

Form A: Unqualified/ Matter of Emphasis Report

FORM A

Format of covering letter of the annual audit report to be filed with the Stock exchanges

1.	Name of the Company	SPEL Semiconductor Limited
2.	Annual financial statements for the year ended	31 st March 2015
3.	Type of Audit qualification	Un-qualified
4.	Frequency of qualification	Whether appeared first time / repetitive / since how long period N.A
5.	To be signed by- CEO	
6.	CFO	
7.	Auditor of the company	 <p>For M.S. Krishnaswami & Rajan CHARTERED ACCOUNTANTS REGN. No. 015549  M.S. MURALI - PARTNER MEMBERSHIP No. 26453</p>
8.	Audit Committee Chairman	



30th Annual Report
2014-15

Defining The Future Through Partnerships



SPEL Semiconductor Limited

Board of Directors	<ol style="list-style-type: none">1. Mr. K. Ravikumar Director2. Mr. M. Jayasankar Director3. Dr. Enakshi Bhattacharya Director4. Mr. D. Balakrishnan Whole Time Director & CEO
Chief Financial Officer	Mr. R. Venkatesh Kumar
Auditors	M.S. Krishnaswami & Rajan GB, Anand Apartment, Ground Floor JP Avenue, 6th Cross Street, Dr. Radhakrishnan Salai, Mylapore, Chennai 600 004.
Registered Office & Factory	5 CMDA Industrial Estate, MM Nagar (Chennai) 603 209, India.
US Office	4030 Moorpark Ave # 236 San Jose, CA 95117, USA
Bankers	<ol style="list-style-type: none">1. Indian Overseas Bank2. Allahabad Bank
Registrar & Share Transfer Agents	Cameo Corporate Services Limited, Subramanian Building, V Floor, 1 Club House Road, Chennai 600 002. Tel : (044) 2846 0390 Fax: (044) 2846 0129



Vision

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

Mission

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

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

Quality Policy

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

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

*Work towards continual quality improvement through
training and teamwork*



Environment Policy

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

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

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

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

Emphasizing the minimization of significant impacts, wastes and pollution prevention

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

Notifying this policy to all Stakeholders



Previous 5 years performance

(₹ in lakhs)

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

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Notice

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

Ordinary Business

1. Adoption of Financial Statements

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

2. Retirement by Rotation

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

3. Ratification of appointment of Auditors

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

By order of the Board
for SPEL Semiconductor Limited

Chennai
Jul 23, 2015

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242

Notes

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

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

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



9. Voting through electronic means

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

The instructions for Shareholders voting electronically are as under:

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

For Members holding shares in Demat Form and Physical Form

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

DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<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 (iv).

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



- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on

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

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

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

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

By order of the Board
for SPEL Semiconductor Limited

Chennai
Jul 23, 2015

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242

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

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



Directors' Report

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

1. Financial Highlights / Performance

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

(₹ in Lakhs)

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

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

2. Dividend

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

3. Reserves

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

4. Company Performance

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

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

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

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

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

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

5. Human Resources Development

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

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

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

When can we make a contribution to Society?

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

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



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

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

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

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

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

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

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

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

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

Nil

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

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

9. Subsidiary/Joint Ventures/Associate Companies

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

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

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

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

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

10. Deposits

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

11. Statutory Auditors

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

12. Reply to Auditors' Comments in their Report

The Auditors have commented in their report that

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

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

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

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



has been making the payments of statutory dues with a delay of 2–3 months. The Company expects to improve the performance based on the measures taken and also improve liquidity ensure that the statutory dues will be paid regularly in future

13. Share Capital

There has been no change in the share capital of the Company during the year.

14. Extract of the Annual Return

As provided under Section 92 (3) of the Act, the extract of Annual Return is given in annexure in the prescribed Form MGT9, which forms part of this report.

15. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows :

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
9,18,333 Units	2750 KL

Technology Absorption

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

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 : ₹ 27,10.32 Lakhs

Foreign Exchange earned during the year : ₹ 52,45.52 Lakhs

16. Research & Development (R&D)

The Company has carved out an ambitious plan of investment in R&D. This will include investment in Package Intellectual Property, thereby assisting Company's revenue and profitability in the future years.

17. Directors and Key Managerial Personnel

Dr. A. Besant C. Raj, Mr. N. Sivashanmugam, Dr. T. S. Vijayaraghavan & Mr. N. Ramakrishnan

resigned from the Board of the Company w.e.f Jun 19, 2014, Jul 30, 2014, Sep 8, 2014 & Sep 12, 2014 respectively. The Board places on record its appreciation of their invaluable contribution and guidance provided by them.

Pursuant to the provisions of Section 149 of the Act, Mr. K. Ravikumar was appointed as Independent Director at the Annual General Meeting of the Company held on Sep 15, 2014 to hold office till Sep 14, 2019 not liable to retire by rotation. The terms and conditions of appointment of Independent Director are as per Schedule IV of the Act.

They have submitted a declaration that they meet the criteria of Independence as provided in Section 149 (6) of the Act and there has been no change in the circumstances which may affect their status as Independent Directors during the year.

Pursuant to the provisions of Section 203 of the Act, Mr. R. Venkatesh Kumar, Chief Financial Officer as Key Managerial Personnel w.e.f Sep 15, 2014 was formalized.

18. Number of meetings of the Board

7 (Seven) Meetings of the Board were held during the year. For details of the meetings of the board, please refer to the Corporate Governance Report, which forms part of this report.

19. Audit Committee

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report

20. Vigil mechanism for Directors and Employees

The Company has a vigil mechanism by way of Whistle Blower Policy to provide a Vigil Mechanism for Employees and Directors to report genuine concerns. The provisions of this policy are in line with Section 177 (9) of the Act and Clause 49 of the Listing Agreement. A copy of policy is uploaded in the website of the Company.

21. Nomination and Remuneration Committee

The details pertaining to Nomination and Remuneration Committee are included in the Corporate Governance Report, which forms part of this report

22. Loans, Guarantees or Investments

Particulars of Loans, Guarantees and Investments have been disclosed in the financial statements

23. Contracts or arrangements with related parties

The particulars of every contract or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length



transactions under third proviso thereto have been disclosed in Form No. AOC -2.

24. Secretarial Audit Report

Secretarial Audit Report is given as annexure, which forms part of this report.

25. Formal Annual evaluation of Board on its own performance, Committees of the Board and the individual Directors

The Board of Directors has carried out an annual evaluation of its own performance, Committees of the Board and the individual Directors pursuant to the provisions of the Act and Corporate Governance as prescribed under Clause 49 of the Listing Agreement.

In a separate meeting of the Independent Directors, performance of the Non-Independent Director and performance of the Board as a whole was evaluated

26. Familiarisation programme for Independent Directors

The Company has prepared and presented a power point presentation for Independent Directors in order to enable them to familiarise with the Company's policies and practices

27. Risk management

A Risk Management Committee to identify and monitor the risks has been formed with a responsibility to review the risks and evolve mitigation plan required. Periodical action is taken to address the major risks identified.

28. Corporate Governance Certificate

The Corporate Governance Certificate from the Auditors regarding compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing agreement is annexed with this report.

With regard to the comment on the post of Company Secretary being vacant, the Company has already appointed a Company Secretary who is expected to join the Company in August 2015.

29. Reply to comments by Secretarial Auditor in his report

With regard to the comment on the post of Company Secretary being vacant, the Company has already appointed a Company Secretary who is expected to join the Company in August 2015.

Regarding the comment that the Company is not regular in depositing un-disputed PF, ESI, Income Tax (TDS) and Property dues, it is clarified that it is due to decline in the performance during the year and attendant financial constraints, the company has making the payment of statutory dues with delay of two three

months. The Company expects to improve the performance based on the measures taken also improve liquidity and ensure the Statutory dues will be paid regularly in future.

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

Regarding the comment that MR-1 has not been filed, it is clarified as the Company has filed E Form DIR-12 for appointment of Mr. D. Balakrishnan as Whole Time Director of the Company, the Company felt that no new form has to be filed for re-designating him as Key Managerial Personnel (E Form MR-1) as he has been continuing as the CEO of the Company since 5 years.

As regards an instance of not filing MGT -14 for FY 2013-14, it is clarified that the Company has filed E Form MGT- 14 for the approval of all four quarterly financials of FY 2014-15 as per the provisions of Companies Act 2013 except for the approval of financials of FY 2013-14 and Boards Report. Since it was during the initial days of new Companies Act, the Company has inadvertently omitted to file the said Form and the board of directors of the Company will ensure compliance.

Other comments on occurrence of theft, attrition of Directors and Inter Corporate Deposits, it is clarified that comments given by Secretarial Auditor are self-explanatory in nature.

30. Directors' Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities



- (d) they have prepared the annual accounts on a going concern basis
- (e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively and
- (f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the Internal, Statutory and Secretarial Auditors and External Consultants and the reviews performed by the Management and the relevant board committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the Financial Year 2014-15.

31. 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.

Your Directors wish to place on record, their appreciation of the efficient and loyal services rendered by the Employees at all levels to the Company. Your Directors wish to thank the Shareholders who constitute the mainstay of the Company for their unstinted support, forbearance confidence reposed on the Management.

By order of the Board

for SPEL Semiconductor Limited

Chennai
Jul 23, 2015

D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242



Ratio of Managerial Remuneration

Sl.No.	Particulars	Explanation	Ratio to median Remn.									
i.	The ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year	Mr. D. Balakrishnan Director & CEO Mr. N. Sivashanmugam WTD Dr. T. S Vijayaraghavan Dr. A. Besant Raj N. Ramakrishnan K. Ravikumar M. Jayashankar Dr.Enakshi Bhattacharya	13.03 4.15 0.13 0.07 0.13 0.19 0.10 0.08									
ii.	the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	NIL										
iii.	the percentage increase in the median remuneration of employees in the financial year	1 %										
iv.	the number of permanent employees on the rolls of company;	435 Employees										
v.	the explanation on the relationship between average increase in remuneration and company performance;	Increase in the remuneration of employees is in line with industry standards										
vi.	comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	The remuneration of the KMP's are in line with the remuneration Policy of the Company where their remuneration is determined based on their performance which is co related to the performance of the Company.										
vii.	variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Mar 31, 2014</th> <th>% Change</th> </tr> </thead> <tbody> <tr> <td>Market Capitalization</td> <td>298938714</td> <td>156%</td> </tr> <tr> <td>Price Earnings Ratio</td> <td>92.571</td> <td>-137%</td> </tr> </tbody> </table>	Particulars	Mar 31, 2014	% Change	Market Capitalization	298938714	156%	Price Earnings Ratio	92.571	-137%	
Particulars	Mar 31, 2014	% Change										
Market Capitalization	298938714	156%										
Price Earnings Ratio	92.571	-137%										
viii.	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	There was no increase in the managerial remuneration.										



<p>ix. comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;</p>	<p>Comparision of the remuneration of the key managerial personnel against the performance of the company Aggregate remuneration of Key Managerial Personnel (KMP) in 2015</p> <table data-bbox="874 593 1342 784"> <tr> <td>Revenue (₹ Lakhs)</td> <td>4857.18</td> </tr> <tr> <td>Remuneration of KMPs (as % of revenue)</td> <td>1.24%</td> </tr> <tr> <td>Profit before tax (PBT (₹ Lakhs)</td> <td>-48.40</td> </tr> <tr> <td>Remuneration of KMP (as % of PBT)</td> <td>-124%</td> </tr> </table>	Revenue (₹ Lakhs)	4857.18	Remuneration of KMPs (as % of revenue)	1.24%	Profit before tax (PBT (₹ Lakhs)	-48.40	Remuneration of KMP (as % of PBT)	-124%
Revenue (₹ Lakhs)	4857.18								
Remuneration of KMPs (as % of revenue)	1.24%								
Profit before tax (PBT (₹ Lakhs)	-48.40								
Remuneration of KMP (as % of PBT)	-124%								
<p>x. The key parameters for any variable component of remuneration availed by the directors;</p>	<p>Not Applicable.</p>								
<p>xi. the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;</p>	<p>Not Applicable</p>								
<p>xii. affirmation that the remuneration is as per the remuneration policy of the company:</p>	<p>The remuneration of directors, senior management and employees is as per the Remuneration Policy of the Company</p>								



Management Discussion & Analysis

The Global Semiconductor Industry

According to World Semiconductor Trade Statistics (WSTS), the Worldwide Semiconductor sales for the year 2014 was US\$ 336 billion, an increase of 9.8% over 2013 sales of US\$ 306 billion. However, 2015 sales has been sluggish. IC Insights has recently lowered its 2015 worldwide semiconductor market forecast from 5% to 2%. The top 20 Semiconductor suppliers in total had \$ 128.3 billion in sales in the first half of 2015, which is just 1% year-on-year growth. With only modest growth expected in the second half of this year for the worldwide Semiconductor market, the top 20 Semiconductor suppliers' combined sales in 2015 are expected to be only about 1-2% greater than in 2014.

"The typical second-quarter bounce did not materialize this year, and as a result, the Semiconductor industry is more back-end loaded and dependent on a strong third-quarter rebound, driven by Windows 10 and the ramp-up to the holiday season,"

Market Drivers for future

From an application point of view, smartphones and solid-state drives (SSDs) will continue to drive Semiconductor market growth, while the traditional PC segment will experience the greatest decline, with production units down 8.7 percent in 2015. In the smartphone market, Apple's iPhone is the bright spot for the market with strong unit growth and increasing Average Selling Prices (ASPs), driven by the strong performance of the iPhone 6 and iPhone 6 Plus. However, lackluster performance in high-end Android smartphones and general softness in the smartphone market in China will continue to impact growth.

Although the wearables market, including smart watches, Head-Mounted Displays (HMDs), smart glasses and Bluetooth headsets, is a growing industry, sales for wearables Semiconductors — processing, sensing and communications chips — will represent only 1 percent of total Semiconductor sales by 2019.

From a device point of view, DRAM (Dynamic Random Access Memory) continues to be one of the primary growth drivers of the overall industry. DRAM sales is expected to increase 3.8 percent in 2015, following a 32 percent increase in 2014. However, Gartner expects an oversupply (or "under demand") to develop in 2016 as limited new capacity comes online and technology migration continues. DRAM industry sales is expected to decline 17.4 percent in 2016 and 7 percent in 2017.

Outsourced Assembly and Test (OSAT) Industry

OSAT Industry takes care of Assembly and Testing of Integrated Circuits. The IC Assembly & Test is a labour intensive industry and hence it is predominantly outsourced to Subcontract facilities specializing in these services.

Besides, OSAT Industry's success is its ability to invest in cutting end packaging technologies. They are a subset of the total worldwide IC packaging market, which consists of IDM (Chip manufacturers having their own facility for packaging) and OSAT (Outsourced)

Growing along with Semiconductor Industry, the OSAT Industry had also posted growth during 2014 and will continue to grow. In 2014 the output value of OSAT industry has grown by 8.4% to US\$ 27.2 billion and advanced packaging industry by 10% to USD18.2 billion. The Sales growth was attributed to high end packages used for smartphones including stacked packages, SIPs and TSVs which are offered by Top 5 OSAT companies.

The Top 5 OSAT companies grew their Sales sharply during 2014 as against the rest of the industry due to the overall package offering and investing heavily in Capex. The Companies who do not have any of the latest packages or WLCSP (Wafer Level Chip Scale Packages) which is witnessing tremendous growth had either flat or negative growth.

The Indian Semiconductor Industry

The semiconductor sector involves pre-fabrication, fabrication (fab) and post-fabrication verticals. The Indian Semiconductor market has grown from approximately USD 6.5 billion in 2011 to approximately USD 9.7 billion in 2013. The demand for Semiconductor solutions, the heart of the electronic systems, is also expected to get a fillip as the consumption of electronic equipment in India will grow at a CAGR of 29.8 percent from USD 28.3 billion in 2005 to reach USD 363 billion by 2015. Both the electronics and the Semiconductor sectors are mutually beneficial for each other and the growth in one sector leads to growth in the other.

The major Semiconductor end-user segments have been communications, IT and consumer electronics. Semiconductors are poised to impact human life far more as they open up new possibilities in nano-sciences, biotechnology, medical sciences, electro-mechanical devices, photonics, remote sensing and so on. India has a great potential to become a global hub.

Semiconductor design sales to witness CAGR of 29.5 percent India is on the world map in chip designing; the growing production and consumption of electronics across various sectors is further driving growth of Semiconductor designing in the country. The Semiconductor designing segment generated revenues worth USD 3.25 billion in 2005 and USD 14.4 billion in 2010 and is expected to reach approximately USD 43.1 billion by 2015. During 2005–2015, it is expected to register growth at a CAGR of approximately 29.5 percent.



