Integral part of the Balance Sheet

For and on behalf of the Board

Per our report attached

Dr. A. C. Muthiah
Chairman

Ar Rm Arun
Director

Dr. A. Besant C. Raj
Director

For **Natarajan & Co.**
Chartered Accountants

Dr. T. S. Vijayaraghavan
Director

N. Sivashanmugam
Whole Time Director

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

A. Baskar
Partner
M.No. 211721

Place : Chennai
Date : Apr 25, 2012



Consolidated Statement of Profit and Loss Account for the Year Ended Mar 31, 2012

(₹ in Hundred)

	Notes	Year ended Mar 31, 2012	Year ended Mar 31, 2011
Income			
Revenue from Operations	14	79,78,631	91,46,240
Other Income	15	86,375	1,60,962
Total Revenue		80,65,006	93,07,202
Expenditure			
Cost of Materials Consumed	16	38,78,055	43,61,850
Purchase of Stock in Trade		-	-
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	17	(50,020)	1,68,089
Employee Benefit expenses	18	16,34,866	16,19,345
Finance Costs	23	2,39,694	1,73,704
Depreciation and Amortisation expenses	22	9,37,931	8,83,672
Other expenses	19	13,48,987	13,26,951
Total Expenditure		79,89,511	85,33,611
Profit before exceptional and extraordinary items and tax		75,495	7,73,591
Exceptional items		-	-
Profit before extraordinary items and tax		75,495	7,73,591
Extraordinary items		-	-
Profit before tax		75,495	7,73,591
Tax expense			
Current Tax		17,905	2,62,709
Less: MAT Credit Entitlement		(17,522)	(50,049)
Deferred Tax		20,814	1,08,648
Profit for the period		54,297	4,52,284
Profit brought forward		24,29,184	19,76,900
Net Profit carried to Balance Sheet		24,83,481	24,29,184
Nominal value of each shares in ₹		10.00	10.00
Basic EPS in ₹		0.12	0.98
Diluted EPS in ₹		0.12	0.98
Number of Shares		4,61,17,443	4,61,17,443
Number of Shares for Diluted EPS		4,61,17,443	4,61,17,443

Notes forms an Integral part of the Profit and Loss Account

For and on behalf of the Board

Per our report attached

Dr. A. C. Muthiah
Chairman

Ar Rm Arun
Director

Dr. A. Besant C. Raj
Director

For **Natarajan & Co.**
Chartered Accountants

Dr. T. S. Vijayaraghavan
Director

N. Sivashanmugam
Whole Time Director

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

A. Baskar
Partner
M.No. 211721

Place : Chennai
Date : Apr 25, 2012



Notes on the Consolidated Accounts

A. Basis of Consolidation

The Consolidated Financial Statements comprises of financial statements of SPEL Semiconductor Limited (the company) and its subsidiary SPEL America Inc. These Consolidated Financial Statements have been prepared in accordance with AS-21 "Consolidated Financial Statements" notified by the Central Government of India under a Companies (Accounting Standard) Rules, 2006.

The subsidiary company SPEL America Inc., is Incorporated in USA. SPEL Semiconductor Limited is having 100% ownership interest in the subsidiary as at Mar 31, 2007.

B. Significant Accounting Policies

i. Basis of accounting

The financial statements have been prepared under the historical cost, except certain fixed assets which are revalued as on March 31, 2005 and March 31, 2008, and in accordance with the generally accepted accounting principles in India (Indian GAAP). The said financial statements comply with the relevant provision of the Companies Act, 1956 and the Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 as applicable.

ii. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities including the disclosure of contingent liabilities as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

iii. Fixed Assets and Depreciation

Expenditure which are of a capital nature are capitalized at cost, which comprises purchase price (net of rebates and discounts), import duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

Depreciation is being charged on straight line method on a pro-rata basis in accordance with rates specified under Schedule XIV of the Companies Act, 1956. Individual assets costing less than ₹ 5,000/- are depreciated in full in the year of acquisition.

Certain assets have been revalued as on Mar 31, 2005 & Mar 31, 2008 and the resultant surplus has been added to the cost of the assets with the corresponding credit to revaluation reserve account.

iv. Borrowing Cost

Borrowing cost is capitalized as a part of the cost of qualifying asset when it is possible that they will result in future economic benefit. Other borrowing cost is expensed.

v. Impairment of Asset

At each balance sheet date, the carrying values of assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any).

vi. Investments

Long Term Investments are valued at cost. Provision for diminution in the value of long term investments is made only if such decline is other than temporary in nature

vii. Inventories

Inventories are valued at cost, comprises of cost of purchase, cost of conversion and other costs including appropriate production overheads in the case of finished goods and work in process, incurred in bringing such inventories to their present location and condition. The methods of valuation for various categories of Inventories are as follows:

- a. Raw Material, Stores, Spares and Consumables are valued at weighted average rates.
- b. Work in progress is valued at cost or net realizable value whichever is less.
- c. Finished goods are valued at lower of cost or net realizable value.

viii. Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency as at the balance sheet date are translated at the rate of exchange prevailing at the year end. Exchange differences arising on actual payments / realizations and year end restatements are dealt with in the profit and loss account.

Premium or Discount on forward contracts is amortised over the life of such contracts and is recognized as income or expense. Foreign currency contracts are stated at market value as at the year end.

Cash Flow variability in the cash flow hedge exposure, that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. The gain or loss on cash flow hedge will be recognized in the appropriate equity account.

ix. Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership of goods have been passed to the buyer.

Interest income is recognized on time proportion basis.

