



30<sup>th</sup> August 2023

**BSE LIMITED**  
Department of Corporate Affairs  
Phiroze Jeejeebhoy Tower  
Dalal Street  
Mumbai-400001

Dear Sir/Madam,

Scrip Code:517166

Sub: **Intimation of Notice of the 38<sup>th</sup> Annual General Meeting (AGM) for the financial year 2022-23**

In Compliance with the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice of the 38<sup>th</sup> Annual General Meeting (AGM) for the financial year ended 31<sup>st</sup> March 2023.

The AGM Notice is available on the Company's website at <http://natronix.net/SPEL.html>.

We request you to take the above information on your record.

Thanking you,  
Yours sincerely,

**For SPEL SEMICONDUCTOR LIMITED**

**SANKARANARAYANAN SIVARAMAN**  
(FCS 2918)  
COMPANY SECRETARY



# **SPEL Semiconductor Limited**

**An IC Assembly & Test Company**

**38<sup>th</sup> Annual Report Financial Year 2022 - 23**

*Defining the Future Through Partnerships*



# SPEL Semiconductor Limited

an IC Assembly & Test Company

38<sup>TH</sup> ANNUAL REPORT 2022-23

## Board of Directors

1. Mr. K. Ravikumar	Independent Director
2. Mr.S.Chandramohan	Independent Director
3. Dr.Enakshi Bhattacharya	Independent Director
4.Mr.M.Jayasankar	Non-Executive - Non Independent Director
5.Dr.E.Nakkeeran	Non-Executive - Non Independent Director
6. Mr. P.Balamurugan	Head (Operations) & Whole-Time Director

## Company Secretary

Mr. S. Sivaraman

## Chief Financial Officer

Mr. G. Venkatesan

## Auditors

**M/s. Venkatesh & Co.,**

Chartered Accountants

(FRN:004636S),

“Sri Ranga”, New No. 151, Mambalam High Road,

T. Nagar, Chennai- 600 017.

## Registered Office & Factory

5, CMDA Industrial Estate,

Maraimalai Nagar,

Chennai- 603209, India

## Bankers

Indian Overseas Bank

## Registrar & Share Transfer Agent

### Cameo Corporate Services Limited

Subramanian Building, 1, Club

House Road, Anna Salai, Chennai -  
600002,

Ph : +91-44-28460390

Fax : +91-44-28460129

E-mail: investor@cameoindia.com

## General Information

(a) Company's Corporate Identification Number  
(CIN): L32201TN1984PLC011434

(b) Company's Shares Listed at BSE Ltd.

(c) Company's Shares are mandated for trading  
in Demat mode.

(d) ISIN allotted to Company's share is  
INE252A01019

## 38<sup>th</sup> Annual General Meeting Date & Time

21<sup>st</sup> September, 2023 at 11:00 A.M.

## Venue

Through Video Conferencing

## Book closure

15<sup>th</sup> September 2023 to 21<sup>st</sup> September 2023  
(both days inclusive)

**Previous 10 Years Performance (Rs in Lakhs)**

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14
<b>Sales</b>	11,16.46	9,48.68	15,92.11	36,53.74	26,33.74	41,66.31	35,53.22	25,85.04	47,19.37	63,38.90
<b>PBIDT</b>	10,90.4	-89.63	-17.36	7,78.22	-3,01.68	86.31	-22,98.94	-9,86.62	13,68.29	15,86.20
<b>Finance Cost</b>	2,56.12	1,21.94	1,16.45	1,42.61	2,84.37	2,89.16	2,15.67	3,04.4	4,04.29	4,70.37
<b>PBDT</b>	8,34.37	32.31	-4,13.89	6,35.61	-5,86.05	-2,02.85	-25,14.61	-12,91.02	964.01	11,15.83
<b>Depreciation</b>	3,94.95	4,69.23	4,30.44	4,98.24	5,14.81	6,30.57	6,93.33	10,71.32	10,12.40	10,96.13
<b>PBT</b>	-4,51.77	-12,47.81	-8,44.33	1,37.37	-11,00.86	-8,33.42	-32,07.94	-23,62.34	-48.4	19.7
<b>Tax Expense</b>	1,42.87	28.93	19.17	29.29	-27.28	13.64	-1,47.54	-3,83.33	-13.18	-12.48
<b>PAT</b>	-3,08.90	-12,76.74	-8,63.5	1,08.08	-10,73.58	-8,47.06	-30,60.40	-19,79.00	-35.22	32.18
<b>Net Profit</b>	-3,08.90	-12,76.74	-8,63.50	1,08.08	-10,73.58	-8,47.06	-30,60.40	-19,79.00	-35.22	32.18

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## NOTICE

Notice is hereby given that the **38<sup>th</sup> Annual General Meeting of the Members of SPEL Semiconductor Limited will be held on Thursday the 21<sup>st</sup> September, 2023 at 11:00 A.M.** IST through video conferencing (“VC”) / Other Audio-Visual Mechanism (“OAVM”) to transact the following business :

### Ordinary Business:

#### 1. Adoption of Financial Statements

To receive, consider and adopt the Balance Sheet as at Mar 31, 2023 and the Statement of Profit and Loss and Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.

#### 2. To appoint a Director in the place of Mr. M. Jayasankar (DIN: 00048351) who retires by rotation and being eligible, offers himself for re-appointment:

To appoint a Director in place of Mr. M. Jayasankar (DIN: 00048351), who retires by rotation and being eligible, offers himself for re-appointment.

#### 3. Appointment of M/s. Venkatesh & Co., Chartered Accountants (FRN:004636S) as the Statutory Auditors of the Company for a period of 4 consecutive years:

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

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (including the Statutory modification(s) or re-enactments thereof for the time being in force) read with Companies (Audit and Auditors) Rules, 2014 as amended, **M/s. Venkatesh & Co., Chartered Accountants (FRN:004636S)** be and are hereby appointed as the Statutory Auditors of the Company, to hold office for a period of 4 consecutive years from the conclusion of Thirty Eighth (38<sup>th</sup>) Annual General Meeting till the conclusion of Forty Second (42<sup>nd</sup>) Annual General Meeting of the Company to be held in the year 2027, at such remuneration plus taxes, out-of-pocket and travelling expenses, etc., as may be mutually agreed to between the Board of Directors of the Company and **M/s. Venkatesh & Co., Chartered Accountants (FRN:004636S)**”.

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised on behalf of the Company, to do all such acts, deeds and things as they deem necessary and incidental for the purpose of giving effect to the aforesaid resolution.”

### Special Business:

#### 4. Appointment of Mr. Nakkeeran Ekambaram (DIN: 08638679) as Non-Executive/Non-Independent Director of the Company:

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT,** pursuant provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (‘the Act’) read with the Companies (Appointment and Qualifications of

Directors) Rules, 2014, as amended from time to time, and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Nakkeeran Ekambaram (DIN: 08638679), , be and is hereby appointed as a Non-Executive/ Non Independent Director, liable to retire by rotation, with effect from 28<sup>th</sup> July, 2023, on such terms and conditions as may be mutually decided between the Board and Mr. Nakkeeran Ekambaram (DIN: 08638679).”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Directors of the Company be and are hereby severally authorised on behalf of the Company, to do all such acts, deeds and things as they deem necessary and incidental for the purpose of giving effect to the aforesaid resolution.”

**5. Approval to Sell, Lease or otherwise dispose of whole or substantially the whole of the undertaking(s) of the Company**

To consider and if thought fit, to pass the following resolution as a **Special Resolution**:

“**RESOLVED THAT**, pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 read with relevant rules made thereunder, and any other applicable provisions, including any modification(s) thereto or re-enactments thereof for the time being in force, subject to the provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, sanctions, consents and permissions as may be necessary to be obtained, the consent of the members of the company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall include a Committee thereof) to sell or transfer or otherwise dispose of the land to an extent of not exceeding 8.14 Acres situated at 5, CMDA Industrial area on behalf of the Company at such consideration, with effect from such date, in such manner and on such terms and conditions as may be deemed appropriate and decided by the Board, with the power to the Board to finalise and execute all the required documents, memoranda, deeds of assignment / conveyance / sale and any other incidental documents with such modifications as may be required from time to time.”

“**FURTHER RESOLVED THAT** the Board be and is hereby authorized to execute any documents, deeds or writings as may be executed in relation to the transfer and vesting of the Business Undertaking and to make applications to the regulatory and government authorities for the purpose of obtaining all approvals and sanctions as required to be obtained by the company in this regard”

“**FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts and deeds as may be necessary, proper, desirable and / or expedient to give effect to this resolution, to settle any questions, difficulties or doubts that may arise in regard to such sale / disposal and transfer of the Business Undertaking as they may in their absolute discretion deem fit and as may be necessary for the completion of the transaction as aforesaid in the best interest of the Company”

**Place : Chennai**  
**Date :14.08.2023**

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

**P.Balamurugan**  
**Whole Time Director**  
**DIN: 07480881**

**Notes:**

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India ("MCA") issued General Circular Nos. 14/2020, 17/2020, 20/2020, 02/2021, 19/2021, 21/2021, 2/2022 and 10/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021, December 14, 2021, May 5, 2022 and December 28, 2022, respectively, ("MCA Circulars") allowing, inter-alia, conducting of AGMs through Video Conferencing / Other Audio-Visual Means ("VC / OAVM") facility on or before September 30, 2023, in accordance with the requirements provided in paragraphs 3 and 4 of the MCA General Circular No. 20/2020. The Securities and Exchange Board of India ("SEBI") also vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020; Circular No. SEBI/HO/CFD/ CMD2/CIR/P/2022/62 dated May 13, 2022; and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 ("SEBI Circulars") has provided certain relaxations from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") due to the COVID-19 pandemic. In compliance with these Circulars, provisions of the Act and Listing Regulations, the 38<sup>th</sup> AGM of the Company is being conducted through VC / OAVM facility, without the physical presence of Members at a common venue. The deemed venue for the 38<sup>th</sup> AGM shall be the Registered Office of the Company.
2. As the AGM shall be conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form and Attendance Slip including Route Map are not annexed to this Notice.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020 and 05<sup>th</sup> May 2022 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services Ltd for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting on the date of the AGM will be provided by CDSL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM and the Annual Report has been uploaded on the website of the Company at [www.natronix.net](http://www.natronix.net). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the

website of CDSL (agency for providing the Remote e-Voting facility) i.e. <https://www.evotingindia.com>

7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020, MCA Circular No. 20/2020 dated May 05, 2020, MCA Circular No. 2/2021 dated January 13, 2021 and 5th May 2022 .

8. Notice is being sent through e-mail to all the shareholders as on Aug 25, 2023 who have registered their e-mail addresses with the Company/RTA.

