



29th Annual Report
2013-14

Defining The Future Through Partnerships



SPEL Semiconductor Limited

Board of Directors

- | | |
|-----------------------------|---------------------------|
| 1. Dr. T. S. Vijayaraghavan | Director |
| 2. Mr. K. Ravikumar | Director |
| 3. Mr. N. Ramakrishnan | Director |
| 4. Mr. D. Balakrishnan | Whole Time Director & CEO |
| 5. Mr. N. Sivashanmugam | Whole Time Director |

Company Secretary

Ms. Rohini Ramanathan

Auditors

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

Registered Office & Factory

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

US Office

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

Bankers

1. Indian Overseas Bank
2. Allahabad Bank

Registrar & Share Transfer Agents

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



Vision

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

Mission

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

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

Quality Policy

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

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

*Work towards continual quality improvement through
training and teamwork*



Environment Policy

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

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

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

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

Emphasizing the minimization of significant impacts, wastes and pollution prevention

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

Notifying this policy to all Stakeholders



Previous 5 years performance

(₹ in lakhs)

	2013-14	2012-13	2011-12	2010-11	2009-10
Sales	6338.90	8076.92	7978.63	9146.24	8716.00
PBIDT	1586.20	1197.01	1340.67	1828.28	1962.55
Finance Cost	470.37	584.01	325.12	173.25	214.57
PBDT	1115.83	613.00	1015.55	1655.03	1747.98
Depreciation	1096.13	1185.06	937.80	881.34	818.45
PBT	19.70	(572.06)	77.75	773.69	929.53
Tax Expense	(12.48)	(117.03)	20.81	320.71	318.69
PAT	32.18	(455.03)	56.94	452.98	610.84
Net Profit	32.18	(455.03)	56.94	452.98	610.84



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. E-mail ID :

Signature

Contents

Sl.No.	Description	Page
1.	Notice of 29 th Annual General Meeting	7
2.	Directors' Report	14
3.	Management Discussion & Analysis	18
4.	Report on Corporate Governance	21
5.	Report of the Auditors	30
6.	Balance Sheet	34
7.	Statement of Profit & Loss Account	35
8.	Notes	36
9.	Cash Flow Statement	52
10.	Statement Regarding Details of the Subsidiary Company	54
11.	Consolidated Financial Statements	55



Notice

Notice is hereby given that the 29th Annual General Meeting (AGM) of SPEL Semiconductor Limited will be held at 10.45 am on Monday the Sep 15, 2014 at the Registered office of the Company, No. 5, CMDA Industrial Estate, Maraimalai Nagar 603 209, to transact the following Business :

Ordinary Business

1. Adoption of Financial Statements

To receive, consider and adopt the Financial Statements of the Company for the year ended Mar 31, 2014 including the Audited Balance Sheet as on that date, the Statement of Profit and Loss, and the reports of the Board of Directors and Auditors thereon.

2. Appointment of Auditors

To re-appoint Auditors of the Company to hold office from the conclusion of this AGM until the conclusion of the 4th consecutive AGM, to fix their remuneration and to pass the following resolution :

"Resolved that pursuant to provisions of Section 139 of the Companies Act, 2013 and Rules and the recommendation of the Audit Committee of the Board of Directors, M/s. M.S.Krishnaswami & Co., Chartered Accountants (Firm Registration No.01554S), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this AGM to the conclusion of the 4th consecutive AGM and that the Board of Directors be and is hereby authorized to fix such remuneration as may be determined in consultation with the Auditors".

Special Business:

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

3. Appointment of Dr. T. S. Vijayaraghavan as Independent Director

"Resolved that in accordance with the provisions of Sections 149, 150, 152 and applicable provision of the Companies Act, 2013 ("Act") thereunder read with Schedule IV to the Act as is current at any time Dr. T. S. Vijayaraghavan (holding DIN 00063728), a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and is eligible for appointment be and is hereby appointed as an Independent Director of the

Company with effect from Sep 15, 2014 and upto Sep 14, 2019, not liable to retire by rotation".

4. Appointment of Mr. N. Ramakrishnan as Independent Director

"Resolved that in accordance with the provisions of Sections 149, 150, 152 and applicable provision of the Companies Act, 2013 ("Act") thereunder read with Schedule IV to the Act as is current at any time Mr. N. Ramakrishnan (holding DIN 00046234), a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and is eligible for appointment be and is hereby appointed as an Independent Director of the Company with effect from Sep 15, 2014 and upto Sep 14, 2019, not liable to retire by rotation".

5. Appointment of Mr. K. Ravikumar as Independent Director

"Resolved that in accordance with the provisions of Sections 149, 150, 152 and applicable provisions of the Companies Act, 2013 ("Act") thereunder read with Schedule IV to the Act as is current at any time, Mr. K.Ravikumar,(holding DIN 00119753), a Non-Executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and is eligible for appointment be and is hereby appointed as an Independent Director of the Company with effect from Sep 15, 2014 and upto Sep 14, 2019, not liable to retire by rotation."

6. Appointment of Mr.D.Balakrishnan as the Director, liable to retire by rotation and Whole-Time Director

"Resolved that in accordance with the applicable provisions of the Companies Act, 2013 ("Act"), Mr.D.Balakrishnan (holding DIN 02131242) who was appointed as Additional Director of the Company by the Board of Directors with effect from Jun 19, 2014 be and is hereby appointed as a Whole-Time Director of the Company."

"Resolved further that subject to the provisions of Section 2(94), 196, 197, 198 and 203 and others that are applicable of the Companies Act, 2013, read with Schedule V to the Companies Act, 2013 and Rules, consent of the Company be and is hereby accorded to the appointment of Mr.D.Balakrishnan as Whole-Time Director of the Company from Jun 19, 2014 on terms and conditions as specified in the Statement pursuant to Section 102(1) of Companies Act, 2013 annexed to this notice as under :



I. Remuneration

- i) Basic Salary of ₹15,72,000/- per annum, with annual increments to be fixed by the Board of Directors based on performance.
- ii) Special Allowance of ₹ 8,83,044/- per annum.
- iii) Performance linked incentive not exceeding ₹14,00,004/- per annum based on his performance and target achievement.
- iv) Remuneration shall be subject to deduction of tax at source and other statutory deductions as applicable.

II. Perquisites

- i) Medical expenses for himself and/or any member of his family not exceeding ₹15,000/- per annum.
- ii) Contribution by the Company towards Provident Fund at the applicable rates in force as per Company rules.
- iii) Gratuity as per Company rules.

- iv) Conveyance reimbursement at actual cost subject to a maximum of ₹ 5,04,000/- per annum including chauffeur for official purpose.
- v) Telephone & Mobile phone expenses including payment for local calls and long distance calls incurred for business purposes of the Company to a maximum of ₹12,000/- per annum.

“Resolved further that the Board of Directors and the Company Secretary, be and are hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

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

Rohini Ramanathan
Company Secretary

Notes

1. The Explanatory statement pursuant to Section 102 of the Companies Act, 2013, regarding Special Business set out in Item Nos. 3 to 6 is annexed hereto.
2. Details required under Clause 49 of the Listing Agreement with the Stock Exchanges, of persons seeking appointment / re-appointment is annexed.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy/ Proxies to attend and vote instead of himself/herself. Such a Proxy/ Proxies need not be a Member of the Company. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total Share Capital of the Company.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of Companies, Societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. The Register of Members and the Share Transfer books of the Company will remain closed from Sep 5, 2014 to Sep 15, 2014 (both days inclusive).

5. For shares held in physical form, any change in address may be intimated immediately to the Company / Share Transfer Agent by quoting the Folio Number(s). For shares held in demat form, change in address may be intimated directly to the Members' DP. Members are requested to address all correspondences to the Registrar and Share Transfer Agents, Cameo Corporate Services Limited, Subramanian Building, 1 Club House Road, Chennai 600 002.
6. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and be verified.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.



8. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, form an integral part of the Notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
9. Electronic copy of the Annual Report for 2013-14 is being sent to all the Members whose E-mail ID's are registered with the Company/Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013 is being sent in the permitted mode.
10. Electronic copy of the Notice of the 29th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the Members whose E-mail ID's are registered with the Company/Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their E-mail address, physical copies of the Notice of the 29th Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Members may note that the Notice of the 29th Annual General Meeting and the Annual Report for 2013-14 will be available on the Company's website www.spel.com for download. Physical copies of these documents will be available at the Company's Registered Office in Chennai for inspection during normal business hours on working days. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the Shareholders may also send requests to the Company's investor email ID: investors@spel.com.
12. **Voting through electronic means (e-voting)**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Clause 35B of the Listing Agreement, the Company is pleased to offer e-voting facility to Members to exercise their votes electronically to all resolutions set forth in the Notice convening the 29th Annual General Meeting (AGM) to be held on at 10.45 am on

Monday, Sep 15, 2014. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the e-voting facility.

The Company has appointed Mr. T. Balasubramanian of M/s. BM & Associates, Company Secretaries as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. e-voting is optional. The e-voting rights of the Shareholders / Beneficial Owners shall be reckoned on the Equity Shares held by them as on Aug 14, 2014.

The instructions for e-voting are as under:

- (i) The voting period begins on Sep 8, 2014 at 9.00 am and ends on Sep 10, 2014 at 6.00 pm. During this period Shareholders' of the Company, holding Shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Aug 14, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL : 16 digits beneficiary ID,
 - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

For Members holding Shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as physical Shareholders)

	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company please enter the Member ID / Folio Number in the Dividend Bank details field as mentioned in instruction (v).

(viii) After entering these details appropriately, click on "Submit" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, Members holding Shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and

take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN (EVS No. 140825005) for the relevant <Company Name (SPEL Semiconductor Limited)> on which you choose to vote.

(xii) On the voting page, you will see "Resolution Description" and against the same the option "Yes/No" for voting. Select the option Yes or No as desired. The option Yes implies that you assent to the Resolution and option No implies that you dissent to the Resolution.

(xiii) Click on the "Resolution File Link" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote, click on "Submit". A confirmation box will be displayed. If you wish to confirm your vote, click "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "Confirm" your vote on the resolution, you will not be allowed to modify your vote.

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

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

(XVIII) Note for Non-Individual Shareholders and Custodians

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details they have to create a compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have



issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.

(xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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

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

Item No.3

Dr. T. S. Vijayaraghavan is a Non - Executive (Independent) Director of the Company. He joined the Board of the Company in Aug 2004. Dr. Vijayaraghavan holds a Bachelor's degree in Mechanical & Electrical Engineering and Doctorate in Science (Honoris Casusa). He is a retired Member of the Indian Administrative Service from the Tamilnadu Cadre.

As per Section 149 of the Companies Act, 2013 ("Act") which has come into force with effect Apr 1, 2014, the term of an Independent Director shall be for 5 consecutive years on the Board of the Company and he is not liable to retire by rotation.

In the opinion of the Board, Dr. T. S. Vijayaraghavan fulfils the conditions specified in the Act and Rules for his appointment as an Independent Director of the Company as he is independent of the Management under Section 149(6) of the Act.

Accordingly under Section 149 read with Schedule VI of the Act, the appointment of Dr.T.S.Vijayaraghavan as Independent Director is placed before the Members in the General Meeting for approval.

Except Dr. T. S. Vijayaraghavan none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 3.

Item No.4

Mr. N. Ramakrishnan is a Non-Executive Independent Director of the Company. He joined the Board of the Company in Jan 2013 and is, an Advocate & Solicitor with over 30 years' corporate experience in Legal, Secretarial and Administrative matters. He holds Master's degrees in Law (gold medal in Company Law in LL.M.) and Commerce,

and is a Fellow of the Institute of Company Secretaries of India.

He served ITC Bhadrachalam Paperboards Limited for 20 years as Vice-President (Legal) and Company Secretary and was responsible for the Legal, Secretarial and Administrative functions of the Company. He also headed the Company's Finance function for a year in a phase of transition. On the Company's merger with ITC Limited, he became Vice-President (Legal) of ITC Limited.

Mr. Ramakrishnan was Vice-President (Corporate Affairs) & Secretary of Southern Petrochemical Industries Corporation Limited for 9 years. . He has been a Member of the Governing Body of the Indian Council of Arbitration. In June 2011, he took to independent legal practice as an Advocate & Solicitor

As per Section 149 of the Companies Act, 2013 ("Act") which has come into force with effect Apr 1, 2014, the term of an Independent Director shall be for 5 consecutive years on the Board of the Company and he is not liable to retire by rotation.

In the opinion of the Board, Mr. N.Ramakrishnan fulfils the conditions specified in the Act and Rules for his appointment as an Independent Director of the Company as he is independent of the Management under Section 149(6) of the Act.

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

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

Item No.5

Mr. K.Ravikumar, was appointed as an Additional Director of the Company by the Board of Directors at its Meeting held on May 26, 2014 with effect from May 26, 2014 pursuant Section 149, 152 of the Companies Act 2013 and Article 94 of Article of Association of the Company and holds office upto the date of this Annual General Meeting of the Company pursuant to Section 161 (1) of the Act and Article 94 of Article of Association of the Company

A brief profile of Mr. K.Ravikumar is given herein for the information of Shareholders.

After completing his M. Tech from IIT Madras and Post-Graduation in Business Administration, Mr. K. Ravikumar joined BHEL in 1975 in the Energy Systems and New Products (R&D) Division and rose to be its Chairman and Managing Director (CMD). Mr Kumar took over at a crucial juncture when BHEL was equipping itself to meet the power forecast for the 11th Plan and beyond.



Mr. Ravikumar pioneered many firsts for BHEL. These include the first 1,000 MW coal-based turnkey project of NTPC at Simhadri in Andhra Pradesh, completed in a record time of 39 months, the first 350 MW gas-based turnkey project of NTPC at Kayamkulam in Kerala that involved dredging and dynamic compaction of 14 lakh cubic metres of sand that was erected again in record time, and synchronisation of the 210 MW Raichur Unit 7 of KPCL in a just 25 months – another record. Under his leadership, new technologies like super-critical thermal sets operating on coal and gas were introduced in the country.

In the opinion of the Board, Mr. K. Ravikumar fulfils the conditions specified in the Act and Rules for his appointment as an Independent Director of the Company as he is independent of the Management under Section 149(6) of the Act.

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

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

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

Item No.6

The Board at its meeting held on Jun 19, 2014 appointed Mr. D. Balakrishnan as Additional Director of the Company with effect from Jun 19, 2014, pursuant to Section 161 of Companies Act, 2013 and Article 94 of Articles of Association of the Company subject to the approval of the Members in the General Meeting.

Further, the Board at its Meeting held on Jun 19, 2014 also appointed (subject to the approval of the Members in the General Meeting) Mr.D.Balakrishnan as a Whole Time Director of the Company with effect from Jun 19, 2014.

A brief profile of Mr. D. Balakrishnan is given herein for information of Shareholders.

Mr. D. Balakrishnan holds a Degree in Engineering (Electronics & Communication) from Bangalore University. He has over 23 years of experience in the Semiconductor Industry and joined SPEL as a Technical Sales Engineer. He was Production Control Manager & GM Operations. He has been the Chief Operating Officer since May 2007 and has enhanced the output of the Company. As a Team Builder he has qualities of leadership and competence in Production Planning, Control and Resource Management. He has been the Chief Executive Officer from Jun 18, 2009 and made a mark.

The terms and conditions of Mr. D. Balakrishnan's appointment have been set out in the Resolution and he will function under the superintendence of the Board.

The Board recommends the election of Mr. D. Balakrishnan as a Whole-Time Director liable to retire by rotation for the approval of the Shareholders. A copy of the Agreement relating to his appointment with the terms and conditions is available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

Except Mr. D. Balakrishnan none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

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

Place : Chennai
Date : Jul 30, 2014

Rohini Ramanathan
Company Secretary

Annexure

Details of Directors seeking Appointment / Re-appointment at the Annual General Meeting (Pursuant to Clause 49 of Listing Agreement)

Name of the Director	Dr.T.S.Vijayaraghavan	Mr.N.Ramakrishnan	Mr. K.Ravikumar	Mr.D.Balakrishnan
Date of Birth	28.11.1940	15.01.1954	15.6.1949	8.12.1963
Date of Appointment	20.8.2004	23.01.2013	26.5.2014	19.6.2014
Qualification	Bachelor's Honours degrees in Mechanical Engineering, Electrical Engineering. Fellow IETE and Doctorate (Honoris Casua) in Science	Master's degrees in Law (Gold Medal in Company Law in LL.M.) and Commerce, and is a Fellow of the Institute of Company Secretaries of India.	M. Tech from IIT Madras and Post-Graduation in Business Administration.	Degree in Engineering (Electronics & Communication) from Bangalore University
Expertise in Specific functional areas		An Advocate & Solicitor with over 30 years' corporate experience in Legal, Secretarial and Administrative matters.	Under his leadership, new technologies like supercritical thermal sets in the field of coal, and gas-based power plants were introduced for the first time in the Country.	Exceptional Leadership qualities leading to his success in Team building, Production Planning & Control and Resource Management.
Chairmanship / Directorship of other Companies (excluding Foreign Companies and Section 25 Companies)	Director in Wheels India Limited, Chennai	Director in Accuspeed Engineering Services India Limited, Chennai	Director in Reliance Infrastructure Limited, Mumbai & Jinbhuvish Power Generations Private Limited, Mumbai	Director in Natronix Semiconductor Technology Limited, Chennai
Committee position held in other	Member of Remuneration Wheels India Limited	Nil	Nil	Nil
Shareholding (No. of Shares)	Nil (in SPEL)	Nil (in SPEL)	Nil (in SPEL)	10,000 Shares (in SPEL)



Directors' Report

Your Directors present the 29th Annual Report of the Company together with the Audited Accounts for the year ended Mar 31, 2014.