Semiconductor Manufacturing in India : The increasing spending on electronics products offers a large opportunity to global Semiconductor Companies to set up their manufacturing plants in the country. It is estimated that approximately seven to eight Solar Photovoltaic (SPV) units will be set up in India, with an investment of USD 5–6 billion. The number of solar chip fab units in India is expected to surpass the number of Semiconductor chip fab units in the country in the next few years. Currently, there are no operational wafer fabs in the country and the Semiconductor manufacturing is limited to only three government companies (Bharat Electronics Limited, Society for Integrated Circuit Technology and Applied Research, and Semi-Conductor Laboratory).

SPEL's performance

The financial year 2014-15 had seen a cyclical performance in terms of order receipts. The first quarter was soft, followed by robust second quarter. The Customer demands further slowed down in third & fourth quarters. This is due to the drop in demand from end Customers like delayed product launches, drop in product Sales etc. & excess inventory situation. In particular, the demand drop from a major US brand mobile manufacturer from third quarter was predominant. Reduced capacity utilization due to setup time for specific design of more Customers and change in raw materials from Gold wire to Copper wire also affected the sales .

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

The business with most of the important , Growing and Emerging Customers is on the rise. There have been improved orders, new product introductions & Customer additions during this year. This was made possible due to the Engineering, Application support from SPEL apart from the QCDS factors (Quality, Cost, Delivery, Service)

New Investments have been planned in 2015-16 as SPEL expects the current capacity to be fully loaded towards FYQ2. The new investment will focus on Capacity and Process Technology improvements besides adding new packages to SPEL portfolio

Global Trend for SPEL's package lines

The demand for the packages supported by SPEL is steady for leaded packages and growing for QFN s

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

Outlook for FY 2015-16

The year 2015 will see very low growth in overall Semiconductor Industry which was reflected in SPEL's FYQ4 financials. SPEL will focus on the following for FY 2015-16.

1. Consistent Sales Performance from Core Companies which had been volatile during last FY. This will be achieved by better service, adding more product lines & application segments
2. Reduce dependence on 3C market which is very volatile and price sensitive. Increasing Sales from Industrial, Automotive, Medical and Military-Aerospace will be focused.
3. Increase Sales from Europe. There had been steady addition of Customers and Sales from Europe. For FY 2015-16, more Customers and Sales targeted as significant Qualification activities happened during this year which will trigger additional Sales.
4. Addition of new Customers – Core Companies from US. SPEL is working closely with couple of US Chip Companies having significant business. Target to qualify few who have lots of common packages matching SPEL's capabilities.
5. Growth within India. SPEL expects Make in India program to catch up very fast. Already, SPEL has tied up with various Government Organizations (including Defence) and Universities and supporting their Semiconductor Packaging requirements. Many new projects aiming indigenization are being discussed.
6. Investment in technology, new packages & capacity addition
7. Extensive market distribution aiming on US and Europe

Chennai
Jul 23, 2015

By order of the Board
for SPEL Semiconductor Limited
D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242



Form No. AOC -2

(Pursuant to Clause (h) of sub-section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto :

1. Details of contracts or arrangements or transactions not at arm's length basis : Nil
2. Details of materials contracts or arrangement or transactions at arm's length basis: Nil

Chennai
Jul 23, 2015

On behalf of the Board of Directors,
D. Balakrishnan
Whole Time Director & CEO
DIN: 02131242



Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on **Mar 31, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	CIN	L32201TN1984PLC011434
ii)	Registration Date	26.12.1984
iii)	Name of the Company	SPEL Semiconductor Limited
iv)	Category / Sub-Category of the Company	Limited by Shares
v)	Address of the Registered office and contact details:	5 CMDA Industrial Estate, MM Nagar (Chennai) 603 209 Tel: 044 47405300 Fax:044 47405303
vi)	Whether listed company Yes / No	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Cameo Corporate Services Limited, "Subramanian Building", V Floor 1, Club House Road, Chennai – 600 002, Tel: 044-28460390-94 Fax: 044-28460129 Email: investor@cameoindia.com Contact person: Mr. Murali

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Electronic Integrated Circuits	26103	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Natronix Semiconductor Technology Private Limited, Singapore	—	Holding Company	55.97	Sec 2 (46)
2	SPEL America Inc.,	—	Subsidiary	100%	Sec 2 (87)



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of Shares at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	979350	0	979350	2.12	979350	0	979350	2.12	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt (s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp	—	—	—	—	—	—	—	—	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any Other	—	—	—	—	—	—	—	—	—
Sub-total (A)(1):-	979350	0	979350	2.12	979350	0	979350	2.12	—
(2) Foreign	—	—	—	—	—	—	—	—	—
(a) NRIs – Individuals	—	—	—	—	—	—	—	—	—
(b) Other – Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	25811207	0	25811207	55.97	25811207	0	25811207	55.97	—
(d) Banks/ FI	—	—	—	—	—	—	—	—	—
(e) Any Other	—	—	—	—	—	—	—	—	—
Sub-total(A)(2):-	25811207	0	25811207	55.97	25811207	0	25811207	55.97	—
Total shareholding of Promoter (A)=A(1)+(A)(2)	26790557	0	26790557	58.09	26790557	0	26790557	58.09	—
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	8600	8600	0.02	—	8600	8600	0.02	—
b) Banks / FI	—	100	100	0.00	—	100	100	0.00	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	9000	—	9000	0.02	9000	—	9000	0.02	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	9000	8700	17700	0.04	9000	8700	17700	0.04	—



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. Of Shares at the end of the year				% Change during the year
	Demat	Phy-sical	Total	% of Total Shares	Demat	Phy-sical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	1333646	22880	1356526	2.94	1471234	20780	1492014	3.24	0.30
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 Lakh	8518896	2549519	11068415	24.00	8276057	2523582	10799639	23.42	-0.58
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	5991824	—	5991824	12.99	6187066	—	6187066	13.42	0.43
c) Others(specify)									
Clearing Members	15017	—	15017	0.03	10188	—	10188	0.02	-0.01
HUF	547556	—	547556	1.19	607774	32	607806	1.32	0.13
NRI	287698	38600	326298	0.71	170323	38600	208923	0.45	-0.26
Trusts	2550	1000	3550	0.01	2550	1000	3550	0.01	—
Sub- total(B)(2)	852821	39600	892421	1.94	16725192	2583994	19309186	1.80	-0.14
Shareholding (B)=(B)(1)+(b)(2)	16706187	2620699	19326886	41.91	16734192	2592694	19326886	41.91	—
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total(A+B+C)	43496744	2620699	46117443	100.00	43524749	2592694	46117443	100.00	—

(ii) Shareholding of Promoters

SlNo.	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered of total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged/ encumbered of total shares	
1.	25811207	55.97	—	25811207	55.97	—	—



(iii) Change in Promoter's Shareholding : No Change

Sl. No.	Name of Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
NIL					

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

SI no.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Manish Hasmukhbhai Naik	1735200	3.76	1100000	2.39
2.	Tejal Manish Naik	954800	2.07	800000	1.73
3.	Hitesh Ramji Javeri	0	—	600000	1.30
4.	Angel Fincap Private Limited	359403	0.78	391400	0.85
5.	Tanvi J Mehta	55987	0.12	307597	0.67
6.	Alphonsus Fernandes	207350	0.45	207350	0.45
7.	Niraj Hareish Shah	0	—	200000	0.43
8.	Shri Parasram Holdings Private Limited	16529	0.04	149600	0.32
9.	Harsha Hitesh Javeri	0	—	134276	0.29
10.	Prakash Chandra Modi	100000	0.22	100000	0.22

(v) Shareholding of Directors and Key Managerial Personnel

SI No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1.	Mr. K. Ravikumar	-	-	-	-
2.	Mr. M. Jayasankar	-	-	-	-
3.	Dr. Enakshi Bhattacharya	-	-	-	-
4.	Mr. D. Balakrishnan	10000	0.02	10000	0.02
5.	R. Venkatesh Kumar	-	-	-	-



V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

	Secured Loans Excluding deposits	Deposits(Unsecured)	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	12,10.63	10,25.00	22,35.63
ii) Interest due but not paid	15.02	57.09	72.11
iii) Interest accrued but not due	0.81		0.81
Total (i+ii+iii)	12,26.46	10,82.09	23,08.55
Change in Indebtedness during the financial year			
i) Addition	—	—	—
ii) Reduction	5,08.38		5,08.38
Net Change	5,08.38	—	5,08.38
Indebtedness at the end of the financial year			
i) Principal Amount	7,02.25	10,25.00	17,27.25
ii) Interest due but not paid	28.78	1,34.76	1,63.54
iii) Interest accrued but not due	0.54		0.54
TOTI	7,31.57	11,59.76	18,91.33

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole Time Directors and/ or Manager

S/No.	Particulars of Remuneration	Mr. N. Sivashanmugam Whole Time Director**	Mr. D. Balakrishnan Whole Time Director\$\$	Total Amount (₹)
1.	Gross Salary			
	a. Salary as per provisions contained in Section 17 (1) of the Income Tax Act 1961	5,08,354	37,36,266	42,44,620
	b. Value of perquisites u/s 17(2) Income Tax Act, 1961	Nil	Nil	Nil
	c. Profits in lieu of salary under section 17 (3) Income Tax 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission			
	- as % of Profit			
	- others specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	5,08,354	37,36,266	42,44,620
	Ceiling as per Act	—	₹ 42 Lakhs	—

\$\$Mr. D. Balakrishnan Director & CEO (w.e.f Jun 19, 2014)

** Mr. N. Sivashanmugam WTD (up to Jul 31, 2014)



A. Remuneration to other directors:

SINo.	Particulars of Remuneration	Name of Directors						Total Amount (₹)	
		Independent Directors	Dr. T. S. Vijaraghavan	Dr. A. Besant C. Raj	Mr. N. Ramakrishnan	Mr. K. Ravikumar	Mr. M. Jayasankar		Dr. Enakshi Bhattacharya
	· Fees for attending board/committee meetings		49,000	25,000	49,000	70,000	38,000	30,000	2,61,000
	· Commission								
	· Others, please specify		18,500	10,000	18,500	22,500	12,000	10,000	91,500
	Other Non Executive Directors		--	--	--	--	--	--	
	Total Managerial Remuneration		67,500	35,000	67,500	92,500	50,000	40,000	3,52,500
	Overall ceiling as per the Act		NA	NA	NA	NA	NA	NA	

A. Remuneration to key managerial personnel other than MD/Manager/WTD

SINo.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total (₹)
1	Salary	37,36,266	2,76,070@	Mr. Rajesh Jeyaraman** 4,42,718	54,94,364
				Mr. R Venkatesh Kumar\$\$ 10,39,310	

** (upto Aug 8, 2014)

\$\$ (from Jul 30, 2014)

@ (up to Feb 28 2015)

VII. Penalties/ Punishments/Compounding of offences: Nil

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority(RD/ NCLT/Court)	Appeal made, if any(give details)
Penalty					
Punishment					
Compounding					
Other Officers in Default			NIL		
Penalty					
Punishment					
Compounding					

On behalf of the Board of Directors,

Chennai
Jul 23, 2015

K. Ravikumar D. Balakrishnan
Director Whole Time Director & CEO



Form No. MR-3

SECRETARIAL AUDIT REPORT

FINANCIAL YEAR ENDED 31ST MARCH, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members
SPEL Semiconductor Limited
5 CMDA Industrial Estate,
MM Nagar (Chennai) 603 209

We have conducted the secretarial audit of the compliance of the applicable statutory provisions and adherence to good corporate practices by SPEL Semiconductor Limited an Ic Assembly & Test Company. The Company has CIN L32201TN1984PLC011434 with Authorised capital of ₹ 60,00,00,000 and paid up capital of ₹ 46,13,25,280. The Company is listed with the Bombay Stock Exchange Limited with stock code demat- 51766, physical -17166, possessing ISIN number NSDL&CDSL: NE253AD101119. SPEL is certified for ISO 9001:2000; ISO14000:2004&TS16948:2002

Secretarial audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of SPEL Semiconductor Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in my opinion, the company has, during the audit period covering its financial year ended on 31st March, 2015 complied with the statutory provisions listed here under and also the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulations) Act, 1956 ("SCRA") and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009. - **Not Applicable to the Company during the Audit Period**
 - d) The Securities and Exchange Board of India (Employees stock option Scheme and Employees Stock Purchase Scheme Guidelines, 1999; - **Not Applicable to the Company during the Audit Period**
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) regulation s 2008; - **Not Applicable to the Company during the Audit Period**
 - f) The Securities and Exchange Board of India (Registrars to an issue and Share transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



- g) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; and - **Not Applicable to the Company during the Audit Period**
- h) The Securities and Exchange Board of India (buyback of Securities) Regulations, 1998; - **Not Applicable to the Company during the Audit Period**
- (vi) Any other Applicable Laws like
 - a) The Factories Act 1948
 - b) The Industrial Dispute Act 1947
 - c) The Payment of wages Act 1936
 - d) The Minimum Wages Act 1948
 - e) The Employees State Insurance Act, 1948
 - f) The Employees' Provident Fund and Miscellaneous Provision Act, 1952
 - g) The payment of bonus Act, 1965
 - h) The Payment of Gratuity Act, 1972
 - i) The Contract Labour Abolition Act 1970
 - j) The Maternity Benefit Act 1961
 - k) The Child Labour (prohibition and regulation Act 1986
 - l) The Industrial Employment (Standing Orders) Act 1946
 - m) The Employees' Compensation Act 1923(earlier known as Workman's Compensation Act 1923)
 - n) The Apprentice Act, 1961
 - o) The Equal Remuneration Act, 1976
 - p) The Employment Exchange (Compulsory Notification of Vacancies Act) 1956

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) has been notified with effect from 1st July 2015 and hence not applicable to the Company during the audit period.
- (ii) The Listing agreements entered into by the company with BSE

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above except to the extent mentioned below:

Under The Companies Act 2013

1. **According to information received and examination of records of the company the Post of Company Secretary has been vacant from 28th Feb, 2015 to till date.**
2. **According to information received and examination of records of the company informed that the a) Company has accepted Inter Corporate Deposit (ICD) from ACM Educational Foundation (Section 25 Company) & ACM Medical Foundation (Section 25 Company under Companies Act, 1956) for Rs 10,25,00,000 which is reflected as Deposits from Others (unsecured) in Note 3 of the Financial statements . Further 3.3 of the said note reflects that the interest payable on deposits from others are in the range of 10% to 10.25% p.a payable quarterly. The Interest due on December 31st, 2013, March 31, 2014 and for all four quarters of 2014-15 amounting to ₹ 1,34,76,459/- is outstanding at year end. The Board has noted that such deposit accepted by the company is exempted under Companies Act 2013 pursuant to Companies (Acceptance of Deposits) Rules, 2014 as they were taken from Companies. The said amount is continuously reflected in the books as Inter corporate Deposit for more than two years.**
3. **E Form MR-1 has not been filed for appointment of Mr. D Balakrishnan as Whole Time Director and CEO of the Company.**
4. **During the course of Secretarial audit it has been found that there has been attrition of Directors of the Company especially during April to September 2014.**
5. **According to information received and examination of records in respect of statutory dues it is observed that the Company is not regular in depositing undisputed provident fund, employee state insurance and income tax (TDS) and property dues, during the year.**
6. **A theft has occurred aggregating to ₹ 37.10 lakhs and investigations are in progress.**



The other laws as may be applicable specifically to the Company which are mentioned in clause (vi) **Under any other laws** we hereby report that it's based on the reports of the heads of the Departments of the factories and the compliance reports made by the occupier of the factories submitted to the Board of Directors of the Company, We report that the Company has substantially complied with the provisions of those Acts that are applicable to companies having factories which manufacture Integrated circuits Based on the information, explanations and management representation, the Company has substantially complied with the Tax laws applicable to the Company except to the extent mentioned below:

- a) ***There was Industrial unrest for sometime during year under review.***
- b) ***There has been considerable delay in payment of contribution to PF made by the company.***
- c) ***There is a Domestic Enquiry under progress on some suspended workers.***

We further report that

Subject to my observations the Board of Directors of the Company in general is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except the forms which are not filed as mentioned in this report.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions were carried out in the Board were in compliance with the provisions of the Act.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines however **there was an instance** where the MGT14 **which is required to be filed was not filed** under sec 117 of the Companies Act 2013.

We further report that during the audit period the instances of violations and non compliances mentioned above may result in attracting penal provisions which are severe in nature and for the company there is a contingency that it may have to pay penalties.

Place: Chennai
Date: Jul 23, 2015

Signature
For BM & Associates
T. Balasubramanian
FCS: 7987
CP No. : 3402

This report is to be read with our letter of even date which is annexed as Annexure A and Annexure B which forms an integral part of this report



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 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 confidence reposed by various Stakeholders.