Service revenue is recognised on completion of the service and becomes chargeable.

x. Employee Benefit

The Company accounts for Gratuity Liability equivalent to the premium amount payable to Life Insurance Corporation of India based on percentage of annual salary specified by Life Insurance Corporation of India.

In respect of compensated absences, the liability is determined on the actual basis and is provided for.

Contribution to defined contribution schemes such as provident fund, employee pension fund and cost of other benefit are recognized as an expenses in the year incurred.

xi. Taxation

Current tax is determined on the income for the year chargeable to tax in accordance with Income Tax Act, 1961.

Deferred tax is recognized for all the timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

xii. Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of Company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognized in the financial statements.

Notes

1 **Share Capital**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Authorized Shares: 6,00,00,000 Equity Shares of ₹ 10/- each	60,00,000	60,00,000
Issued Shares: 4,61,47,613 Equity Shares of ₹ 10/- each	46,14,761	46,14,761
Subscribed Shares: 4,61,47,613 Equity Shares of ₹ 10/- each	46,14,761	46,14,761
Paid up Shares: 4,61,47,613 Equity Shares of ₹ 10/- each	46,14,761	46,14,761
Less : Forfeited Shares 30,170 Equity Shares of ₹ 5/- each	1,508	1,508
Total	46,13,253	46,13,253

Equity Shares

1-a	Year ended Mar 31, 2012 No. (₹ in Hundred)	Year ended Mar 31, 2011 No. (₹ in Hundred)
At the beginning of the period	4,61,174	46,13,253

1-b Terms/rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity is entitled to one vote per share.

In the event of liquidation of the company, the holder of equity shares will be entitled to received remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

1-c Shares held by Holding/ultimate Holding Company and/or their Subsidiaries/Associates

Out of equity shares issued by the Company, shares held by its Holding Company, ultimate Holding Company and their Subsidiaries/Associates are as below;

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Southern PetroChemical Industries Corporation Limited, the Holding Company 2,58,11,20,7 equity shares of ₹ 10 each	25,81,121	25,81,121

1-d Aggregate number of shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting dated. NIL

1-e **Details of Shareholders holding more than 5% Shares in the Company**

	Year ended Mar 31, 2012 No. (₹ in Hundred)	Year ended Mar 31, 2011 No. (₹ in Hundred)
Equity Shares of ₹ 10 each fully paid Southern PetroChemical Industries Corporation Limited, the Holding Company	2,58,112 25,81,121	2,58,112 25,81,121

As per the records of the company, including its register of shareholders/members and other from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial

1-f **Shares reserved for issue under options**

Company has not reserved any equity shares for issue under the employee stock option (ESOP) plan of the company

2 Reserves and Surplus

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Capital Reserve	165	6,662
Securities Premium account	47,346	47,346
Revaluation Reserve	20,40,370	20,40,370
Surplus/(deficit) in the statement of profit & loss	24,29,184	19,76,900
Balances as per last financial statements		
Profit for the year / Surplus for the year	54,297	4,52,28,392
	<u>24,83,481</u>	<u>24,29,184</u>
Hedge Reserve	27,080	-
Net Surplus in the statement of profit and loss	<u>45,98,442</u>	<u>45,23,562</u>

3 Long- term borrowings

	Non-current portion		Current maturities	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Term Loans				
Indian rupee loan from Banks (Secured)	16,80,354	12,15,624	5,60,000	10,000
Foreign Currency loan from Banks (Secured)	-	2,21,989	2,51,555	5,15,452
Total	<u>16,80,354</u>	<u>14,37,613</u>	<u>8,11,555</u>	<u>5,25,452</u>

4 Other long-term liabilities

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Nil	-	-

5 Provisions

	Long-term		Short-term	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Employee benefits	87,882	71,256	61,973	47,201
Gratuity Payable	1,29,689	93,858	-	-
Others	-	-	90,272	2,85,243
Total	<u>2,17,571</u>	<u>1,65,114</u>	<u>1,52,244</u>	<u>3,32,443</u>

6 Short-term borrowings

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Secured		
Packing Credit from Banks (Secured)	3,27,709	3,24,937
OD against invoices (Secured)	96,322	1,01,015
Buyers Credit (Secured)	2,03,902	1,94,920
Sub - Total	6,27,933	6,20,872
Unsecured		
Deposits	2,45,000	4,45,000
Bank	5,00,000	5,00,000
Sub - Total	7,45,000	9,45,000
Total	13,72,933	15,65,872

Note

- A Term loans from Banks are secured by first mortgage of fixed assets acquired out of Bank Finance. Equitable Mortgage relating to Factory Land and Building at 5 CMDA Industrial Estate, Maraimalai Nagar. First Charge on the existing Plant & Machinery and other Fixed Assets for Term Loan.
- B Working Capital Loans from Banks are secured by hypothecation by way of first charge on the current assets of the Company viz. Stock of Raw materials, Stocks in Process, Semi-finished and Finished Goods, Stores and Spares not relating to Plant and Machinery (Consumables, Stores and Spares) Bills receivables, Book debts, deposits and all other movables excluding such movables as may be permitted by Banks in their discretion from time to time, both present and future, wherever situated and further secured by the second charges on the immovable assets of the Company both present and future. The charge on current assets of the Company will rank pari passu with the existing charges created and/or agreed to be created thereon in favour of Banks.
- C **Other Terms and Condition of Sanction**
- Security Documents Including Personal guarantee of Dr. A. C. Muthiah and Credit report of the guarantors to be provided.
 - Any escalation in project cost due to exchange rate fluctuation will be borne by the Company