Financial Performance

The Operating results of your Company for the year ended Mar 31, 2014 are given below

(₹ in Lakhs)

Particulars	Year ended Mar 31, 2014	Year ended Mar 31, 2013
Sales	63,38.89	80,76.92
Other Income	1,14.86	1,21.66
PBIDT	15,86.20	11,97.01
Finance Cost	4,70.37	5,84.01
Depreciation	10,96.13	11,85.06
Profit before Tax	19.70	(5,72.06)
Tax Expense	(12.48)	(1,17.03)
Profit after Tax	32.18	(4,55.03)

Though your Company's production remained the same during both the financial years, drop in of Average Selling Price has resulted in depressed receipts. However, there were significant savings in power, employee cost, depreciation and Interest pay out and it was possible to post a marginal profit during the year. However all the package lines of the Company are in good demand and contribution is expected to increase in future years.

Emphasis on Value system

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

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

Dividend

Due to inadequate profits dividend could not be paid during the year.

SPEL performance during the year

SPEL Semiconductor Limited is India's first & only Semiconductor IC Assembly & Test Company with a successful track record. Established in 1988, the Company is a 100% Export Oriented Unit (EOU), diligently serving Customers in the United States of America, Europe and the Asia Pacific region. The existing capacity is 425 million units per annum. SPEL is a reliable source to over 50 global Customers.

The financial year 2013-14 witnessed disquieting oscillations in demand followed by a slowdown during the second and third quarters. However, SPEL contracted new relationships and quelled the turbulence with foresight and cost economy. This helped improve gains from existing Customers and in fold new Clients in USA and Europe.

SPEL has presence in US among the Top 20 Semiconductor Companies. The Company has made strategic moves in Europe into sectorial demands of Industrial & Automotive components. Customized package solutions and service will help expand its spread in this region.

The capacity utilization in the last fiscal quarter of 2013-14 improved. It is now proposed to invest on Equipment and Processes that give an edge to technology and cost efficiency besides enhancing capacity. SPEL has introduced the Ultra-Thin Quad Flat No-leads(QFN) package during the current year leading upto a package thickness of 0.4mm. The potential for increased earnings is high.

Natronix Semiconductor Technology Private Limited becomes the Holding Company

During the year under review, Southern Petrochemical Industries Corporation Limited (SPIC) which held 55.97 percent of the Company's Equity Share Capital, sold its entire Shareholding to Natronix Semiconductor Technology Private Limited, Singapore (Natronix). Natronix was granted exemption by Securities and Exchange Board of India (SEBI) from the obligation of making an Open Offer under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 vide Order No. WTM/PS/42/CFD-DCR/SEPT/2013 dated Sep 6, 2013. With this acquisition of Equity Shares, Natronix became the Holding Company of SPEL from Mar 24, 2014.

Next 3 Year Goals (FY 2014-15 to FY 2017-18)

Assiduous will be taken to strengthen operations investing to enhance capacity, upgrade technology, seek new markets and achieve rigid cost economy. The strategy ahead will be,

- To work for a market distribution consisting of 50% in United States, 30% in Europe & 20% in rest of the world.
- To diversify application base bringing in Medical, Auto-Aero and Industrial segments and expanding supplies.
- To introduce new package variants every year.
- Thrust on Research & Development for to attain technological excellence and leadership.
- To build up cash reserves equivalent to a year's expenses.
- Continued focus on Green Environment.



Your Company has responded to hard times and slackness in demand by hacking costs, in folding new Customers, developing new products and improving the qualifications. Besides, constraints were removed, equipment was modernized to support new enhanced product mix and tasks for the future were identified. SPEL will thus be able to stand its ground and stride with confidence. Our approach including manpower rationalization has been proactive and has secured us from the vicissitudes of Pricing and Recession.

Causes of concern

- i. The shift in pattern to low pin count packages from high pin count packages contracts optimum capacity utilization.
- ii. There was an alteration to the package mix by Customers with reference from what was to the disruption of Planning and Production.
- iii. SPEL has to be ever alert to respond to its Customer's emerging requirements. This requires investments on critical Equipment like (a) Die Attach Systems – to address increased loading in low pin counts, (b) Wire bonders - to enable copper bonding and overcoming obsolescence, (c) Handlers to handle QFN small package mix.
- iv. Increasing resort to captive power generation in the wake of mounting power shortage depressed the PAT.

How addressed : The Management met these challenges with fortitude as has been explained in the notes above and chiefly with the grit of its Employees, Suppliers & Customers notwithstanding the global melt down. Investments were made in critical areas with assistance from Banks. Alternate power solutions are being employed to combat Power Cost.

Subsidiary

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

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 are kept in the Head Office of the Holding Company and will be made available to the Shareholders, whenever, for inspection.

Fixed Deposits

The fixed deposits for the period were ₹10.25 Crores.

Listing

Your Company is listed with Bombay Stock Exchange (BSE). There are no arrears of payment of Listing Fee.

Directors

The Board at its meeting held on Apr 29, 2014 recommended Dr. T. S. Vijayaraghavan and Mr. N. Ramakrishnan and in its meeting held on May 26, 2014 recommended Mr. K. Ravikumar as Independent Directors of the Company, not liable to retire by rotation for a period of 5 years subject to approval by the Members of the Company. These Directors have given a Declaration to the Board that they meet the criteria for Independence as provided in Section 149(6) of the Act and also confirmed that they will abide by the provisions as mentioned in Schedule VI of Companies Act, 2013.

The Board at its meeting held on Jun 19, 2014 recommended Mr.D.Balakrishnan as Whole-Time Director liable to retire by rotation.

The Board recommends these resolutions for your approval.

Corporate Social Responsibility (CSR)

SPEL's medium for CSR is through Socio-Economic Contribution (S-E-C) and SPEL Employees Social Service Organization (SESSO).

S-E-C

For most people, the idea of Social Service is donating money to a social organization - perhaps an old-age home or an orphanage or similar. This however is the easy part. The difficult part is volunteering one's time to improve society.

When can we make a contribution to Society

- **During Phase 1** of our lifetime, perhaps up to the age of 35, we are so focused on building our careers, starting our families & establishing a name for ourselves
- **During Phase 2**, perhaps from age of 35 thru 65, we are the most active in our work, working as a team, being able to significantly contribute to Economic Development
- **During Phase 3** perhaps from age 65 onwards, we are most able to contribute our time on an increased basis to social causes

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

1. Following discipline in any and everything we do
2. Providing a helping hand to people around us in any way we possibly can



3. Showing the right path forward to people around us
S-E-C in SPEL is primarily done by One-to-One Mentoring as each person encourages & motivates the other, towards a more purposeful & effective lifestyle.

SESSO

As part of the Core Values, following activities were undertaken through SESSO during the previous year.

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

Corporate Governance

Your Company scrupulously strives to attain the highest standards of Corporate Governance through well documented internal policies and procedures that reach the Board and its Committees and most specific regard to its Shareholders, Customers, Suppliers and Employees for the common good of all.

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

Reports on Corporate Governance and on Management Discussion and Analysis have been attached as a part of the Annual Report.

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

Environment and Safety Measures

Environment is the constant, continuous, joint concern of all and which, with each passing day, calls for growing care and more intense strategy. It is noteworthy that the Company generates no effluent. SPEL with the assistance of its Employees strives to preserve the environment and ecology through conservation of resources, minimizing waste, adoption of scientific disposal of waste, pollution control and tree planting.

The Environmental Management System established and maintained is certified by Bureau Veritas Certification. The upgraded ISO 14001 Certificate 2004 version has helped install comprehensively safe environment practices.

Information pursuant to Section 217 of the Companies Act, 1956

In terms of Section 217 (1) (e) of the Companies Act, 1956 and Report of Directors Rules, 1988, 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. It assesses the potential areas, devises means to save energy and implements the plan with the approval of the management.

Measures were taken during the year to conserve water and electricity resorting to reuse of Dicing process water, rain water harvesting, power factor improvement and modification of the condenser in the Air conditioner. The savings achieved were :

Power	Water
13,37,759 units	900 KL

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 : ₹30,49.79 Lakhs

Foreign Exchange earned during the year : ₹57,72.04 Lakhs

Research & Development (R&D)

The Company has carved out an R&D investment plan that envisages investments in Package Intellectual Property.

Directors' Responsibility Statement

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

1. That in the preparation of the annual accounts for the year ending Mar 31, 2014 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 and gave a true and fair view of the state of affairs of the Company 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, 2014 on a 'going concern' basis

**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.

Acknowledgements

Your Directors 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 the 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 who constitute the mainstay of the Company for their unstinted support, forbearance, confidence reposed on the Management.

For and on behalf of Board of Directors

Date : Apr 29, 2014
Place : Chennai

Dr.T.S.Vijayaraghavan
Director



Management Discussion & Analysis

The Global Semiconductor Industry

Worldwide Semiconductor sales for 2013 reached \$305.6 Billion, the industry's highest-ever annual total and an increase of 4.8 percent from 2012 total of \$291.6 Billion.

- Semiconductor revenue for the mobile wireless communications segment grew 10.3% year over year in 2013 with a CAGR of 5.2% for 2012-17. Semiconductor revenue for 4G phones experienced an annual growth rate of 121.8% in 2013 and a CAGR of 37.9% for 2012-17.
- Media tablets, e-Readers, blue-ray DVD players and set-top boxes continued to drive above average Semiconductor revenue growth. Semiconductor revenue for the consumer segment recorded year-over-year growth of 15% in 2013 and CAGR of 7.5% in 2012-17
- The 4.3% year-over-year growth in 2013 in wired communications infrastructure Semiconductors was driven primarily by enterprise switches and routers, security appliances, and service provider switches and routers.
- Driven by the increase in Semiconductor content in automobiles (i.e. applications such as in-vehicle infotainment, automobile body electronics, and driver safety systems), semiconductor revenue for the automotive segment has grown 5.3% in 2013.

IC Market Drivers for future

- **Tablet and Ultrabook PCs**—Demand continues to surge for Table PCs and anticipation is building for new Ultrabook PCs.
- **Smartphones**—Smartphones remain by far the fastest growing segment of the cellphone market. IC content represents about 31% of the average selling price of a smartphone, whereas IC content in a basic cellphone is 23%. The success of 3G/4G smartphones is set to continue having a big impact on the future analog, Digital Signal Processing, logic and NAND flash memory IC markets.
- **Smart TVs**—Internet capability has replaced 3D as the must have technology in 2013. Despite “upgrade fatigue,” Consumers are drawn to Internet-connected Smart TVs, a favourite trend for Suppliers of LED drivers, power management ICs and Microcontrollers /Microprocessors, which are expected to be big winners in this market segment.
- **Smart Grids and Advanced Metering Infrastructure (AMI)**—Home appliances and other residential electrical systems are being designed to interact and communicate with power-utility Companies and Customers via the Internet. Global investment in smart grid technology is forecasted to grow 19% annually through 2016.
- The “**Internet of Things**”—Virtual representation of uniquely identifiable objects with an Internet-like structure (IP address) has been gaining momentum for more than a decade with no slowdown in sight. RFID is at the heart of this far-reaching trend.

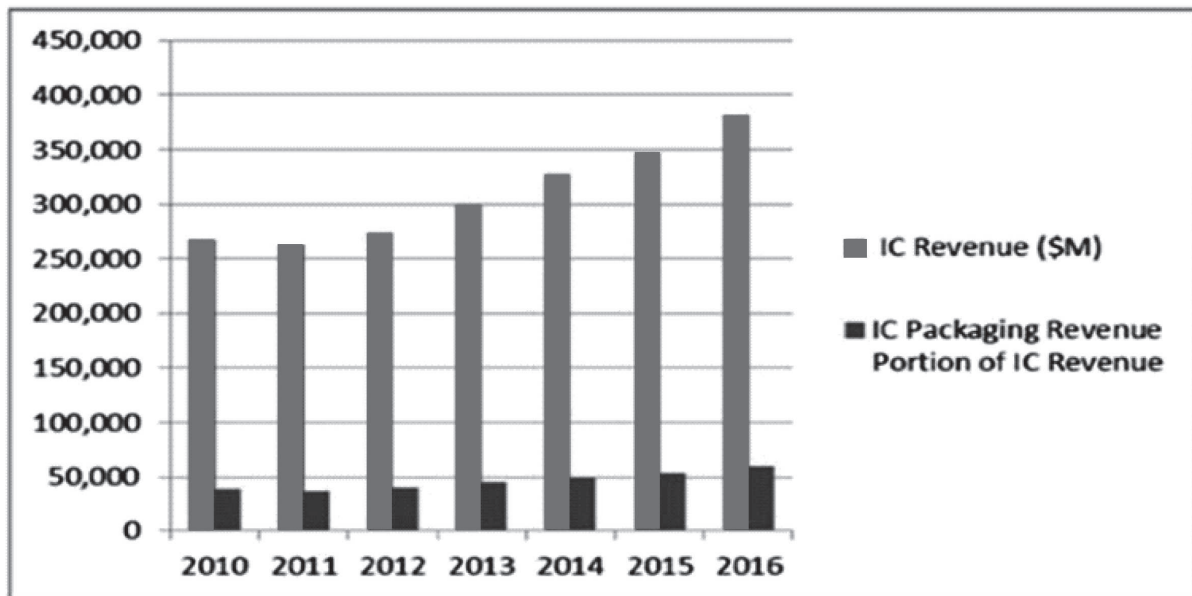
Outsourced Assembly and Test (OSAT) Industry

OSAT, or Outsourced Assembly and Test, Companies offer integrated circuit (IC) packaging services in the open market, rather than being captive to the manufacturer of the Die. Thus, they are a subset of the total worldwide IC packaging market, as much of the IC package assembly is still performed in-house by the fabricator of the IC, that is, the Integrated Semiconductor Manufacturer (ISM).

The OSAT Companies are in a position to invest in cutting edge packaging technologies, which the Research and Development department required for this effort being spread around many ISM and fabless Companies. Thus the OSATs are consuming a larger percentage of the overall worldwide IC packaging market over time. Table below illustrates the percentage of the total IC package assembly market which is garnished by the OSAT Companies, as based on New Venture Research's report, The Worldwide IC Packaging Market, 2013 Edition.

OSAT Percentage of the Total Worldwide IC Packaging Market

2012	2013	2014	2015	2016	2017
32.8%	33.2%	33.9%	34.8%	36.2%	36.8%



What Makes an OSAT Company Successful?

Success lies in having a complete package portfolio, rather than just a narrow range of a few package solutions. This broad spectrum grabs the higher revenue packages — System in Packages, Stacked Packages, Fine Ball Grid Array's, Ball Grid Array's, etc., — as well as the multitudes of smaller packages such as QFN, Small Outline and the like. The smaller, lower Input / Output packages, in demand at high volumes in any economy, are used to package a multitude of analog and simple logic chips.

The leading OSATs offer test and turnkey services. The more complete the list of services that can be offered to a Customer the more successful the Company. One-stop shopping helps both the Customer and the OSAT Company's bottom line.

The Indian Semiconductor Industry

India's total Semiconductor consumption is likely to exceed \$42 Billion by 2015. The major end user segments have been Communications, IT and Consumer Electronics. India has always been an attractive location for industrial and business ventures owing to its highly educated & skilled English-speaking workforce, rapidly evolving infrastructure, proximity to large markets and abundant availability of low cost resources .

The Indian Semiconductor Design Industry (i.e. Very Large Scale Integration, hardware/board, embedded software) is estimated to provide jobs to 7,80,000 professionals with a CAGR of around 30% for this period. Semiconductor Companies would gain considerable benefits if India had different parts of the Semiconductor value chain, from chip design, board design and systems design, Assembly & Test, to finished electronic products.

Having successfully survived the global competition, SPEL has carved a niche for itself with its 50+ Customers. With the Indian Government initiatives towards growing the electronics and Semiconductor industry, SPEL will have a strong position to serve the industry which will have high demand for Integrated Circuits.



SPEL's performance

SPEL embarked on a plan to qualify new product lines from existing Customers which will have steady volumes. Towards this, SPEL has already got many product wins. Qualification lots are assembled during this fiscal and they are expected to turn into revenue from fiscal 2014-15.

SPEL also diversified into European market with strategic account wins from Customers in Germany & Switzerland. Since these Customers serve application segments like Industrial, Medical, Electronics and Automotive that are less prone to volatility seen in 3C segments, SPEL expects to concentrate this area and grow revenue by 3X in the fiscal 2014-15.

There was also improvement seen in FY 2013-14 Q4 in terms of Customer orders compared to FY 2013-14 Q3 including robust orders by providing strong forecast for fiscal 2014-15 in line with projected industry growth.

SPEL launched Ultra-thin Quad Flat No-leads (QFN) package (thinnest QFN available in the industry) with Customer volume commitment. This will open up new business opportunities for SPEL.

SPEL has diligently worked on various cost cutting measures that includes reduction in material price, fixed overhead cost, power cost etc. to maintain positive cash flow.

Global Trend for SPEL's package lines

SPEL has two major packaging lines, Gull Wing Surface Mount Device (SMD) packages and QFN packages.

QFN is still one of the popular package category used in many application segments due to its cost competitiveness and superior electrical & thermal performance. The projected CAGR is around 15% until 2018. There is fast adoption of advanced QFN packages like flipchip, stacked, fan in and Multi Chip Module's by the industry. Wafer level Chip Scale Package is another package category to which more products are designed.

The growth for leaded packages is declining worldwide but SPEL is able to maintain the capacity utilization due to dedicated Customer bases in niche packages and applications.

Outlook for FY 2014-15

- i. Substantial revenue growth and return to profitability
- ii. Steady revenue from Tier 1 Customers by servicing new business lines
- iii. Increase the Customer base and add new Customers
- iv. Investment in technology, new packages & capacity addition
- v. Extensive market distribution aiming on US and Europe
- vi. Diversified Market application by focusing on Medical, Auto-Aero and Industrial segments by increasing the market share.