2. Board of Directors

Composition: The present strength of the Board as on the date of this report is 4 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:

Name and Designation	Executive / Non-Executive Independent / Promoter	No. of Board Meetings of the Company		No. of other Boards in which he / she is a Director or Chair-person*	No. of other Board Committee(s) in which he / she is a Member or chairperson**	Attendance at last AGM (Yes/ No)
		Held during the year	Attended during the year			
Mr. K. Ravikumar Director	Non-Executive – Independent	7	6	1	—	Yes
Mr. M. Jayasankar Director	Non-Executive – Independent	7	3	1	—	No
Dr. Enakshi Bhattacharya Director	Non-Executive – Independent	7	2	1	—	No
Mr. D. Balakrishnan Director & CEO	Executive	7	4	—	—	Yes
Ceased to be Director						
Dr. T. S. Vijayaraghavan Director Resigned w.e.f. Sep 8, 2014	Non-Executive Independent	7	4	NA	NA	No
Dr. A. Besant C. Raj Director Resigned w.e.f. Jun 19, 2014	Non-Executive Independent	7	2	NA	NA	No
Mr. N. Ramakrishnan Director Resigned w.e.f. Sep 12, 2014	Non-Executive Independent	7	4	NA	NA	No

*Excluding interest in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

**Includes Chairmanship / Membership of the Audit Committee and the Stakeholders' Relationship Committee only.

During the year ended Mar 31, 2015 Seven (7) Board Meetings were held on Apr 29, 2014, May 26, 2014, Jun 19, 2014, Jul 30, 2014, Sep 15, 2014, Oct 30, 2014 & Jan 22, 2015



3. Composition of various Board Committees

Name of the Committee	Names of Directors	Category
Audit Committee	Mr. M. Jayasankar Mr. K. Ravikumar Dr. Enakshi Bhattacharya	Chairman Member Member
Stakeholders Relationship Committee	Dr. Enakshi Bhattacharya Mr. K. Ravikumar M. Jayasankar	Chairman Member Member
Nomination and Remuneration Committee	Mr. K. Ravikumar Mr. M. Jayasankar Dr. Enakshi Bhattacharya	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

Four Audit Committee Meetings were held on Apr 29, 2014, Jul 30, 2014, Oct 30, 2014 & Jan 22, 2015

Name of the Director	No. of Audit Committee Meetings attended
Dr. A. Besant C. Raj #	1
Dr. T. S. Vijayaraghavan @	2
Mr. N. Ramakrishnan \$	2
Mr. K. Ravikumar	3
Mr. M. Jayasankar	2
Dr. Enakshi Bhattacharya	3

Resigned w.e.f. Jun 19, 2014

@ Resigned w.e.f. Sep 8, 2014

\$ Resigned w.e.f. Sep 12, 2014



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).

Remuneration and Compensation Committee Meeting was held on Sep 15, 2014

Name of the Director	No. of Committee Meeting attended
Dr. T. S. Vijayaraghavan @	—
Mr. K. Ravikumar	1
Mr. N. Ramakrishnan \$	—

@ Resigned w.e.f. Sep 8, 2014

\$ Resigned w.e.f. Sep 12, 2014

Details of Remuneration paid to Directors

(Amount in ₹)

Remuneration paid during the year 2014-15					
Sl.No.	Names of Directors	Salary / Special allowance/ Perquisites	Commission / Bonus / Incentive	Sitting fees	Total
1.	Dr. T. S. Vijayaraghavan@	NA	NA	49,000	49,000
2.	Dr. A. Besant C. Raj#	NA	NA	25,000	25,000
3.	Dr. A. Ramakrishnan\$	NA	NA	49,000	49,000
4.	Mr. K. Ravikumar	NA	NA	70,000	70,000
5.	Mr. M. Jayasankar	NA	NA	38,000	38,000
6.	Dr. Enakshi Bhattacharya	NA	NA	30,000	30,000
7.	Mr. N. Sivashanmugam *	5,08,354	NA	NA	5,08,354
8.	Mr. D. Balakrishnan+	37,36,266	NA	NA	37,36,266

@ Resigned w.e.f. Sep 8, 2014

Resigned w.e.f. Jun 19, 2014

\$ Resigned w.e.f. Sep 12, 2014

* Resigned w.e.f. Jul 31, 2014

+ Appointed w.e.f. Jun 19, 2014

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.

Remuneration Policy:

The following is the remuneration policy for directors:

Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Companies Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.



d. Stakeholders Relationship Committee

- a. The Stakeholders Relationship Committee comprises a majority of Independent Non-Executive Directors. Dr. Enakshi Bhattacharya is the Chairperson of the Committee.
- b. The Table below shows the nature of complaints received from Shareholders during FY 2014-15

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

- c. 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.	Vice President (Finance & Corporate Affairs)	5 CMDA Industrial Estate, MM Nagar(Chennai) 603 209.	(044) 47405458	(044) 47405303	investors@spel.com	15 days
2.	Cameo Corporate Services Limited	"SubramanianBuilding" 1 Club House Road, Chennai 600 002	(044) 28460390	(044) 28460129	investor@cameoindia.com	

5. 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.	2011-12	5 CMDA Industrial Estate, Maraimalai Nagar 603 209	Jul 30, 2012 4.00 pm
2.	2012-13	5 CMDA Industrial Estate, Maraimalai Nagar 603 209	Jul 2, 2013 4.00 pm
3.	2013-14	5 CMDA Industrial Estate, Maraimalai Nagar 603 209	Sep 15, 2014 10.45 am

Special Resolutions passed in the previous 3 AGMs

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

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

29thAGM : Nil

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

6. Disclosures

- a. 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.
- b. 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.
- c. 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.
- d. The Company has a Whistle Blower policy, wherein the Employees enjoy access to report of the Audit Committee
- e. All the mandatory requirements have been complied by the Company and also adopted some of the non-mandatory requirements of this clause.



7. Means of Communications

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

8. General Shareholder Information

- 1 Annual General Meeting
(as indicated in the notice) : Sep 8, 2015 at Registered Office of the Company
- 2 Financial year : 2014-15
- 3 Dates of Book Closure : Aug 28, 2015 to Sep 8, 2015
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.

9. Distribution of shareholding as on Mar 31, 2015

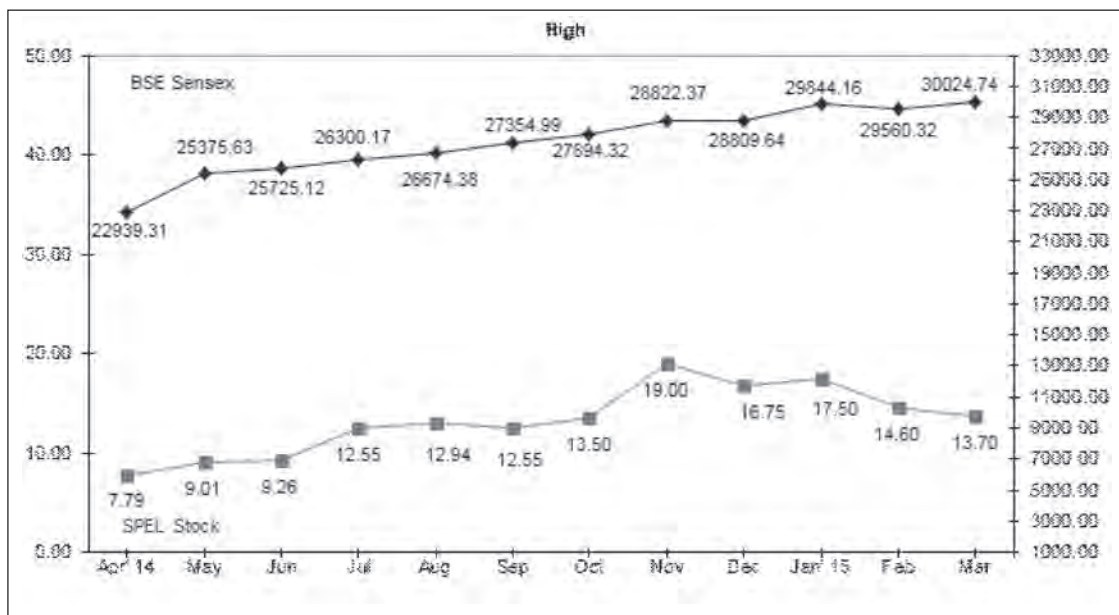
No. of Equity Shares held	No. of Folios	%	No. of Shares	%
1 – 100	13510	44.83	1094174	2.37
101 – 500	12376	41.06	3554199	7.71
501 – 1000	2315	7.68	1946892	4.22
1001 – 2000	926	3.08	1497939	3.25
2001 – 3000	360	1.19	950774	2.06
3001 – 4000	157	0.52	572463	1.24
4001 – 5000	164	0.54	787394	1.71
5001 – 10000	181	0.60	1353215	2.93
10001 and above	150	0.50	34360393	74.51
Grand Total	30139	100.00	46117443	100.00
No. of Shareholders in Physical Mode				13448
No. of Shareholders in Electronic Mode				16691



10. Shareholding Pattern as on Mar 31, 2015

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	158	208923	0.45
Domestic Companies	366	1492014	3.24
Resident Individuals	29597	17594511	38.15
Clearing Members	8	10188	0.02
Trusts	3	3550	0.01
Total	30139	46117443	100.00

11. Stock Performance V/s BSE Sensex





12. Market Price Data High & Low, Trading volume and No. of trades during each month for FY 2014-15

Month	High	Low	Trading Volume (No. of shares in lakhs)	No. of Trades
Apr 2014	7.79	6.28	8.17	973
May	9.01	6.38	2.64	1006
Jun	9.26	7.77	2.50	1080
Jul	12.55	8.60	5.56	2198
Aug	12.94	8.01	3.55	2605
Sep	12.55	8.33	10.60	5582
Oct	13.50	10.12	4.40	2518
Nov	19.00	12.50	15.75	6587
Dec	16.75	12.40	5.12	2388
Jan 2015	17.50	10.70	7.53	4508
Feb	14.60	11.25	6.13	2920
Mar	13.70	9.22	3.97	2219

13. Accounting Standards

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

14. 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.

15. Non – Mandatory Requirements

The Company has appointed a third party Firm as the Internal Auditors.

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, 2015.

Place: Chennai
Date : Jul 23, 2015

For SPEL Semiconductor Limited
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, 2015 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.

Date: July 23 2015
Place: Chennai

Sd/-
D.Balakrishnan
Chief Executive Officer

Sd/-
R. Venkatesh Kumar
Chief Financial Officer

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, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges 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 except that the Compliance Officer is not the Company Secretary after February 28, 2015.

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

M.S.Murali - Partner
Membership No: 26453
July 23, 2015



INDEPENDENT AUDITOR'S REPORT

To The Members of SPEL Semiconductor Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **SPEL SEMICONDUCTOR LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.

5. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at March 31, 2015, and its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report Order, 2015 ("the order") issued by the Central Government of India in terms of Section 143(11) of the Act we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
9. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report is in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
10. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements - Also Refer Note 28e(i) to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **M.S.Krishnaswami & Rajan**
Chartered Accountants
Firm Regn. No. 01554S
M.S.Murali - Partner
Membership No. 26453

April 28, 2015
Chennai

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS

Referred to in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the financial statements of **SPEL SEMICONDUCTOR LIMITED** ("the Company") for the year ended March 31, 2015)

- (i) In respect of its fixed assets:
 - (a) the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) the fixed assets were physically verified by the Management during the year under a phased programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Company, nature and value of its assets. According to the information and explanations given to us, no material discrepancies have been noticed during the year on such verification.
- (ii) In respect of its inventories:
 - (a) we are informed that the inventories have been physically verified during the year by the Management at reasonable intervals.
 - (b) in our opinion and according to the information and explanations given to us, the procedures of physical verification of raw materials, spares and consumables and finished goods followed by the

Management are reasonable and adequate in relation to the size of the Company and the nature of its business. *The procedures of physical verification of work-in-progress (including box stock) adopted by the management and the periodicity of verification of the said stock need to be improved considering the quantity and value of the said stocks.*

- (c) in our opinion and according to the information and explanations given to us, the Company is generally maintaining proper records of its inventories and material discrepancies, if any, noticed on physical verification were properly dealt with in the books of account.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is generally 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 and for sale of goods and services and for payment of expenses. Further, on the basis of our examination of the books and records of the Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- (v) According to information and explanations given to us, the Company has not accepted any deposit from public during the year, and accordingly, the provision of clause (v) of paragraph 3 of the Companies (Auditors Report) order, 2015 are not applicable to the Company.
- (vi) In our opinion and according to the information and explanations given to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Company for the year under audit.
- (vii) According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
- the Company is generally regular in depositing undisputed statutory dues including , sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities during the year. *The Company is not regular in depositing undisputed provident fund, employee state insurance and income tax(TDS),and property dues during the year.*
 - There were no undisputed amounts payable in respect of such statutory dues outstanding as at March 31, 2015 for a period of more than six months from the date they became payable.
 - There are no dues of sales tax, wealth-tax, service tax , customs duty,excise duty, value added tax and cess which have not been deposited on account of any dispute. Details of dues towards income tax that have not been deposited as at March 31, 2015 on account of disputes are as stated below:

Name of the statute	Disputed dues (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
IncomeTax	37.62	Assessment year 2005-06	Commissioner of Income Tax (Appeals)
IncomeTax	2.57	Assessment year 2005-07	Assessing Officer under Section 154

- There are no amounts required to be transferred to Investor Education and

Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under.

- (viii) The Company does not have any accumulated losses as at March 31, 2015 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (ix) In our opinion, the Company has defaulted in repayment of Rupee term loan dues to a bank as at the end of theyear. The amount and period of default is as under:

Sl.No.	Particulars	Amount of Default (₹ In lakhs)	Due Date	Period of Default
1.	Principal	140.70	January 25, 2015	2 months
2.	Interest	287.90	January 31, 2015, February 28, 2015, and March 31, 2015	3 months

- (x) 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.
- (xi) According to information and explanation given to us the Company has not availed any term loan during the year and accordingly the provisions of clause (xi) of Paragraph 3 of the Companies (Auditors Report) order, 2015 are not applicable to the Company.
- (xii) To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Company's operations, no fraud by the Company has been noticed or reported during the year. We have been informed that a theft of imported materials by third parties, while in transit to the factory aggregating ₹ 37.10 lakhs had occurred during the year under audit. Investigations are in progress and insurance claims have been made for the entire cost incurred by the company disclosed in Note 14 to the financial statements.

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

Date : April 28, 2015
Place :Chennai

M.S.Murali - Partner
Membership No. 26453



Balance Sheet as at Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Mar 31, 2015	Mar 31, 2014
Equity and Liabilities			
Shareholders' Funds			
Share capital	1	46,13,25,280	46,13,25,280
Reserves and surplus	2	40,85,74,923	41,52,37,928
		86,99,00,203	87,65,63,208
Non-current liabilities			
Long-term borrowings	3	10,25,00,000	15,87,65,387
Deferred tax liabilities (net)	4	10,50,01,473	10,77,23,673
Long-term provisions	5	75,11,845	64,69,158
		21,50,13,318	27,29,58,218
Current liabilities			
Short-term borrowings	6	10,02,57,369	7,98,28,210
Trade payables	7	9,14,68,317	9,09,48,214
Other current liabilities	8	16,51,35,521	13,19,47,512
Short-term provisions	9	6,27,817	7,07,484
		35,74,89,024	30,34,31,420
TOTAL		1,44,24,02,545	1,45,29,52,846
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	98,02,70,845	1,08,37,92,462
Intangible assets	11	8,13,197	17,63,785
Non-current investments	12	4,365	4,365
Long-term loans and advances	13	4,30,81,289	4,09,60,783
Other non-current assets	14	37,10,684	-
		1,02,78,80,380	1,12,65,21,395
Current assets			
Inventories	15	34,14,96,317	20,82,72,822
Trade receivables	16	5,63,81,674	9,46,03,988
Cash and Bank balances	17	86,05,604	1,09,94,260
Short-term loans and advances	18	71,25,440	1,20,23,590
Other current assets	19	9,13,130	5,36,791
		41,45,22,165	32,64,31,451
Total		1,44,24,02,545	1,45,29,52,846

The Statement of significant accounting policies and the accompanying notes are an integral part of this Balance Sheet.