9. Shareholders who have not received the notice due to change/ non-registration of their e-mail address with the Company/ RTA/ Depository Participants, they may request for the notice by sending an email at [investor@cameoindia.com](mailto:investor@cameoindia.com) along with a scanned copy of Share Certificate/ Client Master. Post receipt of such request, the shareholder would be provided soft copy of the notice and the procedure for e-voting along with the User ID and the Password.

10. Mr. N. Ramanathan, Designated Partner of M/s. S Dhanapal & Associates LLP, Practicing Company Secretaries, Chennai is appointed as the scrutinizer to scrutinize the e-voting at AGM and remote e-voting process in a fair and transparent manner.

11. The details of Directors seeking appointment/ re-appointment/ re-designation, in terms of Regulation 36(3) of the SEBI Listing Regulations and the Act (including Secretarial Standard-2 on General Meetings), are given in the Corporate Governance Report and annexed hereto and form part of this Notice.

12. Corporate Members intending to send their authorized representative to attend Annual General Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representative to attend and vote at the Annual General Meeting.

13. Members are requested to register their e-mail id with the company or its RTA or their depository participant to enable the company to send the notices and other reports through email.

14. Institutional shareholders (i.e. other than individuals, Hindu Undivided Family, Non-resident Indians etc.) are required to send a scanned copy (PDF/ JPG Format) of their board resolution/ authority letter/ power of attorney etc., authorizing their representatives to attend/ participate in the AGM through VC/ OAVM on their behalf and to vote through remote e-voting. The said resolution/ authority letter/ power of attorney, etc. shall be sent to the Scrutinizer by e-mail through their registered e-mail address [secretarial@csdhanapal.com](mailto:secretarial@csdhanapal.com) with a copy marked to [evoting@cDSLindia.com](mailto:evoting@cDSLindia.com).

15. Pursuant to Section 91 of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Register of Members and Share Transfer Books of the Company will be closed from 15<sup>th</sup> September 2023, 2023 to 21<sup>st</sup> September 2023, (both days inclusive) for the purpose of AGM.



16. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission and transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical forms are requested to consider converting their holdings to dematerialized form. Members can contact the company or RTA, Cameo Corporate Services Limited, in this regard.
17. To support the 'Green Initiative' members who have not yet registered email addresses are requested to register the same with their DP's in case the shares are held by them in electronic form and with RTA in case the shares are held by them in physical form.
18. Members are requested to notify immediately any change pertaining to postal address, email address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nomination, Power of Attorney, bank details such as name of the Bank and branch details, bank account number, MICR code, IFSC code to their Depositories Participants (DPs) in respect of their electronic share accounts and to RTA of the Company in respect of their physical share folios, if any.
19. Pursuant to the provisions of Section 72 of the Companies Act 2013, the member(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) holding shares in demat form may contact their respective DP for availing this facility.
20. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the company or RTA, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such members after making requisite changes.
21. In case of joint holders, the Members whose name appears as the first holder in the order of names as per the Register of Members of the company will be entitled to vote at the AGM.
22. 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.
23. The Company has designated an exclusive e-mail ID namely: [ca@spel.com](mailto:ca@spel.com) for receiving and addressing investors' grievances. Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the company on or before 14<sup>th</sup> September 2023 through email on [ca@spel.com](mailto:ca@spel.com). The same will be replied by the company suitably.
24. 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, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to submit their PAN details to the RTA.
25. Members holding shares in dematerialized form are requested to intimate all changes

pertaining to their bank details, change of address, change of name, e-mail address, contact numbers etc. to their respective Depository Participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's record which will help the Company and the RTA, Cameo Corporate Services Limited, to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to RTA.

26. The shareholders shall have one vote per equity share held by them. The facility of e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.

27. The remote e-voting period commences, 18<sup>th</sup> September 2023 at 10.00 A.M. (IST) and ends on 20<sup>th</sup> September 2023 at 5.00 P.M. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e.14<sup>th</sup> September, 2023, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

28. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. Those Members, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.

29. Any person, who acquires shares of the Company and becomes a shareholder of the Company after dispatch of the Notice of AGM and holds shares as on the cut-off date i.e 14<sup>th</sup> September 2023, may obtain the login ID and password by sending a request at [investor@cameoindia.com](mailto:investor@cameoindia.com).

30. The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast during the AGM, thereafter unblock the votes cast through remote evoting and make not later than 48 hours from the conclusion of meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any to the Chairman or a person authorized by him in writing who shall countersign the same.

31. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.natronix.net](http://www.natronix.net) and on the website of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the BSE Limited.

32. Additional information on Directors recommended for appointment/re-appointment as required under Regulation 36(3) & 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – II issued by the Institute of Company Secretaries of India. In respect of Special Business, the Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act"), is attached with this Notice.

33. The Securities and Exchange Board of India (SEBI) has recently mandated furnishing of Income Tax PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from 1st January 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after 1st April 2023, in case any

of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at [www.natronix.net](http://www.natronix.net).

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-**

The remote e-voting period commences, 18<sup>th</sup> September 2023 at 10.00 A.M. (IST) and ends on, 20<sup>th</sup> September 2023 at 5.00 P.M. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. 14<sup>th</sup> September, 2023, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

**THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:**

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

**Step 2 :** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on 18<sup>th</sup> September, 2023 at 10.00 A.M. (IST) and ends on 20<sup>th</sup> September, 2023 at 5.00 P.M. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 14<sup>th</sup> September 2023 may cast their vote electronically. The e- voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple userIDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1:** Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(iv) In terms of SEBI circular no. **SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to aforementioned SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<p>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</p> <p>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></p> <p>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services</p>

<p>Individual Shareholders holding securities in demat mode with <b>NSDL Depository</b></p>	<p>Website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e- Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e- Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
<p>Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants (DP)</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use ForgetUser ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

<b>Login type</b>	<b>Helpdesk details</b>
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no: 1800 1020 990 and 1800 22 44 30

**Step 2:** Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

**(v) Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- 2) Click on “Shareholders” module.
- 3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.

Details	If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.
<b>OR</b> Date of Birth (DOB)	

(vi) After entering these details appropriately, click on “SUBMIT” tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.

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

(ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(x) 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.

(xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.

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

(xvi) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

**(xvii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Votingonly.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, and NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the

**“Corporates”** module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote to the Scrutinizer and to the Company at the email address viz: [pbalamurugan@spel.natronix.net](mailto:pbalamurugan@spel.natronix.net) (designated email address of the Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:**

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the



company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e- voting during the meeting is available only to the shareholders attending the meeting.

**PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 180022 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33. (East), Mumbai – 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022- 23058542/43.

- i. The facility of e-voting shall also be made available at the Meeting. Members attending the Meeting who have not already cast their vote by remote e-voting facility shall be able to exercise their right at the Meeting. If any votes are cast by the Member through the e-voting available during the AGM but the Member does not participate in the meeting through VC/OAVM facility, then the votes cast by such Member shall be considered invalid as the facility of e-voting during the meeting is available only to the Member attending the meeting.
- ii. The Members who have cast their vote by remote e-voting facility prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again at the Meeting. If a Member cast

their vote again, then votes cast through remote e-voting facility shall prevail and voting at the Meeting will be treated invalid.

- iii. The voting rights of the Members shall be in proportion to their share of the paid-up Equity Share Capital of the Company as on the cut-off date of 14<sup>th</sup> September 2023. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting or voting at the AGM. Any person who has ceased to be the Member of the Company before the cut-off date will not be entitled for remote e-voting or voting at the Meeting. Any person, who becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date, may obtain the login ID and password by sending a request at investor@cameoindia.com. However, if any Member is already registered with CDSL for e-voting then he/she can use his/her existing user ID and password / PIN for casting their vote.

**Member Queries with Respect to Annual Report or Businesses as Stated in the AGM Notice:**

(i) For smooth conduct of AGM proceedings, Members who wish to receive information with respect to Company's Annual Report for the year 2023 or have questions with regard to the financial statements and the matters to be placed at this AGM, can send their request by providing their name, demat account number / folio number from their registered e-mail ID to **ca@spel.com**, at least 48 hours in advance before the start of meeting i.e. by 19<sup>th</sup> September **2023, 11:00AM.(IST)**.

(ii) Members who wish to ask questions or express their views at the AGM may register themselves as a **'Speaker'** by sending their request by providing their name, demat account number / folio number and mobile number from their registered e-mail ID to **ca@spel.com**, at least 48 hours in advance before the start of meeting i.e. by 19<sup>th</sup> September **2023, before 11:00 A.M. (IST)**. Those Members who have registered themselves as a speaker will only be allowed to speak at the Meeting

**Members may note that the Company reserves the right to restrict the number of questions and number of speakers during the AGM, depending upon availability of time and for conducting the proceedings of the meeting smoothly.**

**Inspection of Documents:** The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members during the AGM. All documents referred to in the AGM Notice and Explanatory Statement will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of the ensuing Annual General Meeting between 14.00 hours to 16.00 hours (IST) on all working days (except Saturdays, Sundays and Holidays). Members seeking to inspect such documents can send an email to **ca@spel.com**.

**Dissemination of AGM Notice & Annual Report:** Electronic copy of the Annual Report for the financial year 2023 including the AGM Notice of the Company, inter-alia, indicating the process and manner of electronic voting ("e-voting") is being sent to all the Members whose email addresses 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 addresses, hard copies of the Annual Report for the financial year 2023 including the AGM Notice are being sent in the permitted mode. In case any member is desirous of obtaining hard copy of the Annual Report for

the financial year 2023 and AGM Notice of the Company, may send request to the email address at [investor@cameoindia.com](mailto:investor@cameoindia.com) mentioning Folio No./ DP ID and Client ID. Members who have not registered their e-mail addresses may get the same registered by sending an e-mail to the Company's Registrar, providing necessary details like Folio No./ DPID, Client ID, name and address, scanned copy of the share certificate (front and back) or Client Master Copy, self-attested scanned copy of PAN card and AADHAAR Card.

Members may also note that the Annual Report and the AGM Notice are available on the Company's website: [www.natronix.net](http://www.natronix.net). Additionally, these can be accessed on the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) at [www.evotingindia.com](http://www.evotingindia.com).

The Company has appointed Mr. N. Ramanathan, Designated Partner of M/s. S Dhanapal & Associates LLP, Practicing Company Secretaries, Chennai as the scrutinizer to scrutinize the e-voting at AGM and remote e-voting process in a fair and transparent manner.

The Scrutiniser shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of the conclusion of the e-voting period, a consolidated Scrutiniser's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing who shall countersign the same and shall declare the result of the voting forthwith.

The Results declared along with the Report of the Scrutiniser shall be placed on the website of the Company [www.natronix.net](http://www.natronix.net) and on the website of CDSL immediately after the declaration of result by the Chairperson or a person authorised by him in writing. The results shall also be communicated to the Stock Exchanges.