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 policy and practice of Corporate Governance is to proactively meet its obligations to its Shareholders and earn the goodwill of all its Stakeholders.

SPEL seeks to enhance the long-term value to Shareholders and elevate the interest of its Stakeholders espousing good governance, sincerity, integrity, fairness and transparent accountability in all its dealings. Sound Corporate Governance is the keystone of the Company's arch. SPEL was wedded to the standards even before these became mandatory and strives incessantly to improve on these. The results of good Corporate Governance practices are reflected in the confidence reposed by its Stakeholders.

2. Board of Directors

Composition : The present strength of the Board as on the date of this report is 5 Directors. The Board comprises a combination of Executive and Non-executive Directors.

Composition of Board of Directors (as on last date of Financial Year), 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	Mr. Ar Rm Arun@	Non-Executive Non Independent	2	—	Yes
2	Dr. T. S. Vijayaraghavan	Non-Executive – Independent	1	—	Yes
3	Dr. A. Besant C. Raj	Non-Executive – Independent	1	—	No
4	Mr. N. Ramakrishnan	Non-Executive – Independent	1	—	Yes
5	Mr. N. Sivashanmugam	Executive	2	—	Yes

@ Resigned w.e.f Apr 29, 2014

* 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, Stakeholders Relationship Committee

No. of Board meetings held, date on which held & Attendance of each Director at the Board Meeting

Five Board Meetings were held on Apr 23, 2013, Jul 29, 2013, Oct 22, 2013, Feb 3, 2014 & Mar 24, 2014

Name of the Director	No. of Board Meetings attended
Dr. A. C. Muthiah @	1
Mr. Ar Rm Arun	5
Dr. T. S. Vijayaraghavan	5
Dr. A. Besant C. Raj	4
Mr. N. Ramakrishnan	5
Mr. N. Sivashanmugam	5

@ Resigned w.e.f Oct 22, 2013



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. N. Ramakrishnan	Chairman Member Member
Stakeholders Relationship Committee	Mr. N. Ramakrishnan Dr. A. Besant C. Raj Dr. T. S. Vijayaraghavan	Chairman Member Member
Nomination and Remuneration Committee	Dr. T. S. Vijayaraghavan Dr. A. Besant C. Raj Mr. N. Ramakrishnan	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 in advance and contains all the matters enshrined in Clause 49 of the Listing Agreement
3. Sufficient time is allocated for discussing items of business, more specifically on the operations front. There is also a detailed presentation made by the Chief Executive Officer.
4. The Board takes on record the Compliance confirmation from the 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 at each of its meetings.

b. 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

Ms.Rohini Ramanathan, Company Secretary is the Secretary of the Committee.

Four Audit Committee Meetings were held on Apr 23, 2013, Jul 29, 2013, Oct 22, 2013 & Feb 3, 2014

Name of the Director	No. of Audit Committee Meetings attended
Dr. A. Besant C. Raj	3
Dr. T. S. Vijayaraghavan	4
Mr. N. Ramakrishnan	4

c. Nomination and Remuneration Committee

The Committees 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).

Nomination and Remuneration Committee Meeting was held on Apr 23, 2013

Name of the Director	No. of Committee Meeting attended
Dr. T. S. Vijayaraghavan	1
Dr. A. Besant C. Raj	1
Mr. N. Ramakrishnan	1

Nomination and Remuneration 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.

5. Details of Remuneration paid to Directors (Amount in ₹)

Sl.No.	Names of Directors	Remuneration paid during the year 2013-14			
		Salary / Special allowance/ Perquisites	Commission / Bonus / Incentive	Sitting fees	Total
1.	Dr. A. C. Muthiah	NA	NA	8,000	8,000
2.	Mr. Ar Rm Arun	NA	NA	40,000	40,000
3.	Dr. T S. Vijayaraghavan	NA	NA	70,000	70,000
4.	Dr. A. Besant C. Raj	NA	NA	55,000	55,000
5.	Mr. N. Ramakrishnan	NA	NA	70,000	70,000
6.	Mr. N. Sivashanmugam*	13,87,748	NA	NA	13,87,748

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

Remuneration	Per annum
Basic salary	₹6,60,000/-
Special Allowance	₹93,000/-
Perquisites	₹5,52,248/-
Contribution to PF	₹82,500/-

6. Stakeholders Relationship Committee

- The Stakeholders Relationship Committee comprises a majority of Independent Non-Executive Directors. Mr. N. Ramakrishnan is the Chairman of the Committee.
- Ms. Rohini Ramanathan, Company Secretary is the Compliance Officer
- The Table below shows the nature of complaints received from Shareholders during 2013-14 :

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



d. 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)	E-mail	Average intervals at which share transfers approved
1.	Company Secretary	5 CMDA Industrial Estate, MM Nagar (Chennai) 603 209.	(044) 47405334	(044) 47405303	investors@spel.com	15 days
2.	Cameo Corporate Services Limited	"SubramanianBuilding" 1 Club House Road, Chennai 600002	(044) 28460390	(044) 28460129	investor@cameoindia.com	

7. 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.	2010-11	5 CMDA Industrial Estate Maraimalai Nagar 603 209	Jul 27, 2011 2.30 pm
2.	2011-12	5 CMDA Industrial Estate Maraimalai Nagar 603 209	Jul 30, 2012 4.00 pm
3.	2012-13	5 CMDA Industrial Estate Maraimalai Nagar 603 209	Jul 2, 2013 4.00 pm

Special Resolutions passed in the previous 3 AGM's :

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

27th AGM : Extension of term of office and payment of remuneration to Mr. N. Sivashanmugam, Whole Time Director

28th AGM : Extension of term of office and payment of remuneration to Mr. N. Sivashanmugam, Whole Time Director

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

8. 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 enjoy access to 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.

9. Means of Communication

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.



10. General Shareholder Information

1. Annual General Meeting
(as indicated in the Notice) : Sep 15, 2014 at Registered Office of the Company
2. Financial year : 2013-14
3. Dates of Book Closure : Sep 5, 2014 to Sep 15, 2014
4. Listed on Stock Exchange : The Bombay Stock Exchange Limited (BSE)
Stock Code: Demat - 517166, Physical - 17166
5. ISIN Number NSDL & CDSL : INE 252A01019
6. Outstanding GDR/ADR/Warrants
or any convertible instruments : No
7. Registrar & Share Transfer Agent : Cameo Corporate Services Limited
8. Address for Communication
 - a. 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
9. Share transfer System : All transfer requests received are processed and approved
by an Authorized Signatory. Normally transfers are
processed and approved twice a month.
10. Factory Location : 5 CMDA Industrial Estate, MM Nagar (Chennai), 603 209. India.

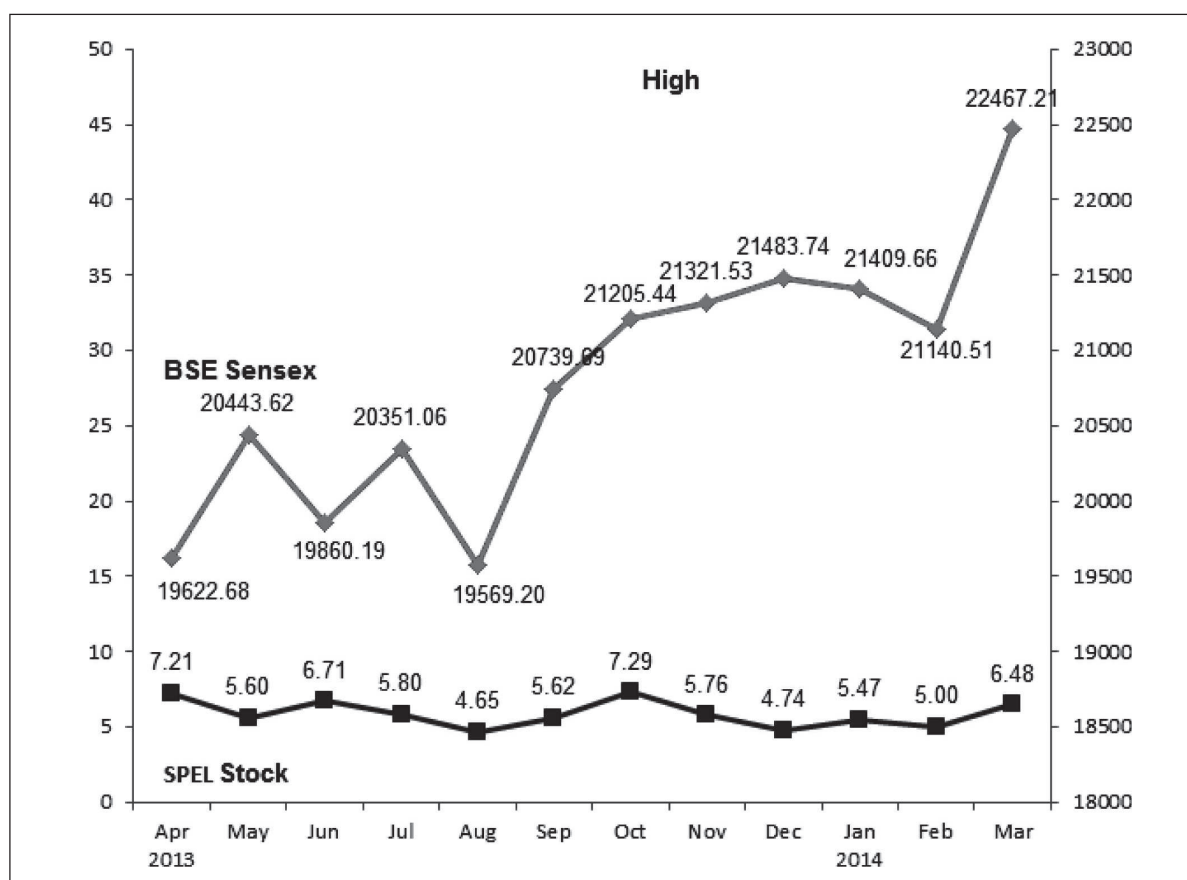
11. Distribution of Shareholding as on Mar 31, 2014

No. of Equity Shares held	No. of Folios	%	No. of Shares	%
1 – 100	13707	44.38	1130570	2.45
101 – 500	12863	41.65	3701085	8.03
501 – 1000	2365	7.66	1980920	4.30
1001 – 2000	980	3.17	1577898	3.42
2001 – 3000	355	1.15	935702	2.03
3001 – 4000	137	0.44	504994	1.09
4001 – 5000	152	0.49	730057	1.58
5001 – 10000	193	0.62	1474951	3.20
10001 and above	136	0.44	34081266	73.90
Grand Total	30888	100.00	46117443	100.00
No. of Shareholders in Physical Mode				13514
No. of Shareholders in Electronic Mode				17375

12. Shareholding Pattern as on Mar 31, 2014

Category	No. of Shareholders	No. of Shares	in %
Promoter	3	26790557	58.09
Overseas Corporate Bodies	1	9000	0.02
Mutual Funds	2	8600	0.02
Nationalized Banks	1	100	0.00
Non-Resident Indians	168	326298	0.71
Domestic Companies	374	1356526	2.94
Resident Individuals	30316	17607795	38.18
Clearing Members	20	15017	0.03
Trusts	3	3550	0.01
Total	30888	46117443	100.00

13. Stock Performance V/s BSE Sensex





14. Market Price Data High & Low, Trading volume and No. of trades during each month for FY 2013-14

Month	High	Low	Trading Volume (No. of shares in lakhs)	No. of Trades
Apr 2013	7.21	5.06	0.83	263
May	5.60	4.23	0.74	241
Jun	6.71	4.57	1.13	420
Jul	5.80	4.04	1.00	247
Aug	4.65	3.38	1.07	163
Sep	5.62	3.66	0.58	112
Oct	7.29	4.53	0.82	158
Nov	5.76	3.96	0.41	115
Dec	4.74	3.92	0.65	173
Jan 2014	5.47	4.49	0.59	276
Feb	5.00	3.69	0.58	297
Mar	6.48	3.51	1.98	690

15. Accounting Standards

Your Company is in compliance with Accounting Standards and Accounting Rules in preparation of its financial statements.

16. CEO/CFO Certification

A Certificate of the CEO and CFO of the Company in terms of sub-clause(v) of Clause 49 of Listing Agreement, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee, is also annexed.

17. Non – Mandatory Requirements

- a. **Nomination and Remuneration Committee** : The Company has a Nomination and Remuneration 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 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, 2014.

For SPEL Semiconductor Limited

Place : Chennai
Date : Apr 29, 2014

D. Balakrishnan
Chief Executive Officer



Chief Executive Officer / Chief Financial Officer Certification

To
The Board of Directors
SPEL Semiconductor Limited

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of SPEL Semiconductor Limited ("the Company"), to the best of our knowledge and belief certify that :

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended Mar 31, 2014 and based on our knowledge and belief, we state that :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We hereby declare that all the Members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (e) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee :
 - (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the Management or an Employee having significant role in the Company's internal control system over financial reporting.

Sd/-

D. Balakrishnan
Chief Executive Officer

Sd/-

Rajesh Jayaraman
Chief Financial Officer

Date : Apr 29, 2014
Place : Chennai



Auditors' Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement

To the Members of SPEL Semiconductor Limited

We have examined the compliance with the conditions of Corporate Governance by **SPEL Semiconductor Limited** ('the company') for the year ended March 31, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange in India, with the relevant records and documents maintained by the Company and furnished to us and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to procedures and implementation thereof adopted by the Company for ensuring the said compliance. It is neither an audit nor is this certificate an expression of opinion on the financial statements of the Company.

Based on the aforesaid examination and according to the information and explanations given to us, we certify that the Company has complied with the said conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

M.S. Krishnaswami & Rajan

Chartered Accountants

Registration No: 01554S

Sd/-

M.S.Murali - Partner

Membership No: 26453

Place : Chennai

Date : April 29, 2014



Independent Auditors' Report

To the Members of SPEL Semiconductor Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of SPEL Semiconductor Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that

are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 affairs of the Company as at March 31, 2014;
- b) in the case of Statement of Profit and Loss Account, 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
 - a) 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;
 - b) 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

- c) 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.
- d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate affairs in respect of section 133 of the Companies Act, 2013.
- e) on the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the

Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a Director in terms of clause (g) of sub-Section (1) of Section 274 of the Companies Act, 1956.

For **M.S.Krishnaswami & Rajan**
Chartered Accountants
Firm Regn. No. 01554S

Place : Chennai **M.S.Murali - Partner**
Date : April 29, 2014 Membership No. 26453

Annexure to Independent Auditors' Report

Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' Section of our Report of even date

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that :

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets are physically verified by the management under a phased programme of verification, which in our opinion is reasonable having regard to the nature and value of its assets. In accordance with the said phased programme of verification of fixed assets, plant and machinery was verified during the year by the management and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, substantial portion of fixed assets has not been disposed off during the year and therefore our comment on whether the going concern has been affected by such disposal does not arise.
2. (a) According to the information and explanation given to us, physical verification

of inventory had been carried out by management once during the year.

- (b) In our opinion and based on our observation of physical verification/examination of records of verification, the procedures adopted for verification of Raw materials, spares and consumables are reasonable and adequate in relation to the size of the Company and the nature of its business. As regards work in progress(including box stock), according to the records, documents, information and explanations provided by the management the physical verification was carried out in accordance with the procedure explained by the management, which appears to be reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories, material discrepancy, noticed on physical verification of inventory by the management as compared to book records has been properly dealt with in the books of account.
3. (a) According to the information and explanations given to us and on the basis

- of our examination of the books of account, 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 Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii (c) and iii (d) of the Order are not applicable to the Company.
- (b) The Company has taken unsecured loans in the form of fixed deposits from two parties listed in the register maintained under Section 301 of the Companies Act, 1956. The total maximum amount raised during the year was Rs.825 lakhs and the year-end balance is Rs.1,025 lakhs. The rate of interest and other terms and condition of loans taken by Company are not prima facie prejudicial to interest of the Company. Interest due on December 31, 2013 and March 31, 2014 amounting to ₹ 41 lakhs is outstanding at the year end.
 4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventories and fixed assets, for sale of goods and services and for payment of expenses. During the course of our audit, no major instance of continuing failure to correct any major weaknesses in the internal control system has been noticed.
 5.
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - b) As per information and explanations given to us and in our opinion, the transactions entered into by the Company with parties covered under Section 301 of the Act exceeding five lacs rupees during the year have been made at prices which are reasonable having regard to the prevailing market prices for such services at the relevant time.
 6. In our opinion and according to information and explanations given to us the company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58-A and 58 AA of the Act or any other relevant provisions of the Act and the rules framed thereunder, where applicable, with regard to deposits accepted and no order under the aforesaid Sections has been passed by the Company Law Board or any other authority on the Company.
 7. As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
 8. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 9.
 - (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no statutory dues as on 31st of March, 2014 outstanding for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there is no amounts payable in respect of wealth tax, sales tax excise duty and cess which have not been deposited on account of any disputes.

Details of dues towards income tax that have not been deposited on account of dispute are as stated below :

Sl No	Name of the statute	Nature of dues	Period to which the amount relates	Amount (₹ in lakhs)	Forum where the dispute is pending
1	The Income tax Act, 1961	Income Tax	Financial year 2004-05	37.62	CIT(A)
2	The Income tax Act, 1961	Income Tax	Financial year 2005-06	2.57	Assessing Officer u/s 154

10. The Company does not have any accumulated loss as at March 31, 2014 and has not incurred cash loss during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution or debenture holders. In respect of the principal amount of ₹ 85.18 lakhs due on January 25, 2014 to a Bank, the same was paid on April 25, 2014.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of clause (xiii) of the Order is not applicable to the Company.
14. According to information and explanations given to us, the Company is not trading in shares, Securities, debentures and other Investments.
15. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks or financial institutions.
16. Based on our audit procedures and on the information given by the management, we report that the Company has not availed any term loan during the year and hence our comments on application of funds so raised do not arise.
17. Based on the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of any such occurrence by the management.