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

M.S Murali
Partner

K. Ravikumar
Director
DIN : 0119753

M. Jayasankar
Director
DIN : 00048351

Enakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



Statement of Profit and Loss Account for the Year Ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Year ended Mar 31, 2015 (In Rupees)	Year ended Mar 31, 2014 (In Rupees)
Income			
Revenues from operations (gross)	20	47,21,66,916	63,46,15,124
Less: excise duty		2,29,438	7,25,296
Revenue from operations (net)		47,19,37,478	63,38,89,828
Other income	21	1,37,80,649	1,14,86,547
Total Revenue (I)		48,57,18,127	64,53,76,375
Expenses			
Cost of raw materials and component consumed	22	21,09,60,462	26,38,23,127
(increase) / decrease in inventories of finished goods	23	(15,10,98,870)	(6,36,56,564)
Employee benefits expense	24	16,62,97,112	15,72,05,706
Other expenses	25	12,27,31,434	12,93,84,083
Depreciation and amortization expense	26	10,12,39,512	10,96,12,765
Finance costs	27	4,04,28,685	4,70,37,039
Total Expenses (II)		49,05,58,335	64,34,06,156
Profit / (Loss) before tax (I-II)		(48,40,208)	19,70,219
Tax expense			
Current tax		-	3,75,426
Less: MAT credit		-	(3,75,426)
Deferred tax		(13,17,796)	(12,48,270)
Total Tax expenses		(13,17,796)	(12,48,270)
Profit / (Loss) after tax		(35,22,412)	32,18,489
Earnings per share (EPS) (Refer Note 30)			
- Basic		(0.08)	0.07
- Diluted		(0.08)	0.07

The Statement of significant accounting policies and the accompanying notes are an integral part of this Statement of Profit and Loss.

In terms of our report of even date

For M.S Krishnaswami & Rajan

Chartered Accountants

M.S Murali
Partner

K. Ravikumar
Director
DIN : 0119753

M. Jayasankar
Director
DIN : 00048351

Enakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



Cash flow statement for the year ended Mar 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
Cash flow from operating activities		
Net profit before taxation	(48,40,208)	19,70,219
Adjustments for:		
Depreciation/amortization of tangible/intangible assets	10,12,39,512	10,96,12,765
Foreign exchange loss/(gain)	(18,63,893)	(68,40,895)
Rental income	(25,67,991)	(53,96,050)
Provision no longer required taken back	-	9,66,390
Bad advances	16,69,802	36,12,014
Interest on fixed deposits	(15,59,386)	(18,81,081)
Interest expense	3,28,96,352	4,06,05,188
Operating profit before working capital changes	12,49,74,188	14,26,48,550
Movements in working capital :		
(Increase) / Decrease in trade receivables	4,02,39,532	(4,06,40,057)
(Increase) / Decrease in inventories	(13,46,59,252)	(5,66,09,496)
(Increase) / Decrease in other current assets	(40,87,023)	64,921
(Increase) / Decrease in other current assets	-	-
(Increase) / Decrease in loans and advances	35,20,830	45,70,929
Increase / (Decrease) in trade payables and other liabilities	2,78,94,641	(22,72,411)
Increase / (Decrease) in provisions	9,63,021	46,12,098
Cash generated from / (used in) operations	5,88,45,937	5,23,74,534
Direct taxes paid (net of refunds)	(7,43,185)	(11,83,947)
Net cash flow from / (used in) operating activities (A)	5,81,02,752	5,11,90,587
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(13,12,304)	(65,39,762)
Deposits with maturity for more than 3 months (net)	-	1,34,20,000
Margin money deposit (net)	10,30,442	(11,85,729)
Rental income	25,67,991	53,96,050
Interest received	15,59,386	18,81,080
Net cash from / (used in) investing activities (B)	38,45,515	1,29,71,639
Cash flows (used in) / from financing activities		
Proceeds from Long term borrowings	-	8,25,00,000
Proceeds from Short term borrowings	2,04,29,159	26,10,582
Repayment of Long term borrowings	-	(6,50,00,000)
Repayment of Long term borrowings	(5,08,38,907)	(4,77,61,870)
Interest paid	(3,28,96,352)	(4,06,05,188)
Net cash (used in) / from financing activities (C)	(6,33,06,100)	(6,82,56,476)
Net increase / (decrease) in cash and cash equivalents	(13,57,833)	(40,94,250)
Cash and cash equivalents at the beginning of the year	21,34,395	43,79,838
Exchange differences on translation of foreign currency cash and cash equivalents	(381)	18,48,807
Cash and cash equivalents at the end of the year	7,76,181	21,34,395
Components of Cash and Bank balances (Note 16 to the financial statements)		
- Cash and cash equivalents	7,76,181	21,34,395
- Other bank balances	78,29,423	88,59,865
Cash and bank balances	86,05,604	1,09,94,260



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	(40,94,250)	(97,49,829)
Cash and cash equivalents at the beginning of the year	43,79,838	1,16,32,789
Exchange differences on translation of foreign currency cash and cash equivalents	18,48,807	24,96,878
Cash and cash equivalents at the end of the year	21,34,395	43,79,838
Components of Cash and Bank balances (Note 16 to the financial statements)		
- Cash and cash equivalents	2134,395	43,79,838
- Other bank balances	88,59,865	2,10,94,136
Cash and bank balances	1,09,94,260	2,54,73,974

In terms of our report of even date

For M.S Krishnaswami & Rajan

Chartered Accountants

M.S Murali
Partner

K. Ravikumar
Director
DIN : 0119753

M. Jayasankar
Director
DIN : 00048351

Enakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

SPEL is India's 1st and only semiconductor IC (Integrated Circuit) Assembly & Test facility. Based in Chennai, SPEL has been servicing the demanding US market for over 12 years now. SPEL's factory is located in the CMDA Industrial Estate, MM Nagar, near Chennai.

2. Accounting convention

2.1 The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 April, 2008, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 29.

2.2 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 Schedule III to the Companies Act, 2013. 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.

3. 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.

4. Tangible and Intangible Fixed assets and depreciation / amortisation

4.1 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 8.3 below.

4.2 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 as prescribed in Schedule II to the Companies Act, 2013.
- 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.
- d) 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.

4.3 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).



5. 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.

6. 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.

7. Inventories

7.1 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.

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

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

8. Foreign Currency Transactions

8.1 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.

8.2 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.

8.3 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. 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.

10. Revenue Recognition

10.1 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.

10.2 Sale of Services:

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

10.3 Others

Interest income is recognised on time proportion basis.

11. Employee Benefit

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

11.2 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. 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. Income taxes

- 12.1 Income tax expenses comprise current and deferred taxes. Current tax is determined on the income for the year chargeable to tax in accordance with applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable tax laws and after considering credit for Minimum Alternate Tax available under the said Act. MAT paid in accordance with the tax laws which gives future economic benefits in the form of adjustments to future tax liability, is considered as an asset if there is convincing evidence that the future economic benefit associated with it will flow to the company resulting in payment of normal income tax.
- 12.2 Deferred tax is recognized for all the timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.
- 12.3 Deferred tax assets are recognised for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that there is a reasonable certainty that there will be sufficient future taxable income to realise the assets. Deferred tax asset pertaining to unabsorbed depreciation and carry forward of losses are recognised only to the extent there is a virtual certainty of its realisation.

13. Provisions and Contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
1 Share capital		
Authorized		
6,00,00,000 (Mar 31,2014 : 6,00,00,000) equity shares of ₹ 10/- each with voting rights	60,00,00,000	60,00,00,000
Issued		
4,61,47,613 (Mar 31, 2014: 4,61,47,613) equity shares of ₹ 10/- each with voting rights	46,14,76,130	46,14,76,130
Total	46,14,76,130	46,14,76,130
Subscribed and fully paid up		
4,61,47,613 (Mar 31, 2014: 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, 2014: 30,170) equity shares of ₹ 5/- each	1,50,850	1,50,850
Total	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, 2015		Mar 31, 2014	
	Number	Amount	Number	Amount
Balance at the beginning of the year	4,61,17,443	46,13,25,280	4,61,17,443	46,13,25,280
Issued during the period	-	-	-	-
Balance at the end of the year	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, 2013.

1.3 Details of Shares held by the holding company:

	Mar 31, 2015		Mar 31, 2014	
	No of shares	% holding	No of shares	% holding
Natronix Semiconductor Technology Private Limited	2,58,11,207	55.97%	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 ownership of shares.

1.4 Details of Shareholders other than the Holding Company more than 5% of the total share capital -Nil

1.5 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

1.6 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 Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
2 Reserves and surplus		
Capital reserve at the beginning and end of the year	16,500	16,500
Securities Premium Account at the beginning and end of the year	47,34,618	47,34,618
Revaluation Reserve at the beginning and end of the year	20,40,36,968	20,40,36,968
Surplus in the Statement of Profit and Loss		
Balance as at the beginning of the year	20,64,49,842	20,32,31,353
Depreciation (net of deferred tax) on transition to Schedule II of the Companies Act, 2013-Refer Note 29	(31,40,593)	-
Profit / (Loss) for the year	(35,22,412)	32,18,489
Net surplus in the Statement of Profit and loss	<u>19,97,86,837</u>	<u>20,64,49,842</u>
Total	<u>40,85,74,923</u>	<u>41,52,37,928</u>

3 Long-term borrowings

Non-current portion

	Mar 31, 2015	Mar 31, 2014
i) Term loan - (Secured)		
Rupee term loan from banks	-	5,62,65,387
ii) Deposits from others (Unsecured)	10,25,00,000	10,25,00,000
Total	<u>10,25,00,000</u>	<u>15,87,65,387</u>

3.1 Term loan from banks are secured by first charge on all immovable assets including land and building at 5, CMDA Industrial Estate, Maraimalai Nagar and other movable/immovable fixed assets of the Company. Further secured by second over entire stocks, book debts and all other current assets of the Company, both present and future. 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 14.25% p.a payable monthly. The principal amount of ₹ 1,40,70,000 due on Jan 25, 2015 is outstanding as at Mar 31, 2015 along with overdue interest of ₹ 28,78,977.

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, Mar 31, 2014 and for all four quarters of 2014-2015 amounting to ₹ 1,34,76,459 is outstanding at year end.

	Mar 31, 2015	Mar 31, 2014
4 Deferred tax liabilities (net)		
a) Deferred tax liability due to		
i) Depreciation	12,04,53,540	13,61,84,851
ii) Other timing differences	-	63,000
	<u>12,04,53,540</u>	<u>13,62,47,851</u>
b) Deferred tax asset arising out of		
i) Provision for Gratuity / Leave encashment	26,00,948	27,14,695
ii) Carry forward losses / Unabsorbed depreciation	1,02,60,381	2,36,62,394
iii) Other timing differences	25,90,738	21,47,089
	<u>1,54,52,067</u>	<u>2,85,24,178</u>
Net Deferred tax Liabilities	<u>10,50,01,473</u>	<u>10,77,23,673</u>

5 Long - Term Provisions

	Mar 31, 2015	Mar 31, 2014
Provision for employee benefits		
Provision for compensated absences (Refer note 9.1 and 34)	75,11,845	64,69,158
	<u>75,11,845</u>	<u>64,69,158</u>



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
6 Short-term borrowings		
Secured repayable on demand		
i) Packing Credit from banks	5,99,85,048	4,75,19,998
ii) Overdraft facility with Bank	1,05,79,840	1,01,05,889
iii) Buyers' Credit from Bank	2,96,92,481	2,22,02,323
	10,02,57,369	7,98,28,210

6.1 The Secured borrowings representing Working Capital Loans (Packing Credit, Overdraft Facility and Buyers Credit) from Banks are secured by hypothecation by way of first charge over the entire stocks and all other current assets of the Company both present and future. Further secured by the second charge on the immovable assets of all the existing fixed assets of the Company.

	Mar 31, 2015	Mar 31, 2014
7 Trade payables		
i) Micro, Small and Medium Enterprises (Refer note 37)	10,24,278	2,47,869
ii) Other Trade Payables	9,04,44,039	9,07,00,345
	9,14,68,317	9,09,48,214

	Mar 31, 2015	Mar 31, 2014
8 Other Current liabilities		
i) Current maturities of long-term borrowings (Refer note 3.1)	7,02,24,610	6,47,98,130
ii) Dues to LIC towards gratuity to employees	2,55,29,152	2,09,28,514
iii) Interest accrued and due on secured loans	29,32,692	15,84,032
iv) Advance from customers	49,50,415	20,22,366
v) Rental and other advances	31,50,260	26,50,260
vi) Interest accrued on unsecured loans	1,34,76,459	57,09,079
vii) Salaries, wages and other employee benefits payable	2,57,79,276	1,59,62,151
viii) Statutory liabilities	28,97,609	14,41,993
ix) Other payables	1,61,95,048	1,68,50,987
	16,51,35,521	13,19,47,512

	Mar 31, 2015	Mar 31, 2014
9 Short - term Provisions		
Provision for employee benefits		
Provision for compensated absences (Refer note 34)	6,27,817	7,07,484
	6,27,817	7,07,484

9.1 Movement in respect of provisions:

Particulars	Year	Opening balance	Net Additions / Utilisations	Closing balance
Provision for compensated absences	2015	71,76,642	9,63,021	81,39,663
	2014	73,12,868	(1,36,226)	71,76,642



Notes to Financial Statements for the year ended Mar 31, 2015

(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, 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
Additions	-	-	-	12,35,316	-	76,988	-	13,12,304
Deletion / Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2015	40,10,11,436	52,19,470	7,27,66,563	1,40,12,66,197	1,11,10,011	1,72,47,591	30,73,601	1,91,16,94,869
Depreciation								
Balance - Apr 1, 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	-	8,69,911	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	-	8,69,911	3,17,94,829	77,09,93,071	63,11,014	1,40,70,625	25,50,653	82,65,90,103
Charge for the year as per Statement of profit and Loss	-	16,34,538	42,73,641	9,23,25,954	10,79,087	9,21,330	54,374	10,02,88,924
Adjustment to Retained Earnings (Refer Note 29)	-	-	23,43,212	14,763	71,124	16,47,324	4,68,574	45,44,997
Balance - Mar 31, 2015	-	25,04,449	3,84,11,682	86,33,33,788	74,61,225	1,66,39,279	30,73,601	93,14,24,024
Written down value								
As at Mar 31, 2014	40,10,11,436	43,49,559	4,09,71,734	62,90,37,810	47,98,997	30,99,978	5,22,948	1,08,37,92,462
As at Mar 31, 2015	40,10,11,436	27,15,021	3,43,54,881	53,79,32,409	36,48,786	6,08,312	-	98,02,70,845

10.1. Additions to Plant & Machinery during the year includes ₹ Nil (Previous year ₹ 11,45,628) 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 specified in Schedule II to the Act..