**Place: Chennai**

**Date: 14.08.2023**

**By order of the Board**

**P. Balamurugan**

**Head (Operations) & Whole Time Director**

**DIN: 07480881**

Details of director seeking appointment/ re-appointment at the ensuing Annual General Meeting as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are given hereunder:

Name of the Director	Mr. M. JAYASANKAR	Mr. E. NAKKEERAN
DIN	00048351	08638679
Date of Birth	Sep 24, 1935	May 4, 1980
Original Date of Appointment	Sep 15, 2014	July 28, 2023
Qualification	B.E(CHEM) Bachelor of chemical engineering.	Ph.D. degree in Biotechnology from the University of Mysore, M.Tech Biotechnology from VIT University and B.Tech Chemical Engineering from Bharathiar University
Expertise in specific functional areas	Was the Managing Director of Tuticorin Alkali Chemicals and Fertilizers Ltd., for eight years before retiring. Expertise in Project Management, General Management and Financial Management.	His research field is Bioprocess and Downstream Processing with a research emphasis on production and purification of fungal enzymes and natural colors. He has 32 publications in reputed international/national journals of high impact factor as a Senior / First author and 20 book chapters published by Springer/Elsevier, etc. He has presented 71 research papers at various International and National Conferences held in India. Presently, Prof. E. Nakkeeran is working as Professor & Head of Biotechnology and Institutional NBA Coordinator at Sri Venkateswara College of Engineering (Autonomous) affiliated to Anna University, Chennai, India.
List of other Directorships held excluding foreign companies, Companies under Section 8 of the Companies Act, 2013	SPIC PETROCHEMICALS LTD	BRAINWAVE BIOTECHNOLOGY PRIVATE LIMITED

andPrivate Companies		
Chairman / Member of the Committees of the Board of other Companies in which he is a Director	Nil	Nil
No. of shares held in the Company	Nil	Nil

**Explanatory Statement pursuant to section 102 of the Companies Act, 2013, SEBI (LODR) Regulations, 2015 and secretarial Standard–2, containing material facts in respect of item of Special Business set out in this Notice:**

**Item No. 4**

Mr. Nakkeeran Ekambaram (DIN: 08638679) who was appointed as an Additional Director in the capacity of Non-Executive Director in the Board of Directors of the Company, with effect from July 28, 2023 to hold office upto the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013. Mr. Nakkeeran Ekambaram was inducted into the Board of Directors of the Company to help provide the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standard of corporate governance. The other details of Mr. Nakkeeran Ekambaram (DIN: 08638679) in terms of Regulation 36(3) of the SEBI (LODR) Regulations, 2015 and Secretarial Standard 2 is annexed to this Notice. Mr. Nakkeeran Ekambaram is not related to any of the Directors of the Company.

In terms of sub-section (5) of Section 152 of the Act, Mr. Nakkeeran Ekambaram has given his consent to hold the office as Director in the capacity of Non-Executive/Non Independent Director and the Board of Directors is of the opinion that Mr. Nakkeeran Ekambaram fulfils the conditions specified in the Act for his appointment as Non Executive Director. After taking into consideration the recommendation of the Nomination & Remuneration Committee, the Board is of the opinion that Mr. Nakkeeran Ekambaram's vast knowledge and varied experience will be of great value to the Company and recommends the Resolution at Item No. 4 of this Notice relating to the appointment of Mr. Nakkeeran Ekambaram as a "Non-Executive/Non Independent Director", liable to retire by rotation, for the approval of the Shareholders.

Except Mr. Nakkeeran Ekambaram, none of the Directors and Key Managerial Personnel of the Company and their respective relatives is, in any way, concerned or interested, in the Resolution set out at Item No. 4 of this Notice.

**Item No. 5**

Members of the Company are requested to note that Section 180(1)(a) of the Companies Act, 2013 mandates that the Board of Directors of a company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of any undertaking(s) of the company, only with the approval of the members of the Company by way of a Special resolution.

Explanation (i) to Section 180(1) (a) of the Companies Act, 2013 states that the meaning of an 'undertaking' for the purposes of Section 180(1)(a) of the Companies Act, 2013 is an undertaking in which the investment of the company exceeds twenty percent of its net worth as per the audited balance sheet of the preceding Financial year or an undertaking which generates twenty percent of the total income of the company during the previous Financial year.

Explanation (ii) to Section 180(1) (a) of the Companies Act, 2013 states that the meaning of 'substantially the whole of the undertaking' for the purposes of Section 180(1)(a) is in any financial year, twenty percent or more of the value of the undertaking as per the audited balance sheet of the preceding financial year.

Accordingly, pursuant to Section 180(1)(a) of the Companies Act, 2013, Members of the Company are further requested to note that their consent to the Board is being sought by way of a Special Resolution to sell / transfer/ dispose-of immovable/ movable property/ies/ the fixed assets/undertakings of the Company as may be determined by the Board to repay its dues/liabilities, retirement of debts and to meet growth objectives for such consideration and on such terms and conditions as the Board may deem fit in the best interest of the Company, provided the aggregate amount of such transactions shall not be less than Rs. 30 Crores/- (Rupees Thirty Crores only) and shall be reviewed and finalized on the date of execution of sale deed.

The above resolution is recommended for your approval for passing this resolution at this Meeting. The Board is of the opinion that the aforesaid Resolution is in the best interest of the Company and hence recommends the Special Resolution for your approval.

## Directors' Report

Your Directors present the **38<sup>th</sup> Annual Report** of the Company together with the Audited Accounts for the year ended Mar 31, 2023. Financial Highlights / Performance/ the Operating results of your Company as per IndAS Financial Statements for the year ended Mar 31, 2023 are given below:

### Financial Highlights/Performance

Rs in lakhs

Particulars	Year ended Mar 31, 2023	Year ended Mar 31, 2022
Sales	11,16.46	9,48.68
Other Income	6,96.10	1,35.73
PBIDT	10,90.49	(89.63)
Finance Cost	2,56.12	1,21.94
Depreciation	3,94.95	4,69.23
Profit / (Loss) before Before Exceptional items	4,39.42	(6,80.81)
Less: Exceptional items	8,91.19	5,67.00
Profit / (Loss) before Tax	(4,51.77)	(12,47.81)
Tax Expense	1,42.87	28.93
Profit / (Loss) after Taxation	(3,08.90)	(12,76.74)

### Company's performance

The turnover of the company has increased to Rs. 1116.46 Lakhs as compared to Rs. 948.68 Lakhs in the previous year. Sincere efforts taken by the Sales team together with the sustained marketing strategy evolved by the Company yielded sufficient growth with better prospects in the years to come. Your Company had maintained good relationship with all its Customers in US & Europe and has seen good improvement in capturing business from one of the big Customers in the US. It is expected to improve production orders in FY 2023-24. The outlook for FY 2023-24 is good and SPEL has plans to introduce new Customers from Europe & US regions.

### Dividend

Due to insufficiency of profits during the year under, dividend could not be paid during the year.

### The Global Semiconductor Industry:

The semiconductor industry has been experiencing significant growth in recent years, driven by the increasing demand for electronic devices and the rise of emerging technologies such as the Internet of Things (IoT), 5G, and artificial intelligence (AI). According to market research reports, the global semiconductor market is expected to continue growing at a compound annual growth rate (CAGR) of around 6% from 2021 to 2026. The demand for semiconductors is expected to remain strong due to the increasing adoption of connected devices, electric vehicles, and renewable energy systems.



## A. Market Drivers

OSAT (Outsourced Semiconductor Assembly and Test) plays a crucial role in the semiconductor industry by providing assembly, packaging, and testing services to semiconductor manufacturers.

The semiconductor industry is driven by several market drivers, including:

1. Increasing demand for electronic devices: The growing popularity of smartphones, laptops, tablets, and other electronic devices has led to a surge in demand for semiconductors.
2. Emerging technologies: The rise of emerging technologies such as IoT, 5G, AI, and autonomous vehicles has created new opportunities for semiconductor manufacturers.
3. Digital transformation: The COVID-19 pandemic has accelerated the digital transformation of various industries, which has increased the demand for semiconductors.
4. Rising demand for renewable energy: The increasing adoption of renewable energy systems such as solar and wind power requires sophisticated power management systems that rely on semiconductors.
5. Growing demand for electric vehicles: The shift towards electric vehicles requires advanced power electronics that rely on semiconductors.
6. Increasing demand for data centers: The growth of cloud computing and big data analytics has led to a surge in demand for data centers, which require a large number of semiconductors.

Overall, the semiconductor industry is driven by the increasing demand for advanced technologies that require sophisticated semiconductors.

1. Increasing Demand for Consumer Electronics: The growing demand for consumer electronics, including smart phones, tablets, wearables, and other smart devices, drives the need for advanced semiconductor packaging and testing services. As consumers seek more powerful and feature-rich devices, OSAT companies play a vital role in ensuring the efficient assembly and testing of these semiconductor components.
2. Advancements in IoT and Automotive Technologies: The Internet of Things (IoT) and automotive sectors continue to experience rapid growth. These industries rely heavily on semiconductor technology for sensors, connectivity, and autonomous systems. As IoT devices and autonomous vehicles become more prevalent, OSAT companies are essential for providing specialized packaging and testing solutions to meet the unique requirements of these sectors.
3. Increasing Complexity and Miniaturization of Semiconductors: The semiconductor industry is constantly striving for smaller, more powerful, and efficient chips. This trend toward miniaturization and increased complexity poses challenges in assembly and testing. OSAT companies specialize in advanced packaging technologies, such as wafer-level and 3D packaging, to accommodate these demands while maintaining high levels of reliability and performance.
4. Shorter Time-to-Market: The semiconductor industry operates in a highly competitive landscape, where time-to-market is crucial. OSAT companies offer quick and efficient assembly and testing services, enabling semiconductor manufacturers to accelerate their product development cycles. By outsourcing these processes, companies can focus on core competencies while relying on OSAT partners for fast and reliable assembly and testing solutions.
5. Cost Optimization and Flexibility: OSAT companies can provide cost advantages by leveraging economies of scale in assembly and testing operations. Semiconductor manufacturers can

benefit from the expertise and infrastructure of OSAT providers, avoiding the need for significant capital investments in their own assembly and testing facilities. Additionally, outsourcing offers flexibility in scaling production capacity up or down based on market demand, reducing overall operational costs.

6. **Semiconductor Industry Consolidation:** The semiconductor industry has witnessed significant consolidation, with larger companies acquiring smaller ones to gain a competitive edge. This consolidation drives the demand for OSAT services as integrated device manufacturers (IDMs) and fabless semiconductor companies outsource their assembly and testing needs to specialized OSAT providers.