For **M.S.Krishnaswami & Rajan**
Chartered Accountants
Firm Regn. No. 01554S

Place : Chennai **M.S.Murali** - Partner
Date : April 29, 2014 Membership No. 26453



Balance Sheet as at Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Mar 31, 2014	Mar 31, 2013
Equity and Liabilities			
Shareholders' Funds			
Share capital	1	46,13,25,280	46,13,25,280
Reserves and surplus	2	41,52,37,928	41,20,19,440
		87,65,63,208	87,33,44,720
Non-current liabilities			
Long-term borrowings	3	15,87,65,387	13,25,45,387
Deferred tax liabilities (net)	4	10,77,23,673	10,89,71,943
Long-term provisions	5	2,48,66,413	2,14,10,427
		29,13,55,473	26,29,27,757
Current liabilities			
Short-term borrowings	6	7,98,28,210	14,22,17,628
Trade payables	7	10,77,99,201	9,08,65,224
Other current liabilities	8	9,41,68,011	10,62,44,412
Short-term provisions	9	32,38,743	20,82,631
		28,50,34,165	34,14,09,895
TOTAL		1,45,29,52,846	1,47,76,82,372
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	1,08,37,92,462	1,18,59,59,340
Intangible assets	11	17,63,785	26,69,910
Non-current investments	12	4,365	4,365
Long-term loans and advances	13	61,85,410	84,68,370
		1,09,17,46,022	1,19,71,01,985
Current assets			
Inventories	14	20,82,72,822	15,16,63,326
Trade receivables	15	9,46,03,988	5,39,72,000
Cash and bank balances	16	1,09,94,260	2,54,73,974
Short-term loans and advances	17	4,67,98,963	4,88,69,375
Other current assets	18	5,36,791	6,01,712
		36,12,06,824	28,05,80,387
Total		1,45,29,52,846	1,47,76,82,372

The Statement of significant accounting policies and the accompanying notes are an integral part of the financial statements.

in terms of our report of even date
For **M.S Krishnaswami & Rajan**
Chartered Accountants

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

M.S Murali
Partner
M. No. 26453

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary



Statement of Profit and Loss Account for the Year Ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Year ended Mar 31, 2014 (In Rupees)	Year ended Mar 31, 2013 (In Rupees)
Income			
Revenues from operations (gross)	19	63,46,15,124	80,80,25,157
Less: excise duty		7,25,296	3,33,481
Revenues from operations (net)		63,38,89,828	80,76,91,676
Other income	20	1,14,86,547	1,21,66,568
Total revenue (I)		64,53,76,375	81,98,58,244
Expenses			
Cost of raw materials and components consumed	21	26,38,23,127	33,33,68,637
(Increase)/decrease in inventories of finished goods	22	(6,36,56,564)	58,26,023
Employee benefits expense	23	15,72,05,706	17,51,44,985
Other expenses	24	12,93,84,083	18,58,17,241
Depreciation and amortization expense	25	1,09,612,765	11,85,06,650
Finance costs	26	4,70,37,039	5,84,00,696
Total (II)		64,34,06,156	87,70,64,231
Profit / (loss) before tax (I-II)		19,70,219	(5,72,05,987)
Tax expenses			
Current tax		3,75,426	-
Less: MAT credit entailment		(3,75,426)	-
Deferred tax		(12,48,270)	(1,17,03,383)
Total tax expense		(12,48,270)	(1,17,03,383)
Profit / (Loss) after tax		32,18,489	(4,55,02,604)
Earnings per share (EPS) (Refer Note 28)			
- Basic		0.07	(0.99)
- Diluted		0.07	(0.99)

The Statement of significant accounting policies and the accompanying notes are an integral part of the financial statements.

in terms of our report of even date

For **M.S Krishnaswami & Rajan**

Chartered Accountants

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

M.S Murali
Partner
M. No. 26453

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary



Notes to financial statements for the year ended Mar 31, 2014

SIGNIFICANT ACCOUNTING POLICIES

1. Accounting convention

- 1.1 Financial statements are prepared in accordance with the generally accepted accounting principles in India including accounting standards referred to in Section 211 (3C) of the Companies Act 1956, under historical cost convention except so far as they relate to revaluation of certain fixed assets.
- 1.2 All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of current - non current classification of assets and liabilities.

2. Use of Estimates

The preparation of the financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/ materialize.

3. Tangible and Intangible Fixed assets and depreciation / amortisation

- 3.1 Expenditure which are of a capital nature are capitalized 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. Cost of fixed assets is net of eligible credits under CENVAT / VAT Scheme. Expenditure directly related and incidental to construction / development and borrowing costs in para 4 below are capitalised upto the date the assets are ready for their intended use. Exchange differences are capitalised to the extent dealt with in para 7.3 below.
- 3.2 Assets are depreciated / amortised, as below, on straight line basis:
- a) Buildings, assets in leased premises, plant and machinery (except assets subject to impairment) and other assets, over their estimated useful lives or lives derived from the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is lower;
 - b) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.
 - c) Intangible assets are amortized over their estimated useful life.
- 3.3 Depreciation / amortisation is provided on a pro-rata basis from the month the assets are put to use during the financial year. In respect of assets sold or disposed off during the year, depreciation / amortisation is provided upto the month of sale or disposal of the assets.
- 3.4 At each balance sheet date, the carrying values of fixed 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 said asset is estimated in order to determine the extent of impairment loss (if any).

4. Borrowing Cost

Borrowing cost are capitalized as part of the cost of qualifying asset when it is possible that they will result in future economic benefit. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

5. Investments

Long Term Investments are carried at cost. Provision for diminution is however made to recognised a decline, other than temporary in nature, in its value.

6. Inventories

- 6.1 Inventories are valued at lower of cost and net realisable value; cost being ascertained on the following basis:
- Stores, spares, consumables, raw materials and components and in-line work-in-progress : On weighted average basis.
 - Work-in-progress-Box Stock: At cost and under absorption costing method
 - Finished / trading goods: under absorption costing method.
- 6.2 Cost includes taxes and duties and is net of eligible credits under CENVAT / VAT Schemes.
- 6.3 Surplus / obsolete / slow moving inventories are adequately provided for.

7. Foreign Currency Transactions

- 7.1 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

Notes to financial statements for the year ended Mar 31, 2014

exchange prevailing at the year end. Exchange differences arising on actual payments / realizations and year end restatements are dealt with in the Statement of profit and loss.

- 7.2 Premium or Discount on forward contracts is amortized 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.

- 7.3 Exchange difference on translation or settlement of long term foreign currency monetary item (i.e whose terms of settlement is 12 months from the date of its origination) at rates different from those at which they were originally recorded are reported in the previous financial statements, relating to acquisition of depreciable assets are adjusted to the cost of the assets.

8. Segment Reporting

The company's primary segment is identified as business segment based on nature of product, risks, returns and the internal business reporting system and secondary segment is identified based on geographical location of the customers as per Accounting Standard – 17. The company is principally engaged in a single business segment viz. Integrated Circuits.

9. Revenue Recognition

9.1) Sale of goods

Revenue from sale of products is recognised on despatch or appropriation of goods in accordance with the terms of sale, when the significant risks and rewards of ownership of goods have been passed to the buyer and is inclusive of excise duty.

9.2) Sale of Services

Revenue from services is recognised on completion of the service in accordance with the terms of contract.

9.3) Others

Interest income is recognised on time proportion basis.

10. Employee Benefit

- 10.1 Short term employee benefit obligations are estimated and provided for.

- 10.2 Post-employment benefits and other long term employee benefits

-Defined contribution plans:

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. Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence.

-Defined benefit plans and compensated absences:

Company's liability towards retirement benefits and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period of occurrence.

- 10.3 Termination benefits

Expenditure on termination benefits is recognised in the Statement of Profit and Loss in the period of incurrence.

11. Taxation

Current tax is determined on the income for the year chargeable to tax in accordance with Income Tax Act, 1961 and after considering credit for Minimum Alternate Tax available under the said Act.

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.

12. 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.



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

1 Share capital

Authorized shares

6,00,00,000 (Mar 31, 2013 : 6,00,00,000) equity shares of ₹ 10/- each with voting rights

Issued shares :

4,61,47,613 (Mar 31, 2013: 4,61,47,613) equity shares of ₹ 10/- each with voting rights

Total issued shares

Subscribed and fully paid up shares:

4,61,47,613 (Mar 31, 2013: 4,61,47,613) equity shares of ₹ 10/- each with voting rights

Less: Forfeited shares 30,170 (Mar 31, 2013: 30,170) equity shares of ₹ 5/- each

Total Subscribed and fully paid up shares

Mar 31, 2014	Mar 31, 2013
60,00,00,000	60,00,00,000
46,14,76,130	46,14,76,130
46,14,76,130	46,14,76,130
46,14,76,130	46,14,76,130
150,850	150,850
46,13,25,280	46,13,25,280

1.1 Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period

	Mar 31, 2014		Mar 31, 2013	
	Number	Amount	Number	Amount
At the beginning of the period	4,61,17,443	46,13,25,280	4,61,17,443	46,13,25,280
Issued during the period	-	-	-	-
Outstanding at the end of the period	4,61,17,443	46,13,25,280	4,61,17,443	46,13,25,280

1.2 Rights attached to equity shares

The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 1956.

1.3 Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates and details of shareholders holding more than 5% shares in the company:

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	Mar 31, 2014		Mar 31, 2013	
	No of shares	% holding	No of shares	% holding
Natronix Semiconductor Technology Private Limited	2,58,11,207	55.97%	-	-
Southern Petrochemical Industries Corporation Limited	-	-	2,58,11,207	55.97%

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares. The change in shareholding as above took place on Mar 24, 2014

1.4 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 report dated is NIL

1.5 Shares reserved for issue under options

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



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
2 Reserves and surplus		
Capital reserve	16,500	16,500
Securities Premium Account	47,34,618	47,34,618
Revaluation Reserve	20,40,36,968	20,40,36,968
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	20,32,31,353	24,87,33,958
Profit for the year	32,18,489	(4,55,02,604)
Net surplus in the statement of profit and loss	20,64,49,842	20,32,31,354
Total reserves and surplus	41,52,37,928	41,20,19,440

3 Long-term borrowings

	Non-current portion	
	Mar 31, 2014	Mar 31, 2013
a) Term loan - Indian rupee loan from banks (Secured)	5,62,65,387	11,25,45,387
b) Deposits from Others (Unsecured)	10,25,00,000	2,00,00,000
Total	15,87,65,387	13,25,45,387

3.1 Term loan 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 and Machinery and other Fixed Assets for Term Loan and is also secured by personal gaurantee of Dr.A.C.Muthiah.

3.2 The term loan is repayable in 16 equal quarterly instalments commencing from 25.04.2012. The applicable interest rate is 13.25% p.a payable monthly. The principal amount of Rs.85,18,130 due on Jan 25, 2014 was paid on Apr 25, 2014. However there is no interest overdue.

3.3 The interest payable on deposits from others are in the range of 10% to 10.25% p.a payable quarterly. The interest due on Dec 31, 2013 and Mar 31, 2014 amounting to Rs.40,99,580 is outstanding at year end.

4 Deferred tax liabilities (net)	Mar 31, 2014	Mar 31, 2013
a) Deferred tax liability due to:		
i) Depreciation	(13,61,84,851)	(14,20,82,363)
ii) Other timing differences	(63,000)	-
	(13,62,47,851)	(14,20,82,363)
b) Deferred tax asset arising out of:		
i) Provision of Leave encashment / Gratuity	27,14,695	88,02,030
ii) Carry forward losses / Depreciation	2,36,62,394	2,18,77,851
iii) Other timing difference	21,47,089	24,30,539
	2,85,24,178	3,31,10,420
Net deferred tax Liabilities	(10,77,23,673)	(10,89,71,943)

5 Long - Term Provisions

	Mar 31, 2014	Mar 31, 2013
Provision for employee benefits		
Provision for gratuity (Refer note 9.1 and 30)	1,83,97,255	1,45,83,148
Provision for leave benefits (Refer note 9.1 and 31)	64,69,158	68,27,279
	2,48,66,413	2,14,10,427



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

6	Short-term borrowings	Mar 31, 2014	Mar 31, 2013
	Packing Credit from banks (Secured)	4,75,19,998	3,56,05,462
	Overdraft facility with Bank (Secured)	1,01,05,889	97,29,622
	Buyers' Credit from Bank (Secured)	2,22,02,323	3,18,82,544
	Loan from bank (Unsecured)	-	-
	Deposits from Bank (Unsecured)	-	5,00,00,000
	Deposits from Others (Unsecured)	-	1,50,00,000
		7,98,28,210	14,22,17,628
	The above amount includes		
	Secured borrowings	7,98,28,210	7,72,17,628
	Unsecured borrowings	-	6,50,00,000

- 6.1 The Secured borrowings representing 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.

7	Trade payables	Mar 31, 2014	Mar 31, 2013
i)	Micro, Small and Medium Enterprises (Refer note 34)	2,47,869	4,54,265
ii)	Other Trade Payables	10,75,51,332	9,04,10,959
		10,77,99,201	9,08,65,224

8	Other liabilities	Mar 31, 2014	Mar 31, 2013
	Current maturities of long-term borrowings (Refer note 3.1)	6,47,98,130	5,62,80,000
	Interest accrued and due on secured loans	15,84,032	21,74,366
	Advances from customers	20,22,366	2,43,13,069
	Rental and other advances	26,50,260	36,00,000
	Interest accrued on unsecured loans	57,09,079	27,71,011
	Salaries, wages and other employee benefits payable	1,59,62,151	1,57,09,761
	Statutory Dues	14,41,993	13,96,205
		9,41,68,011	10,62,44,412
		20,17,19,343	19,66,55,371

9	Short - term Provisions	Mar 31, 2014	Mar 31, 2013
	Provision for employee benefits		
	Provision for gratuity (Refer note 30)	25,31,259	15,97,042
	Provision for leave benefits (Refer note 31)	7,07,484	4,85,589
		32,38,743	20,82,631

- 9.1 Movement in respect of provisions:

Particulars	Year	Opening balance	Net Additions / Utilisations	Closing balance
Provision for gratuity	2014	1,61,80,190	47,48,324	2,09,28,514
	2013	1,29,68,946	32,11,244	1,61,80,190
Provision for leave benefits	2014	73,12,868	(1,36,226)	71,76,642
	2013	87,88,136	(14,75,268)	73,12,868



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

10 Tangible assets

	Land	Leasehold Improvement	Buildings	Plant and Machinery	Furniture and Fittings	Office Equipments	Vehicles	Total
Gross Block								
Balance - Apr 1, 2012	40,10,11,436	-	7,27,66,563	1,36,19,05,125	1,10,75,096	1,69,41,324	30,73,601	1,86,67,73,145
Additions	-	-	-	3,69,35,364	-	1,34,294	-	3,70,69,658
Deletion / Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2013	40,10,11,436	-	7,27,66,563	1,39,88,40,489	1,10,75,096	1,70,75,618	30,73,601	1,90,38,42,803
Additions	-	52,19,470	-	11,90,392	34,915	94,985	-	65,39,762
Deletion / Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2014	40,10,11,436	52,19,470	7,27,66,563	1,40,00,30,881	1,11,10,011	1,71,70,603	30,73,601	1,91,03,82,565
Depreciation								
Balance - Apr 1, 2012	-	-	2,83,16,151	55,25,10,518	54,10,781	1,20,93,734	19,66,669	60,02,97,853
Charge for the year	-	-	21,01,802	11,36,02,872	4,51,735	11,37,209	2,91,992	11,75,85,610
Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2013	-	-	3,04,17,953	66,61,13,390	58,62,516	1,32,30,943	22,58,661	71,78,83,463
Charge for the year	-	8,69,912	13,76,876	10,48,79,681	4,48,498	8,39,682	2,91,992	10,87,06,640
Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2014	-	8,69,912	3,17,94,829	77,09,93,071	63,11,014	1,40,70,625	25,50,653	82,65,90,103
Written down value								
As at Mar 31, 2013	40,10,11,436	-	4,23,48,610	73,27,27,099	52,12,580	38,44,675	8,14,940	1,18,59,59,340
As at Mar 31, 2014	40,10,11,436	43,49,558	4,09,71,734	62,90,37,810	47,98,997	30,99,978	5,22,948	1,08,37,92,462

10.1. additions to Plant & Machinery during the year includes ₹11,45,628 (Previous year ₹25,13,140) towards exchange gain adjusted in fixed assets as per GOI Notification (GO No. GSR225(E) dated Mar 31, 2009).

10.2. Leasehold improvements comprise capital expenditure on leased premises and is depreciated over the period of lease being lower than the life estimated using the rates mentioned Scheduled XIV to the Act.