7 Other Current Liabilities

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Trade payables (including acceptances)	7,46,055	8,96,382
Other liabilities		
Current maturities of long-term borrowings	8,11,555	5,25,452
Advance from Customers	1,94,446	1,16,810
Interest Accrued & Due	77,930	-
Tax Payable	(9,093)	66,693
Others	1,42,098	1,16,936
Total	19,62,990	17,22,273

8 Tangible Assets

Cost or Valuation	Gross Block				Depreciation				Net Block		
	As at Apr 1, 2011 (₹ in Hundred)	Additions (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Apr 1, 2011 (₹ in Hundred)	For the year (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2011 (₹ in Hundred)	
Land	40,10,114	-	-	40,10,114	-	-	-	-	40,10,114	40,10,114	
Building	6,82,382	45,284	-	7,27,666	2,63,198	19,963	-	2,83,162	4,44,504	419,184	
Plant & Machinery	1,14,82,991	31,39,950	10,03,889	1,36,19,051	56,36,718	8,92,276	10,03,889	55,25,105	80,93,946	58,46,273	
Furniture & fixtures	80,571	30,614	-	1,11,185	51,513	3,028	-	54,542	56,643	29,057	
Office Equipments	1,60,431	15,901	-	1,76,332	1,16,238	10,604	-	1,26,843	49,489	44,193	
Motor Vehicle	30,736	-	-	30,736	16,747	2,920	-	19,667	11,069	13,989	
Total	1,64,47,225	32,31,748	10,03,889	1,86,75,084	60,84,415	9,28,792	10,03,889	60,09,318	1,26,65,766	1,03,62,810	
Previous Year Figure	1,64,20,528	59,506.11	21,366	1,64,96,64,579	52,11,952	8,79,133	4,421	60,90,952			

Note :

Capital Work-in-Progress ₹ Nil (Previous year ₹ 21,76,310 hundred) relate to advances and purchases for Project.

This includes Borrowing Cost capitalisation for qualified asset amounting to ₹ Nil (Previous year ₹ 25,230 hundred).

Adjustments during the year represents ₹ 51,880 hundred (Previous year ₹ 18,990 hundred loss) towards exchange gain adjusted in fixed assets as per GOI Notification (GO No. GSR225(E) dated Mar 31, 2009).

9 Intangible Assets

Cost or Valuation	Gross Block				Depreciation				Net Block		
	As at Apr 1, 2011 (₹ in Hundred)	Additions (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Apr 1, 2011 (₹ in Hundred)	For the year (₹ in Hundred)	Adjustments (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2012 (₹ in Hundred)	As at Mar 31, 2011 (₹ in Hundred)	
Software	56,196	1,732	-	57,928	12,87,9	9,139	-	22,019	35,910	43,317	
Previous Year Figure	14,611	41,586	-	56,196	6,13,8	6,741	-	12,879			

10 Loans & Advances

	Non- Current		Current	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Capital advances	-	7,76,659	-	-
Advances recoverable in cash or kind				
Unsecured Considered good	61,266	51,212	16,081	27,398
Doubtful	-	4,124	-	4,060
	<u>61,266</u>	<u>55,336</u>	<u>16,081</u>	<u>31,458</u>
Provision for doubtful advances	-	4,124	-	4,060
Total	61,266	51,212	16,081	27,398
Other loans and advances				
Loans to employees	-	-	10,060	10,209
Others	-	-	10,849	3,736
Pre-paid exp	-	-	20,290	17,413
Service tax claim	-	-	57,773	62,873
MAT	-	-	3,11,230	2,93,708
Fairvalue of Forward Contract	-	-	27,080	-
Accrued Income	-	-	3,486	5,292
Total	-	-	<u>4,40,767</u>	<u>3,93,231</u>
Grand total	61,266	8,27,871	4,56,848	4,20,629

11 Trade Receivables

	Non- Current		Current	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Unsecured Considered good				
Exceeding six months from due for payment	-	-	11,508	3,129
Doubtful	-	-	33,452	33,452
Total	<u>-</u>	<u>-</u>	<u>44,960</u>	<u>36,581</u>
Provision for doubtful	-	-	33,452	33,452
Total	<u>-</u>	<u>-</u>	<u>11,508</u>	<u>3,129</u>
Other receivables				
Unsecured considered good	-	-	6,51,443	4,54,231
Total	<u>-</u>	<u>-</u>	<u>6,51,443</u>	<u>4,54,231</u>
Grand total	<u>-</u>	<u>-</u>	<u>6,62,951</u>	<u>4,57,360</u>

12 Inventories (valued at lower of cost and net realizable value)

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Raw materials and components	6,32,526	5,97,989
Work-in- progress	7,22,853	6,02,447
Finished goods	51,995	1,22,381
Stores and spares	2,59,899	2,53,519
Total	<u>16,67,273</u>	<u>15,76,336</u>

13 Cash and bank balances

	Non- Current		Current	
	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Cash on hand	-	-	1,207	2,181
Balances with banks	-	-	-	-
On current accounts	-	-	1,15,740	2,55,976
Deposits maturity less than 3 months	-	-	40,000	-
Margin money	-	-	97,661	1,99,946
Total	<u>-</u>	<u>-</u>	<u>2,54,608</u>	<u>4,58,103</u>

Margin money deposit with a carrying amount of ₹ 97,660 hundred (Previous year : ₹ 1,99,940 hundred) are given as security for opening of Letter of Credit with banks.