## **B. Semiconductor Mergers:**

Some recent mergers and acquisitions in the semiconductor industry include:

1. **NVIDIA's acquisition of Arm:** In 2020, NVIDIA announced its intention to acquire Arm, a leading provider of CPU and GPU technology, for \$40 billion. The deal is currently pending regulatory approval.
2. **Analog Devices' acquisition of Maxim Integrated:** In 2020, Analog Devices acquired Maxim Integrated for \$21 billion, creating a leading provider of analog and mixed-signal semiconductor solutions.
3. **Marvell's acquisition of Inphi:** In 2020, Marvell announced its intention to acquire Inphi, a leading provider of high-speed data interconnect solutions, for \$10 billion.
4. **Infineon's acquisition of Cypress Semiconductor:** In 2019, Infineon acquired Cypress Semiconductor for \$10 billion, expanding its presence in the automotive and IoT markets.
5. **Renesas' acquisition of IDT:** In 2019, Renesas acquired Integrated Device Technology (IDT) for \$6.7 billion, expanding its portfolio of analog and mixed-signal solutions.
6. Overall, these mergers and acquisitions are driven by the need to achieve economies of scale, expand product portfolios, and gain access to new markets. As the semiconductor industry continues to evolve, we can expect to see more consolidation and M&A activity in the future.

There has been a surge of semiconductor M&As after 2020 for reasons such as technology, capacity and resource expansion, geo-diversification, and resiliency planning. Increasingly, companies are looking at M&As as a way to acquire not only the technology and knowledge base but the human capital, talent, and expertise they need in growth areas such as AI.

## **C. Outsourced Assembly and Test (OSAT) Industry**

The global outsourced semiconductor assembly and testing market size & share was valued at around USD 34.85 billion in 2021 and is estimated to grow around USD 50.9 billion by 2028, at a CAGR of approximately 4.8% during 2022 to 2028. The Outsourced Semiconductor Assembly and Test (OSAT) industry has been experiencing significant growth in recent years. This growth is driven by several factors, including:

1. **Increasing demand for consumer electronics:** The growing popularity of smartphones, laptops, tablets, and other electronic devices has led to a surge in demand for semiconductor chips, which

2. in turn has increased the demand for OSAT services.
3. Rising demand for automotive electronics: The increasing adoption of advanced driver assistance systems (ADAS), electric vehicles, and other automotive technologies has created new opportunities for OSAT providers.
4. Emerging technologies: The rise of emerging technologies such as the Internet of Things (IoT), 5G, and artificial intelligence (AI) has created new opportunities for OSAT providers.
5. Increasing complexity of semiconductor chips: The increasing complexity of semiconductor chips has made it more difficult and expensive for semiconductor companies to perform assembly and testing in-house, creating more opportunities for OSAT providers.

According to market research reports, the global OSAT market is expected to continue growing at a compound annual growth rate (CAGR) of around 7% from 2021 to 2026. The demand for OSAT services is expected to remain strong due to the increasing demand for electronic devices and the rising adoption of emerging technologies.

The increasing commercialization of technologies such as AI and 5G is driving advancements in packaging platforms, including fan-out packaging and 3D flip chip technology. These packaging solutions address the need for high-power consumption and offer benefits such as improved chip connectivity. As a result, the demand for Outsourced Semiconductor Assembly and Test (OSAT) services is expanding, particularly in emerging regions, with Asia witnessing significant growth in semiconductor manufacturing. Countries like China, Taiwan, South Korea, and Southeast Asian nations are becoming major markets for OSAT services, leading to increased collaboration between companies and OSAT vendors.

#### **D. The Indian Semiconductor Industry**

The Indian semiconductor industry has been experiencing significant growth and development in recent years. It plays a crucial role in the country's electronics manufacturing sector and contributes to the advancement of the nation. Here is an overview of the Indian semiconductor industry:

**Increasing demand for electronic devices:** The growing popularity of smartphones, laptops, tablets, and other electronic devices has led to a surge in demand for semiconductor chips, which in turn has increased the demand for semiconductor manufacturing and design services in India.

**Government initiatives:** The Indian government has launched several initiatives to promote the growth of the semiconductor industry in the country. For example, the government has launched the Electronics Manufacturing Cluster (EMC) scheme to provide infrastructure and other support to electronics manufacturing companies.

**Availability of skilled labor:** India has a large pool of skilled engineers and technicians who are well-suited for jobs in the semiconductor industry. This has made India an attractive destination for semiconductor companies looking to set up operations in the country.

**Emerging technologies:** The rise of emerging technologies such as the Internet of Things (IoT), 5G, and artificial intelligence (AI) has created new opportunities for semiconductor companies in India.

According to market research reports, the Indian semiconductor industry is expected to continue growing at a compound annual growth rate (CAGR) of around 10% from 2021 to 2026. The demand for semiconductor manufacturing and design services is expected to remain strong due to the increasing demand for electronic devices and the rising adoption of emerging technologies.

1. **Market Size and Growth:** The Indian semiconductor market has been growing steadily, driven by factors such as increasing domestic demand, government initiatives to promote electronics manufacturing, and the expansion of the consumer electronics and automotive sectors. According to industry reports, the Indian semiconductor market was valued at around \$32.35 billion in 2020 and is expected to reach \$52.58 billion by 2025, growing at a CAGR of around 10.2%.
2. **Domestic Consumption:** India has a large and growing domestic market for semiconductors due to factors such as population growth, rising disposable incomes, and increased adoption of electronic devices. The demand for semiconductors is driven by various sectors, including consumer electronics, automotive, telecommunications, industrial automation, healthcare, and defense.
3. **Electronics Manufacturing Initiatives:** The Indian government has launched several initiatives to promote electronics manufacturing, including the "Make in India" campaign, National Policy on Electronics (NPE) & Production Linked Incentives (PLI). These initiatives aim to boost domestic production, attract foreign investment, and create a favorable business environment for semiconductor companies.
4. **Design and R&D:** India has emerged as a significant hub for semiconductor design and research and development (R&D). The country is home to numerous design houses and R&D centers that contribute to global semiconductor innovation. Indian design companies specialize in areas such as chip design, embedded systems, semiconductor IP development, and verification services.
5. **Semiconductor Manufacturing:** While India is primarily focused on semiconductor design and assembly, efforts are being made to establish semiconductor fabrication (fab) facilities in the country. The government has launched the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES) under ISM (India Semiconductor Mission) to attract investments in semiconductor manufacturing and encourage the establishment of semiconductor fabs in India.
6. **Government Support:** The Indian government has taken several measures to support the semiconductor industry. This includes providing incentives, tax benefits, and subsidies to semiconductor companies, promoting research and development activities, establishing semiconductor clusters and technology parks, and facilitating collaborations between industry, academia, and research institutions.
7. **Skill Development:** To meet the growing demand for skilled professionals in the semiconductor industry, India has been focusing on initiatives to enhance the skill set of its workforce. Skill development programs, vocational training, and collaborations between industry and educational institutions are being encouraged to bridge the skill gap and develop a highly skilled semiconductor workforce.

Overall, the Indian semiconductor industry is experiencing growth and transformation, driven by increasing domestic demand, government initiatives, and a focus on design and R&D. With continued support and investment, the industry is expected to contribute significantly to India's electronics manufacturing capabilities and emerge as a global player in the semiconductor sector.

**Material changes affecting the financial position of the Company which have occurred between the end of Financial Year and the date of the report- Nil**

**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**

#### **Transfer to Reserves**

There were no transfers made to any Reserves during the Year.

#### **Adequacy of internal financial controls**

The Company's internal financial controls systems are commensurate with the nature of business and the size and complexity of its operations. These are routinely tested by the Internal Auditors and cover all key business areas.

#### **Subsidiary/Joint Ventures/Associate Companies**

Your Company had incorporated a Wholly Owned Subsidiary Company during FY 2017-18, in the name and style of SPEL Semiconductor Packaging Limited. This Company is yet to commence production. It is envisaged to commence production after getting due statutory approvals from the authorities.

#### **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.

#### **Statutory Auditors**

- I. Mr. K. Nandhiswaran (M. No. 207644), Statutory Auditor of the Company, vide letter dated 15th May, 2023, has intimated the Company about his resignation as Statutory Auditor due to health issues. Pursuant to Section 139(8) of the Companies Act, 2013, in view of the casual vacancy caused by the resignation of Mr. K. Nandhiswaran, Statutory Auditor, the Company appointed M/s. Venkatesh & Co., Chartered Accountants (FRN:004636S) as the Statutory Auditors of the Company to audit the books of accounts of the company for the financial year 2022-23, through Postal Ballot on June 25, 2023, as per the provisions of Sections 108, 110 and other applicable provisions of the Companies Act, 2013.

Pursuant to Section 139 of the Companies Act, 2013, M/s. Venkatesh & Co., Chartered Accountants (FRN:004636S) shall hold office as Statutory Auditors of the Company till the conclusion of the ensuing Annual General Meeting. As per the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the Board, upon the recommendation of the Audit Committee, in its Meeting held on June 27, 2023 recommended the appointment of M/s. Venkatesh & Co., Chartered Accountants (FRN:004636S) as the Statutory Auditors of the Company for a further period of 4 consecutive years, to hold office from the conclusion of the 38th Annual General Meeting till conclusion of the 42nd Annual General Meeting to be held in the year 2027. M/s. Venkatesh & Co., Chartered Accountants (FRN:004636S) have confirmed their eligibility and willingness to hold office as Statutory Auditors of the Company. The Board recommends aforementioned appointment in the forthcoming Annual General Meeting of the Company.

- II. The Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.
- III. The Auditors' Report on the Financial Statements of the company for the financial year ended 31st March 2023 is modified i.e., it contains qualification opinion. The Management has provided its remarks on the same in the Statement of Impact of Audit Qualifications submitted along with Annual Audited Financial Results for the quarter and year ended 31.03.2023.

#### **Details in Respect of Frauds Reported by Auditors-Nil**

#### **Share Capital**

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

#### **Extract of the Annual Return**

Pursuant to the provisions of Section 92 (3) and 134 (3) (a) of the Companies Act, 2013, extract of the Annual Return (Form MGT-9) for the year ended March 31, 2022 will be placed on the website of the Company at <http://www.natronix.net/forms.html>.

#### **Directors and Key Managerial Personnel**

As per the provisions of the Companies Act, 2013, Mr. M.Jayashankar (DIN: 00048351), is retiring by rotation, being eligible, offers himself for re-appointment.

#### **Declaration by Independent Directors**

The Company has received declarations from all its Independent Directors that they meet the criteria of Independence as laid down under section 149(6) of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the financial year ended March 31, 2023.

Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Companies Act, 2013.

#### **Familiarization Programme for Independent Directors**

The Company conducts an orientation program and presents power point presentation for Independent Directors in order to enable them to familiarize with the Company's policies, strategy, operations, product offerings, Organisation structure, human resources, technologies, facilities and risk management.

#### **Number of meetings of the Board**

Five Meetings of the Board were held during the year the details of which are given in the Corporate Governance Report, which forms part of this report.

#### **Audit Committee**

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

#### **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.

### **Details Of Nomination and Remuneration Policy**

Salient features of the Nomination and Remuneration Policy forms part of this report and the detailed policy is hosted placed on the website of the Company at <http://www.natronix.net/.html>.