11 Intangible assets

Cost / Value

Balance - Apr 1, 2012

Additions

Disposals

Balance - Mar 31, 2013

Additions

Disposals

Balance - Mar 31, 2014

Amortization

Balance - Apr 1, 2012

Charge for the year

Adjustment for disposals

Balance - Mar 31, 2013

Charge for the year

Adjustment for disposals

Balance - Mar 31, 2013

Written down value

As at Mar 31, 2013

As at Mar 31, 2014

Computer software

Total

57,92,817

57,92,817

-

-

-

-

57,92,817

57,92,817

-

-

57,92,817

57,92,817

22,01,867

22,01,867

9,21,040

9,21,040

-

-

31,22,907

31,22,907

9,06,125

9,06,125

-

-

40,29,032

40,29,032

26,69,910

26,69,910

17,63,785

17,63,785



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

12 Non-current Investments	Mar 31, 2014	Mar 31, 2013
<i>Non-trade investments (valued at cost unless stated otherwise)</i>		
Investment in subsidiaries		
10 (Mar 31, 2013 : 10) Equity shares of USD 10 each fully paid-up in SPEL America Inc.	4,365	4,365
	<u>4,365</u>	<u>4,365</u>
13 Long Term Loans and advances	Mar 31, 2014	Mar 31, 2013
Capital advances		
Unsecured, considered good	-	43,09,000
(A)	-	43,09,000
Security deposit		
Rental and other deposits - Considered good		
Unsecured, considered good	61,85,410	41,59,370
(B)	61,85,410	41,59,370
Total (A+ B)	61,85,410	84,68,370
14 Inventories	Mar 31, 2014	Mar 31, 2013
Raw materials and components	5,46,97,856	5,87,63,119
Work-in-progress	13,49,75,162	6,77,18,885
Finished goods	3,40,210	39,39,923
Stores and spares	1,89,64,273	2,44,56,952
	20,89,77,501	15,48,78,879
Less: Provision for Non moving inventory	7,04,679	32,15,553
Total	20,82,72,822	15,16,63,326
14.1 Goods in transit included above comprises :		
- Rawmaterials and components	60,23,287	28,01,003
- Stores and Spares	4,59,483	1,83,881
	64,82,770	29,84,884
15 Trade receivables	Mar 31, 2014	Mar 31, 2013
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	24,39,139	24,61,499
- Considered doubtful	62,43,828	35,98,204
	86,82,967	60,59,703
Provision for doubtful receivables	(62,43,828)	(35,98,204)
(A)	24,39,139	24,61,499
Other trade receivables (Considered good)	9,21,64,849	5,15,10,501
(B)	9,21,64,849	5,15,10,501
Total (A+B)	9,46,03,988	5,39,72,000



Notes to Financial Statement for the year ended Mar 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

16 Cash and bank balances	Mar 31, 2014	Mar 31, 2013
Cash and cash equivalents		
Balances with banks:		
On current accounts	19,33,223	40,08,240
Cash on hand	2,01,172	3,71,598
	21,34,395	43,79,838
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months*	-	1,34,20,000
Deposits with Maturity for more than 12 months	20,00,000	-
Margin money deposit#	68,59,865	76,74,136
	88,59,865	2,10,94,136
	1,09,94,260	2,54,73,974

* Deposits is lien marked with IOB with respect to Buyer's Credit for Nil (Previous year - ₹1,34,20,000)

Margin money deposit with a carrying amount of ₹68,59,865 (Previous year: ₹76,74,136) are given as security for opening of letter of credit with banks

17 Short Term Loans and advances	Mar 31, 2014	Mar 31, 2013
Unsecured, Considered good unless stated otherwise		
Advances recoverable in cash or kind to employees etc.,		
Considered good	9,10,499	24,04,347
Advance recoverable in cash or in kind (A)	9,10,499	24,04,347
Other loans and advances		
Advance income-tax (net of provision for taxation)	3,47,75,373	3,36,08,773
Prepaid expenses	11,50,894	13,14,549
Advance to suppliers	11,18,863	4,77,811
Balances with statutory/government authorities		
Considered good	88,43,334	1,10,63,895
Considered doubtful	-	10,52,065
	4,58,88,464	4,75,17,093
Provision for doubtful service tax balances	-	(10,52,065)
Other loans and advances (B)	4,58,88,464	4,64,65,028
Total (A+ B)	4,67,98,963	4,88,69,375

18 Other Current assets	Mar 31, 2014	Mar 31, 2013
Interest Accrued on deposits.	5,36,791	6,01,712
Total	5,36,791	6,01,712



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

19 Revenue from operations

Revenues from operations

Sale of products

Export sales

Sale of services

Other operating revenue

Scrap sales

Revenue from operations (gross)

Less: Excise duty

Revenue from operations (net)

Sale of Products is related to sale of Integrated Circuits (IC's)

Mar 31, 2014	Mar 31, 2013
62,17,27,894	79,48,96,180
62,19,079	1,03,98,460
66,68,151	27,30,517
63,46,15,124	80,80,25,157
7,25,296	3,33,481
63,38,89,828	80,76,91,676

20 Other income

Interest income on

- on bank deposits

Rental Income

Gain on foreign exchange fluctuation (net)

Liabilities / provisions not required written back

Others - Maintenance Charges received

Mar 31, 2014	Mar 31, 2013
18,81,081	14,68,712
53,96,050	68,70,581
17,41,042	37,61,231
9,66,390	-
15,01,984	66,044
1,14,86,547	1,21,66,568

21 Cost of raw materials and components consumed

Inventory at the beginning of the year

Add: Purchases

Less: Inventory at the end of the year

Less: Provision no longer required

Cost of raw materials and components consumed

Add: Wafer Characterization Charges & Other Manufacturing expenses

Add: Provision for Non-moving Inventory

Mar 31, 2014	Mar 31, 2013
5,87,63,119	6,35,11,726
25,74,03,279	31,26,05,382
5,46,97,856	5,87,63,119
25,10,874	-
25,89,57,668	31,73,53,989
45,00,990	1,39,98,170
3,64,469	20,16,477
26,38,23,127	33,33,68,637

Details of raw materials and components consumed

Lead frame

Gold Wire

Molding compound

Others

8,09,77,000	8,81,30,560
10,87,46,000	16,32,81,096
2,67,59,000	2,88,65,958
4,24,75,668	3,70,76,375
25,89,57,668	31,73,53,989

Details of Inventory (Raw materials and components)

Lead frame

Gold Wire/Copper Wire

Silver Epoxy

Molding compound

Others

2,96,19,209	2,66,41,608
72,04,362	1,01,61,659
7,85,777	7,63,909
1,00,86,499	56,01,902
70,02,009	1,55,94,041
5,46,97,856	5,87,63,119



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

22 (Increase) / decrease in inventories

Inventories at the end of the year
Work-in-progress
Finished goods
Inventories at the beginning of the year
Work-in-progress
Finished goods
(Increase) / decrease in inventories

Mar 31, 2014

13,49,75,162
3,40,210
6,77,18,885
39,39,923
(6,36,56,564)

Mar 31, 2013

6,77,18,885
39,39,923
7,22,85,281
51,99,550
58,26,023

23 Employee benefit expense

Salaries, wages and bonus
Gratuity expense
Contributions to provident fund and other funds
Staff welfare expense

Mar 31, 2014

13,43,16,274
53,48,324
1,12,04,677
63,36,431
15,72,05,706

Mar 31, 2013

14,84,03,548
44,36,244
1,32,92,135
90,13,058
17,51,44,985

24 Other expenses

Stores and Consumables
Power and Fuel
Rent and amenities
Carriage outwards
Rates and taxes
Insurance
Repairs and maintenance
Plant and machinery
Buildings
Others
Marketing fees
Travelling and conveyance
Communication costs
Legal and professional fees (including details in Note 24.1 for payments to auditors)
Directors' Sitting Fee
Provision/(Reversal of provision) for doubtful debts
Printing & Stationary
Miscellaneous expenses

Mar 31, 2014

1,90,58,120
4,80,64,027
17,46,110
28,47,208
32,97,523
6,91,459
13,77,201
64,35,009
34,94,672
1,65,85,880
1,29,56,138
8,97,218
54,90,876
2,43,000
26,45,624
8,18,119
27,35,899
12,93,84,083

Mar 31, 2013

6,60,63,966
7,07,39,450
17,41,240
38,32,695
22,07,548
8,26,588
21,60,946
47,26,442
38,46,912
1,19,79,788
80,69,924
9,85,121
58,86,456
1,67,000
2,53,050
1246,840
10,83,275
18,58,17,241

24.1 Payment to auditor

As auditor:

Statutory Audit fee
Tax audit fee

In other capacity:

Other services (certification fees)
Reimbursement of expenses

Mar 31, 2014

1,50,000
30,000
-
15,000
1,95,000

Mar 31, 2013

1,50,000
30,000
26,956
15,000
2,21,956



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

25 Depreciation and amortization expense

Depreciation of tangible assets
Amortization of intangible assets

Mar 31, 2014	Mar 31, 2013
10,87,06,640	11,75,85,610
9,06,125	9,21,040
10,96,12,765	11,85,06,650

26 Finance costs

Interest,
On bank loans
Others
Commission
Bank charges

Mar 31, 2014	Mar 31, 2013
3, 00,98,905	3,73,37,376
96,46,716	1,25,08,043
8,59,567	8,33,880
64,31,851	77,21,397
4,70,37,039	5,84,00,696

27. Additional Information

a. Managerial remuneration

Mr. N. Sivashanmugam Whole Time Director
Salary
Allowances
Contributions

Total

Mr. D. Balakrishnan, Chief Executive Officer

Salary
Allowances
Contributions

Total

Mar 31, 2014	Mar 31, 2013
6,60,000	6,47,581
6,45,248	6,52,085
82,500	82,500
13,87,748	13,82,166
15,00,000	14,14,382
18,44,590	16,09,259
1,87,500	1,76,798
35,32,090	32,00,439

Note:

Provisions for/contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuations done on an overall Company basis are excluded above.

b. CIF value of imports

Capital goods
Machinery spares
Raw Materials and components

Mar 31, 2014	Mar 31, 2013
-	3,43,60,387
74,34,433	1,37,48,050
25,15,73,218	35,43,25,728
25,90,07,651	40,24,34,165

c. Expenditure in foreign currency (on accrual basis)

Travel and conveyance
Marketing Fees
Characterization and Test Engineering Charges

Mar 31, 2014	Mar 31, 2013
43,20,572	21,58,504
1,49,85,768	1,19,79,788
45,00,990	1,04,91,330
2,38,07,330	2,46,29,622

d. Earning in Foreign Currency

Export at F.O.B. value

Mar 31, 2014	Mar 31, 2013
57,72,04,140	80,52,94,640

e. Contingent Liabilities and commitments (to the extent not provided).

i) Contingent Liabilities

- Service Tax Demand
- Letter of Credit for import purchases
- Income tax Demand

Mar 31, 2014	Mar 31, 2013
-	1,86,100
4,83,63,368	3,55,10,607
40,19,136	1,79,57,319

ii) Capital commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for

Mar 31, 2014	Mar 31, 2013
Nil	Nil



Notes to Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

28. Earnings Per Share:

a	Profit / (Loss) as per Statement of Profit and Loss	32,18,489	(4,55,02,604)
b	Weighted average number of equity shares outstanding	4,61,17,443	4,61,17,443
c	Par value of equity shares - Rs.	10.00	10.00
d	Basic and Diluted earnings per share - Rs.	0.07	(0.99)

29. Related party disclosures

1. Names of related parties

	Mar 31, 2014	Mar 31, 2013
A. Holding Company		
- Natronix Semiconductor Technology Private Limited (From Mar 24, 2014)		
a. Marketing Fee	1,06,62,605	7,70,875
b. Accounts Payable	10,56,159	-
- Southern Petrochemical Industries Corporation Limited (Upto Mar 23, 2014)		
a. Other receivable	2,03,884	2,29,730
B. Subsidiary Company		
- SPEL America Inc Marketing Fee	59,23,275	1,12,08,913
C. Enterprise owned by /over which Key Management Personnel / Relatives is able to exercise significant influence		
Valingro Exponenta Limited Director is Chairman in Valingro Exponenta Limited		
a. Corporate Communication Charges	20,22,480	18,20,232
b. Corporate Rent Charges	13,48,320	13,48,320
c. Other Payable	7,62,138	2,54,046
Natronix Semiconductor Technology Limited Director is Chairman in Natronix Semiconductor Technology Limited		
a. Manpower Deputation Charges	22,75,290	16,05,595
b. Other Payable	3,54,384	1,51,866
ACM Medical Foundation Chairman is a Trustee		
Long Term Borrowings	6,75,00,000	-
Long Term Borrowings - Balance Outstanding	6,75,00,000	-
ACM Educational Foundation Chairman is a Trustee		
Long Term Borrowings	1,50,00,000	-
Long Term Borrowings - Balance Outstanding	3,50,00,000	2,00,00,000
Valingro Exponenta Limited Director is Chairman in Valingro Exponenta Limited		
Short Term Borrowings	-	1,50,00,000
Repayment of Short Borrowings	(1,50,00,000)	-
Short Term Borrowings - Balance Outstanding	-	1,50,00,000
Chiptest Engineering Limited Director & his Relative are Major Shareholder		
a. Wafer Characterisation	30,38,744	129,98,458
b. Other Manufacutring	24,95,568	27,65,901
c. Other Payables	28,57,589	25,69,624
D. Key Management Personnel		
- Dr. A.C. Muthiah Chairman (upto Oct 22, 2013)		
Personal Guarantee Commission	7,07,186	7,62,769
- Mr. N Sivashanmugam Whole Time Director		
Remureration	13,87,748	13,82,166
- Mr. D Balakrishnan Chief Executive Officer		
Remuneration	35,32,090	32,00,439



Notes to financial statements for the year ended Mar 31, 2014

(All amounts are in Indian rupees unless otherwise stated)

30. Employee benefit plans - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognised in the Statement Profit and Loss and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Personnel expenses)

	Mar 31, 2014	Mar 31, 2013
(i) Current service cost on Benefit Obligations	22,68,985	19,93,021
(ii) Interest cost on Benefit Obligations	19,73,986	19,98,155
(iii) Expected return on plan assets	(7,39,615)	(9,57,355)
(iv) Net actuarial (gains)/ losses recognised in the year	22,44,969	14,02,423
(v) Net (Benefit) / Expense	57,48,324	44,36,244
(vi) Actual return on plan assets	7,39,615	9,57,355

Balance Sheet

Details of Provision for gratuity

(i) Defined benefit obligation	2,66,39,787	2,69,74,079
(ii) Plan Liability /(Asset)	57,11,273	1,07,93,889
	2,09,28,514	1,61,80,190

Changes in the present value of the defined benefit obligation are as follows:

(i) Opening defined benefit obligation	2,69,74,080	2,54,67,995
(ii) Current service cost	22,68,985	19,93,021
(iii) Interest cost	19,73,986	19,98,155
(iv) Actuarial (gains) / losses on obligation	15,74,629	24,63,449
(v) Benefits paid	(61,51,892)	(49,48,541)
(vi) Closing defined benefit obligation	2,66,39,788	2,69,74,079

Changes in the fair value of the plan assets are as follows:

(i) Opening fair value of plan assets	1,07,93,889	1,24,99,049
(ii) Expected return	7,39,615	9,57,355
(iii) Actuarial gains / (losses)	(6,70,339)	10,61,026
(iv) Contributions by employer	10,00,000	12,25,000
(v) Benefits paid	(61,51,892)	(49,48,541)
(vi) Closing fair value of plan assets	57,11,273	1,07,93,889

The principal actuarial assumptions used in determining gratuity obligation for the Company's plans are shown below:

	Mar 31, 2014	Mar 31, 2013
(i) Discount rate	9.21%	8.26%
(ii) Salary Escalation	5.00%	5.00%
(iii) Expected Return on Assets	9.00%	9.00%
(iv) Mortality	IALM(2006-08) Ultimate	LIC(1994-96) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.



Notes to financial statements for the year ended Mar 31, 2014

(All amounts are in Indian rupees unless otherwise stated)

31. Leave Plan

Net Asset/(Liability) Recognized in Balance Sheet-31 Mar 2014

	Mar 31, 2014	Mar 31, 2013
(i) Present Value of Defined Benefit Obligation	71,76,643	73,12,868
(ii) Fair Value Of Plan Assets	-	-
(iii) Funded Status [Surplus/(Deficit)]	(71,76,643)	(73,12,868)
(iv) Unrecognized Past Service Costs	-	-
Net Asset /(Liability) recognized in the Balance Sheet	(71,76,643)	(73,12,868)
Assumption at Mar 31, 2014		
Discount Rate	9.21%	8.26%

Disclosure of employer expense for the year ending 31 Mar 2013

(i) Current Service Cost (including risk premiums for Fully Insured Benefits)	1,95,197	-
(ii) Interest Cost	6,04,043	-
(iii) Expected Return On Plan Assets	-	-
(iv) Curtailment Cost/(Credit)	-	-
(v) Settlement Cost/(Credit)	-	-
(vi) Past Service Cost	-	-
(vii) Acturial Losses/(Gains)	(9,35,466)	-
Total employer expense recognize in P&L		
Assumption at Mar 31, 2012		
Discount Rate	9.21%	8.26%

Change In Obligation and assets over the year ending Mar 31, 2014

	Mar 31, 2014	Mar 31, 2013
A Change In Defined Benefit Obligation		
(i) DBO at beginning of the period	73,12,868	87,88,136
(ii) Service Cost	1,95,197	1,37,045
(iii) Interest Rate	6,04,043	7,63,689
(iv) Curtailment Rate / (Credit)	-	-
(v) Settlement Cost/(Credit)	-	-
(vi) Plan Amendments	-	-
(vii) Acquisitions	-	-
(viii) Acturial Losses /(Gains)	(9,35,466)	(23,76,002)
(ix) Benefit Payments	-	-
DBO at end of the period	71,76,642	73,12,868
B Change In Fair Value of Assets		
(i) Fair Value of Plan Assets at beginning of the period	-	-
(ii) Acquisition adjustment	-	-
(iii) Expected return on plan assets	-	-
(iv) Actual Company Contributions	-	-
(v) Acturial Gain/(Loss)	-	-
(vi) Benefits Payments	-	-
(vii) Fair Value of Plan Assets At end of the period	-	-
Assumptions at Mar 31, 2014		
Discount Rate	9.21%	8.26%



Notes to financial statements for the year ended Mar 31, 2014

(All amounts are in Indian rupees unless otherwise stated)

Reconciliation of Net Asset/Liability recognized in Balance Sheet

(i) Net Asset /(Liability) at beginning of period	(73,12,868)	(87,88,136)
(ii) Employer Expense	(1,36,226)	(14,75,268)
(iii) Employer Contributions	-	-
(iv) Acquisitions/Business Combinations	-	-
(v) Net Asset /(Liability) at end of Period	(71,76,643)	(73,12,868)

Experience History

(i) Defined Benefit Obligation at end of the period	71,76,643	73,12,868
(ii) Plan Assets at end of the period	-	-
(iii) Funded Status	(71,76,643)	(73,12,868)
(iv) Experience adjustment on plan Liabilities	(9,53,227)	(15,18,411)
(v) Experience adjustment on plan assets	-	-

The Financial assumptions employed for the calculations as at Mar 31, 2014 and Mar 31, 2013 are as follows.