14 Revenue from operations

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Revenue from Operations		
Sales of products	78,39,653	90,65,224
Sale Services	92,612	67,785
Other Operating revenue		
Scrap sales	46,366	13,231
Revenue from Operations	<u>79,78,631</u>	<u>91,46,240</u>

Sale of products is related only to sale Integrated Circuits

14A Details of services rendered

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Reliability Charges	31,356	40,015
Testing of ICs	61,256	27,770
Total	<u>92,612</u>	<u>67,785</u>

15 Details of Other Income

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Interest Income Bank deposits	11,115	6,951
Rental Income	54,561	19,246
Provision for no longer required	8,184	13,838
Forward Premium	-	2,400
Exchange Fluctuation (Net)	-	1,18,527
Other non-operating income	-	12,514
Total	<u>86,375</u>	<u>1,60,962</u>

16 Cost of raw materials and components consumed

	Year ended Mar 31, 2012 (in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Inventory at the beginning of the year	6,00,959	5,41,434
Add Purchases	32,37,741	36,69,637
Less inventory at the end of the year	6,35,117	6,00,959
Cost of raw materials and components consumed	<u>32,03,583</u>	<u>36,10,111</u>
Store Consumed	6,74,471	7,51,739
Total	<u>38,78,055</u>	<u>43,61,850</u>

16-a Details of raw material and components consumed

	Year ended Mar 31, 2012		Year ended Mar 31, 2011	
	Qty	(₹ in Hundred)	Qty	(₹ in Hundred)
Lead frame	374.19	10,14,820	325.46	10,99,760
Gold Wire	9,170.12	16,67,600	11,550.50	18,34,440
Molding compound	34,773.39	2,37,940	43,558.66	3,24,380
Others		2,83,210		3,51,530

16-b Details of Inventory

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Lead frame	2,88,459	2,79,542
Gold Wire/Copper Wire	1,77,080	1,54,822
Silver Epoxy	12,920	14,857
Molding compound	66,958	49,391
Others	89,700	1,02,347
Total	6,35,117	6,00,959

17 (Increase)/decrease in inventory

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)	(increase) decreas (₹ in Hundred)
Inventories at the end of the year			
Work-in-progress	7,22,853	6,02,447	1,20,406
Finished goods	51,995	1,24,033	(70,386)
	7,74,848	7,26,480	48,369
Inventories at the beginning of the year			
Work-in-progress	6,02,447	8,60,861	1,20,40,609
Finished goods	1,22,381	33,707	88,674
	7,24,828	8,94,568	(1,68,089)
Total	50,020	(1,68,089)	

18 Employee benefit expense

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Salaries, wages and bonus	13,46,965	13,55,109
Contribution to Provident and other fund	1,21,118	1,11,229
Gratuity expense	45,831	36,780
Post employment benefits	20,756	13,585
Staffwelfare	1,00,196	1,02,642
Total	16,34,866	16,19,345

19 Other expenses

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Characterization & Testing Charges	1,92,061	2,18,933
Power	3,50,477	3,01,999
Fuel	2,01,799	2,24,892
Travel and Conveyance	96,783	92,695
Insurance	7,197	4,982
Rent	21,007	13,669
Rates and Taxes	19,012	26,139
Telephone, Telex, Postage & Telegram	15,404	17,932
Repairs and Maintenance	1,26,180	1,26,032
Carriage outwards	38,645	40,738
Directors' Sitting Fee	1,758	2,170
Commission	-	2,268
Commission to Vice Chairman	(33,050)	23,929
Miscellaneous Expenses	3,11,714	2,30,573
Total	13,48,987	13,26,951

20 Contingent Liabilities

Estimated value of contracts remaining to be executed on capital account and not provided for ₹ Nil (Previous year ₹ 5,97,500 hundred)

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Claims against the Company not acknowledged as debts	19,500	19,500
Guarantees given to Central Excise/banks on behalf of other companies with corresponding counter guarantees from them	5,20,000	5,20,000
Service Tax Demand	1,861	Nil
Income-tax demand	2,23,089	36,410
Letters of Credit for import purchases	5,26,290	4,19,060
Labour Case	15,000	Nil

21 Payment to Auditor

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
As Auditor		
Audit Fees	1,500	1,500
Tax Audit Fee	300	300
In Other Capacity		
Other Services (Certification Fees)	200	210
Reimbursement Of Expenses	150	150
Total	2,150	2,160

22 Depreciation and Amortization Expenses

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Depreciation of Tangible Assets	9,28,792	8,76,931
Amortization of Intangible Assets	9,139	6,741
Total	9,37,931	8,83,672

23 Finance Costs

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Interest	2,39,694	1,73,704

24 Earnings Per Share (EPS)

The Following Reflects the Profits and Share data used in the basic and Diluted EPS computations;

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Continuing Operations		
Operation for the Year	80,65,006	93,07,202
Profit/(Loss) after tax	54,297	4,52,284
Weighted average Number of equity Shares in Calculating Basic EPS	4,61,325	4,61,325
Effect of Dilution		
Weighted average Number of equity Shares in Calculating Basic EPS	4,61,325	4,61,325

25. Gratuity and Other Post-Employment Benefit Plans

25-a Table 1

Gratuity Plan

Actuarial Calculations under AS15 (revised, 2005)

Net Asset / (Liability) recognized in the Balance Sheet as at Mar 31, 2011

Local Currency-Rupees

A	(₹ in Hundred)
Net Asset / (Liability) recognised in Balance Sheet-Mar 31, 2011	
1 Present Value of Defined Benefit Obligation	2,17,319
2 Fair Value Of Plan Assets	1,23,461
3 Funded Status[Surplus/(Deficit)]	(93,858)
4 Unrecognized Past Service Costs	-
5 Net Asset / (Liability) recognized in the Balance Sheet	(93,858)
Assumption at Mar 31, 2011	
Discount Rate	8.20%