### **Employees and Managerial Remuneration**

The statement of disclosure of remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("Rules") is provided as part of this Report.

The information as per Rule 5(2) and Rule 5(3) of the Rules, forms part of this Report. However, as per first proviso to Section 136(1) of the Act and Second Proviso to Rule 5 of the Rules, the report and financial statements are being sent to the members of the Company excluding the statement of particulars of employees under Rule 5(2) and Rule 5(3) of the Rules. Any member interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered office of the Company. The said statement is also available for inspection by the members at registered office of the Company during office hours till the date of Annual General meeting.

### **Managerial Remuneration**

Managerial Remuneration is given as annexure which forms part of this report.

### **Formal Annual Evaluation of Board on its own performance, Committees of the Board and the individual directors**

The Board of Directors have not carried out any annual evaluation of its performance, Committees of the Board and the individual directors pursuant to the provisions of the Act and Corporate Governance as prescribed under Regulation 17 (10) of SEBI (LODR) Regulation 2015 for the financial year ended 31<sup>st</sup> Mar 2023.

### **Loans, guarantees or investments**

Particulars of loans, guarantees and investments have been disclosed in the financial statements.

### **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 AOC -2.

### **Secretarial Audit Report**

The Board appointed M/s. MK Madhavan & Associates, Company Secretaries, as the Secretarial Auditor to conduct the Secretarial Audit of the Company during the Financial Year 2022-2023. Secretarial Audit Report is given as annexure, which forms part of this report.

### **Qualifications in Secretarial Audit Report**

The Board of Directors and the Management affirm that the Company has been taking corrective actions to comply with the observations made in the Secretarial Audit Report and the Company has been taking sincere efforts to ensure full compliance with all applicable laws and statutes in letter and

spirit.

### **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. A copy of the policy is uploaded in the website of the Company.

### **Risk management**

The Board of Directors and Senior Management are undertaking measures to identify and monitor the risks faced by the Company and review and evolve the risk mitigation plan. Periodical action is taken to address the major risks identified.

### **Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition And Redressal) Act, 2013**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All the employees (permanent, contractual, temporary and trainees) are covered under this policy. The Company has not received any complaint on sexual harassment during the financial year ended 31.03.2023.

### **Compliance With Secretarial Standards**

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, issued by the Institute of Company Secretaries of India, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed / complied with by the Company.

### **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, develops 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 investment on air cooled chillers and air compressors.

Savings in Electricity	18443 Units
Savings in Water Consumption	3800 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 : 553.32 Lakhs

Foreign Exchange earned during the year : 982.38 Lakhs

## **Research & Development**

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.

## **Corporate Governance Certificate**

The Corporate Governance Certificate from the Auditors regarding compliance of conditions of Corporate Governance as stipulated in Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed with this report.

## **Directors' Responsibility Statement**

- a) Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm that:
- b) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- c) 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;
- d) 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;
- e) they have prepared the annual accounts on a going concern basis;
- f) 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
- g) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- h) 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 2022-23.

## **Acknowledgements**

Your Directors place on record their gratitude especially to the Promoters, who had assisted significantly towards the recovery path. Directors also placed on record their gratitude to the Government of India, the Government of Tamil Nadu, Financial Institutions, Bankers, Insurance Companies, Customs & Excise authorities, valued overseas Customers & Vendors and the Promoters for the continued assistance and support extended to the Company.

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

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

**Date:14.08.2023**

**Place: Chennai**

**K. RaviKumar**

**Director**

**DIN: 00119753**

**P. Balamurugan**

**HO & WTD**

**DIN: 07480881**

**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: No material transactions

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

**Date:14.08.2023**

**Place: Chennai**

**K. RaviKumar**

**Director**

**DIN: 00119753**

**P. Balamurugan**

**HO & WTD**

**DIN: 07480881**

## EXTRACTS FROM NOMINATION AND REMUNERATION POLICY

### A. Preamble

SPEL Semiconductor Ltd (SPEL) strongly believes that human resources which manage the other resources have infinite potential, and therefore, their development is the key to organizational effectiveness. We commit ourselves to integrate human resources with Organizational growth and development for mutual benefit.

### B. Scope

This Nomination and Remuneration Policy of SPEL has been formulated in compliance with Section 178 and other applicable provisions of the Companies Act 2013 read with the applicable rules thereto and re-enactment thereof and applicable regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulation, 2015.

### C. Objective

- a) To laydown criteria in relation to Appointment and Removal of Directors, Key Managerial Personnel (KMP) and Senior Management
- b) To formulate criteria for determining qualification, positive attributes and independence of a Director.
- c) To review the elements of the remuneration package, structure of remuneration package for the Directors, KMPs and other Senior Management.
- d) To review the changes to remuneration package, terms of appointment, severance fee, requirement and termination policies and procedures.
- e) To recommend the shortlisted candidates who are qualified to be Director and who can be appointed in Senior Management position
- f) The committee is authorised to seek information about any employee and the management is directed to co-operate.
- g) The Committee can be present at the General Meeting to answer the shareholder's queries.
- h) Recommendation of success plans for the directors.

### D. Definitions

**“Key Managerial Personnel”**, in relation to a company, means (i) the Chief Executive Officer or Head (Operations) (ii) the whole-time director; (iii) the Chief Financial Officer; (iv) the Company Secretary and (v) such other officer as may be prescribed under the Companies Act 2013.

**“Nomination and Remuneration Committee”** shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act and Regulation 19 of SEBI LODR (Listing Obligations & Disclosure Requirements) Regulation, 2015.

**“Senior Management”**: - means executives of the company who are members of its core management team excluding Board of Directors & key managerial personnel comprising all members of management one level below the executive directors, including the functional heads.

## **E. Policy**

The Nomination & Remuneration Committee (“Committee”) constituted by the Board of Directors of the Company, shall identify, ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level. The Committee has powers to decide whether qualification, expertise and experience possessed by a person are sufficient for such position. The Committee delegates its powers to Human Resources Department of SPEL as regards the Senior Management personnels are concerned.

## **F. Composition of the Committee**

The composition of the Committee is / shall be in compliance with the Companies Act, 2013, Rules made thereunder, and the Rule made under SEBI LDOR Regulations, 2015. There shall be Minimum of 3 Non-Executive Directors out of which two shall be Independent Directors. Chairperson shall be an independent director.

### **1. Executive Directors**

The Appointment or Removal of the Executive Directors shall be in accordance with the provisions of the Companies Act 2013 (as amended from time to time) read with the applicable Rules framed under the Companies Act 2013 and also in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

#### **a. Independent Directors**

An independent Director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company’s business and such other related areas as the Nomination & Remuneration Committee may in its absolute discretion deem fit.

The Independent Directors of the Company shall also be subject to Familiarization Programme for Independent Directors framed by the Company in this regard. The Terms and Conditions for Appointment / Removal of Independent Director shall be as per the Policy framed by the Company in this regard. The criteria followed for Director disqualification / removal shall be as below:

- i. A person of unsound mind.
- ii. Become Bankrupt.
- iii. Convicted by a court for moral turpitude and sent to prison for not less than 6 months.
- iv. Absenteeism from the Board & Committee meetings. consecutively for a period of 12 months.
- v. Participation in illegal activities.
- vi. S having sensitive and confidential information to an unauthorized person.
- vii. Inappropriate / disrespected behaviour during the Board meetings.
- viii. Making use of the company for personal gains.
- ix. Violating Code of Ethics of the company.
- x. Getting associated with the Companies competitors.

- xi. Removal by majority of the Shareholders.
- xii. he acts in contravention of the provisions of section 184 relating to entering into contracts or arrangements in which he is directly or indirectly interested;
- xiii. he fails to disclose his interest in any contract or arrangement in which he is directly or indirectly interested, in contravention of the provisions of section 184;

#### **b. KMP, Senior Management and other Employees**

The Company has an organizational chart displaying the position of Senior Management including KMP and other positions with the minimum qualifications and experience requirements for each position which commensurate with the size of its business and the nature and complexity of its operations. Any new recruit in the company is to match the requirements prescribed in the organizational chart of the Company. Any removal of Key Managerial personnel, Senior Management shall be done in consultation with the Board and NRC committee.

### **2. Remuneration**

#### **a. Remuneration to Managing/ Whole-Time / Executive/ Director, KMP and Senior Management Personnel:**

The Remuneration/ Compensation/ Commission etc. to be paid to Director/Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force and subject to Shareholder / Board approval.

The remuneration /compensation /commission, etc., as the case may be, shall also be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made there under. The remuneration of KMP and Senior Management shall be fixed based on HR policy of the company and done in consultation with NRC and Board.

#### **b. Remuneration to Non-Executive/Independent Director**

The Non-Executive/Independent Director may receive remuneration by way of remuneration / commission /sitting fees. The amount of sitting fees shall be decided by the Committee / Board / shareholders and subject to limits as provided under the Companies Act, 2013 and rules made there under and subject to SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 or any other enactment for the time being in force. It is the discretion of the Board to consider paying the sitting fees only to Independent Directors.

#### **c. Remuneration to other Employees:**

Apart from the Directors, KMPs and Senior Management Personnel, the remuneration for rest of the employees is determined on the basis of the role and position of the individual employee, including professional experience. The power to decide structure of remuneration for KMP, Senior Management and other employees has been delegated to the Human Resources Department of the Company.

### **3. Review & Amendment**

1. The NRC or the Board may review the Policy as and when it deems necessary

2. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

The Evaluation policy of the Board, Committees and Directors is provided in “Draft Evaluation Policy for Directors” and the same is hosted in <http://www.natronix.net/DraftPerformanceEvaluationPolicy.pdf>

#### PARTICULARS OF KMP AND REMUNERATION

Details as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name Of Director/KMP	Amount Of Remuneration per Annum (INR)	Ratio Of Remuneration To Median Remuneration of Employees for the Financial Year
P. Balamurugan, - Head (Operations) & Whole Time Director	17,02,454	5.13
G. Venkatesan - CFO	5,13,637	1.55
S. Sivaraman - Company Secretary	6,10,000	1.84

#### Other details

The number of permanent employee on the roll of the company.	134 Employees										
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										
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 the remuneration is determined based on their performance which is correlated to the performance of the Company.										
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	<table border="0"> <tr> <td>Particulars</td> <td>Mar 31, 2023</td> </tr> <tr> <td>Market capitalization</td> <td>Rs. 155,41,57,829</td> </tr> <tr> <td>(-50.42%)</td> <td></td> </tr> <tr> <td>Price Earnings Ratio (-50.30)</td> <td></td> </tr> <tr> <td>(-90%)</td> <td></td> </tr> </table>	Particulars	Mar 31, 2023	Market capitalization	Rs. 155,41,57,829	(-50.42%)		Price Earnings Ratio (-50.30)		(-90%)	
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Price Earnings Ratio (-50.30)											
(-90%)											

financial year and previous financial year.	
Average percentile increases 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
The key parameters of any variable component of remuneration availed by the Directors	Not applicable
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	Not applicable
Affirmation that the remuneration is as per the remuneration policy of the company	The remuneration of Directors, Senior Management and Employees is as per the Remuneration Policy of the Company.