11 Intangible assets

	Computer software	Total
Gross Block		
Balance - Apr 1, 2013	57,92,817	57,92,817
Additions	-	-
Disposals	-	-
Balance - Mar 31, 2014	57,92,817	57,92,817
Additions	-	-
Disposals	-	-
Balance - Mar 31, 2015	57,92,817	57,92,817
Amortization		
Balance - Apr 1, 2013	31,22,907	31,22,907
Charge for the year	9,06,125	9,06,125
Adjustment for disposals	-	-
Balance - Mar 31, 2014	40,29,032	40,29,032
Charge for the year	9,50,588	9,50,588
Adjustment for disposals	-	-
Balance - Mar 31, 2015	49,79,620	49,79,620
Written down value		
As at Mar 31, 2014	17,63,785	17,63,785
As at Mar 31, 2015	8,13,197	8,13,197



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
12 Non-current Investments		
Long Term, Unquoted, Trade investments		
Investment in subsidiary		
10 (Mar 31, 2014 : 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		
Unsecured, considered good		
a) Security deposits		
- Rental and other deposits	75,62,730	61,85,410
b) Advance income-tax (net of provision)	3,55,18,559	3,47,75,373
	<u>4,30,81,289</u>	<u>4,09,60,783</u>
14 Other Non Current Assets		
Insurance Claim	37,10,684	-
	<u>37,10,684</u>	<u>-</u>
15 Inventories		
Raw materials	4,22,78,664	5,46,97,856
Work-in-progress	28,60,74,032	13,49,75,162
Finished goods	3,40,210	3,40,210
Stores and spares	1,49,43,846	1,89,64,273
	<u>34,36,36,752</u>	<u>20,89,77,501</u>
Less: Provision for Non moving inventory	21,40,435	7,04,679
	<u>34,14,96,317</u>	<u>20,82,72,822</u>
15.1 Goods in transit included above comprises :		
- Raw materials	4,44,673	60,23,287
- Stores and Spares	3,25,977	4,59,483
	<u>7,70,650</u>	<u>64,82,770</u>
16 Trade receivables		
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	41,60,012	24,39,139
- Considered doubtful	62,43,828	62,43,828
	<u>1,04,03,840</u>	<u>86,82,967</u>
Less : Provision for doubtful receivables	62,43,828	62,43,828
	<u>41,60,012</u>	<u>24,39,139</u>
Other trade receivables	5,22,21,662	9,21,64,849
(A)	<u>41,60,012</u>	<u>24,39,139</u>
(B)	5,22,21,662	9,21,64,849
Total (A+B)	<u>5,63,81,674</u>	<u>9,46,03,988</u>



Notes to Financial Statements for the year ended Mar 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
17 Cash and bank balances		
Cash and cash equivalents		
i) On current accounts	6,18,520	19,33,223
ii) Cash on hand	1,57,661	2,01,172
A	7,76,181	21,34,395
Other Bank balances		
i) Deposits with original maturity for more than 3 months but less than 12 months	-	20,00,000
ii) Margin money deposits #	78,29,423	68,59,865
B	78,29,423	88,59,865
Total (A + B)	86,05,604	1,09,94,260
 # Margin money deposits are given as security for opening of letter of credit with banks		
18 Short Term Loans and advances		
Unsecured, Considered good unless stated otherwise		
i) Advances to Employees	5,94,202	9,10,499
ii) Prepaid expenses	12,80,974	11,50,894
iii) Advance to suppliers	7,64,521	11,18,863
iv) Balances with statutory/government authorities		
- Service Tax Credit	44,60,801	88,15,016
- CENVAT Credit	2,4,626	27,878
- VAT Credit	316	440
	71,25,440	1,20,23,590
19 Other Current assets		
Interest Accrued on deposits.	9,13,130	5,36,791
	9,13,130	5,36,791



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

20 Revenue from operations

- a) Sale of products
 - Export sales
- b) Sale of services
- c) Other operating revenue
 - Scrap sales

Revenue from operations (gross)

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

Mar 31, 2015	Mar 31, 2014
46,67,43,397	62,17,27,894
36,56,903	62,19,079
17,66,616	66,68,151
47,21,66,916	63,46,15,124

21 Other income

- a) Interest income
 - on bank deposits
- b) Rental Income
- c) Gain on foreign exchange fluctuation (net)
- d) Liabilities / provisions not required written back
- e) Others - Maintenance charges received

Mar 31, 2015	Mar 31, 2014
15,59,386	18,81,081
61,00,092	53,96,050
35,53,180	17,41,042
-	9,66,390
25,67,991	15,01,984
1,37,80,649	1,14,86,547

22 Cost of materials 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 consumed
- Add: Wafer characterization charges & other manufacturing expenses
- Add: Provision for non-moving inventory

Mar 31, 2015	Mar 31, 2014
5,46,97,856	5,87,63,119
19,22,47,377	25,74,03,279
4,22,78,664	5,46,97,856
-	25,10,874
20,46,66,569	25,89,57,668
48,58,137	45,00,990
14,35,756	3,64,469
21,09,60,462	26,38,23,127

Details of raw materials consumed

- Lead frame
- Gold wire
- Molding compound
- Silver epoxy
- Others

7,75,96,869	8,09,77,000
6,04,80,140	10,87,46,000
2,13,90,449	2,67,59,000
1,00,97,125	89,42,000
3,51,01,985	3,35,33,668
20,46,66,569	25,89,57,668

Consumption of total imported and indigenous raw materials, stores and spare parts

Imported items - Amount (Lakhs)

- percentage

21,41.01

97.43%

27,16.43

97.71%

Indigenous - Amount (Lakhs)

- percentage

56.40

2.57%

63.73

2.29%

Details of Inventory (Raw materials)

- Lead frame
- Gold Wire/Copper Wire
- Silver Epoxy
- Molding compound
- Others

Mar 31, 2015	Mar 31, 2014
2,23,70,548	2,96,19,209
90,15,361	72,04,362
7,46,619	7,85,777
47,62,895	1,00,86,499
53,83,240	70,02,009
4,22,78,664	5,46,97,856



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
23 (Increase) / decrease in inventories -Changes in inventories of finished goods and work - in -progress		
Inventories at the end of the year		
Work-in-progress	28,60,74,032	13,49,75,162
Finished goods	3,40,210	3,40,210
Inventories at the beginning of the year		
Work-in-progress	13,49,75,162	6,77,18,885
Finished goods	3,40,210	39,39,923
	(15,10,98,870)	(6,36,56,564)
24 Employee benefits expense		
a) Salaries, wages and bonus	14,22,00,831	13,43,16,274
b) Contributions to provident fund, gratuity and other funds	1,62,06,045	1,65,53,001
c) Staff welfare expense	78,90,236	63,36,431
	16,62,97,112	15,72,05,706
25 Other expenses		
a) Consumption of stores and spares	1,50,74,636	1,90,58,120
b) Power and fuel	5,20,69,976	4,80,64,027
c) Rent and amenities	17,40,510	17,46,110
d) Carriage outwards	24,46,758	28,47,208
e) Rates and taxes	76,48,129	32,97,523
f) Insurance	6,17,980	6,91,459
g) Repairs and maintenance		
- Plant and Machinery	3,99,213	13,77,201
- Buildings	39,89,222	64,35,009
- Others	37,40,210	34,94,672
h) Business Promotion - Marketing fees	1,62,97,658	1,65,85,880
i) Travelling and conveyance	73,19,087	1,29,56,138
j) Communication costs	8,98,571	8,97,218
k) Legal and professional fees (including details in Note 25.1 for payments to auditors)	51,94,583	54,90,876
l) Directors' Sitting Fee	2,61,000	2,43,000
m) Provision for doubtful debts	-	26,45,624
n) Printing and Stationary	7,29,027	8,18,119
o) Miscellaneous expenses	43,04,874	27,35,899
	12,27,31,434	12,93,84,083
25.1 Payment to auditor		
As auditor:		
Statutory Audit fee	1,50,000	1,50,000
Tax audit fee	30,000	30,000
Reimbursement of expenses	-	15,000
	1,80,000	1,95,000



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

26 Depreciation and amortization expense	Mar 31, 2015	Mar 31, 2014
a) Depreciation of tangible assets	10,02,88,924	10,87,06,640
b) Amortization of intangible assets	9,50,588	9,06,125
	10,12,39,512	10,96,12,765
27 Finance costs	Mar 31, 2015	Mar 31, 2013
a) Interest		
On bank loans	2,34,13,621	3,00,98,905
Others	86,93,726	96,46,716
b) Other borrowing costs - Guarantee Charges	7,89,005	8,59,567
c) Bank charges	75,32,333	64,31,851
	4,04,28,685	4,70,37,039
28 Additional Information	Mar 31, 2015	Mar 31, 2014
a. Managerial remuneration		
Mr. D. Balakrishnan, Director & CEO (Director from Jun 19, 2014)		
Salary	15,72,000	15,00,000
Allowances and reimbursements	19,67,766	18,44,590
Contributions to provident fund	1,96,500	1,87,500
Total	37,36,266	35,32,090
Mr. N. Sivashanmugam Whole Time Director (upto Jul 31, 2014)		
Salary	2,20,000	6,60,000
Allowances and reimbursements	2,60,854	6,45,248
Contributions to provident fund	27,500	82,500
Total	5,08,354	13,87,748
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	Mar 31, 2015	Mar 31, 2014
Capital goods	Nil	Nil
Machinery Spares	1,10,98,644	74,34,433
Raw Materials	39,40,18,491	25,15,73,218
	40,51,17,135	25,90,07,651
c. Expenditure in foreign currency	Mar 31, 2015	Mar 31, 2014
Travel and conveyance	22,17,025	43,20,572
Businesses Promotion - Marketing Fees	82,76,405	1,49,85,768
Characterization and Test Engineering Charges	7,12,901	45,00,990
	1,12,06,331	2,38,07,330
d. Earnings in Foreign Currency	Mar 31, 2015	Mar 31, 2014
Export at F.O.B. value	52,45,51,625	57,72,04,140
	52,45,51,625	57,72,04,140
e. Contingent Liabilities and commitments (to the extent not provided)	Mar 31, 2015	Mar 31, 2014
(i) Contingent Liabilities		
- Letter of Credit for import purchases	2,96,58,183	4,83,63,368
- Income Tax Demand	40,19,136	40,19,136
Future cash outflows in respect of the above are determinable only on receipt of judgement/ decisions pending with various forums / authorities		
(ii) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

- 29** During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from Apr 1, 2014, the Company revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation rates / useful life are as follows:

Asset	Revised useful life based on SLM	P r e v i o u s useful life
Factory Buildings	30 years	30 years
Non Factory Buildings	3 / 5 / 10 / 20 / 60 years	60 years
General Plant and Machinery	15 years	20 years
Machinery used in the manufacture of Electronic Components	15 years	18 years
Office Equipment	5 years	20 years
Computers and Data Processing Equipment	3 years	6 years
Vehicles	8 years	10 years
Furniture & Fixtures	10 years	15 years

Pursuant to the transitional provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, (net of residual value, if any), where the remaining useful life of the asset was determined to be nil as on Apr 1, 2014, and has adjusted an amount of ₹ 31,40,593 (net of deferred tax of ₹ 14,04,404) against the Opening Surplus Balance in the Statement of Profit and Loss under Reserves and Surplus.

Further, pursuant to the adoption of lower useful life prescribed in Schedule II to the Companies Act, 2013, the depreciation expenses in the statement of profit and loss for the year is higher by ₹ 51,66,988 and consequent loss for the year is higher by the said amount as a result of the change in the useful life of the assets, as detailed above.

30 Earnings Per Share:	Mar 31, 2015	Mar 31, 2014
a Profit / (Loss) as per Statement of Profit and Loss	(35,22,412)	32,18,490
b Weighted average number of equity shares outstanding (Nos)	4,61,17,443	4,61,17,443
c Par value of equity shares - ₹	10.00	10.00
d Basic and Diluted earnings per share - ₹	(0.08)	0.07



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
31 Related party disclosures		
Names of related parties		
a. Holding Company		
- Natronix Semiconductor Technology Pvt. Limited		
i) Business Promotion - Marketing Fee	1,06,31,255	1,06,62,605
ii) Other Payables	51,48,291	10,56,159
b. Subsidiary Company		
- SPEL America Inc		
i) Business Promotion - Marketing Fee	56,66,403	59,23,275
ii) Other Payables	15,58,250	-
c. Fellow Subsidiary		
- Natronix Semiconductor Technology Limited (From Mar 24, 2014)		
i) Manpower Deputation Charges	3,45,000	22,75,290
ii) Other Payables	-	3,54,384
d. Enterprise over which key management personnel / Relatives can exercise significant influence		
- Valingro Exponenta Limited (upto Apr 29, 2014)		
i) Corporate Communication Charges	1,50,000	20,22,480
ii) Corporate Rent Charges	1,12,360	13,48,320
iii) Other Payables	-	7,62,138
iv) Repayment of Short Term Borrowings	-	(1,50,00,000)
- ACM Medical Foundation (upto Oct 22, 2013)		
i) Long term borrowings	-	1,50,00,000
- ACM Educational Foundation (upto Oct 22, 2013)		
i) Long term borrowings	-	67,50,000
- Chiptest Engineering Limited (upto Apr 29, 2014)		
i) Wafer characterisation charges	-	30,38,744
ii) Other manufacturing expenses	9,08,426	24,95,568
iii) Other payables	-	28,57,589
e. Key Management Personnel		
i) Dr. A.C. Muthiah Chairman (upto Oct 22, 2013) Personal Guarantee Commission	-	4,14,464
ii) Mr. D Balakrishnan Director & CEO (Director from Jun 19, 2014) Remuneration	37,36,266	35,32,090
iii) Mr. N Sivashanmugam Whole Time Director (upto July 31, 2014) Remuneration	5,08,354	13,87,748
iv) Mr. Rajesh Jeyaraman Chief Financial Officer (upto Aug 08, 2014) * Remuneration	4,42,718	-
v) Mr. R Venkatesh Kumar Chief Financial Officer (from Jul 30, 2014) * Remuneration	10,39,310	-
vi) Ms. Rohini Ramanathan Company Secretary (upto Feb 28, 2015) * Remuneration	2,76,070	-

* Key managerial personnel as defined under the Companies Act, 2013.



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

32 Employee benefit plans - Defined Contribution Plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 99,92,152 (Year ended Mar 31, 2014 ₹ 92,85,735) for Provident Fund contributions and ₹ 12,79,543 (Year ended Mar 31, 2014 ₹ 17,14,227) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company also makes Gratuity Scheme contributions in the nature of defined contribution plans, for qualifying employees. The Company recognised ₹ 46,00,638 (Year ended Mar 31, 2014 ₹ 53,48,324) for Gratuity Fund contributions.

33 Gratuity

The Company has a 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

	Mar 31, 2015	Mar 31, 2014
(i) Current service cost on Benefit Obligations	22,49,372	22,68,985
(ii) Interest cost on Benefit Obligations	23,45,694	19,73,986
(iii) Expected return on plan assets	(4,08,643)	(7,39,615)
(iv) Net actuarial (gains)/ losses recognised in the year	4,14,214	22,44,969
Net (Benefit) / Expense	46,00,637	57,48,325
(v) Actual return on plan assets	4,08,643	7,39,615
Balance Sheet		
Details of Liability for gratuity		
(i) Defined benefit obligation	2,87,85,179	2,66,39,787
(ii) Plan Liability /(Asset)	32,56,027	57,11,273
Net Liability recognised in the Balance Sheet	2,55,29,152	2,09,28,514
Changes in the present value of the defined benefit obligation are as follows:		
(i) Opening defined benefit obligation	2,66,39,788	2,69,74,080
(ii) Current service cost	22,49,372	22,68,985
(iii) Interest cost	23,45,694	19,73,986
(iv) Actuarial (gains) / losses on obligation	(1,08,081)	15,74,629
(v) Benefits paid	(23,41,594)	(61,51,892)
Closing defined benefit obligation	2,87,85,179	2,66,39,788
Changes in the fair value of the plan assets are as follows:		
(i) Opening fair value of plan assets	57,11,273	1,07,93,889
(ii) Expected return	4,08,643	7,39,615
(iii) Actuarial gains / (losses)	(5,22,295)	(6,70,339)
(iv) Contributions by employer	-	10,00,000
(v) Benefits paid	(23,41,594)	(61,51,892)
Closing fair value of plan assets	32,56,027	57,11,273



Notes to Financial Statements for the year ended Mar 31, 2015

(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, 2015	Mar 31, 2014
(i) Discount rate	8.00%	9.21%
(ii) Salary Escalation	4.00%	5.00%
(iii) Expected Return on Assets	9.00%	9.00%
(iv) Mortality	IALM (2006-08) Ultimate	IALM(2006-08) 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.

34 Compensated Absences

Net Asset/(Liability) Recognized in Balance Sheet Mar 31, 2015

	Mar 31, 2015	Mar 31, 2014
(i) Present Value of Defined Benefit Obligation	81,39,662	71,76,643
(ii) Fair Value of Plan Assets	-	-
(iii) Funded Status[Surplus/(Deficit)]	(81,39,662)	(71,76,643)
(iv) Unrecognized Past Service Costs	-	-
Net Asset /(Liability) recognized in the Balance Sheet	(81,39,662)	(71,76,643)

Disclosure of employer expense for the year ending Mar 31, 2015

(i) Current Service Cost (including risk premiums for Fully Insured Benefits)	1,27,233	1,95,197
(ii) Interest Cost	6,60,969	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)	1,74,817	(9,35,466)
Total employer expense recognized in Statement of Profit and Loss	9,63,019	(1,36,226)

Change In Obligation and assets for the year ending Mar 31, 2015

	Mar 31, 2015	Mar 31, 2014
Change In Defined Benefit Obligation (DBO)		
(i) DBO at beginning of the period	71,76,643	73,12,868
(ii) Service Cost	1,27,233	1,95,197
(iii) Interest Rate	6,60,969	6,04,043
(iv) Curtailment Rate / (Credit)	-	-
(v) Settlement Cost/(Credit)	-	-
(vi) Plan Amendments	-	-
(vii) Acquisitions	-	-
(viii) Actuarial Losses /(Gains)	1,74,817	(9,35,466)
(ix) Benefit Payments	-	-
DBO at end of the period	81,39,662	71,76,642



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

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) Actuarial Gain/(Loss)	-	-
(vi) Benefits Payments	-	-
Fair Value of Plan Assets At end of the period		
Reconciliation of Net Asset/Liability recognized in Balance Sheet		
(i) Net Asset /(Liability) at beginning of period	(71,76,643)	(73,12,868)
(ii) Employer Expense	9,63,019	(1,36,226)
(iii) Employer Contributions	-	-
(iv) Acquisitions/Business Combinations	-	-
Net Asset /(Liability) at end of Period	(81,39,662)	(71,76,643)
Experience History		
(i) Defined Benefit Obligation at end of the period	81,39,662	71,76,643
(ii) Plan Assets at end of the period	-	-
(iii) Funded Status	(81,39,662)	(71,76,643)
(iv) Experience adjustment on plan Liabilities	70,093	(9,53,227)
(v) Experience adjustment on plan assets	-	-

The Financial assumptions employed for the calculations as at Mar 31, 2015 and 31 Mar 31, 2014 are as follows.