25-b **Table 2**

Gratuity Plan

Actuarial Calculations under AS15 (revised,2005)

Disclosure of employer expense for the year ending Mar 31, 2012

Local Currency-Rupees

	(₹ in Hundred)
A Components of Employer Expenses	
1 Current Service Cost (including risk premiums for Fully Insured Benefits)	21,493
2 Interest Cost	16,621
3 Expected Return On Plan Assets	-
4 Curtailment Cost/(Credit)	-
5 Settlement Cost/(Credit)	-
6 Past Service Cost	-
7 Actuarial Losses/(Gains)	7,717
8 Total employer expense recognized in P&L	45,832
Assumption at Mar 31, 2012	
Discount Rate	8.20%

25-c **Table 3**

Gratuity Plan

Actuarial Calculations under AS15 (revised,2005)

Net Asset / (Liability) recognized in the Balance Sheet as at Mar 31, 2012

Local Currency-Rupees

	(₹ in Hundred)
A Estimated Net Assets / (Liability) recognized in the Balance Sheet -Mar 31, 2012	
1 Present Value of Defined Benefit Obligation	2,54,680
2 Fair Value Of Plan Assets	1,24,990
3 Funded Status[Surplus/(Deficit)]	(1,29,689)
4 Unrecognized Past Service Costs	-
5 Net Asset / (Liability) recognized in the Balance Sheet	(1,29,689)
Assumption at Mar 31, 2012	
Discount Rate	8.69%

25-d **Table 4**

Gratuity Plan

Actuarial Calculations under AS15 (revised,2005)

Change In Obligation and assets over the year ending Mar 31, 2012

Local Currency-Rupees

	(₹ in Hundred)
A Change In Defined Benefit Obligation	
1 DBO at beginning of the period	2,17,319
2 Service Cost	21,493
3 Interest Rate	16,621
4 Curtailment Rate / (Credit)	-
5 Settlement Cost/(Credit)	-
6 Plan Amendments	-
7 Acquisitions	-
8 Actuarial Losses /(Gains)	28,491
9 Benefit Payments	(29,245)
10 DBO at end of the period	2,54,680

B	Change In Fair Value of Assets	
1	Fair Value of Plan Assets at beginning of the period	1,23,461
2	Acquisition adjustment	-
3	Expected return on plan assets	-
4	Actual Company Contributions	10,000
5	Actuarial Gain/(Loss)	20,774
6	Benefit Payments	(29,245)
7	Fair Value of Plan Assets At end of the period	1,24,990
Assumptions at 31 Mar 2012		
Discount Rate		8.69%

25-e **Table 5**
Gratuity Plan
Actuarial Calculations under AS15 (revised,2005)
Reconciliation of Net Asset / (Liability) recognized in Balance Sheet
For the year ending Mar 31, 2012
Local Currency-Rupees

		(₹ in Hundred)
1	Net Asset / (Liability) at beginning of period	(93,858)
2	Employer Expense	45,832
3	Employer Contributions	10,000
4	Acquisitions/Business Combinations	-
5	Net Asset / (Liability) at end of Period	(1,29,689)

25-f **Table 6**
Gratuity Plan
Actuarial Calculations under AS15 (revised,2005)
Experience History
Local Currency-Rupees

		(₹ in Hundred)
1	Defined Benefit Obligation at end of the period	2,54,680
2	Plan Assets at end of the period	1,24,990
3	Funded Status	(1,29,689)
4	Experience adjustment on plan Liabilities	(1,98,621)
5	Experience adjustment on plan assets	20,774

25-g **Assumptions**

25-g1 One of the principal assumptions is the discount rate ,which should be based upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

25-g2 The Financial assumptions employed for the calculations as at Mar 31, 2011 and Mar 31, 2012 are as follows.

	Mar 31, 2011	Mar 31, 2012
Discount Rate	8.20%	8.69%
Expected return on assets	0.00%	9.00%
Salary escalation	0.00%	5.00%
Mortality	LIC(1994-96) Ultimate	LIC (1994-96) Ultimate
Withdrawal Rate		
	Age From	Mar 31, 2011
	18	NA
	21	NA
	31	NA
	41	NA
	56	NA
	58	NA
		Mar 31, 2012
		-
		-
		-
		-
		-
		-

25-g3 Notes

- 1 The effect of Morbidity and Withdrawal have been factored by Constructing a Multiple Decrement Table On assumption of above Mortality table.
- 2 All the assumptions above have been set following discussions with the Company in this regard.
- 3 We understand that the assumptions of Future Salary increases (Which has been set in Consultation with the company) , take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

26-a **Table 1**
Leave Plan
Acturial Calculations under AS15 (revised,2005)
Net Asset / (Liability) recognized in the Balance Sheet as at Mar 31, 2011
Local Currency-Rupees

	(₹ in Hundred)
A Net Asset / (Liability) recognized in Balance Sheet- Mar 31, 2011	
1 Present Value of Defined Benefit Obligation	71,256
2 Fair Value Of Plan Assets	-
3 Funded Status[Surplus/(Deficit)]	(71,256)
4 Unrecognized Past Service Costs	-
5 Net Asset / (Liability) recognized in the Balance Sheet	(71,256)
Assumption at Mar 31, 2011	
Discount Rate	8.20%