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

**Date: 14.08.2023**

**Place: Chennai**

**K. RaviKumar  
Director**

**DIN: 00119753**

**P. Balamurugan  
HO & WTD**

**DIN: 07480881**



FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2023  
*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To  
The Members of  
SPEL SEMICONDUCTOR LIMITED.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SPEL SEMICONDUCTOR LIMITED (hereinafter called the "Company") [CIN: L32201TN1984PLC011434] for the financial year 2022-23. The Secretarial Audit was conducted based on the records made available to us, in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion/understanding thereon.

1. Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we, on strength of those records, and information so provided, hereby report that in our opinion and understandings, the Company, during the audit period covering the financial year ended on 31<sup>st</sup> March 2023, appears to have complied with the statutory provisions listed hereunder and also in our limited review, the Company has proper and required 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, minutes' book, forms, and returns filed and other records maintained by the Company and made available to us, for the financial year ended on 31<sup>st</sup> March 2023 according to the applicable provisions of:

- i) The Companies Act, 2013 (the "Act") and the rules made thereunder read with notifications, exemptions, and clarifications thereto.
- ii) The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder.
- iii) The Depositories Act, 1996 and the Regulations and Byelaws framed thereunder.
- iv) (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (FDI).  
(b) Overseas Direct Investment (ODI) and External Commercial Borrowings (ECBs)-  
*Not applicable as the Company has no ODI and ECBs, under review.*
- 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 (Listing Obligations and Disclosure Requirements), Regulations, 2015
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-*Not applicable as the Company has not issued any securities during the financial year under review.*
  - e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021- *Not applicable as the Company has not issued any share-based employee benefits/sweat equity shares to its employees during the year under review;*
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-  
*Not applicable as the Company has not issued any debt securities during the financial year under review;*

- g) 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(*not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the year under review*)
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - *Not applicable as the Company has not delisted/ propose to delist its shares from any stock exchange during the financial year under review;*
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - *Not applicable as the Company has not bought back/ propose to buyback any of its securities during the financial year under review.*
- vi) The other laws applicable specifically to the Company: The Factories Act, 1948 and all applicable labor laws.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI) with respect to Meetings of the Board of Directors (SS-1) and the Meetings of General Meetings (SS-2).

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, except in respect of the matters specified below:

Delayed submission of the shareholding pattern for the quarter ended 31.03.2022 and 30.09.2022, RPT details for the half year ended 31.03.2022 and 30.09.2022; 37<sup>th</sup> Annual Report for the financial year 2021-22, Reconciliation of Share Capital Audit for the quarter ended 30.09.2022; SDD Compliance, delay in settlement of dues to employees of the Company.

We further report that,

- The Board of Directors of the Company is duly constituted with a balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman director. There was change of Directors/KMP during the period under review and necessary compliances have been made.
- Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All the Board resolutions passed unanimously and the same have recorded as part of the minutes. 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.
- There has been a change in accounting policy with regard to Revenue Recognition.

During the audit period, the Company has sought the approval of its members at the AGM held on 31.12.2022 for following events other than ordinary business:

1. Appointment of Mr. M.Jayasankar who has attained the age of 75 years as Non-Executive Director of the Company with effect from 14-02-2022, liable to retire by rotation.

For M K MADHAVAN & ASSOCIATES

Company Secretaries

M K MADHAVAN

Proprietor

Membership No.:F-8408 / C.P.No.: 16796

P.R. No. 1221/2021

UDIN: **F008408E000800001**

Date: 14/08/2023

Place: Chennai

[This Report is to be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.]

Annexure-A

To  
The Members of  
SPEL SEMICONDUCTOR LIMITED.

Sub.: Secretarial Audit of SPEL SEMICONDUCTOR LIMITED for the financial year ended 31<sup>st</sup> March 2023.

This letter forms integral part of our secretarial audit report dated 14.08.2023.

Management's Responsibility:

1. It is the responsibility of the management of the Company to maintain secretarial record by the Company and devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the system is adequate and operate effectively.

Auditor's Responsibility:

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. The Compliance of the provisions of corporate and other applicable laws, rules and regulations, standards are the responsibility of management. Our examination was limited to the verification of procedures on the random test basis.
4. We believe that audit evidence and information obtained from the Company's management is reasonably adequate and appropriate to provide a reasonable basis for our opinion.
5. We have obtained the necessary Management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer:

6. We have not verified the correctness and appropriateness of financial records and books of accounts and other such information/records of the Company, which were outside our agreed scope.
7. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M K MADHAVAN & ASSOCIATES  
Company Secretaries

M K MADHAVAN  
Proprietor  
Membership No.: F-8408 / C.P.No.: 16796  
P.R. No. 1221/2021  
Date:14.08.2023                      Place: Chennai

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
[Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The members of SPEL SEMICONDUCTOR LIMITED

In pursuance to sub clause (i) of clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, in respect of SPEL SEMICONDUCTOR LIMITED (CIN: L32201TN1984PLC011434), (hereinafter referred to as "Company"), we hereby certify that:

On the basis of the written representations / declarations received from Directors of the Company and taken on record by the Board of Directors of the Company as on 31.03.2023 and as per the circular resolution passed by the Board of Directors on 31.07.2023, in our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its Officers, none of the Directors on the Board of the above said Company has been debarred or disqualified from being appointed or continuing as Director of Companies by SEBI / Ministry of Corporate Affairs or any such Statutory Authority except

Sr. No.	Name	DIN	Date of Appointment	Remarks
1.	Dorairaj Balakrishnan	02131242	19/06/2014	Disqualified u/s 164 (2)(a) of the Companies Act, 2013.

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M K MADHAVAN & ASSOCIATES

Company Secretaries

M K MADHAVAN

Proprietor

Membership No.: F-8408 / C.P. No.: 16796

P.R. No. 1221/2021

UDIN: F008408E000799671

Date: 14.08.2023 Place: Chennai

## Report on Corporate Governance

Pursuant to Regulation 34(3), 53(f) & Schedule V of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015, 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 value and elevate the interest of its Stakeholders by 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 practices. The results of good Corporate Governance practices are reflected in confidence reposed by various Stakeholders.

### 2. Board of Directors

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

None of the other Directors are related to each other.

#### a. Composition of Board of Directors, their other Directorships and Committeeships as on March 31, 2023 is depicted hereunder:

Name & Designation	Executive / Non-Executive Independent Promoter /	No. of Board Meetings of the Company during the Year		No. of other Boards		Attendance in last AGM (Yes/No)
		Held	Attended	in which he / she is a Director or Chairperson (*)	Committee(s) in which he/she is a member or Chairperson (**)	
Mr. Ravikumar Krishnasamy	Non-Executive/ Independent Director	5	5	1	6	Yes
Mr. Swaminathan Chandramohan	Non-Executive/ Independent Director	5	5	1	3	Yes
Dr. Enakshi Bhattacharya	Non-Executive/ Independent Director	5	4	1	3	Yes
Mr. Mulloth Jayasankar	Non-Executive/ Non-Independent Director	5	3	1		Yes
*** Mr. P. Balamurugan	Executive/ Whole-Time Director	1	1	-	-	Yes
**** Mr. N. Suryanarayanan	Non-Executive/ Independent Director	5	4	6	-	Yes
Mr. Dorairaj Balakrishnan	Non-Independent Director	5	3	1	-	Yes

\*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.

\*\*\* Mr. Palanichamy Balamurugan was appointed as an Additional Director and subsequently appointed as Whole-Time Director in the Board Meeting held on February 14, 2023 and regularized by the Shareholders of the Company on May 14, 2023 through Ordinary Resolution passed by Postal Ballot.

\*\*\*\* Mr. N. Suryanarayanan ceased to be Non-Executive / Independent Director of the Company w.e.f February, 2023, due to preoccupation.

During the year ended March 31, 2023, Five (5) Board Meetings were held on May 30 2022, August 11 2022, November 14 2022, January 12 2023 and February 14, 2023.

## b. List of Core Skills/Expertise/Competencies

The Board identifies the following skills/expertise/competencies for conducting the affairs of the business of the Company in an effective, sustainable and socially responsible manner:

- i. Knowledge of design and fabrication of semiconductors and semiconductor devices etc.,
- ii. Knowledge of Technological development and implementation of the same in the semiconductor industry for the effective running of business
- iii. Financial, Accounting and Legal knowledge and acumen to run the business to the expectation of the Stakeholders;
- iv. Ability to closely follow the competitive business environment and implementation of strategies for the beneficial performance;
- v. Knowledge of inducting the required human resource, motivating them for achieving the ultimate business objectives etc.,
- vi. Compliance with the requirement of various Statutes applicable to the Company.

A Chart/Matrix setting out the Skills/Expertise/Competence of the Board of Directors with names and their expertise:

S.No	Name of the Director	Management Skill	Knowledge on Semiconductor Industry, it's operations, products etc.	Finance, Accounting and Legal Knowledge and compliance with the requirement of various statutes	Implementation of strategies for the beneficial performance and Marketing skills
1	Mr. Ravikumar Krishnasamy	✓	✓	✓	✓
2	Mr. Swaminathan Chandramohan	✓	✓	✓	✓
3	Dr. Enakshi Bhattacharya	✓	✓	✓	✓
4	Mr. Mulloth Jayasankar	✓	✓	✓	✓
5	Mr. Palanichamy Balamurugan	✓	✓	✓	✓
6	Mr. Dorairaj Balakrishnan	✓	✓	✓	✓

- c. The details of familiarization programs imparted to the Independent Directors can be viewed on the below mentioned weblink:

<http://www.natronix.net/Policies.html>

- d. Equity Shares held by Non-Executive Directors as on March 31, 2023: Nil

- e. Board confirmation on the independence of Independent Directors:

The Board of Directors of the Company do hereby confirm that, in the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified under SEBI (LODR) Regulations, 2015 as amended and they are independent of the Management.

**3. Composition of various Board Committees (After reconstitution of Committees in the Board Meeting held on 14<sup>th</sup> February 2023)**

Name of the Committee	Name of Directors	Category
Audit Committee	Mr. Swaminathan Chandramohan Dr. Enakshi Bhattacharya Mr. Ravikumar Krishnasamy	Chairman Member Member
Stakeholders Relationship Committee	Dr. Enakshi Bhattacharya Mr. Swaminathan Chandramohan Mr. Ravikumar Krishnasamy	Chairman Member Member
Nomination and Remuneration Committee	Mr. Ravikumar Krishnasamy Mr. Swaminathan Chandramohan Dr. Enakshi Bhattacharya	Chairman Member Member

**4. Board and Committee functioning**

**I. Board Meetings –**

- The Board Meetings are generally held in Chennai with the majority of Directors present at each meeting.
- The detailed Agenda with notes is circulated in advance and contains all the matters enshrined in Section 173(3) of Companies Act, 2013.
- 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.
- 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.