(i) Discount Rate	8.00%	9.21%
(ii) Expected return on assets	0.00%	0.00%
(iii) Salary escalation	4.00%	5.00%
(iv) Mortality	IALM(2006-08) Ultimate	IALM(2006-08) Ultimate

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

35 Payment to Directors *	Mar 31, 2015	Mar 31, 2014
Salary	17,92,000	6,60,000
Special Allowances	8,76,577	93,000
Other Perquisites	13,52,043	5,52,248
Contribution to Provident Fund	2,24,000	82,500
Directors' sitting fees	2,61,000	2,43,000
Total	45,05,620	16,30,748

* Part of the year Mr. N. Sivashanmugam and Mr. D. Balakrishnan.



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

36 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, 2015		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade payables	USD	1,063,843	6,67,34,863
Trade payables	EURO	1,234	83,700
Trade payables	SGD	154,950	70,81,216
Advance to suppliers	USD	12,979	8,08,978
Advance to suppliers	EURO	1,632	1,09,611
Trade receivables	USD	878,667	5,42,26,260
Advance from customers	USD	78,683	49,35,813
Buyers credit-IOB	USD	473,338	2,96,92,481
Foreign currency in hand	-	-	-

Particulars	Mar 31, 2014		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade payables	USD	1,291,848	7,76,78,834
Trade payables	SGD	22,100	10,56,159
Advance to suppliers	USD	42,683	25,49,895
Trade receivables	USD	1,587,463	9,48,35,057
Advance from customers	USD	29,482	18,22,580
Buyers credit-IOB	USD	369,239	2,22,02,323
Foreign currency in hand	USD	1,200	71,688
Foreign currency in hand	MYR	210	3,329

37 Dues to Micro, Small and Medium Enterprises

The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company. The amount of principal and interest outstanding is given below:

Particulars	Mar 31, 2015	Mar 31, 2014
Principal amount paid after appointed date during the year	7,13,424	28,41,417
Amount of Interest due and payable for the delayed payment of principal amount	74,000	-
Principal amount remaining unpaid as at year end (overdue)	8,99,223	-
Principal amount remaining unpaid as at year end (not due)	1,25,610	2,47,896
Interest due and payable on principal amount unpaid at the year end	1,32,025	-
Total amount of Interest accrued and unpaid as at year end	2,06,025	-



Notes to Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

38 Segment information

The Company's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system and secondary segment is identified based on the geographical location of the customers as per Accounting Standard 17. The Company is principally engaged in a single business segment viz Integrated Circuits for overseas market. Hence, the Company does not have separate non-overseas reportable geographical segment.

39 The figures for the previous year have been reclassified / regrouped / amended, wherever necessary.

For M.S Krishnaswami & Rajan

Chartered Accountants

M.S Murali
Partner

K. Ravikumar
Director
DIN : 0119753

M. Jayasankar
Director
DIN : 00048351

Enakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



Statement containing salient features of the Financial Statements of Subsidiaries / Associate Companies / Joint Ventures

(Pursuant of first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part A : Subsidiaries

Name of the subsidiary	` SPEL America Inc
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	` Not Applicable
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Reporting Currency-US\$ Exchange rate- ₹ 62.73
Share capital	4,365
Reserves & Surplus	76,112
Total assets	16,47,679
Total Liabilities	16,47,679
Investments	Nil
Turnover	56,66,403
Profit before taxation	3,59,554
Provision for taxation	97,553
Profit after taxation	2,62,001
Proposed Dividend	Nil
% of shareholding	100%
Names of subsidiaries which are yet to commence operations	Not Applicable
Names of subsidiaries which have been liquidated or sold during the year.	Not Applicable

Part B : Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures Not Applicable

	K. Ravikumar Director DIN : 00119753	M. Jayasankar Director DIN : 00048351	Enakshi Bhattacharya Director DIN : 05277571
Apr 28, 2015 Chennai	D. Balakrishnan Director & CEO DIN : 02131242	R. Venkatesh Kumar Chief Financial Officer	



Consolidated Financial Statements
of
SPEL Semiconductor Limited
2014-2015



Independent Auditor's Report

TO THE MEMBERS OF SPEL SEMICONDUCTOR LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial Statements of Spel Semiconductor Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as "the Group") comprising of the Consolidated Balance Sheet as at Mar 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") 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 the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on

these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in the other matters paragraph 9 below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

7. In our opinion, to the best of our information and according to the explanations given to us, and based on our audit and on consideration of



report of the other auditor on the financial statements of the subsidiary referred to below in the Other Matters paragraph, the aforesaid Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at Mar 31, 2015, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Others Matters

8. We did not audit the financial statements of a subsidiary (SPEL Inc. USA) whose financial statements reflect total assets (net) of ₹ 16.48 lakhs as at Mar 31, 2015, total revenues of ₹ 56.66 lakhs and net cash outflows amounting to ₹ 0.31 lakhs for the year then ended, as considered in the Consolidated Financial Statements. The financial statements and other financial information of the said subsidiary have been audited by another auditor whose report has been furnished to us by the Management. 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.
9. Our opinion on the consolidated financial statements, is not modified in respect of the above matters stated in paragraph 8 above with respect to our reliance on the work done and the report of the other auditor on the financial statements of the subsidiary.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable to the company incorporated in India i.e. the Holding company.
11. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - (b) In our opinion proper books of account as required by law relating to preparation of

the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors of the Holding Company as on Mar 31, 2015 taken on record by the Board of Directors of the Holding Company none of the directors of the Group's companies incorporated in India is disqualified as on Mar 31, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
12. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Holding Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements - Also Refer Note 28b(i) to the financial statements.
 - (ii) The Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses under the applicable law or accounting standards.
 - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company.

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

April 28, 2015
Chennai

M.S.Murali - Partner
Membership No. 26453



ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Referred to in paragraph 10 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the consolidated financial statements of **SPEL SEMICONDUCTOR LIMITED** ("the Holding Company") for the year ended Mar 31, 2015)

- (i) In respect of its fixed assets:
 - (a) the Holding Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) the fixed assets were physically verified by the Management during the year under a phased programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the Holding Company, nature and value of its assets. According to the information and explanations given to us, no material discrepancies have been noticed during the year on such verification.
- (ii) In respect of its inventories:
 - (a) we are informed that the inventories have been physically verified during the year by the Management at reasonable intervals.
 - (b) in our opinion and according to the information and explanations given to us, the procedures of physical verification of raw materials, spares and consumables and finished goods followed by the Management are reasonable and adequate in relation to the size of the Holding Company and the nature of its business. *The procedures of physical verification of work-in-progress (including box stock) of the holding company adopted by the management and the periodicity of verification of the said stock need to be improved considering the quantity and value of the said stocks.*
 - (c) in our opinion and according to the information and explanations given to us, the Holding Company is generally maintaining proper records of its inventories and material discrepancies, if any, noticed on physical verification were properly dealt with in the books of account.
- (iii) The Holding Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control system commensurate with the size of the Holding Company and the nature of its business, for the purchase of inventories and fixed assets and

for sale of goods and services and for payment of expenses. Further, on the basis of our examination of the books and records of the Holding Company, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.

- (v) According to information and explanations given to us, the Holding Company has not accepted any deposit from public during the year, and accordingly, the provision of clause (v) of paragraph 3 of the Companies (Auditors Report) order, 2015 are not applicable to the Holding Company.
- (vi) In our opinion and according to the information and explanations given to us, the requirement for maintenance of cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government of India under Section 148 of the Companies Act, 2013 are not applicable to the Holding Company for the year under audit.
- (vii) According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
 - (a) the Holding Company is generally regular in depositing undisputed statutory dues including , sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities during the year. *The Holding Company was not regular in depositing undisputed provident fund, employee state insurance and income tax (TDS), and property dues during the year.*
 - (b) There were no undisputed amounts payable by the Holding Company in respect of such statutory dues outstanding as at Mar 31, 2015 for a period of more than six months from the date they became payable.
 - (c) There are no dues of sales tax, wealth-tax, service tax , customs duty, excise duty, value added tax and cess which have not been deposited by the Holding Company on account of any dispute. Details of dues towards income tax that have not been deposited as at Mar 31, 2015 on account of disputes by Holding Company are as stated below:

Nature of dues	Disputed dues by Holding Company (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
IncomeTax	37.62	Assessment year 2005-06	Commissioner of Income Tax (Appeals)
IncomeTax	2.57	Assessment year 2005-07	Assessing Officer under Section 154



- (d) There are no amounts required to be transferred by the Holding Company to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and rules made there under.
- (viii) The Holding Company does not have any accumulated losses as at Mar 31, 2015 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- (ix) In our opinion, the Holding Company has defaulted in repayment of Rupee termloan dues to a bank as at the end of theyear. The amount and period of default is as under:

Sl.No.	Particulars	Amount of Default (₹ In lakhs)	Due Date	Period of Default
1.	Principal	140.70	Jan 25, 2015	2 months
2.	Interest	287.90	Jan 31, 2015, Feb 28, 2015, and Mar 31, 2015	3 months

- (x) According to the information and explanations given to us, the Holding Company has not given any guarantees for loan taken by others from banks or financial institutions.

- (xi) According to information and explanation given to us the Holding Company has not availed any term loan during the year and accordingly the provisions of clause (xi) of Paragraph 3 of the Companies (Auditors Report) order, 2015 are not applicable to the Holding Company.
- (xii) To the best of our knowledge and belief, and according to the information and explanations given to us, and considering the size and nature of the Holding Company's operations, no fraud by the Holding Company has been noticed or reported during the year. We have been informed that a theft of imported materials by third parties, while in transit to the factory aggregating ₹ 37.10 lakhs had occurred during the year under audit. Investigations are in progress and insurance claims have been made for the entire cost incurred by the Holding Company disclosed in Note 13 to the consolidated financial statements.

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

Date : Apr 28, 2015
Place : Chennai

M.S.Murali - Partner
Membership No. 26453



Consolidated Balance Sheet as at Mar 31, 2015
(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Mar 31, 2015	Mar 31, 2014
Equity and liabilities			
Shareholders' funds			
Share capital	1	46,13,25,280	46,13,25,280
Reserves and surplus	2	<u>40,86,51,052</u>	<u>41,50,52,056</u>
		86,99,76,332	87,63,77,336
Non-current liabilities			
Long-term borrowings	3	10,25,00,000	15,87,65,387
Deferred tax liabilities (net)	4	10,50,01,473	10,77,23,673
Long-term provisions	5	75,11,845	64,69,158
		<u>21,50,13,318</u>	<u>27,29,58,218</u>
Current liabilities			
Short-term borrowings	6	10,02,57,369	7,98,28,210
Trade payables	7	9,14,67,269	9,14,15,971
Other current liabilities	8	16,51,35,520	13,19,47,511
Short-term provisions	9	6,27,817	7,07,484
		<u>35,74,87,975</u>	<u>30,38,99,176</u>
TOTAL		<u>1,44,24,77,625</u>	<u>1,45,32,34,730</u>
Assets			
Non-current assets			
Fixed assets			
Tangible assets	10	98,03,08,319	1,08,39,02,089
Intangible assets	11	8,13,197	17,63,785
Long-term loans and advances	12	4,30,81,289	4,09,95,341
Other non-current assets	13	37,10,684	
		<u>1,02,79,13,489</u>	<u>1,12,66,61,215</u>
Current assets			
Inventories	14	34,14,96,317	20,82,72,822
Trade receivables	15	5,63,81,674	9,46,03,987
Cash and Bank balances	16	86,47,574	1,10,05,409
Short-term loans and advances	17	71,25,440	1,21,54,505
Other current assets	18	9,13,131	5,36,792
		<u>41,45,64,136</u>	<u>32,65,73,515</u>
Total		<u>1,44,24,77,625</u>	<u>1,45,32,34,730</u>

The Statement of significant accounting policies and the accompanying notes are an integral part of this Consolidated Balance Sheet.

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

M.S Murali
Partner

K. Ravikumar
Director
DIN : 00119753

M. Jayasankar
Director
DIN : 00048351

Enakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



Consolidated Statement of Profit and Loss for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Notes	Mar 31, 2015	Mar 31, 2014
Income			
Revenues from operations (gross)	19	47,21,66,916	63,46,15,124
Less: excise duty		2,29,438	7,25,296
Revenues from operations (net)		47,19,37,478	63,38,89,828
Other income	20	1,37,55,458	1,14,17,310
Total revenue (I)		48,56,92,936	64,53,07,138
Expenses			
Cost of raw materials and components consumed	21	21,09,60,462	26,38,23,127
(Increase)/decrease in inventories of finished goods	22	(15,10,98,870)	(6,36,56,564)
Employee benefits expense	23	16,64,14,114	15,72,05,706
Other expenses	24	12,21,22,716	12,91,63,651
Depreciation and amortization expense	25	10,13,11,665	10,96,41,278
Finance costs	26	4,04,63,503	4,70,70,615
Total Expenses (II)		49,01,73,590	64,32,47,813
Profit / (loss) before tax (I-II)		(44,80,654)	20,59,325
Tax expenses			
Current tax		97,553	4,49,534
Less: MAT credit		-	(3,75,426)
Deferred tax		(13,17,796)	(12,48,270)
Total tax expense		(12,20,243)	(11,74,162)
Profit / (Loss) after tax		(32,60,411)	32,33,487
Earnings per share (EPS) (Refer Note 30)			
- Basic		(0.07)	0.07
- Diluted		(0.07)	0.07

The Statement of significant accounting policies and the accompanying notes are an integral part of this Consolidated Statement of Profit and Loss.

In terms of our report of even date

For M.S Krishnaswami & Rajan

Chartered Accountants

M.S Murali
Partner

K. Ravikumar
Director
DIN : 00119753

M. Jayasankar
Director
DIN : 00048351

IEnakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



Consolidated Cash flow statement for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
Cash flow from operating activities		
Net profit before taxation	(44,80,654)	20,59,325
Adjustments for:		
Depreciation/amortization of tangible/intangible assets	10,13,11,665	10,96,41,278
Foreign exchange loss/(gain)	(18,63,893)	(68,40,895)
Rental income	(25,67,991)	(53,96,050)
Provision no longer required taken back	-	9,66,390
Bad advances	16,69,802	36,12,013
Interest on fixed deposits	(15,59,386)	(18,81,081)
Interest expense	3,28,96,352	4,06,05,188
Operating profit before working capital changes	12,54,05,896	14,27,66,168
Movements in working capital :		
(Increase) / Decrease in trade receivables	4,02,39,532	(4,06,40,058)
(Increase) / Decrease in inventories	(13,46,59,251)	(5,66,09,497)
(Increase) / Decrease in other current assets	(40,87,023)	64,920
(Increase) / Decrease in loans and advances	36,86,301	41,03,810
Increase / (Decrease) in trade payables and other liabilities	2,74,25,837	(18,47,513)
Increase / (Decrease) in provisions	9,63,020	46,12,098
Cash generated from / (used in) operations	5,89,74,311	5,24,49,928
Direct taxes paid (net of refunds)	(8,40,738)	(12,58,055)
Net cash flow from / (used in) operating activities (A)	5,81,33,573	5,11,91,873
Cash flows (used in) / from investing activities		
Purchase of fixed assets, capital work in progress (including capital advances)	(13,12,304)	(66,03,075)
Deposits with maturity for more than 3 months (net)	-	1,34,20,000
Margin money deposit (net)	10,30,442	(11,85,729)
Rental income	25,67,991	53,96,050
Interest received	15,59,386	18,81,081
Net cash from / (used in) investing activities (B)	38,45,515	1,29,08,327
Cash flows (used in) / from financing activities		
Proceeds from Long term borrowings	-	8,25,00,000
Proceeds from Short term borrowings	2,04,29,159	26,10,582
Repayment of Long term borrowings	-	(6,50,00,000)
Repayment of Long term borrowings	(5,08,38,907)	(4,77,61,870)
Interest paid	(3,28,96,352)	(4,06,05,188)
Net cash (used in) / from financing activities (C)	(6,33,06,100)	(6,82,56,476)



Consolidated Cash flow statement for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
Net increase / (decrease) in cash and cash equivalents	(13,27,012)	(41,56,276)
Cash and cash equivalents at the beginning of the year	21,45,544	44,53,012
Exchange differences on translation of foreign currency cash and cash equivalents	(381)	18,48,808
Cash and cash equivalents at the end of the year	8,18,151	21,45,544
Components of Cash and Bank balances (Note 16 to the financial statements)		
- Cash and cash equivalents	8,18,151	21,45,544
- Other bank balances	78,29,423	88,59,865
Cash and bank balances	86,47,574	1,10,05,409

In terms of our report of even date

For M.S Krishnaswami & Rajan

Chartered Accountants

M.S Murali
Partner

K. Ravikumar
Director
DIN : 00119753

M. Jayasankar
Director
DIN : 00048351

Enakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. Accounting convention

- 1.1 The financial statements of the Group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for categories of fixed assets acquired before 1 Apr, 2008, that are carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as more fully described in Note 29.
- 1.2 All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. 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 Group 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 8.3 below.
- 3.2 Assets are depreciated / amortised, as below, on straight line basis:
- Buildings, assets in leased premises, plant and machinery (except assets subject to impairment) and other assets, over their estimated useful lives as prescribed in Schedule II to the Companies Act, 2013.
 - Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.
 - Intangible assets are amortized over their estimated useful life.
 - 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.
- 3.3 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 exchange prevailing at



Notes to Consolidated Financial Statement for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

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 Group'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 Group 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 Group accounts for Gratuity Liability equivalent to the premium amount payable to Life Insurance Corporation of India. Group'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:

Group'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.