(i) Discount Rate	9.21%	8.26%
(ii) Expected return on assets	0.00%	0.00%
(iii) Salary escalation	5.00%	5.00%
(iv) Mortality	IALM(2006-08) Ultimate	LIC (1994-96) Ultimate

The assumptions of future salary increases, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

32. Payment to Directors

	Mar 31, 2014 (In Rupees)	Mar 31, 2013 (In Rupees)
Salary	6,60,000	6,60,000
Special Allowance	93,000	1,07,500
Other Perquisites	5,52,248	5,32,166
Contribution to PF	82,500	82,500
Director Sitting Fees	2,43,000	1,67,000
Total	16,30,748	15,49,166

33. Foreign currency exposures

The Company does not use any derivative instruments to hedge its foreign currency exposures. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Particulars	Mar 31, 2014		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade Payable	USD	12,91,848	7,76,78,834
Trade Payable	SGD	22,100	10,56,159
Advance to Suppliers	USD	42,683	25,49,895
Trade Receivables	USD	15,87,463	9,48,35,057
Advance from Customers	USD	29,482	18,22,580
Buyers credit-IOB	USD	3,69,239	2,22,02,323
Foreign Currency in Hand	USD	1,200	71,688
Foreign Currency in Hand	MYR	210	3,329



Notes to financial statements for the year ended Mar 31, 2014

(All amounts are in Indian rupees unless otherwise stated)

Particulars	Mar 31, 2013		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade Payable	USD	12,95,089	7,04,91,694
Advance to Suppliers	USD	20,007	10,81,799
Trade Receivables	USD	9,70,606	5,24,80,660
Advance from Customers	USD	4,46,290	2,42,91,566
Capital advances	USD	-	-
Buyers credit-IOB	USD	5,85,753	3,18,82,544
Foreign Currency in Hand	USD	800	43,256
Foreign Currency in Hand	EURO	5	345
Foreign Currency in Hand	SGD	142	6,156

34. Dues to Micro, Small and Medium Enterprises

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Information required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006 as at Mar 31, 2014 is Nil (Mar 31, 2013 - Nil)

35. The figures for the previous periods have been reclassified / regrouped / amended, wherever necessary.

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary



Cash flow statement for the year ended Mar 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
Cash flow from operating activities		
Net profit before taxation	19,70,219	(5,72,05,987)
Adjustments for:		
Depreciation/amortization of tangible/intangible assets	10,96,12,765	11,85,06,650
Foreign exchange loss/(gain)	(68,40,895)	(32,27,450)
Rental income	(53,96,050)	(68,70,581)
Provision no longer required taken back	9,66,390	-
Bad advances	36,12,014	5,91,796
Interest on fixed deposits	(18,81,081)	(14,68,712)
Interest expense	4,06,05,188	5,06,79,299
Operating profit before working capital changes	14,26,48,550	10,10,05,015
Movements in working capital :		
(Increase) / Decrease in trade receivables	(4,06,40,057)	1,63,77,425
(Increase) / Decrease in inventories	(5,66,09,496)	1,50,63,964
(Increase) / Decrease in other current assets	64,921	4,77,444
(Increase) / Decrease in loans and advances	45,70,929	(67,00,214)
Increase / (Decrease) in trade payables and other liabilities	(22,72,411)	60,45,980
Increase / (Decrease) in provisions	46,12,098	17,35,976
Cash generated from / (used in) operations	5,23,74,534	13,40,05,591
Direct taxes paid (net of refunds)	(11,83,947)	(15,76,546)
Net cash flow from / (used in) operating activities (A)	5,11,90,587	13,24,29,045
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(65,39,762)	(3,70,69,642)
Deposits with maturity for more than 3 months (net)	1,34,20,000	(94,20,000)
Margin money deposit (net)	(11,85,729)	20,91,991
Rental income	53,96,050	68,70,581
Interest received	18,81,080	14,68,712
Net cash from / (used in) investing activities (B)	1,29,71,639	(3,60,58,358)
Cash flows (used in) / from financing activities		
Proceeds from Long term borrowings	8,25,00,000	-
Proceeds from Short term borrowings	26,10,582	2,49,24,318
Repayment of Long term borrowings	(6,50,00,000)	(2,51,55,503)
Repayment of Long term borrowings	(4,77,61,870)	(5,52,10,031)
Interest paid	(4,06,05,188)	(5,06,79,299)
Net cash (used in) / from financing activities (C)	(6,82,56,476)	(10,61,20,515)



Cash flow statement for the year ended Mar 31, 2014
(All amounts are in Indian Rupees unless otherwise stated)

Net increase / (decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the year
 Exchange differences on translation of foreign currency
 cash and cash equivalents

Cash and cash equivalents at the end of the year

Components of Cash and Bank balances (Note 16 to the
 financial statements)

- Cash and cash equivalents
- Other bank balances

Cash and bank balances

Mar 31, 2014	Mar 31, 2013
(40,94,250)	(97,49,829)
43,79,838	1,16,32,789
18,48,807	24,96,878
21,34,395	43,79,838
2134,395	43,79,838
88,59,865	2,10,94,136
1,09,94,260	2,54,73,974

in terms of our report of even date
 For **M.S Krishnaswami & Rajan**
 Chartered Accountants

Dr. A. Besant C. Raj
 Director

Dr. T.S. Vijayaraghavan
 Director

M.S Murali
 Partner
 M. No. 26453

N. Ramakrishnan
 Director

N. Sivashanmugam
 Whole time Director

Place : Chennai
 Date : Apr 29, 2014

Rohini Ramanathan
 Company Secretary



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, 2014
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	Profit - ₹ 17,547
ii. for its previous year	Profit - ₹ 1,82,397
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, 2014	Not Applicable
g. Material Changes between the end of the subsidiary's financial year ended and Mar 31, 2014	Not Applicable

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary

Details Pursuant to the Circular No.2/2011 dated Feb 08, 2011 of Ministry of Corporate Affairs

Sl. No.	Year ended Mar 31, 2014 (In Rupees)	Year ended Mar 31, 2013 (In Rupees)
1 Capital	4,365	4,365
2 Reserve	(1,85,889)	(2,03,436)
3 Total Assets (Fixed and Current Asset)	2,86,233	2,78,901
4 Total Liabilities	4,67,757	4,77,972
5 Investment	-	-
6 Turnover	58,98,381	1,13,25,843
7 Profit before taxation	91,655	2,62,039
8 Provision for taxation	74,108	88,373
9 Profit after taxation	17,547	1,73,666
10 Proposed dividend	0%	0%



Consolidated Financial Statements
of
SPEL Semiconductor Limited
2013-2014



Independent Auditors' Report

To the Board of Directors of SPEL Semiconductor Limited

1. We have audited the accompanying Consolidated financial statements of SPEL Semiconductor Limited ("the Company") and its Subsidiaries, which comprise the Consolidated Balance Sheet as at March 31, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. **Management's Responsibility for the Consolidated Financial Statements**
 - 2.1 Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
3. **Auditor's Responsibility**
 - 3.1 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
 - 3.2 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the consolidated financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies

used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

- 3.3 As stated in the Other Matter paragraph below, our opinion, in so far it relates to the amounts disclosures included in respect of the subsidiary not audited by us, is based solely on the report of such other auditor.

4. Opinion

- 4.1 In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
 - (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

5. Other Matter

We did not audit the financial statements of a subsidiary whose financial statements reflect total assets of ₹ 2.86 lakhs as at March 31, 2014, total revenues of ₹ 58.98 lakhs and net cash outflows amounting to ₹ 0.62 lakhs for the year then ended as considered in consolidated financial statements. The financial statements and other financial information of the subsidiary have been audited by another auditor whose report has been furnished to us by the management and our opinion, in so far it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the report of the said other auditor. Our opinion is not qualified in respect of this matter.

For **M.S.Krishnaswami & Rajan**
Chartered Accountants
Firm Regn. No. 01554S

Place : Chennai
Date : April 29, 2014

M.S.Murali - Partner
Membership No. 26453



Consolidated Balance Sheet as at Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Mar 31, 2014	Mar 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	1	46,13,25,280	46,13,25,280
Reserves and surplus	2	41,50,52,057	41,18,18,570
		87,63,77,337	87,31,43,850
Non-current liabilities			
Long-term borrowings	3	15,87,65,387	13,25,45,387
Deferred tax liabilities (net)	4	10,77,23,673	10,89,71,943
Long-term provisions	5	2,48,66,413	2,14,10,427
		29,13,55,473	26,29,27,757
Current liabilities			
Short-term borrowings	6	7,98,28,210	14,22,17,628
Trade payables	7	10,82,66,958	9,09,08,082
Other current liabilities	8	9,41,68,009	10,62,44,412
Short-term provisions	9	32,38,743	20,82,631
		28,55,01,920	34,14,52,753
TOTAL		1,45,32,34,730	1,47,75,24,360
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	1,08,39,02,089	1,18,60,34,166
Intangible assets	11	17,63,785	26,69,910
Non-current investments	12	-	-
Long-term loans and advances	13	61,85,410	84,68,370
		1,09,18,51,284	1,19,71,72,446
Current assets			
Inventories	14	20,82,72,822	15,16,63,326
Trade receivables	15	9,46,03,987	5,39,72,000
Cash and bank balances	16	1,10,05,410	2,55,47,148
Short-term loans and advances	17	4,69,64,435	4,85,67,728
Other current assets	18	5,36,792	6,01,712
		36,13,83,446	28,03,51,914
Total		1,45,32,34,730	1,47,75,24,360

The Statement of significant accounting policies and the accompanying notes are an integral part of the Consolidated financial statements.

in terms of our report of even date

For **M.S Krishnaswami & Rajan**

Chartered Accountants

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

M.S Murali
Partner
M. No. 26453

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary



Statement of Consolidated Profit and Loss for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Mar 31, 2014	Mar 31, 2013
Income			
Revenues from operations (gross)	19	63,46,15,124	80,80,25,157
Less: excise duty		7,25,296	3,33,481
Revenues from operations (net)		63,38,89,828	80,76,91,676
Other income	20	1,14,17,310	1,22,75,289
Total revenue (I)		64,53,07,138	81,99,66,965
Expenses			
Cost of raw materials and components consumed	21	26,38,23,127	33,33,68,635
(Increase)/decrease in inventories of finished goods	22	(6,36,56,564)	58,26,023
Employee benefits expense	23	15,72,05,706	17,86,48,134
Other expenses	24	12,91,63,651	18,21,22,992
Depreciation and amortization expense	25	10,96,41,278	11,85,33,168
Finance costs	26	4,70,70,615	5,84,00,696
Total (II)		64,32,47,813	87,68,99,648
Profit / (loss) before tax (I-II)		20,59,325	(5,69,32,683)
Tax expenses			
Current tax		4,49,534	88,373
Less: MAT credit entailment		(3,75,426)	-
Deferred tax		(12,48,270)	(1,17,03,383)
Total tax expense		(11,74,162)	(1,16,15,010)
Profit / (Loss) after tax		32,33,487	(4,53,17,673)
Earnings per share (EPS) (Refer Note 28)			
- Basic and Diluted		0.07	(0.98)

The Statement of significant accounting policies and the accompanying notes are an integral part of the Consolidated financial statements.

in terms of our report of even date

For **M.S Krishnaswami & Rajan**

Chartered Accountants

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

M.S Murali
Partner
M. No. 26453

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
1 Share capital		
Authorized shares		
6,00,00,000 (Mar 31, 2013 : 6,00,00,000) equity shares of ₹ 10/- each with voting rights	60,00,00,000	60,00,00,000
Issued shares :		
4,61,47,613 (Mar 31, 2013: 4,61,47,613) equity shares of ₹ 10/- each with voting rights	46,14,76,130	46,14,76,130
Total issued shares	46,14,76,130	46,14,76,130
Subscribed and fully paid up shares:		
4,61,47,613 (Mar 31, 2013: 4,61,47,613) equity shares of ₹10/- each with voting rights	46,14,76,130	46,14,76,130
Less: Forfeited shares 30,170 (Mar 31, 2013: 30,170) equity shares of ₹ 5/- each	1,50,850	1,50,850
Total Subscribed and fully paid up shares	46,13,25,280	46,13,25,280

1.1 Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period

	Mar 31, 2014		Mar 31, 2013	
	Number	Amount	Number	Amount
At the beginning of the period	4,61,17,443	46,13,25,280	4,61,17,443	46,13,25,280
Issued during the period	-	-	-	-
Outstanding at the end of the period	4,61,17,443	46,13,25,280	4,61,17,443	46,13,25,280

1.2 Rights attached to equity shares

The Equity share holders are entitled to receive dividends as and when declared; a right to vote in proportion to holding etc. and their rights, preferences and restrictions are governed by / in terms of their issue under the provisions of the Companies Act, 1956.

1.3 Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates and details of shareholders holding more than 5% shares in the company:

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

	Mar 31, 2014		Mar 31, 2013	
	No of shares	% holding	No of shares	% holding
Natronix Semiconductor Technology Private Limited	25,811,207	55.97%	-	-
Southern Petrochemical Industries Corporation Limited	-	-	25,811,207	55.97%

As per records of the company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares. The change in shareholding as above took place on Mar 24, 2014

1.4 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 report dated is NIL

1.5 Shares reserved for issue under options

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



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

2 Reserves and surplus

	Mar 31, 2014	Mar 31, 2013
Capital reserve	16,500	16,500
Securities Premium Account	47,34,618	47,34,618
Revaluation Reserve	20,40,36,968	20,40,36,968
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	20,30,30,484	24,83,48,157
Profit for the year	32,33,486	(4,53,17,673)
Net surplus in the statement of profit and loss	20,62,63,971	20,30,30,484
Total reserves and surplus	41,50,52,057	41,18,18,570

3 Long-term borrowings

	Non-current portion	
	Mar 31, 2014	Mar 31, 2013
Term loans - Secured		
Indian rupee loan from banks (Secured)	5,62,65,387	11,25,45,387
Deposits from Others (Unsecured)	10,25,00,000	2,00,00,000
Total	15,87,65,387	13,25,45,387

- 3.1 Term loan 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 and Machinery and other Fixed Assets for Term Loan and is also secured by personal guarantee of Dr.A.C.Muthaih.
- 3.2 The term loan is repayable in 16 equal quarterly instalments commencing from 25.04.2012. The applicable interest rate is 13.25% p.a payable monthly. The principal amount of Rs.85,18,130 due on Jan 25, 2014 was paid on Apr 25, 2014. However there is no interest overdue.
- 3.3 The interest payable on deposits from others are in the range of 10% to 10.25% p.a payable quarterly. The interest due on Dec 31, 2013 and Mar 31, 2014 amounting to Rs.40,99,580 is outstanding at year end.

4 Deferred tax liabilities (net)

	Mar 31, 2014	Mar 31, 2013
a) Deferred tax liability due to:		
i) Depreciation	(13,61,84,851)	(14,20,82,363)
ii) Other timing differences	(63,000)	-
	(13,62,47,851)	(14,20,82,363)
b) Deferred tax asset arising out of:		
i) Provision of Leave encashment / Gratuity	27,14,695	88,02,029
ii) Carry forward losses / Depreciation	2,36,62,394	2,18,77,851
iii) Other timing difference	21,47,089	24,30,539
	2,85,24,178	3,31,10,419
Net deferred tax Liabilities	(10,77,23,673)	(10,89,71,944)

5 Long - Term Provisions

	Mar 31, 2014	Mar 31, 2013
Provision for employee benefits		
Provision for gratuity (Refer note 9.1 and 30)	1,83,97,255	1,45,83,148
Provision for leave benefits (Refer note 9.1 and 31)	64,69,158	68,27,279
	2,48,66,413	2,14,10,427



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

6 Short-term borrowings

	Mar 31, 2014	Mar 31, 2013
Packing Credit from banks (Secured)	4,75,19,998	3,56,05,462
Overdraft facility with Bank (Secured)	1,01,05,889	97,29,622
Buyers' Credit from Bank (Secured)	2,22,02,323	3,18,82,544
Deposits from Bank (Unsecured)	-	5,00,00,000
Deposits from Others (Unsecured)	-	1,50,00,000
	7,98,28,210	14,22,17,628
The above amount includes		
Secured borrowings	7,98,28,210	7,72,17,628
Unsecured borrowings	-	6,50,00,000

- 6.1 The Secured borrowings representing 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.