**II. Audit Committee-**

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

- Financial statements before submission to the Board
- Draft financial statements and Auditors' Report before submission to the Board
- Accounting Policies and Practices

- iv. Risk Management Policies and Practices
- v. Compliance with Stock Exchange and legal requirements concerning financial statements
- vi. Related Party Transactions
- vii. Recommendation of appointment of Auditors and fixing their fees
- viii. To review the Internal Control Systems and Internal Audit Reports and their compliance thereof

Four (4) Audit Committee Meetings were held on May 30 2022, August 11 2022, November 14, 2022, and February 14, 2023.

Names of the Directors	No. of Audit Committee Meetings eligible to attend	No. of Audit Committee Meetings attended
Mr. Ravikumar Krishnasamy	1	1
Mr. S. Chandramohan	4	4
Dr. Enakshi Bhattacharya	4	3
*Mr. N. Suryanarayanan	3	3

\*Mr. N. Suryanarayanan ceased to be Non-Executive / Independent Director of the Company w.e.f February, 2023, due to preoccupation.

### III. Nomination and Remuneration Committee

The Committee advises the Broad Policy for remuneration, terms of employment and any changes, including service contracts of Executive and Non-Executive Directors and supervises the Employee Stock Option Scheme (ESOS). 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. No Meeting of Nomination and Remuneration Committee were held during the year 2022-23.

#### Details of Remuneration paid to Directors (Amount in Rs)

S.No	Names of Directors	Salary/ Spec. allowance	Commission / Bonus	Sitting fees	Stock Option	Total
1	Mr. Ravikumar Krishnasamy	-	-	45,400	-	45,400
2	Mr. Swaminathan Chandramohan	-	-	61,600	-	61,600
3	Dr. Enakshi Bhattacharya	-	-	63,200	-	63,200
4	Mr. Mulloth Jayasankar	-	-	21,600	-	21,600
5	Mr. Palanichamy Balamurugan (*)	4,48,466	-	-	-	4,48,466
6	Mr. Dorairaj Balakrishnan(**)	-	-	-	-	-

Note- (\*) - Indicated for 3 months period. (\*\*) - Indicates 9 months period. There is No pecuniary relationship/transaction that has taken place between the Company and the Non-Executive Directors during the financial year 2022-23 other than the above payment.



## **Remuneration Policy**

The following is the remuneration policy of 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 the Company not able to comply with such provisions, with the previous approval of the Central Government.

c) Remuneration to Non-executive / Independent Director

i. Remuneration /Commission

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

ii. 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 Rupees One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the central government from time to time.

## **IV. Stakeholders Relationship Committee**

The Company has a Stakeholders' Relationship Committee of the Board of Directors to look into various aspects of interest of Shareholders including the redressal of complaints of shareholders'/investors' such as transfer or credit of shares, non-receipt of dividend/notices/annual reports, review of and effective exercise of voting rights by Members, adherence to service standards fixed by the Company by the RTAs, initiatives taken by the Company for timely receipt of dividend, annual reports, reduction in unclaimed dividend etc.

The Stakeholders Relationship Committee comprises of majority of Independent Non-Executive Directors. Dr. Enakshi Bhattacharya is the Chairperson of the Committee. Mr. S. Sivaraman, Company Secretary is the Compliance Officer and acts as the secretary to the Committee.

The Table below shows the nature of complaints received from Shareholders during 2022-23:-

S.No.	Nature of Complaint	Number of Complaints Received	Number of Complaints Resolved	Number of Complaints Pending as on March 31, 2023
1.	Non-Receipt of Corporate benefits/ entitlements	1	1	-
2.	Non-dematerialization of Shares	1	1	-
3.	Non-updation of Address of Investor in the records of the Company and Depository	1	1	-

12 (Twelve) Stakeholders Relationship Committee Meetings were held on April 22 2022, April 25, 2022, May 9 2022, May 25 2022, June 9 2022, June 13 2022, July 11 2022, July 15 2022, October 10 2022, October 27 2022, December 19, 2022 and December 26 2022

Names of the Directors	No. of Stakeholders Relationship Committee Meetings eligible to attend	No. of Stakeholders Relationship Committee Meetings attended
Dr. Enakshi Bhattacharya	12	12
Mr. D. Balakrishnan	12	12
*Mr. N. Suryanarayanan	12	12

\*Mr. N. Suryanarayanan ceased to be Non-Executive / Independent Director of the Company w.e.f February, 2023, due to preoccupation.

## 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.	2019-2020	5 CMDA Industrial Estate, Maraimalai Nagar 603	December 31, 2020; 12 Noon
2.	2020-2021	Through Video Conferencing ("VC") / Other AudioVisual Mechanism ("OAVM") from the	November 29, 2021; 2.30 PM
3.	2021-2022	Through Video Conferencing ("VC") / Other AudioVisual Mechanism ("OAVM") from the	December 31, 2022; 1.00 PM

Special Resolutions passed in the previous 3 AGMs :

1. 35<sup>th</sup> AGM : Nil
2. 36<sup>th</sup> AGM : Nil
3. 37<sup>th</sup> AGM : Appointment of Mr.M.Jayasankar as Director who has attained the age of 75 years

Postal Ballot: The Company has not passed resolutions by way of of the Postal Ballot during the year

## 6. Disclosures

- i. No transaction of material nature has been entered into by the Company with related parties i.e. Directors or Management, their subsidiaries or relatives that may have potential conflict with the interests of the Company at large. The Policy on Related Party Transactions can be seen on the Company's website <http://www.natronix.net/Policies.html>.

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.

- ii. The Company has generally complied with all the requirement of regulatory authorities. There were some instances of non-compliances by the Company during the last 3 years whereby the requisite penalty, and stricture imposed on the Company by Stock Exchanges or SEBI or any statutory authorities against the Company has been duly paid.
- iii. The Company has a Whistle-Blower Policy through which Directors, employees and business associates may report unethical business practices at work place without the fear of reprisal. The Company has set up a direct contact initiative under which all the Directors, employees /business associates have direct access to the Chairman of the Audit Committee and affirms that no personnel has been denied access to the Audit Committee. The "Whistle-Blower Protection Policy" aims to:
  - Allow and encourage Directors, employees and business associates to bring to the management's notice, concerns about suspected unethical behavior, malpractice, wrongful conduct, fraud, violation of policies etc.,
  - Ensure timely and consistent organizational response.
  - Build and strengthen a culture of transparency and trust.
  - Provide protection against victimization.
- iv. All the mandatory requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been complied with.

The Company has fulfilled the following non-mandatory requirements as prescribed in Part E of Schedule II as mentioned under Regulation 27 (1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

- The company has appointed a third-party Firm as the Internal Auditors
- The Chairman of the Board is a Non-Executive Independent Director and not related to the Executive Directors of the Company.

## 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 <http://www.natronix.net/investors.html>. The Company does not

display official news releases. Company has not made presentations to Institutional Investors or to the Analysts.

## 8. General Shareholder Information

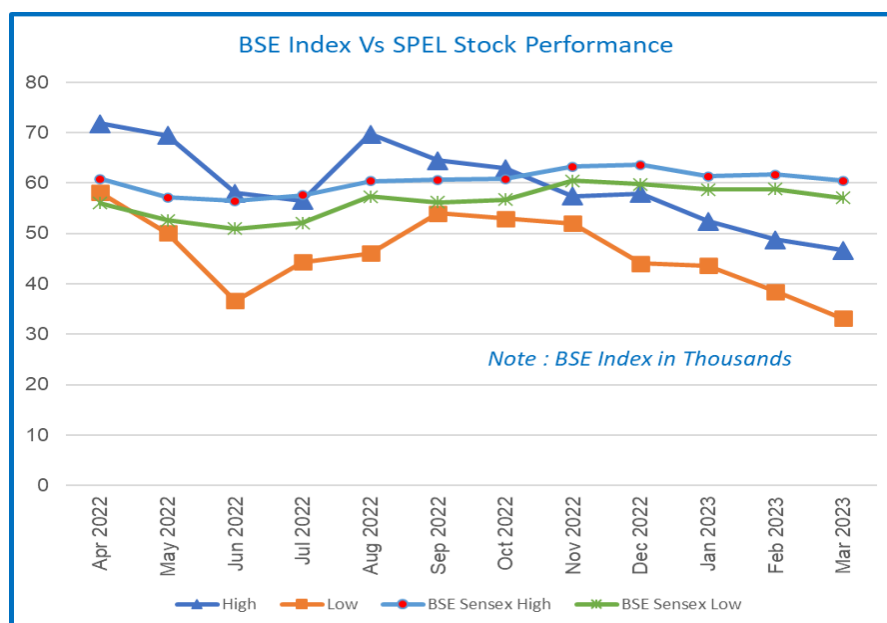
<b>Annual General Meeting</b> (as indicated in the notice)	Sep 21, 2023 through Video Conferencing or Other Audio-Visual Means
<b>Financial year</b>	2022-23
<b>Dates of Book Closure</b>	Sep 15, 2023 to Sep 21, 2023
<b>Listed on Stock Exchange</b>	BSE Limited Phiroze Jeejeebhoy Tower Dalal Street, Mumbai – 400 001
<b>Payment of Annual Listing Fees</b>	Annual Listing fees for the FY 2022-23 has been paid with delay
<b>Stock Code</b>	517166
<b>ISIN Number</b>	INE252A01019
<b>Outstanding GDR/ADR/Warrants Or any convertible instruments:</b>	Nil
<b>Registrar &amp; Share Transfer Agent</b>	Cameo Corporate Services Limited Subramanian Building, 1 Club House Road Chennai 600002
<b>Share transfer System</b>	The share transfers in physical form is no longer permitted as per the amendment made to SEBI (LODR) Regulations, 2015 and Share Transfers can be effected only in dematerialised form after 01.04.2019. As per the clarification given by SEBI, Transmission and Transposition of Shares will be allowed in physical form. Transmission and Transposition, issue of duplicate shares, transfer of unclaimed shares to IE@PF Authority are presently processed and the share certificates are issued within the stipulated time, subject to the documents being clear in all respects.
<b>Address for Communication</b>	Company Secretary, SPEL Semiconductor Limited 5 CMDA, Industrial Estate, MM Nagar (Chennai)-603 209 India.
<b>Factory Location</b>	CMDA Industrial Estate, MMNagar (Chennai)-603209 India
<b>Details of Commodity Price Risk/Hedging Activities:</b>	There are no such transactions during the year 2022-23
<b>Dematerialisation of shares and liquidity:</b>	About 94 % of the Equity Shares are being held in dematerialised form as at March 31, 2023. There is sufficient Liquidity in the Market.
<b>Details of Credit Ratings obtained</b>	Nil