11. Income taxes

11.1 Income tax expenses comprise current and deferred taxes. Current tax is determined on the income for the year chargeable to tax in accordance with applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable tax laws and after considering credit for Minimum Alternate Tax available under the said Act. MAT paid in accordance with the tax laws which gives future economic benefits in the form of adjustments to future tax liability, is considered as an asset if there is convincing evidence that the future economic benefit associated with it will flow to the Group resulting in payment of normal income tax.

11.2 Deferred tax is recognized for all the timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date.

11.3 Deferred tax assets are recognised for timing differences other than unabsorbed depreciation and carry forward losses only to the extent that there is a reasonable certainty that there will be sufficient future taxable income to realise the assets. Deferred tax asset pertaining to unabsorbed depreciation and carry forward of losses are recognised only to the extent there is a virtual certainty of its realisation.

11.4 Foreign companies recognise tax assets / liabilities in accordance with applicable local laws

12. Provisions and Contingencies

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
1 Share capital		
Authorized		
6,00,00,000 (Mar 31,2014 : 6,00,00,000) equity shares of ₹ 10/- each with voting rights	<u>60,00,00,000</u>	<u>60,00,00,000</u>
Issued		
4,61,47,613 (Mar 31, 2014: 4,61,47,613) equity shares of ₹ 10/- each with voting rights	<u>46,14,76,130</u>	<u>46,14,76,130</u>
Total	<u>46,14,76,130</u>	<u>46,14,76,130</u>
Subscribed and fully paid up		
4,61,47,613 (Mar 31, 2014: 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, 2014: 30,170) equity shares of ₹ 5/- each	1,50,850	1,50,850
Total	<u>46,13,25,280</u>	<u>46,13,25,280</u>

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

	Mar 31, 2015		Mar 31, 2014	
	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	<u>4,61,17,443</u>	<u>46,13,25,280</u>	<u>4,61,17,443</u>	<u>46,13,25,280</u>

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, 2013.

1.3 Details of shares held by the ultimate holding company,

	Mar 31, 2015		Mar 31, 2014	
	No of shares	% holding	No of shares	% holding
Natronix Semiconductor Technology Private Limited	2,58,11,207	55.97%	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.

1.4 Share holder other than the ultimate holding company holding more than 5% of the total share capital - Nil

1.5 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 - NIL

1.6 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 Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
2 Reserves and surplus		
Capital reserve at the beginning and end of the year	16,500	16,500
Securities Premium Account at the beginning and end of the year	47,34,618	47,34,618
Revaluation Reserve at the beginning and end of the year	20,40,36,967	20,40,36,967
Surplus in the Statement of Profit and Loss		
Balance at the beginning	20,62,63,971	20,30,30,484
Depreciation (net of deferred tax) on transition to Schedule II of the Companies Act, 2013	(31,40,593)	-
Profit / (Loss) for the year	(32,60,411)	32,33,487
Net surplus in the Statement of Profit and loss	<u>19,98,62,967</u>	<u>20,62,63,971</u>
Total reserves and surplus	<u>40,86,51,052</u>	<u>41,50,52,056</u>
3 Long-term borrowings	Non-current portion	
	Mar 31, 2015	Mar 31, 2014
Term loans - Secured		
Indian rupee loan from banks (Secured)	-	5,62,65,387
Deposits from Others (Unsecured)	10,25,00,000	10,25,00,000
Total	<u>10,25,00,000</u>	<u>15,87,65,387</u>
3.1 Term loan from banks are secured by first charge on all immovable assets including land and building at 5, CMDA Industrial Estate, Maraimalai Nagar and other movable/immovable fixed assets of the Company. Further secured by second over entire stocks, book debts and all other current assets of the Company, both present and future. Term Loan and is also secured by personal guarantee 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 14.25% p.a payable monthly. The principal amount of ₹ 1,40,70,000 due on Jan 25, 2015 is outstanding as at Mar 31, 2015 along with overdue interest of ₹ 28,78,977		
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, Mar 31, 2014 and for all four quarters of 2014-2015 amounting to ₹ 1,34,76,459 is outstanding at year end.		
4 Deferred tax liabilities (net)	Mar 31, 2015	Mar 31, 2014
a) Deferred tax liability		
i) Depreciation	12,04,53,540	13,61,84,851
ii) Other timing differences	-	63,000
	<u>12,04,53,540</u>	<u>13,62,47,851</u>
b) Deferred tax asset		
i) Provision for Leave encashment / Gratuity	26,00,948	27,14,695
ii) Carry forward losses / Depreciation	1,02,60,381	2,36,62,394
iii) Other timing differences	25,90,738	21,47,089
	<u>1,54,52,067</u>	<u>2,85,24,178</u>
Net Deferred tax Liabilities	<u>10,50,01,473</u>	<u>10,77,23,673</u>
5 Long - Term Provisions	Mar 31, 2015	Mar 31, 2014
Provision for employee benefits		
Provision for Compensated absences (Refer note 9.1 and 34)	75,11,845	64,69,158
	<u>75,11,845</u>	<u>64,69,158</u>



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

6 Short-term borrowings	Mar 31, 2015	Mar 31, 2014
Secured repayable on demand		
i) Packing Credit from banks	5,99,85,048	4,75,19,998
ii) Overdraft facility with Bank	1,05,79,840	1,01,05,889
iii) Buyers' Credit from Bank	2,96,92,481	2,22,02,323
	<u>10,02,57,369</u>	<u>7,98,28,210</u>

6.1 The Secured borrowings representing Working Capital Loans (Packing Credit, Overdraft Facility and Buyers Credit) from Banks are secured by hypothecation by way of first charge over the entire stocks and all other current assets of the Group both present and future. Further secured by the second charge on the immovable assets of all the existing fixed assets of the Group.

7 Trade payables	Mar 31, 2015	Mar 31, 2014
i) Micro, Small and Medium Enterprises (Refer note 36)	10,24,278	2,47,869
ii) Other Trade Payables	9,04,42,991	9,11,68,102
	<u>9,14,67,269</u>	<u>9,14,15,971</u>

8 Other Current liabilities	Mar 31, 2015	Mar 31, 2014
Current maturities of long-term borrowings (Refer note 3.1)	7,02,24,610	6,47,98,130
Dues to LIC towards gratuity to employees	2,55,29,152	2,09,28,514
Interest accrued and due on secured loans	29,32,692	15,84,032
Advances from customers	49,50,415	20,22,366
Rental and other advances	31,50,260	26,50,260
Interest accrued on unsecured loans	1,34,76,459	57,09,079
Salaries, wages and other employee benefits payable	2,57,79,276	1,59,62,150
Statutory Dues	28,97,609	14,41,992
Other Liabilities	1,61,95,047	1,68,50,987
	<u>16,51,35,520</u>	<u>13,19,47,511</u>

9 Short - term Provisions	Mar 31, 2015	Mar 31, 2014
Provision for employee benefits		
Provision for Compensated Absences (Refer note 34)	6,27,817	7,07,484
	<u>6,27,817</u>	<u>7,07,484</u>

9.1 Movement in respect of provisions:

Particulars	Year	Opening balance	Net Additions / Utilisations	Closing balance
Provision for Compensated absences	2015	71,76,642	9,63,020	81,39,662
	2014	73,12,868	(1,36,226)	71,76,642



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(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, 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	94,986	-	66,03,076
Deletion / Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2014	40,10,11,436	52,19,470	7,27,66,563	1,40,00,30,881	1,12,16,712	1,78,62,462	30,73,601	1,91,11,81,125
Additions	-	-	-	12,35,316	-	76,988	-	13,12,304
Deletion / Adjustments	-	-	-	-	-	-	-	-
Balance - Mar 31, 2015	40,10,11,436	52,19,470	7,27,66,563	1,40,12,66,197	1,12,16,712	1,79,39,450	30,73,601	1,91,24,93,429
Depreciation								
Balance - Apr 1, 2013	-	-	3,04,17,953	66,61,13,390	59,05,890	1,38,47,989	22,58,661	71,85,43,883
Charge for the year	-	8,69,911	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	-	8,69,911	3,17,94,829	77,09,93,071	63,82,901	1,46,87,671	25,50,653	82,72,79,036
Charge for the year	-	16,34,538	42,73,641	9,23,25,954	10,79,087	9,93,483	54,374	10,03,61,077
Adjustments to Retained Earnings (Refer Note 29)	-	-	23,43,212	14,763	71,124	16,47,324	4,68,574	45,44,997
Balance - Mar 31, 2015	-	25,04,449	3,84,11,682	86,33,33,788	75,33,112	1,73,28,478	30,73,601	93,21,85,110
Written down value								
As at Mar 31, 2014	40,10,11,436	43,49,559	4,09,71,734	62,90,37,811	48,33,811	31,74,789	5,22,948	1,08,39,02,089
As at Mar 31, 2015	40,10,11,436	27,15,021	3,43,54,881	53,79,32,409	36,83,600	6,10,972	-	98,03,08,319

10.1. Additions to Plant & Machinery during the year includes ₹ Nil (Previous year ₹ 11,45,628) 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 specified in Scheduled II to the Act.

11 Intangible assets

	Computer software	Total
Gross Block		
Balance - Apr 1, 2013	57,92,817	57,92,817
Additions	-	-
Disposals	-	-
Balance - Mar 31, 2014	57,92,817	57,92,817
Additions	-	-
Disposals	-	-
Balance - Mar 31, 2015	57,92,817	57,92,817
Amortization		
Balance - Apr 1, 2013	31,22,907	31,22,907
Charge for the year	9,06,125	9,06,125
Adjustment for disposals	-	-
Balance - Mar 31, 2014	40,29,032	40,29,032
Charge for the year	9,50,588	9,50,588
Adjustment for disposals	-	-
Balance - Mar 31, 2015	49,79,620	49,79,620
Written down value		
As at Mar 31, 2014	17,63,785	17,63,785
As at Mar 31, 2015	8,13,197	8,13,197



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
12 Long Term Loans and advances		
Unsecured, considered good		
Security deposits		
a) Rental and other deposits	75,62,730	61,85,410
b) Advance income-tax (net of provision)	3,55,18,559	3,48,09,931
	4,30,81,289	4,09,95,341
13 Other Non Current Assets	Mar 31, 2015	Mar 31, 2014
Insurance Claim	37,10,684	-
	37,10,684	-
14 Inventories	Mar 31, 2015	Mar 31, 2014
Raw materials	4,22,78,664	5,46,97,856
Work-in-progress	28,60,74,032	13,49,75,162
Finished goods	3,40,210	3,40,210
Stores and spares	1,49,43,846	1,89,64,273
	34,36,36,752	20,89,77,501
Less: Provision for Non moving inventory	21,40,435	7,04,679
Total	34,14,96,317	20,82,72,822
14.1 Goods in transit included in above comprises of		
- Raw materials	4,44,673	60,23,287
- Stores and Spares	3,25,978	4,59,483
	7,70,651	64,82,770
15 Trade receivables	Mar 31, 2015	Mar 31, 2014
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered good	41,60,012	24,39,139
- Considered doubtful	62,43,828	62,43,828
	1,04,03,840	86,82,967
Less : Provision for doubtful receivables	62,43,828	62,43,828
	(A) 41,60,012	24,39,139
Other trade receivables	(B) 5,22,21,662	9,21,64,848
Total (A+B)	5,63,81,674	9,46,03,987



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
16 Cash and Bank Balances		
Cash and cash equivalents		
i) On current accounts	6,60,490	19,44,372
ii) Cash on hand	1,57,661	2,01,172
A	<u>8,18,151</u>	<u>21,45,544</u>
Other Bank balances		
i) Deposits with original maturity for more than 3 months but less than 12 months	-	20,00,000
ii) Margin money deposit#	78,29,423	68,59,865
B	<u>78,29,423</u>	<u>88,59,865</u>
Total (A + B)	<u>86,47,574</u>	<u>1,10,05,409</u>
# Margin money deposit are given as security for opening of letter of credit with banks		
17 Short Term Loans and advances		
Unsecured, Considered good unless stated otherwise		
Advances to Employees	5,94,202	10,41,414
Prepaid expenses	12,80,974	11,50,894
Advance to suppliers	7,64,521	11,18,862
Balances with statutory/government authorities		
- Service Tax Credit	44,60,801	88,15,016
- CENVAT Credit	24,626	27,878
- VAT Credit	316	440
	<u>71,25,440</u>	<u>1,21,54,505</u>
18 Other Current assets		
Interest Accrued on deposits.	9,13,131	5,36,792
	<u>9,13,131</u>	<u>5,36,792</u>
19 Revenue from operations		
a) Sale of products		
Export sales	46,67,43,397	62,17,27,894
b) Sale of services	36,56,903	62,19,079
c) Other operating revenue		
Scrap sales	17,66,616	66,68,151
Revenue from operations (gross)	<u>47,21,66,916</u>	<u>63,46,15,124</u>

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



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
20 Other income		
Interest income on		
- on bank deposits	15,59,386	18,81,081
Rental Income	61,00,092	53,96,050
Gain on foreign exchange fluctuation (net)	35,27,989	16,71,805
Liabilities / provisions not required written back	-	9,66,390
Others - Maintenance Charges received	<u>25,67,991</u>	<u>15,01,984</u>
	<u>1,37,55,458</u>	<u>1,14,17,310</u>
21 Cost of raw materials and components consumed		
Inventory at the beginning of the year	5,46,97,856	5,87,63,119
Add: Purchases	19,22,47,376	25,74,03,279
Less: Inventory at the end of the year	4,22,78,664	5,46,97,856
Less: Provision no longer required	-	25,10,874
Cost of raw materials consumed	<u>20,46,66,569</u>	<u>25,89,57,668</u>
Add: Wafer Characterization Charges & Other Manufacturing expenses	48,58,137	45,00,990
Add: Provision for Non-moving Inventory	<u>14,35,756</u>	<u>3,64,469</u>
	<u>21,09,60,462</u>	<u>26,38,23,127</u>
Details of raw materials consumed		
Lead frame	7,75,96,869	8,09,77,000
Gold Wire	6,04,80,140	10,87,46,000
Molding compound	2,13,90,449	2,67,59,000
Others	<u>4,51,99,111</u>	<u>4,24,75,668</u>
	<u>20,46,66,569</u>	<u>25,89,57,668</u>
Details of Inventory (Raw materials)		
Lead frame	2,23,70,548	2,96,19,209
Gold Wire/Copper Wire	90,15,361	72,04,362
Silver Epoxy	7,46,619	7,85,777
Molding compound	47,62,895	1,00,86,499
Others	<u>53,83,240</u>	<u>70,02,009</u>
	<u>4,22,78,664</u>	<u>5,46,97,856</u>
22 (Increase) / decrease in inventories-Change in inventories finished goods and work-in-progress		
Inventories at the end of the year		
Work-in-progress	28,60,74,032	13,49,75,162
Finished goods	3,40,210	3,40,210
Inventories at the beginning of the year		
Work-in-progress	13,49,75,162	6,77,18,885
Finished goods	<u>3,40,210</u>	<u>39,39,923</u>
	<u>(15,10,98,870)</u>	<u>(6,36,56,564)</u>



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
23 Employee benefit expense		
Salaries, wages and bonus	14,23,17,833	13,43,16,274
Contributions to Provident Fund, Gratuity and Other funds	1,62,06,045	1,65,53,001
Staff welfare expense	78,90,236	63,36,431
	<u>16,64,14,114</u>	<u>15,72,05,706</u>
24 Other expenses		
Consumption of stores and spares	1,50,74,636	1,90,58,120
Power and Fuel	5,20,69,976	4,80,64,027
Rent and amenities	17,40,510	17,46,110
Carriage outwards	24,46,758	28,47,208
Rates and taxes	76,49,663	32,99,036
Insurance	6,17,980	6,91,459
Repairs and maintenance		
- Plant and Machinery	3,99,213	13,77,201
- Buildings	39,89,222	64,35,009
- Others	37,53,437	35,40,238
Business Promotion - Marketing fees	1,06,31,255	1,06,62,605
Travelling and conveyance	73,50,459	1,30,52,462
Communication costs	10,33,664	10,75,841
Legal and professional fees (including details in Note 24.1 for payments to auditors)	1,00,26,530	1,06,08,652
Directors' Sitting Fee	2,61,000	2,43,000
Provision/(Reversal of provision) for doubtful debts	-	26,45,625
Printing and Stationary	7,29,027	8,18,119
Miscellaneous expenses	43,49,386	29,98,940
	<u>12,21,22,716</u>	<u>12,91,63,651</u>
24.1 Payment to auditor		
As Statutory auditors:		
Statutory Audit fee	1,50,000	1,50,000
Tax audit fee	30,000	30,000
Reimbursement of expenses	-	15,000
	<u>1,80,000</u>	<u>1,95,000</u>
25 Depreciation and amortization expense		
Depreciation of tangible assets	10,03,61,077	10,87,35,153
Amortization of intangible assets	9,50,588	9,06,125
	<u>10,13,11,665</u>	<u>10,96,41,278</u>



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
26 Finance costs		
a) Interest		
On bank loans	2,34,13,621	3,00,98,905
Others	86,93,726	96,46,716
b) Other borrowing costs - Guarantee Charges	7,89,005	8,59,567
c) Bank charges	75,67,151	64,65,427
	4,04,63,503	4,70,70,615

27 Basis of consolidation

The Consolidated Financial Statements relate to Spel Semiconductor Limited (the Company) and its subsidiary.