7 Trade payables

	Mar 31, 2014	Mar 31, 2013
i) Micro, Small and Medium Enterprises (Refer note 34)	2,47,869	4,54,265
ii) Other Trade Payables	10,80,19,089	9,04,53,817
	10,82,66,958	9,09,08,082

8 Other liabilities

Current maturities of long-term borrowings (Refer note 3.1)	6,47,98,130	5,62,80,000
Interest accrued and due on secured loans	15,84,032	21,74,366
Advances from customers	20,22,366	2,43,13,069
Rental and other advances	26,50,260	36,00,000
Interest accrued on unsecured loans	57,09,079	27,71,012
Salaries, wages and other employee benefits payable	1,59,62,150	1,57,09,760
Statutory Dues	14,41,993	13,96,205
	9,41,68,009	10,62,44,412
	20,21,87,098	19,66,98,229

9 Short - term Provisions

	Mar 31, 2014	Mar 31, 2013
Provision for employee benefits		
Provision for gratuity (Refer note 30)	25,31,259	15,97,042
Provision for leave benefits (Refer note 31)	7,07,484	4,85,589
	32,38,743	20,82,631

9.1 Movement in respect of provisions:

Particulars	Year	Opening balance	Net Additions / Utilisations	Closing balance
Provision for gratuity	2014	1,61,80,190	47,48,324	2,09,28,514
	2013	1,29,68,946	32,11,244	1,61,80,190
Provision for leave benefits	2014	73,12,868	(1,36,226)	71,76,642
	2013	87,88,136	(14,75,268)	73,12,868



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

10 Tangible assets

	Land	Leasehold Improvement	Buildings	Plant and Machinery	Furniture and Fittings	Office Equipments	Vehicles	Total
Gross Block								
Balance - Apr 1, 2012	40,10,11,436	-	7,27,66,563	1,36,19,05,126	1,11,18,484	1,76,33,182	30,73,601	1,86,75,08,392
Additions	-	-	-	3,69,35,363	-	1,34,294	-	3,70,69,657
Deletion / Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2013	40,10,11,436	-	7,27,66,563	1,39,88,40,489	1,11,18,484	1,77,67,476	30,73,601	1,90,45,78,049
Additions	-	52,19,470	-	11,90,392	98,228	94,985	-	66,03,075
Deletion / Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2014	40,10,11,436	52,19,470	7,27,66,563	140,00,30,881	1,12,16,712	1,78,62,461	30,73,601	1,91,11,81,125
Depreciation								
Balance - Apr 1, 2012	-	-	2,83,16,151	55,25,10,518	54,54,155	1,26,84,263	19,66,669	60,09,31,756
Charge for the year	-	-	21,01,802	11,36,02,872	4,51,735	11,63,727	2,91,992	11,76,12,128
Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2013	-	-	3,04,17,953	66,61,13,390	59,05,890	1,38,47,990	22,58,661	71,85,43,883
Charge for the year	-	8,69,912	13,76,876	10,48,79,681	4,77,011	8,39,682	2,91,992	10,87,35,153
Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2014	-	8,69,912	3,17,94,829	77,09,93,070	63,82,901	1,46,87,672	25,50,653	82,72,79,036
Written down value								
As at Mar 31, 2013	40,10,11,436	-	4,23,48,610	73,27,27,100	52,12,593	39,19,486	8,14,940	1,18,60,34,166
As at Mar 31, 2014	40,10,11,436	43,49,558	4,09,71,734	62,90,37,811	48,33,811	31,74,789	5,22,948	1,08,39,02,089

10.1. additions to Plant & Machinery during the year includes ₹ 11,45,628 (Previous year ₹ 25,13,140) towards exchange gain adjusted in fixed assets as per GOI Notification (GO No. GSR225(E) dated Mar 31, 2009).

10.2. Leasehold improvements comprise capital expenditure on leased premises and is depreciated over the period of lease being lower than the life estimated using the rates mentioned Scheduled XIV to the Act.

11 Intangible assets

Cost / Value

Balance - Apr 1, 2012

Additions

Disposals

Balance - Mar 31, 2013

Additions

Disposals

Balance - Mar 31, 2014

Amortization

Balance - Apr 1, 2012

Charge for the year

Adjustment for disposals

Balance - Mar 31, 2013

Charge for the year

Adjustment for disposals

Balance - Mar 31, 2013

Written down value

As at Mar 31, 2013

As at Mar 31, 2014

Computer software

Total

57,92,817

57,92,817

-

-

-

-

57,92,817

57,92,817

-

-

-

-

57,92,817

57,92,817

22,01,867

22,01,867

9,21,040

9,21,040

-

-

31,22,907

31,22,907

9,06,125

9,06,125

-

-

40,29,032

40,29,032

26,69,910

26,69,910

17,63,785

17,63,785



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

12 Non-current Investments	Mar 31, 2014	Mar 31, 2013
<i>Non-trade investments (valued at cost unless stated otherwise)</i>		
Investment in subsidiaries considered for consolidation	-	-
10 (Mar 31, 2013 : 10) Equity shares of USD 10 each fully paid-up in SPEL America Inc.	-	-
13 Long term Loans and advances	Mar 31, 2014	Mar 31, 2013
Capital advances		
Secured, considered good	-	43,09,000
Capital advances (A)	-	43,09,000
Security deposit - Unsecured		
Rental and other deposits:		
Considered good	61,85,410	41,59,370
(B)	61,85,410	41,59,370
Total (A+ B)	61,85,410	84,68,370
14 Inventories	Mar 31, 2014	Mar 31, 2013
Raw materials and components	5,46,97,856	5,87,63,119
Work-in-progress	13,49,75,162	6,77,18,885
Finished goods	3,40,210	39,39,923
Stores and spares	1,89,64,273	2,44,56,952
	20,89,77,501	15,48,78,879
Less: Provision for Non moving inventory	7,04,679	32,15,553
Total	20,82,72,822	15,16,63,326
14.1 Goods in transit included in above comprises of		
- Rawmaterials and components	60,23,287	28,01,003
- Stores and Spares	4,59,483	1,83,881
	64,82,770	29,84,884
15 Trade receivables	Mar 31, 2014	Mar 31, 2013
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	24,39,139	24,61,499
- Considered doubtful	62,43,828	35,98,204
	86,82,967	60,59,703
Provision for doubtful receivables	(62,43,828)	(35,98,204)
(A)	24,39,139	24,61,499
Other trade receivables (Considered good)	(B) 9,21,64,848	5,15,10,501
Total (A+B)	9,46,03,987	5,39,72,000



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
16 Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	19,44,372	40,81,414
Cash on hand	2,01,172	3,71,598
	<u>21,45,544</u>	<u>44,53,012</u>
Other bank balances		
Deposits with original maturity for more than 3 months but less than 12 months*	-	1,34,20,000
Deposits with Maturity for more than 12 months	20,00,000	-
Margin money deposit#	68,59,866	76,74,136
	<u>88,59,866</u>	<u>2,10,94,136</u>
	<u>1,10,05,410</u>	<u>2,55,47,148</u>

* Deposits is lien marked with IOB with respect to Buyer's Credit for Nil (Previous year - ₹ 1,34,20,000)

Margin money deposit with a carrying amount of ₹ 68,59,865 (Previous year: ₹ 76,74,136) are given as security for opening of letter of credit with banks

	Mar 31, 2014	Mar 31, 2013
17 Short Term Loans and advances		
Unsecured, Considered good unless stated otherwise		
Advances recoverable in cash or kind to employees etc.,		
Considered good	10,41,414	21,02,700
Advance recoverable in cash or in kind (A)	<u>10,41,414</u>	<u>21,02,700</u>
Other loans and advances		
Advance income-tax (net of provision for taxation)	3,48,09,931	3,36,08,773
Prepaid expenses	11,50,894	13,14,549
Advance to suppliers	11,18,862	4,77,811
Balances with statutory/government authorities		
Considered good	88,43,334	1,10,63,895
Considered doubtful	-	10,52,065
	<u>4,59,23,021</u>	<u>4,75,17,093</u>
Provision for doubtful service tax balances	-	(10,52,065)
Other loans and advances (B)	<u>4,59,23,021</u>	<u>4,64,65,028</u>
Total (A+ B)	<u>4,69,64,435</u>	<u>4,85,67,728</u>

	Mar 31, 2014	Mar 31, 2013
18 Other Current assets		
Interest Accrued on deposits.	5,36,792	6,01,712
Total	<u>5,36,792</u>	<u>6,01,712</u>

	Mar 31, 2014	Mar 31, 2013
19 Revenue from operations		
Revenues from operations		
Sale of products		
Export sales	62,17,27,894	79,48,96,180
Sale of services	62,19,079	1,03,98,460
Other operating revenue		
Scrap sales	66,68,151	27,30,517
Revenue from operations (gross)	<u>63,46,15,124</u>	<u>80,80,25,157</u>
Less: Excise duty	7,25,296	3,33,481
Revenue from operations (net)	<u>63,38,89,828</u>	<u>80,76,91,676</u>
Sale of Products is related to sale of Integrated Circuits (IC's)		



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
20 Other income		
Interest income on		
- on bank deposits	18,81,081	14,68,712
Rental Income	53,96,050	68,70,581
Gain on foreign exchange fluctuation (net)	16,71,805	38,69,953
Liabilities / provisions not required written back	9,66,390	-
Others - Maintainance Charges received	15,01,984	66,043
	1,14,17,310	1,22,75,289
21 Cost of raw materials and components consumed		
Inventory at the beginning of the year	5,87,63,119	6,35,11,726
Add: Purchases	25,74,03,279	31,26,05,382
Less: Inventory at the end of the year	5,46,97,856	5,87,63,119
Less: Provision no longer required	25,10,874	-
Cost of raw materials and components consumed	25,89,57,668	31,73,53,987
Add: Wafer Characterization Charges & Other Manufacturing expenses	45,00,990	1,39,98,170
Add: Provision for Non-moving Inventory	3,64,469	20,16,477
	26,38,23,127	33,33,68,635
Details of raw materials and components consumed		
Lead frame	8,09,77,000	8,81,30,560
Gold Wire	10,87,46,000	16,32,81,096
Molding compound	2,67,59,000	2,88,65,958
Others	4,24,75,668	3,70,76,374
	25,89,57,668	31,73,53,988
Details of Inventory (Raw materials and components)		
Lead frame	2,96,19,209	2,66,41,608
Gold Wire/Copper Wire	72,04,362	1,01,61,659
Silver Epoxy	7,85,777	7,63,909
Molding compound	1,00,86,499	56,01,902
Others	70,02,009	1,55,94,041
	5,46,97,856	5,87,63,119
22 (Increase) / decrease in inventories		
Inventories at the end of the year		
Work-in-progress	13,49,75,162	6,77,18,885
Finished goods	3,40,210	39,39,923
Inventories at the beginning of the year		
Work-in-progress	6,77,18,885	7,22,85,281
Finished goods	39,39,923	51,99,550
(Increase) / decrease in inventories	(6,36,56,564)	58,26,023



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

23 Employee benefit expense	Mar 31, 2014	Mar 31, 2013
Salaries, wages and bonus	13,43,16,274	15,12,35,009
Gratuity expense	53,48,324	44,36,244
Contributions to provident fund and other funds	1,12,04,677	1,35,33,787
Staff welfare expense	63,36,431	94,43,094
	15,72,05,706	17,86,48,134
24 Other expenses	Mar 31, 2014	Mar 31, 2013
Stores & Consumables	1,90,58,120	6,60,63,966
Power and Fuel	4,80,64,027	7,07,39,450
Rent and amenities	17,46,110	19,71,430
Carriage outwards	28,47,208	38,32,695
Rates and taxes	32,99,036	22,27,567
Insurance	6,91,459	8,26,588
Repairs and maintenance	13,77,201	21,60,946
Plant and machinery		
Buildings	64,35,009	47,26,442
Others	35,40,238	38,88,593
Marketing fees	1,06,62,605	7,90,915
Travelling and conveyance	1,30,52,462	85,01,605
Communication costs	10,75,841	12,73,377
Legal and professional fees (including details in Note 24.1 for payments to auditors)	1,06,08,652	1,23,26,086
Directors' Sitting Fee	2,43,000	1,67,000
Provision/(Reversal of provision) for doubtful debts	26,45,624	2,53,050
Printing & Stationary	8,18,119	12,52,055
Miscellaneous expenses	29,98,940	11,21,227
	12,91,63,651	18,21,22,992
24.1 Payment to auditor	Mar 31, 2014	Mar 31, 2013
As Statutory auditors:		
Statutory Audit fee	1,50,000	1,50,000
Tax audit fee	30,000	30,000
Other services (certification fees)	-	26,956
Reimbursement of expenses	15,000	15,000
Payment to Other auditors		
Audit fee	5,000	5,000
Taxation work	31,761	28,589
	2,31,761	2,21,956
25 Depreciation and amortization expense	Mar 31, 2014	Mar 31, 2013
Depreciation of tangible assets	10,87,35,153	11,76,12,128
Amortization of intangible assets	9,06,125	9,21,040
	10,96,41,278	11,85,33,168



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
26 Finance costs		
Interest		
On bank loans	3,00,98,905	3,73,37,376
Others	96,46,716	1,25,08,043
Commission	8,59,567	8,33,880
Bank charges	64,65,427	77,21,397
	4,70,70,615	5,84,00,696
27. Additional Information		
Mr. N. Sivashanmugam Whole Time Director		
Salary	6,60,000	6,47,581
Allowances	6,45,248	6,52,085
Contributions	82,500	82,500
Total	13,87,748	13,82,166
Mr. D. Balakrishnan, Chief Executive Officer		
Salary	15,00,000	14,14,382
Allowances	18,44,590	16,09,259
Contributions	1,87,500	1,76,798
Total	35,32,090	32,00,439

Provisions for/contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuations done on an overall Company basis are excluded above.

	Mar 31, 2014	Mar 31, 2013
b. CIF value of imports		
Capital goods	-	3,43,60,387
Machinery spares	74,34,433	137,48,050
Raw Materials and components	25,15,73,218	35,43,25,728
	25,90,07,651	40,24,34,165
c. Expenditure in foreign currency (on accrual basis)		
Travel and conveyance	43,20,572	21,58,504
Marketing Fees	1,49,85,768	1,19,79,788
Characterization and Test Engineering Charges	45,00,990	1,04,91,330
	2,38,07,330	2,46,29,622
d. Earning in Foreign Currency		
Export at F.O.B. value	57,72,04,140	80,52,94,640
e. Contingent Liabilities and commitments (to the extent not provided).		
i) Contingent Liabilities		
- Service Tax Demand	-	1,86,100
- Letter of Credit for import purchases	4,83,63,368	3,55,10,607
- Income tax Demand	40,19,136	1,79,57,319
ii) Capital commitments		
- Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

28. Earnings Per Share:

a Profit / (Loss) as per Statement of Profit and Loss	32,33,487	(4,53,17,673)
b Weighted average number of equity shares outstanding	4,61,17,443	4,61,17,443
c Par value of equity shares - Rs.	10.00	10.00
d Basic and Diluted earnings per share - Rs.	0.07	(0.98)

29. Related party disclosures

	Mar 31, 2014	Mar 31, 2013
1. Names of related parties		
A. Holding Company		
- Natronix Semiconductor Technology Private Limited (From Mar 24, 2014)		
a. Marketing Fee	1,06,62,605	7,70,875
b. Accounts Payable	10,56,159	-
- Southern Petrochemical Industries Corporation Limited (Upto Mar 23, 2014)		
a. Other receivable	2,03,884	2,29,730
B. Fellow Subsidiary		
Natronix Semiconductor Technology Limited (From Mar 24, 2014)		
C. Subsidiary Company		
- SPEL America Inc		
D. Enterprise owned by /over which Key Management Personnel / Relatives is able to exercise significant influence		
Valingro Exponenta Limited		
Director is Chairman in		
Valingro Exponenta Limited		
a. Corporate Communication Charges	20,22,480	18,20,232
b. Corporate Rent Charges	13,48,320	13,48,320
c. Other Payable	7,62,138	2,54,046
Natronix Semiconductor Technology Limited		
Director is Chairman in		
Natronix Semiconductor Technology Limited		
a. Manpower Deputation Charges	22,75,290	16,05,595
b. Other Payable	3,54,384	1,51,866
ACM Medical Foundation		
Chairman is a Trustee		
Long Term Borrowings	6,75,00,000	-
Long Term Borrowings - Balance Outstanding	6,75,00,000	-
ACM Educational Foundation		
Chairman is a Trustee		
Long Term Borrowings	1,50,00,000	-
Long Term Borrowings - Balance Outstanding	3,50,00,000	2,00,00,000
Valingro Exponenta Limited		
Director is Chairman in		
Valingro Exponenta Limited		
Short Term Borrowings	-	1,50,00,000
Repayment of Short Borrowings	(1,50,00,000)	-
Short Term Borrowings - Balance Outstanding	-	1,50,00,000



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

Chiptest Engineering Limited

Director & his Relative are Major Shareholder

a. Wafer Characterisation	30,38,744	1,29,98,458
b. Other Manufacutring	24,95,568	27,65,901
c. Other Payables	28,57,589	25,69,624
(d) Key Management Personnel		
- Dr. A.C. Muthiah Chairman (upto Oct 22, 2013) Personal Guarantee Commission	7,07,186	7,62,769
- Mr. N Sivashanmugam Whole Time Director Remuneration	13,87,748	13,82,166
- Mr. D Balakrishnan Chief Executive Officer Remuneration	35,32,090	32,00,439

30. Employee benefit plans - Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognised in the Statement Profit and Loss and the funded status and amounts recognised in the balance sheet for the Gratuity plan.