26-b **Table 2**
Leave Plan
Acturial Calculations under AS15 (revised,2005)
Disclosure of employer expense for the year ending Mar 31, 2012
Local Currency-Rupees

	(₹ in Hundred)
A Components of Employer Expenses	
1 Current Service Cost (including risk premiums for Fully Insured Benefits)	2,944
2 Interest Cost	5,671
3 Expected Return On Plan Assets	-
4 Curtailment Cost/(Credit)	-
5 Settlement Cost/(Credit)	-
6 Past Service Cost	-
7 Acturial Losses/(Gains)	8,010
8 Total employer expense recognized in P&L	16,625
Assumption at Mar 31, 2012	
Discount Rate	8.20%

26-c **Table 3**
Leave Plan
Acturial Calculations under AS15 (revised,2005)
Net Asset / (Liability) recognized in the Balance Sheet as at Mar 31, 2012
Local Currency-Rupees

	(₹ in Hundred)
A Estimated Net Assets / (Liability) Recognized In Balance Sheet - Mar 31, 2012	
1 Present Value of Defined Benefit Obligation	87,881
2 Fair Value Of Plan Assets	-
3 Funded Status[Surplus/(Deficit)]	(87,88)
4 Unrecognized Past Service Costs	-
5 Net Asset /(Liability) recognized in the Balance Sheet	(87,881)
Assumption at Mar 31, 2012	
Discount Rate	8.69%

26-d **Table 4**
Leave Plan
Actuarial Calculations under AS15 (revised,2005)
Change In Obligation and assets over the year ending Mar 31, 2012
Local Currency-Rupees

	(₹ in Hundred)
A Change In Defined Benefit Obligation	
1 DBO at beginning of the period	71,256
2 Service Cost	2,944
3 Interest Rate	5,671
4 Curtailment Rate / (Credit)	-
5 Settlement Cost/(Credit)	-
6 Plan Amendments	-
7 Acquisitions	-
8 Actuarial Losses /(Gains)	12,199
9 Benefit Payments	(4,190)
10 DBO at end of the period	87,881
B Change In Fair Value of Assets	
1 Fair Value of Plan Assets at beginning of the period	-
2 Acquisition adjustment	-
3 Expected return on plan assets	-
4 Actual Company Contributions	-
5 Actuarial Gain/(Loss)	4,190
6 Benefits Payments	(4,190)
7 Fair Value of Plan Assets At end of the period	-
Assumptions at Mar 31, 2012	
Discount Rate	8.69%

26-e **Table 5**
Leave Plan
Actuarial Calculations under AS15 (revised,2005)
Reconciliation of Net Asset / (Liability) recognized in Balance Sheet
For the year ending Mar 31, 2012
Local Currency-Rupees

	(₹ in Hundred)
1 Net Asset / (Liability) at beginning of period	(71,256)
2 Employer Expense	16,625
3 Employer Contributions	-
4 Acquisitions/Business Combinations	-
5 Net Asset / (Liability) at end of Period	(87,881)

26-f **Table 6**
Leave Plans
Actuarial Calculations under AS15 (revised,2005)
Experience History
Local Currency-Rupees

	(₹ in Hundred)
1 Defined Benefit Obligation at end of the period	87,881
2 Plan Assets at end of the period	-
3 Funded Status	(87,881)
4 Experience adjustment on plan Liabilities	775
5 Experience adjustment on plan assets	4,190

26-g **Assumptions**

26-g1 One of the principal assumptions is the discount rate ,which should be based Upon the market yields available on Government bonds at the accounting date with a term that matches that of the liabilities.

26-g2 The Financial assumptions employed for the calculations as at Mar 31, 2011 and Mar 31, 2012 are as follows.

	Mar 31, 2011	Mar 31, 2012
Discount Rate	8.20%	8.69%
Expected return on assets	0.00%	0.00%
Salary escalation	0.00%	5.00%
Mortality	LIC(1994-96) Ultimate	LIC(1994-96) Ultimate

Withdrawal Rate

Age From	Mar 31, 2011	Mar 31, 2012
18	NA	-
21	NA	-
31	NA	-
41	NA	-
56	NA	-
58	NA	-

26-g3 Notes

1. The effect of Morbidity and Withdrawal have been factored by Constructing a Multiple Decrement Table On assumption of above Mortality table.
2. All the assumptions above have been set following discussions with the Company in this regard.
3. We understand that the assumptions of Future Salary increases (Which has been set in Consultation with the Company), take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

27 **Related party disclosure under Accounting Standard 18**

(₹ in Hundred)

Nature of Relationship	Name of the Party	Nature of Transaction with Value
A. Holding Company	Southern Petrochemical Industries Corporation Limited	Balance as on Mar 31, 2012: a. Current Account ₹ 60 b. Guarantee issued ₹ 5,20,000
B. Subsidiary Company	SPEL America Inc.	Marketing Fee – ₹ 12,48,870
C. Key Management Personnel	Dr. A.C. Muthiah Chairman	Personal Guarantee Commission – ₹ 8,180
	Mr. Ar Rm Arun Vice Chairman	Profit Commission – ₹ 2,481
	Mr. D Balakrishnan Chief Executive Officer	Remuneration – ₹ 30,320
	Mr. N Sivashanmugam Whole Time Director	Remuneration – ₹ 12,800