The Company and its subsidiary constitute the Group.

27.1 Principles of Consolidation

- The consolidated financial statements have been prepared in accordance with Accounting Standard 21 (AS 21) "consolidated financial statements" notified by the Companies (Accounting Standard) Rules, 2006.
- The financial statements of the Company and its subsidiary company have been combined on a 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.
- The following subsidiary company is considered in the consolidated financial statements
Name of the subsidiary company : SPEL America Inc.
Country of incorporation : USA
Percentage of ownership interest (Mar 31, 2015): 100%

	Mar 31, 2015	Mar 31, 2014
28 Additional Information		
a. Managerial remuneration		
Mr. D. Balakrishnan, Director & CEO (Director from Jun 19, 2014)		
Salary	15,72,000	15,00,000
Allowances and reimbursements	19,67,766	18,44,590
Contributions to provident fund	1,96,500	1,87,500
Total	37,36,266	35,32,090
Mr. N. Sivashanmugam Whole Time Director (upto Jul 31, 2014)		
Salary	2,20,000	6,60,000
Allowances and reimbursements	2,60,854	6,45,248
Contributions to provident fund	27,500	82,500
Total	5,08,354	13,87,748
Note:		
Provisions for contribution to employee retirement/post retirement and other employee benefits which are based on actuarial valuations done on an overall group basis are excluded above.		
b. Contingent Liabilities and commitments (to the extent not provided)	Mar 31, 2015	Mar 31, 2014
i) Contingent Liabilities		
- Letter of Credit for import purchases	2,96,58,183	4,83,63,368
- Income Tax Demand	40,19,136	40,19,136
Future cash outflows in respect of the above are determinable only on receipt of judgement/ decisions pending with various forums / authorities		
ii) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	Nil	Nil



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

- 29** During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from Apr 1, 2014, the group revised the estimated useful life of some of its assets to align the useful life with those specified in Schedule II. The details of previously applied depreciation rates / useful life are as follows:

Asset	Revised useful life based on SLM	Previous useful life
Factory Buildings	30 years	30 years
Non Factory Buildings	3 / 5 / 10 / 20 / 60 years	60 years
General Plant and Machinery	15 years	20 years
Machinery used in the manufacture of Electronic Components	15 years	18 years
Office Equipment	5 years	20 years
Computers and Data Processing Equipment	3 years	6 years
Vehicles	8 years	10 years
Furniture & Fixtures	10 years	15 years

Pursuant to the transitional provisions prescribed in Schedule II to the Companies Act, 2013, the Group has fully depreciated the carrying value of assets, (net of residual value, if any), where the remaining useful life of the asset was determined to be nil as on Apr 1, 2014, and has adjusted an amount of ₹ 31,40,593 (net of deferred tax of ₹ 14,04,404) against the Opening Surplus Balance in the Statement of Profit and Loss under Reserves and Surplus.

Further, pursuant to the adoption of lower useful life prescribed in Schedule II to the Companies Act, 2013, the depreciation expenses in the statement of profit and loss for the year is higher by ₹ 51,66,988 and consequent loss for the year is higher by the said amount as a result of the change in the useful life of the assets, as detailed above.

30 Earnings Per Share:

	Mar 31, 2015	Mar 31, 2014
a Profit / (Loss) as per Statement of Profit and Loss	(32,60,411)	32,33,487
b Weighted average number of equity shares outstanding (Nos)	4,61,17,443	4,61,17,443
c Par value of equity shares	10.00	10.00
d Basic and Diluted earnings per share	(0.07)	0.07



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

31 Related party disclosures	Mar 31, 2015	Mar 31, 2014
Names of related parties		
a. Holding Company		
- Natronix Semiconductor Technology Private Limited		
i) Business Promotion - Marketing Fee	1,06,31,255	1,06,62,605
ii) Accounts Payable	51,48,291	10,56,159
b. Fellow Subsidiary		
Natronix Semiconductor Technology Limited (From Mar 24, 2014)		
i) Manpower Charges	3,45,000	22,75,290
ii) Payables	-	3,54,384
c. Enterprise over which Key Management Personnel / Relatives can exercise significant influence		
- Valingro Exponenta Limited (Upto Apr29, 2014)		
i) Corporate Communication Charges	1,50,000	20,22,480
ii) Corporate Rent Charges	1,12,360	13,48,320
iii) Other Payable	15,35,400	7,62,138
iv) Repayment of Short Term Borrowings	-	(1,50,00,000)
- ACM Medical Foundation (Upto Oct 22, 2013)		
Long Term Borrowings	-	1,50,00,000
- ACM Educational Foundation (Upto Oct 22, 2013)		
Long Term Borrowings	-	6,75,00,000
- Chiptest Engineering Limited (Upto Apr 29, 2014)		
i) Wafer characterisation charges	-	30,38,744
ii) Other manufacturing expenses	9,08,426	24,95,568
iii) Other Payables	-	28,57,589
d. Key Management Personnel		
i) Dr. A.C. Muthiah Chairman (upto Oct 22, 2013)		
Personal Guarantee Commission	7,64,005	7,07,186
ii) Mr. D Balakrishnan Director & CEO (Director with effect from Jun 19, 2014)		
Remuneration	37,36,266	35,32,090
iii) Mr. N Sivashanmugam Whole Time Director (upto Jul 31, 2014)		
Remuneration	5,08,354	13,87,748
iv) Mr. Rajesh Jeyaraman Chief Financial Officer (upto Aug 08, 2014) *		
Remuneration	4,42,718	5,99,267
v) Mr. R Venkatesh Kumar Chief Financial Officer (from Jul 30, 2014) *		
Remuneration	10,39,310	-
vi) Ms. Rohini Ramanathan Company Secretary (upto Feb 28, 2015) *		
Remuneration	2,76,070	57,151

* Key managerial personnel as defined under the Companies Act, 2013



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

32 Employee benefit plans - Defined Contribution Plans

The group Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the group is required to contribute a specified percentage of the payroll costs to fund the benefits. The group recognised ₹ 99,92,152 (Year ended Mar 31, 2014 ₹ 92,85,735) for Provident Fund contributions and ₹ 12,79,543 (Year ended Mar 31, 2014 ₹ 17,14,227) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the group are at rates specified in the rules of the schemes. The group also makes Gratuity Scheme contributions in the nature of defined contribution plans, for qualifying employees. The group recognised ₹ 46,00,638 (Year ended Mar 31, 2014 ₹ 53,48,324) for Gratuity Fund contributions.

33 Gratuity

The group has a 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 consolidated balance sheet for the Gratuity plan.

Statement of Consolidated Profit and Loss

Net employee benefit expense

	Mar 31, 2015	Mar 31, 2014
(i) Current service cost on Benefit Obligations	22,49,372	22,68,985
(ii) Interest cost on Benefit Obligations	23,45,694	19,73,986
(iii) Expected return on plan assets	(4,08,643)	(7,39,615)
(iv) Net actuarial (gains)/ losses recognised in the year	4,14,214	22,44,969
Net (Benefit) / Expense	46,00,637	57,48,325
(vi) Actual return on plan assets	4,08,643	7,39,615

Consolidated Balance Sheet

Details of Liability for gratuity

(i) Defined benefit obligation	2,87,85,179	2,66,39,787
(ii) Plan Liability /(Asset)	32,56,027	57,11,273
	2,55,29,152	2,09,28,514

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

(i) Opening defined benefit obligation	2,66,39,788	2,69,74,080
(ii) Current service cost	22,49,372	22,68,985
(iii) Interest cost	23,45,694	19,73,986
(iv) Actuarial (gains) / losses on obligation	(1,08,081)	15,74,629
(v) Benefits paid	(23,41,594)	(61,51,892)
Closing defined benefit obligation	2,87,85,179	2,66,39,788

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

(i) Opening fair value of plan assets	57,11,273	1,07,93,889
(ii) Expected return	4,08,643	7,39,615
(iii) Actuarial gains / (losses)	(5,22,295)	(6,70,339)
(iv) Contributions by employer	-	10,00,000
(v) Benefits paid	(23,41,594)	(61,51,892)
Closing fair value of plan assets	32,56,027	57,11,273



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(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, 2015	Mar 31, 2014
(i) Discount rate	8.00%	9.21%
(ii) Salary Escalation	5.00%	5.00%
(iii) Expected Return on Assets	9.00%	9.00%
(iv) Mortality	IALM (2006-08) Ultimate	IALM(2006-08) 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.

34 Compensated Absences

	Mar 31, 2015 (In Rupees)	Mar 31, 2014 (In Rupees)
Net Asset/(Liability) Recognized in Consolidated Balance Sheet- Mar 31, 2015		
(i) Present Value of Defined Benefit Obligation	81,39,662	71,76,643
(ii) Fair Value Of Plan Assets	-	-
(iii) Funded Status[Surplus/(Deficit)]	(81,39,662)	(71,76,643)
(iv) Unrecognized Past Service Costs	-	-
Net Asset /(Liability) recognized in the Consolidated Balance Sheet	(81,39,662)	(71,76,643)
Disclosure of employer expense for the year ending Mar 31, 2015		
(i) Current Service Cost (including risk premiums for Fully Insured Benefits)	1,27,233	1,95,197
(ii) Interest Cost	6,60,969	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)	1,74,817	(9,35,466)
Total employer expense recognized in Statement of Consolidated Profit and Loss	9,63,019	(1,36,226)

Change In Obligation and assets for the year ending Mar 31, 2015

	Mar 31, 2015	Mar 31, 2014
Change In Defined Benefit Obligation (DBO)		
(i) DBO at beginning of the period	71,76,643	73,12,868
(ii) Service Cost	1,27,233	1,95,197
(iii) Interest Rate	6,60,969	6,04,043
(iv) Curtailment Rate / (Credit)	-	-
(v) Settlement Cost/(Credit)	-	-
(vi) Plan Amendments	-	-
(vii) Acquisitions	-	-
(viii) Actuarial Losses /(Gains)	1,74,817	(9,35,466)
(ix) Benefit Payments	-	-
DBO at end of the period	81,39,662	71,76,642



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

	Mar 31, 2015	Mar 31, 2014
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) Actuarial Gain/(Loss)	-	-
(vi) Benefits Payments	-	-
Fair Value of Plan Assets At end of the period		
Reconciliation of Net Asset/Liability recognized in consolidated Balance Sheet		
(i) Net Asset /(Liability) at beginning of period	(71,76,643)	(73,12,868)
(ii) Employer Expense	9,63,019	(1,36,226)
(iii) Employer Contributions	-	-
(iv) Acquisitions/Business Combinations	-	-
Net Asset /(Liability) at end of Period	(81,39,662)	(71,76,643)
Experience History		
(i) Defined Benefit Obligation at end of the period	81,39,662	71,76,643
(ii) Plan Assets at end of the period	-	-
(iii) Funded Status	(81,39,662)	(71,76,643)
(iv) Experience adjustment on plan Liabilities	70,093	(9,53,227)
(v) Experience adjustment on plan assets	-	-

The Financial assumptions employed for the calculations as at 31 Mar 2015 and 31 Mar 2014 are as follows.

(i) Discount Rate	8.00%	9.21%
(ii) Expected return on assets	0.00%	0.00%
(iii) Salary escalation	4.00%	5.00%
(iv) Mortality	IALM(2006-08) Ultimate	IALM(2006-08) 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.

	Mar 31, 2015	Mar 31, 2014
35 Payment to Directors		
Salary	17,92,000	6,60,000
Special Allowance	8,76,577	93,000
Other Perquisites	13,52,043	5,52,248
contribution to PF	2,24,000	82,500
Director Sitting Fees	2,61,000	2,43,000
Total	45,05,620	16,30,748

* Part of the year Mr. N. Sivashanmugam and Mr. D. Balakrishnan.



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

36 Foreign currency exposures

The Group 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, 2015		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade Payable	USD	1,063,843	6,67,34,863
Trade Payable	EURO	1,234	83,700
Trade Payable	SGD	154,950	70,81,216
Advance to Suppliers	USD	12,979	8,08,978
Advance to Suppliers	EURO	1,632	1,09,611
Trade Receivables	USD	878,667	5,42,26,260
Advance from Customers	USD	78,683	49,35,813
Buyers credit-IOB	USD	473,338	2,96,92,481
Foreign Currency in Hand	-	-	-

Particulars	Mar 31, 2014		
	Foreign Currency	Amount in Foreign Currency	Amount In Rupees
Trade Payable	USD	1,291,848	7,76,78,834
Trade Payable	SGD	22,100	10,56,159
Advance to Suppliers	USD	42,683	25,49,895
Trade Receivables	USD	1,587,463	9,48,35,057
Advance from Customers	USD	29,482	18,22,580
Buyers credit-IOB	USD	369,239	2,22,02,323
Foreign Currency in Hand	USD	1,200	71,688
Foreign Currency in Hand	MYR	210	3,329

37 Dues to Micro, Small and Medium Enterprises

The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the group. The amount of principal and interest outstanding is given below:

Particulars	2015	2014
Principal amount paid after appointed date during the year	7,13,424	28,41,417
Amount of Interest due and payable for the delayed payment of principal amount	74,000	-
Principal amount remaining unpaid as at year end (overdue)	8,99,223	-
Principal amount remaining unpaid as at year end (not due)	1,25,610	2,47,896
Interest due and payable on principal amount unpaid at the year end	1,32,025	-
Total amount of Interest accrued and unpaid as at year end	2,06,025	-

38 Segment information

The group's primary segment is identified as business segment based on nature of products, risks, returns and the internal business reporting system and secondary segment is identified based on the geographical location of the customers as per Accounting Standard 17. The group is principally engaged in a single business segment viz Integrated Circuits for overseas market. Hence, the group does not have separate non-overseas reportable geographical segment.



Notes to Consolidated Financial Statements for the year ended Mar 31, 2015

(All amounts are in Indian Rupees unless otherwise stated)

39 Additional Information, as required under Schedule III to the Companies Act, 2013 of entities consolidated as Subsidiaries.

Name of the Entity	Net Assets,		Share in profit or loss	
	As a % of Consolidated Net Assets	Amount	As a % of Consolidated Profit or Loss	Amount
Spel Semiconductor Limited	99.99	86,98,95,838	65.76	21,43,991
Foreign Subsidiary				
Spel America INC	0.01	80,494	(165.76)	(54,04,402)
Total	100	86,99,76,332	(100)	(32,60,411)

40 The figures for the previous year have been reclassified / regrouped / amended, wherever necessary.

For M.S Krishnaswami & Rajan

Chartered Accountants

M.S Murali
Partner

K. Ravikumar
Director
DIN : 0119753

M. Jayasankar
Director
DIN : 00048351

Enakshi Bhattacharya
Director
DIN : 05277571

Apr 28, 2015
Chennai

D. Balakrishnan
Director & CEO
DIN : 02131242

R. Venkatesh Kumar
Chief Financial Officer



**30th Annual Report
2014-15**

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