Statement of Profit and Loss

Net employee benefit expense (recognised in Personnel expenses)

	Mar 31, 2014	Mar 31, 2013
(i) Current service cost on Benefit Obligations	22,68,985	19,93,021
(ii) Interest cost on Benefit Obligations	19,73,986	19,98,155
(iii) Expected return on plan assets	(7,39,615)	(9,57,355)
(iv) Net actuarial (gains)/ losses recognised in the year	22,44,969	14,02,423
(v) Net (Benefit) / Expense	57,48,324	44,36,244
(vi) Actual return on plan assets	7,39,615	9,57,355

Balance Sheet

Details of Provision for gratuity

(i) Defined benefit obligation	2,66,39,787	2,69,74,079
(ii) Plan Liability /(Asset)	57,11,273	1,07,93,889
	2,09,28,514	1,61,80,190

Changes in the present value of the defined benefit obligation are as follows:

(i) Opening defined benefit obligation	2,69,74,080	2,54,67,995
(ii) Current service cost	22,68,985	19,93,021
(iii) Interest cost	19,73,986	19,98,155
(iv) Actuarial (gains) / losses on obligation	15,74,629	24,63,449
(v) Benefits paid	(61,51,892)	(49,48,541)
(vi) Closing defined benefit obligation	2,66,39,788	2,69,74,079

Changes in the fair value of the plan assets are as follows:

(i) Opening fair value of plan assets	1,07,93,889	1,24,99,049
(ii) Expected return	7,39,615	9,57,355
(iii) Actuarial gains / (losses)	(6,70,339)	10,61,026
(iv) Contributions by employer	10,00,000	12,25,000
(v) Benefits paid	(61,51,892)	(49,48,541)
(vi) Closing fair value of plan assets	57,11,273	1,07,93,889



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

The principal actuarial assumptions used in determining gratuity obligation for the Company's plans are shown below:

	Mar 31, 2014	Mar 31, 2013
(i) Discount rate	9.21%	8.26%
(ii) Salary Escalation	5.00%	5.00%
(iii) Expected Return on Assets	9.00%	9.00%
(iv) Mortality	IALM(2006-08) Ultimate	LIC(1994-96) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

31. Leave Plan

Net Asset/(Liability) Recognized in Balance Sheet-31 Mar 2014

	Mar 31, 2014	Mar 31, 2013
(i) Present Value of Defined Benefit Obligation	71,76,643	73,12,868
(ii) Fair Value Of Plan Assets	-	-
(iii) Funded Status[Surplus/(Deficit)]	(71,76,643)	(73,12,868)
(iv) Unrecognized Past Service Costs	-	-
Net Asset /(Liability) recognized in the Balance Sheet	(71,76,643)	(73,12,868)

Assumption at 31 Mar 2014

Discount Rate	9.21%	8.26%
---------------	--------------	--------------

Disclosure of employer expense for the year ending 31 Mar 2013

(i) Current Service Cost (including risk premiums for Fully Insured Benefits)	1,95,197	-
(ii) Interest Cost	6,04,043	-
(iii) Expected Return On Plan Assets	-	-
(iv) Curtailment Cost/(Credit)	-	-
(v) Settlement Cost/(Credit)	-	-
(vi) Past Service Cost	-	-
(vii) Actuarial Losses/(Gains)	(9,35,466)	-

Total employer expense recognize in P&L

Assumption at 31 Mar 2012

Discount Rate	9.21%	8.26%
---------------	--------------	--------------

Change In Obligation and assets over the year ending 31 Mar 2014

A Change In Defined Benefit Obligation

	Mar 31, 2014	Mar 31, 2013
(i) DBO at beginning of the period	73,12,868	87,88,136
(ii) Service Cost	1,95,197	1,37,045
(iii) Interest Rate	6,04,043	7,63,689
(iv) Curtailment Rate / (Credit)	-	-
(v) Settlement Cost/(Credit)	-	-
(vi) Plan Amendments	-	-
(vii) Acquisitions	-	-
(viii) Actuarial Losses /(Gains)	(9,35,466)	(23,76,002)
(ix) Benefit Payments	-	-
DBO at end of the period	71,76,642	73,12,868



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

B Change In Fair Value of Assets	Mar 31, 2014	Mar 31, 2013
(i) Fair Value of Plan Assets at beginning of the period	-	-
(ii) Acquisition adjustment	-	-
(iii) Expected return on plan assets	-	-
(iv) Actual Company Contributions	-	-
(v) Acturial Gain/(Loss)	-	-
(vi) Benefits Payments	-	-
(vii) Fair Value of Plan Assets At end of the period	-	-
Assumptions at 31 Mar 2014		
Discount Rate	9.21%	8.26%
Reconciliation of Net Asset/Liability recognized in Balance Sheet		
(i) Net Asset /(Liability) at beginning of period	(73,12,868)	(87,88,136)
(ii) Employer Expense	(1,36,226)	(14,75,268)
(iii) Employer Contributions	-	-
(iv) Acquisitions/Business Combinations	-	-
(v) Net Asset /(Liability) at end of Period	(71,76,643)	(73,12,868)
Experience History		
(i) Defined Benefit Obligation at end of the period	71,76,643	73,12,868
(ii) Plan Assets at end of the period	-	-
(iii) Funded Status	(71,76,643)	(73,12,868)
(iv) Experience adjustment on plan Liabilities	(9,53,227)	(15,18,411)
(v) Experience adjustment on plan assets	-	-
The Financial assumptions employed for the calculations as at 31 Mar 2014 and 31 Mar 2013 are as follows.		
(i) Discount Rate	9.21%	8.26%
(ii) Expected return on assets	0.00%	0.00%
(iii) Salary escalation	5.00%	5.00%
(iv) Mortality	IALM(2006-08) Ultimate	LIC(1994-96) Ultimate

The assumptions of future salary increases, take into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

32 Payment to Directors	Mar 31, 2014	Mar 31, 2013
Salary	6,60,000	6,60,000
Special Allowance	93,000	1,07,500
Other Perquisisties	5,52,248	5,32,166
Contribution to PF	82,500	82,500
Director Sitting Fees	2,43,000	1,67,000
Total	16,30,748	15,49,166



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

33 Foreign currency exposures

The Company does not use any derivative instruments to hedge its foreign currency exposures. The details of foreign currency balances which are not hedged as at the balance sheet date are as below:

Particulars	Mar 31, 2014		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade Payable	USD	12,91,848	7,76,78,834
Trade Payable	SGD	22,100	10,56,159
Advance to Suppliers	USD	42,683	25,49,895
Trade Receivables	USD	15,87,463	9,48,35,057
Advance from Customers	USD	29,482	18,22,580
Buyers credit-IOB	USD	3,69,239	2,22,02,323
Foreign Currency in Hand	USD	1,200	71,688
Foreign Currency in Hand	MYR	210	3,329

Particulars	Mar 31, 2013		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade Payable	USD	12,95,089	7,04,91,694
Advance to Suppliers	USD	20,007	10,81,799
Trade Receivables	USD	9,70,606	5,24,80,660
Advance from Customers	USD	4,46,290	2,42,91,566
Capital advances	USD	-	-
Buyers credit-IOB	USD	5,85,753	3,18,82,544
Foreign Currency in Hand	USD	800	43,256
Foreign Currency in Hand	EURO	5	345
Foreign Currency in Hand	SGD	142	6,156

34 Dues to Micro, Small and Medium Enterprises

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

Information required to be disclosed under Micro, Small and Medium Enterprises Development Act 2006 as at Mar 31, 2014 is Nil (Mar 31, 2013 - Nil)

35 The figures for the previous periods have been reclassified / regrouped / amended, wherever necessary.

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Consolidation

- 1.1 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.
- 1.2 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.

2. Accounting convention

Financial statements are prepared in accordance with the generally accepted accounting principles in India including accounting standards referred to in Section 211 (3C) of the Companies Act 1956, under historical cost convention except so far as they relate to revaluation of certain fixed assets.

3. Use of Estimates

The preparation of the consolidated financial statements, in conformity with the generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of the Consolidated Financial statements, disclosure of contingent liabilities and reported amounts of revenues and expenses for the year. Estimates are based on historical experience, where applicable and other assumptions that management believes are reasonable under the circumstances. Actual results could vary from these estimates and any such differences are dealt with in the period in which the results are known/ materialize.

4. Principles of Consolidation

The financial statements of subsidiary company used in the consolidation are drawn up to the same reporting date as of the company ie year ended Mar 31, 2014. The financial statements of the company and its subsidiary company have been combined line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions have been fully eliminated.

5. Tangible and Intangible Fixed assets and depreciation / amortisation

- 5.1 Expenditure which are of a capital nature are capitalized 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. Cost of fixed assets is net of eligible credits under CENVAT / VAT Scheme. Expenditure directly related and incidental to construction / development and borrowing costs in para 5 below are capitalised upto the date the assets are ready for their intended use. Exchange differences are capitalised to the extent dealt with in para 9.4 below.
- 5.2 Assets are depreciated / amortised, as below, on straight line basis:
 - a. Buildings, assets in leased premises, plant and machinery (except assets subject to impairment) and other assets, over their estimated useful lives or lives derived from the rates prescribed in Schedule XIV to the Companies Act, 1956, whichever is lower;
 - b. Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.
 - c. Intangible assets are amortized over their estimated useful life.
- 5.3 Depreciation / amortisation is provided on a pro-rata basis from the month the assets are put to use during the financial year. In respect of assets sold or disposed off during the year, depreciation / amortisation is provided upto the month of sale or disposal of the assets.
- 5.4 At each balance sheet date, the carrying values of fixed 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 said asset is estimated in order to determine the extent of impairment loss (if any).



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

6. Borrowing Cost

Borrowing cost are capitalized as part of the cost of qualifying asset when it is possible that they will result in future economic benefit. All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

7. Investments

Long Term Investments are carried at cost. Provision for diminution is however made to recognised a decline, other than temporary in nature, in its value.

8. Inventories

8.1 Inventories are valued at lower of cost and net realisable value; cost being ascertained on the following basis:

- a Stores, spares, consumables, raw materials and components and in-line work-in-progress : on weighted average basis.
- b Work-in-progress-Box Stock: at Cost and under absorption costing method
- c Finished / trading goods: under absorption costing method.

8.2 Cost includes taxes and duties and is net of eligible credits under CENVAT / VAT Schemes.

8.3 Surplus / obsolete / slow moving inventories are adequately provided for.

9. Foreign Currency Transactions

9.1 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 dealtwith in the Statement of profit and loss.

9.2 Premium or Discount on forward contracts is amortized 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.

9.3 Exchange difference on translation or settlement of long term foreign currency monetary item (i.e whose terms of settlement is 12 months from the date of its origination) at rates different from those at which they were originally recorded are reported in the previous financial statements, relating to acquisition of depreciable assets are adjusted to the cost of the assets.

9.5 The operation of subsidiary has been classified has integral foreign operation & exchange differences arising on translation of foreign operation is recognized in the statement of profit & loss account

10. Segment Reporting

The company's primary segment is identified as business segment based on nature of product, risks, returns and the internal business reporting system and secondary segment is identified based on geographical location of the customers as per Accounting Standard – 17. The company is principally engaged in a single business segment viz. Integrated Circuits.

11. Revenue Recognition

11.1 Sale of goods

Revenue from sale of products is recognised on despatch or appropriation of goods in accordance with the terms of sale, when the significant risks and rewards of ownership of goods have been passed to the buyer and is inclusive of excise duty.

11.2 Sale of Services

Revenue from services is recognised on completion of the service in accordance with the terms of contract.



Notes to Consolidated Financial Statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

11.3 Others

Interest income is recognised on time proportion basis.

12. Employee Benefit

12.1 Short term employee benefit obligations are estimated and provided for.

12.2 Post-employment benefits and other long term employee benefits

Defined contribution plans:

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. Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and / or statute and charged to the Statement of Profit and Loss in the period of incurrence.

Defined benefit plans and compensated absences:

Company's liability towards retirement benefits and compensated absences are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period of occurrence.

12.3 Termination benefits

Expenditure on termination benefits is recognised in the Statement of Profit and Loss in the period of incurrence.

13. Taxation

13.1 Current tax is determined on the income for the year chargeable to tax in accordance with Income Tax Act, 1961 and after considering credit for Minimum Alternate Tax available under the said Act.

13.2 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.

14. 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 Consolidated Financial statements.



Consolidated Cash flow statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
Cash flow from operating activities		
Net profit before taxation	20,59,325	(5,69,32,683)
Adjustments for:		
Depreciation/amortization of tangible/intangible assets	10,96,41,278	11,85,33,168
Foreign exchange loss/(gain)	(68,40,895)	(32,27,450)
Rental income	(53,96,050)	(68,70,581)
Provision no longer required taken back	9,66,390	-
Bad advances	36,12,014	5,91,796
Interest on fixed deposits	(18,81,081)	(14,68,712)
Interest expense	4,06,05,188	5,06,79,299
Operating profit before working capital changes	14,27,66,168	10,13,04,837
Movements in working capital :		
(Increase) / Decrease in trade receivables	(4,06,40,058)	1,63,77,424
(Increase) / Decrease in inventories	(5,66,09,497)	1,50,63,964
(Increase) / Decrease in other current assets	64,920	4,77,444
(Increase) / Decrease in loans and advances	41,03,810	(68,72,907)
Increase / (Decrease) in trade payables and other liabilities	(18,47,513)	60,18,496
Increase / (Decrease) in provisions	46,12,098	17,35,976
Cash generated from / (used in) operations	5,24,49,929	13,41,05,234
Direct taxes paid (net of refunds)	(12,58,055)	(16,64,919)
Net cash flow from / (used in) operating activities (A)	5,11,91,874	13,24,40,315
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(66,03,075)	(3,70,69,657)
Deposits with maturity for more than 3 months (net)	1,34,20,000	(94,20,000)
Margin money deposit (net)	(11,85,729)	20,91,991
Rental income	53,96,050	68,70,581
Interest received	18,81,081	14,68,712
Net cash from / (used in) investing activities (B)	1,29,08,327	(3,60,58,373)
Cash flows (used in) / from financing activities		
Proceeds from Long term borrowings	8,25,00,000	-
Proceeds from Short term borrowings	26,10,582	2,49,24,318
Repayment of Long term borrowings	(6,50,00,000)	(2,51,55,503)
Repayment of Long term borrowings	(4,77,61,870)	(5,52,10,030)
Interest paid	(4,06,05,188)	(5,06,79,299)
Net cash (used in) / from financing activities (C)	(6,82,56,476)	(10,61,20,514)



Consolidated Cash flow statement for the year ended Mar 31, 2014

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2014	Mar 31, 2013
Net increase / (decrease) in cash and cash equivalents	(41,56,276)	(97,38,572)
Cash and cash equivalents at the beginning of the year	44,53,012	1,16,94,706
Exchange differences on translation of foreign currency cash and cash equivalents	18,48,808	24,96,878
Cash and cash equivalents at the end of the year	21,45,544	44,53,012
Components of Cash and Bank balances (Note 16 to the consolidated financial statements)		
- Cash and cash equivalents	21,45,544	44,53,012
- Other bank balances	88,59,866	2,10,94,136
Cash and bank balances	1,10,05,410	2,55,47,148

in terms of our report of even date
For **M.S Krishnaswami & Rajan**
Chartered Accountants

Dr. A. Besant C. Raj
Director

Dr. T.S. Vijayaraghavan
Director

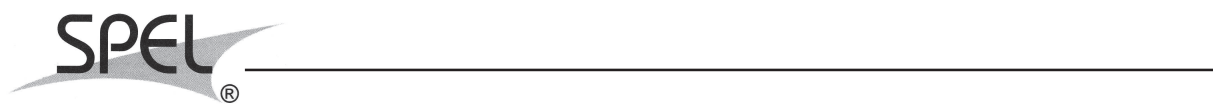
M.S Murali
Partner
M. No. 26453

N. Ramakrishnan
Director

N. Sivashanmugam
Whole time Director

Place : Chennai
Date : Apr 29, 2014

Rohini Ramanathan
Company Secretary



**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.

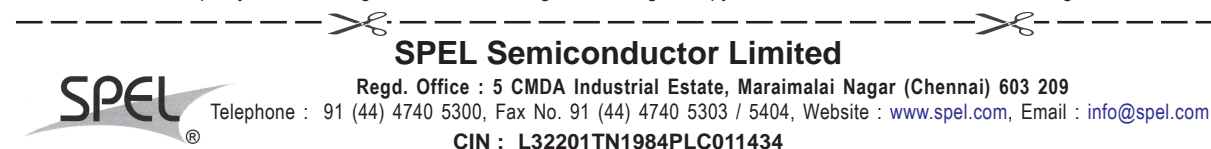
I hereby record my presence at the 29th Annual General Meeting of the Company to be held at 10.45 am on Monday, Sep 15, 2014 at 5 CMDA Industrial Estate, Maraimalai Nagar (Chennai) 603 209.

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.

**PROXY FORM**

Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014.

Name of the member (s)	
Registered Address	
Folio No./Client Id	
E-mail Id	

I/We, being the member(s) of _____ shares of the above named Company hereby appoint

1.	Name :	Address:
	E-Mail Id:	Signature
or failing him / her		
2.	Name :	Address:
	E-Mail Id:	Signature
or failing him / her		
3.	Name :	Address:
	E-Mail Id:	Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company to be held on Monday, Sep 15, 2014 at 10.45 am at the Registered Office of the Company at 5 CMDA Industrial Estate, Maraimalai Nagar (Chennai) 603 209 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolution	Vote (Optional see note 2) (Please mention no. of shares)		
		For	Against	Abstain
Ordinary Business				
1.	Adoption of audited Financial Statements for the financial year ended Mar 31, 2014 and reports of the Board of Directors and the Auditors thereon			
2.	Appointment of M/s. M.S.Krishnaswami & Co., Chartered Accountants Chartered Accountants, as Statutory Auditors			
Special Business				
3.	Appointment of Dr.T.S.Vijayaraghavan as Independent Director			
4.	Appointment of Mr.N.Ramakrishnan as Independent Director			
5.	Appointment of Mr.K.Ravikumar as Independent Director			
6.	Appointment of Mr.D.Balakrishnan as the Director, liable to retire by rotation and Whole-Time Director			

Signed this _____ day of _____ 2014.

Signature of Shareholder

Signature of proxy holder(s)

Affix One
Rupee
Revenue
Stamp

Notes :

1. This Form, in order to be effective should be duly stamped , completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he/ she may deem appropriate.
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent (10%) of the total Share Capital of the Company. A member holding more than ten percent (10%) of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy. However, such person shall not act for any other person or Shareholder.



29th Annual Report
2013-14

To

A large, empty rectangular box with rounded corners and a thin black border, intended for the recipient's address.

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