D. Enterprise owned by/over Which Key Management Personnel is able to exercise significant influence	Valingro Exponenta Limited.	Corporate Communications charges of ₹ 17,350
	Vice Chairman is Chairman in Valingro Exponenta Limited	Corporate Rent Charges of ₹ 12,020 Consultancy Charges of ₹ 28,767 Balance Outstanding to them as on Mar 31,2012 - ₹ 2,190
	Natronix Semiconductor Technology Limited	Manpower Deputation Charges of ₹ 15,670
	Vice Chairman is Chairman in Natronix Semiconductor Technology Limited	Balance Outstanding to them as on Mar 31,2012 - ₹ 3,660
	ACM Medical Foundation Chairman is Director in ACM Medical Foundation	Fixed Deposit Outstanding as on Mar 31, 2012 - ₹ 2,00,000

27-a **Remuneration to key Managerial Personnel**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Mr. D Balakrishnan, Chief Executive Officer Salary,Bonus and contribution to PF	30,320	36,510
Mr. N Sivashanmugam, Whole Time Director Salary,Bonus and contribution to PF	12,800	19,570
Total	43,120	56,080

28 **CIF Value of Imports**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Capital goods and spares	15,11,800	14,10,770
Raw Materials & Consumables	36,40,180	37,98,670

29 **Expenditure in Foreign Currency**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Travel and training	20,180	21,860
Marketing Fee	124,870	122,440
Characterization and Test Engineering Charges	231,110	213,520
Interest on Equipment Loan	-	520

30 **Imported and Indigenous raw materials, components and spare parts consumed**

	Year ended Mar 31,2012 % of total (₹ in Hundred) consumption		Year ended Mar 31,2011 % of total (₹ in Hundred) consumption	
Raw Materials				
Imported	100.00	32,03,580	100.00	36,10,110
Indigenous	-	-	-	-
Total	100.00	32,03,580	100.00	36,10,110
Stores and Spare Parts				
Imported	79.68	5,43,610	75.24	5,65,400
Indigenous	20.32	1,38,610	24.76	1,86,340
	100.00	6,82,220	100.00	7,51,740

31 **Earnings in foreign Currency**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Exports at F.O.B Value	79,66,910	91,23,500

32 **Payment to Directors**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Salary	6,600	6,600
Special Allowance	500	1,990
Other Perquisites	4,880	10,090
Contribution to PF	820	890
Profit Commission to non Whole Time Director	2,480	23,930
Director Sitting Fee	1,750	2,170
Total	17,030	45,670

33 **Computation of net profit in accordance with section 198 of the Companies Act, 1956**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
Net Profit before taxes	75,495	7,73,591
Add: Managerial Remuneration	12,800	19,570
Profit Commission to Non Whole Time Director	2,481	23,930
Interest provision for delayed Tax payments	-	16,940
Loss on sale of Fixed Assets	-	-
Net Profit as per section 198 of the Companies Act	90,776	8,34,031
Payments to Directors		
a. Remuneration to Whole Time Director	12,800	19,570
b. Profit Commission to Non Whole Time Director	2,481	23,930

34 **The Compounds of Deferred Tax Liability (Net) are as follows**

	Year ended Mar 31, 2012 (₹ in Hundred)	Year ended Mar 31, 2011 (₹ in Hundred)
A. Deferred Tax Asset		
Provision for Gratuity, Employee Benefit, Bonus, advance and debts/Carry Forward Unabsorbed Loss	1,31,680	86,470
Total (A)	1,31,680	86,470
B. Deferred Tax Liabilities		
Depreciation and Adjustment	1,52,490	1,95,120
Total (B)	1,52,494	1,95,120
Deferred Tax (Net) (A-B)	(20,814)	(1,08,650)

35 Impairment of Assets has been considered as per AS 28 & there is no impairment as on Mar 31, 2012

36 The company has changed its accounting policy during the year to account for gains or losses on cash flow hedge in the appropriate equity account i.e., Hedge Reserve account. This is different from the method hitherto followed to recognize the same in Profit and Loss account.

37 Previous year's figures have been regrouped wherever necessary.

Consolidated Cash Flow Statement for the year ended Mar 31, 2012
Pursuant to Clause 32 of the Listing Agreement

(₹ in Hundred)

	Year ended Mar 31, 2012	Year ended Mar 31, 2011
A. Cash Flow from Operating Activities :		
Net Profit before tax and extraordinary item :	75,495	7,73,591
Adjustments for :		
Depreciation	9,37,931	8,83,670
Foreign Exchange loss	65,115	1,18,070
Interest Income	(11,115)	(6,950)
Rental Income	(50,993)	(11,950)
Provision no longer required written back	(8,184)	(13,840)
Bad Advances	8,184	-
Transfer from reserve	(6,500)	-
Interest Expense	2,39,694	2,67,350
Operating Profit before working capital changes	12,49,626	20,09,941
Adjustments for :		
Long term provisions	52,457	(27,180)
Other Long term liabilities	-	35,000
Trade payables	(1,50,327)	17,750
Other current liabilities	391,118	67,870
Short term provisions	(1,32,540)	(1,94,790)
Long term loans and advances	7,66,605	(5,97,310)
Inventories	(90,937)	76,870
Trade receivables	(2,05,591)	3,30,250
Short term loans and advances	12,028	12,060
Other current assets	(3,563)	38,620
Cash generated from operations	18,88,875	17,69,081
Direct Tax Paid	65,565	2,49,600
Net Cash from Operating Activities	18,23,310	15,19,481
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets (including Capital Work -in-Progress and Long Term Loans Exchange difference)	(18,33,822)	(14,42,291)
Proceeds from Sale of Fixed Assets	-	100
Interest Income	11,115	6,950
Rental Income	50,993	11,950
Net Cash Flow in Investing Activities	(17,71,713)	(14,23,291)



(₹ in Hundred)

	Year ended Mar 31, 2012	Year ended Mar 31, 2011
C. Cash Flow from Financing Activities :		
Short term borrowings - Receipt	7,061	6,90,720
Short term borrowings - UnSecured	(2,00,000)	(2,82,270)
Long Term borrowings - Secured	2,42,742	(10,45,290)
Long Term borrowings - UnSecured	-	12,25,640
Foreign Exchange gain	(65,115)	(1,18,070)
Interest Paid	(2,39,694)	(2,67,350)
Net Cash Flow in Financing Activities	(2,55,006)	2,03,380
Net increase/(decrease) in Cash and Cash Equivalents	(2,03,410)	2,99,570
Cash and Cash Equivalents as at Apr 01, 2011 (Opening Balance)	4,58,100	1,58,530
Cash and Cash Equivalents as at Mar 31, 2012 (Closing Balance)	2,54,690	4,58,100

For and on behalf of the Board

Dr. A. C. Muthiah
Chairman

Ar Rm Arun
Director

Dr. A. Besant C. Raj
Director

Dr. T. S. Vijayaraghavan
Director

N. Sivashanmugam
Whole Time Director

S. S. Arunachalam
Head Corporate Affairs &
Company Secretary

Place : Chennai
Date : Apr 25, 2012

Auditors' Report

We have examined the above Consolidated Cash Flow Statement of SPEL Semiconductor Limited, for the year ended Mar 31, 2012, which is in agreement with the corresponding profit and loss account and balance sheet of the company, covered by our report of Apr 25, 2012 to the Members of the Company.

For Natarajan & Co
Chartered Accountants

Place : Chennai
Date : Apr 25, 2012.

A Baskar
Partner
M.No.211721



SPEL Semiconductor Limited

Registered Office : 5 CMDA Industrial Estate, Maraimalai Nagar (Chennai) 603 209.

Attendance Slip

Members attending the Meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I here by record my presence at the 27th Annual General Meeting of the Company to be held at 4.00 pm on Monday, Jul 30, 2012 at 5 CMDA Industrial Estate, Maraimalai Nagar (Chennai) 603 209.

_____	_____
Full Name of the Member (in block letters)	Signature
Folio No : _____ DP ID No.* _____	Client ID No.* _____
* Applicable if Members holding shares in electronic form	

_____	_____
Full name of the proxy (in block letters)	Signature
Note : 1. Member/proxy holder wishing to attend the meeting must bring the Attendance Slip to the Meeting. 2. Member /proxy holder desiring to attend the meeting should bring his copy of the Notice for reference at the meeting.	

SPEL Semiconductor Limited

Registered Office : 5 CMDA Industrial Estate, Maraimalai Nagar (Chennai) 603 209.

Proxy

I/We.....
ofin the district of
being a Member/Members of the above named Company hereby appoint
..... of in the district of or failing
him of in the District of
..... as my / our proxy to attend and vote for me/us and
on my/our behalf at the 27th Annual General Meeting of the Company to be held at 4.00 pm on Monday,
Jul 30, 2012 at 5 CMDA Industrial Estate, Maraimalai Nagar (Chennai) 603 209

Signed this day of 2012
Folio No : _____ DP ID No.* _____ Client ID No.* _____
* Applicable if Member holding shares in electronic form

No. of shares

This form is to be used $\frac{\text{** in favour of}}{\text{**against}}$ the resolution. Unless otherwise instructed,
the Proxy will act as he thinks fit.

** Strike out whichever is not desired.

Affix
Re.1
Revenue
Stamp

- Notes :** i) The Proxy must be returned so as to reach the Registered Office of the Company, 5 CMDA Industrial Estate, Maraimalai Nagar (Chennai) 603 209 not less than FORTY-EIGHT HOURS before the time for holding the aforesaid Meeting.
ii) Those Members who have multiple folios with different Jointholders may use copies of this Attendance Slip / Proxy.

Acceptance of Communication through Electronic Mode

In an effort to make the earth a better place to live, the green movement has been sweeping over the globe. Not only are Governments & Companies contributing to helping the environment, individuals are as well. The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” by allowing paperless compliance by Companies through electronic mode and has issued recently a Circular bearing No. 17/2011 dated Apr 21, 2011 stating that service of documents by a Company to its Members can be made through electronic mode. The move of the Ministry allows public at large to contribute to the green movement.

Keeping in view the underlying theme and the circular issued by MCA, we will be sending various communications and documents like notice calling general meetings, audited financial statements, Directors’ report, auditor’s report etc., henceforth, in electronic form, to the eMail address provided by you to the Depositories.

If you are holding Company’s shares in electronic form and have an eMail ID, not registered with our Share

Transfer Agent Cameo Corporate Services Limited, the same may be furnished to us at the AGM venue or may be updated with our Share Transfer Agent at **investor@cameoindia.com**.

Members holding shares in the physical form may also register their eMail ID with our Share Transfer Agent or write to us at **investors@spel.com**

This is also a golden opportunity for every Shareholder of the Company to contribute to this Corporate Social Responsibility initiative of SPEL. By receiving communications through electronic mode you also have the benefit of receiving communications promptly and avoiding loss in postal transit, besides helping save costs on paper, postage, reducing paper consumption & saving trees.

1. Shareholder’s Name :
- 2 Folio No. :
3. eMail ID :

Signature



Book-Post

**27th Annual Report
2011-12**

To

If undelivered, please return to :
SPEL Semiconductor Limited
5 CMDA Industrial Estate
MM Nagar (Chennai) 603 209, India.