Details of Commodity Price Risks, Foreign Exchange Risk	Nil
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**Distribution of Shareholding as on Mar 31, 2023**

Category	No. of Shareholders	No. of Shares	%
Promoter & Promoter Group	6	27288780	59.17236
Foreign Institutional Investors	1	9000	0.019515
Mutual Funds	2	8600	0.018648
Banks	1	100	0.000217
Shareholding by Companies or Bodies Corporate where Central / State Government is	1	1400	0.003036
Non-Resident Indians	342	325299	0.705371
Body Corporate	205	473747	1.027262
Resident Individuals	60542	17546758	38.04799
Hindu Undivided Families	425	442699	0.959938
Trusts	1	388	0.000841
Employees	10	6305	0.013672
Clearing Members	12	14367	0.031153
Total	61548	4,61,17,443	100.00

## Stock Performance V/s BSE Sensex



Month	High	Low	BSE Sensex High	BSE Sensex Low
22-Apr	71.8	58.15	60,845.10	56,009.07
22-May	69.5	50.1	57,184.21	52,632.48
22-Jun	58	36.65	56,432.65	50,921.22
22-Jul	56.55	44.35	57,619.27	52,094.25
22-Aug	69.75	46.1	60,411.20	57,367.47
22-Sep	64.45	54	60,676.12	56,147.23
22-Oct	62.9	53	60,786.70	56,683.40
22-Nov	57.4	52	63,303.01	60,425.47
22-Dec	57.95	44.1	63,583.07	59,754.10
23-Jan	52.4	43.6	61,343.96	58,699.20
23-Feb	48.75	38.45	61,682.25	58,795.97
23-Mar	46.64	33.17	60,498.48	57,084.91

## Market Price Data High & Low, Trading volume and no. of trades during each month for FY 22-23

Month	High	Low	No. of shares	No of Trades
Apr-22	71.8	58.15	11,72,679	20,400
May-22	69.5	50.1	9,69,835	16,205
Jun-22	58	36.65	5,58,861	10,584
Jul-22	56.55	44.35	6,60,839	11,365
Aug-22	69.75	46.1	17,90,616	21,118
Sep-22	64.45	54	11,48,355	18,154
Oct-22	62.9	53	6,55,753	11,126
Nov-22	57.4	52	5,85,127	10,635
Dec-22	57.95	44.1	6,70,967	10,478
Jan-23	52.4	43.6	4,08,734	7,528
Feb-23	48.75	38.45	5,03,691	8,006
Mar-23	46.64	33.17	8,72,415	9,753

## 9. Accounting Standards

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

## 10. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- a. Number of complaints filed during the financial year - NIL
- b. Number of complaints disposed of during the financial year - NIL
- c. Number of complaints pending as on end of the financial year - NIL

## 11. Details of Loans/Advances extended to Firms/Companies in which Directors are interested during the year 2022-23 : NIL

## 12. Payment to Statutory Auditors of the Company

For the FY 2022-23, total fees for all services paid by the Company to the Statutory Auditors is Rs.5 Lakhs.

## 13. Company Secretary Certificate

A Certificate from a Company Secretary in Practice that none of the Directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority forms part of the Annual Report.

### **Declaration on Code of Conduct by Members of Board and Senior Management**

*As per Schedule V of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015*

To

The Members of SPEL Semiconductor Limited

This is to confirm that the Company has adopted a Code of Conduct for the members of the Board and the Senior Management Personnel and these Codes are available on the Company's website <http://natronix.net/CCBD.html>. It is confirmed that the members of the Board and the Senior Management Personnel have complied with the Code of Conduct in respect of the financial year ended March 31, 2023.

Date: Jun 27, 2023

For SPEL Semiconductor Limited

Place : Chennai

P. Balamurugan  
HO & WTD

## CEO & CFO Certification

*Pursuant to Schedule II and Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015*

To

**The Board of Directors**

**SPEL Semiconductor Limited**

**5 CMDA Industrial Estate, MM Nagar(Chennai)**

**PIN-603209**

We, P. Balamurugan, Head (Operations) & Whole-Time Director and G. Venkatesan, Chief Financial Officer of the Company, do solemnly certify that:

- a) We have reviewed the audited financial statements for the quarter and year ended 31st March 2023 and that to the best of our knowledge and belief:
  - i. These statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity in all material respects, with the existing generally accepted accounting principles, including accounting standards, applicable laws and regulations.
- b) There are to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we 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.
- d) We have indicated to the Auditors and the Audit Committee:
  - i. Significant changes in internal control during the year;
  - ii. significant changes in accounting policies during the year and that the same have 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 a significant role in the Company's internal control system over financial reporting.

However, during the year, there were no such changes or any such instances.

Date: Jun 27, 2023

For SPEL Semiconductor Limited

Place: Chennai

P. Balamurugan  
HO & WTD

G. Venkatesan  
Chief Financial Officer



## **CERTIFICATE ON CORPORATE GOVERNANCE**

To

The members of SPEL SEMICONDUCTOR LIMITED

We have examined the compliance of conditions of Corporate Governance by SPEL SEMICONDUCTOR LIMITED (“the Company”) for the year ended 31st March, 2023 as stipulated in Regulations 17 to 27 of Chapter IV and Clauses (b) to (i) of Regulation 46 (2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an auditor nor an expression of opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Regulations 17 to 27 of Chapter IV and Clauses (b) to (i) of Regulation 46(2) and Para C & D of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended (“SEBI Listing Regulations”) for the period from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023.

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

For **M K MADHAVAN & ASSOCIATES**

Company Secretaries

**M K MADHAVAN**

Proprietor

Membership No.: F-8408 / C.P. No.: 16796P.R. No.  
1221/2021

UDIN: F008408E000799869

Date: 14.08.2023

Place: Chennai

## Management Discussion and Analysis Report:

The Management of your Company is pleased to submit the following:

### The Global Semiconductor Industry:

The Semiconductor Industry Association (SIA) announced worldwide sales of semiconductors totaled \$130.8 billion during the fourth quarter of 2022, a decrease of 14.3% compared to the fourth quarter of 2021 and 7.2% less than the third quarter of 2022. Global sales for the month of December 2022 were \$43.6 billion, a decrease of 4.3% compared to November 2022. SIA represents 99% of the U.S. semiconductor industry by revenue and nearly two-thirds of non-U.S. chip firms.

Global semiconductor sales experienced strong growth in the first half of 2022. However, there were indications of a slowdown in recent months, leading to a year-on-year decrease in September 2022. This decline was the first since January 2020 and was attributed to various macroeconomic challenges. Despite the short-term fluctuations, the long-term market outlook for semiconductors remains positive. Semiconductors continue to play an increasingly significant role in our digital economy, indicating continued growth and demand for these components. On a regional basis, sales into the Americas market saw the largest increase (16.2%) in 2022. China remained the largest individual market for semiconductors, with sales there totaling \$180.4 billion in 2022, a decrease of 6.2% compared to 2021. Annual sales also increased in 2022 in Europe (12.8%) and Japan (10.2%). Sales for the month of December 2022 decreased compared to November 2022 across all regions: Europe (-0.6%), Japan (-0.5%), Asia Pacific/All Other (-3.4%), China (-5.7%), and the Americas (-6.3%)

### A. Market Drivers

OSAT (Outsourced Semiconductor Assembly and Test) plays a crucial role in the semiconductor industry by providing assembly, packaging, and testing services to semiconductor manufacturers. Several market drivers impact the growth and demand for OSAT services. Here are some key factors:

1. **Increasing Demand for Consumer Electronics:** The growing demand for consumer electronics, including smart phones, tablets, wearables, and other smart devices, drives the need for advanced semiconductor packaging and testing services. As consumers seek more powerful and feature-rich devices, OSAT companies play a vital role in ensuring the efficient assembly and testing of these semiconductor components.
2. **Advancements in IoT and Automotive Technologies:** The Internet of Things (IoT) and automotive sectors continue to experience rapid growth. These industries rely heavily on semiconductor technology for sensors, connectivity, and autonomous systems. As IoT devices and autonomous vehicles become more prevalent, OSAT companies are essential for providing specialized packaging and testing solutions to meet the unique requirements of these sectors.
3. **Increasing Complexity and Miniaturization of Semiconductors:** The semiconductor industry is constantly striving for smaller, more powerful, and efficient chips. This trend toward miniaturization and increased complexity poses challenges in assembly and testing. OSAT companies specialize in advanced packaging technologies, such as wafer-level and 3D packaging, to accommodate these demands while maintaining high levels of reliability and performance.
4. **Shorter Time-to-Market:** The semiconductor industry operates in a highly competitive landscape, where time-to-market is crucial. OSAT companies offer quick and efficient assembly

and testing services, enabling semiconductor manufacturers to accelerate their product development cycles. By outsourcing these processes, companies can focus on core competencies while relying on OSAT partners for fast and reliable assembly and testing solutions.

5. **Cost Optimization and Flexibility:** OSAT companies can provide cost advantages by leveraging economies of scale in assembly and testing operations. Semiconductor manufacturers can benefit from the expertise and infrastructure of OSAT providers, avoiding the need for significant capital investments in their own assembly and testing facilities. Additionally, outsourcing offers flexibility in scaling production capacity up or down based on market demand, reducing overall operational costs.
6. **Semiconductor Industry Consolidation:** The semiconductor industry has witnessed significant consolidation, with larger companies acquiring smaller ones to gain a competitive edge. This consolidation drives the demand for OSAT services as integrated device manufacturers (IDMs) and fabless semiconductor companies outsource their assembly and testing needs to specialized OSAT providers.

## **B. Semiconductor Mergers:**

There has been a surge of semiconductor M&As after 2020 for reasons such as technology, capacity and resource expansion, geo-diversification, and resiliency planning. Increasingly, companies are looking at M&As as a way to acquire not only the technology and knowledge base but the human capital, talent, and expertise they need in growth areas such as AI. This trend continued in 2022, especially in the second half of the year. Some notable semiconductor M&As in 2022, some of which are due to close in 2023 are listed below.

### **Advanced Micro Devices - Xilinx**

AMD announces the acquisition of Xilinx to expand AMD's portfolio in graphics and adaptive SoC products making AMD the new industry leader for high-performance and adaptive computing.

### **Allegro MicroSystems – Heyday Integrated Circuits**

Allegro MicroSystems has acquired Heyday Integrated Circuits, a privately held company specialized in cutting-edge gate drive solutions that enable energy conversion in high-voltage gallium nitride (GaN) and silicon carbide (SiC) wide-bandgap (WBG) semiconductor designs.

### **Diodes Incorporated - Onsemi**

Diodes Incorporated acquired Onsemi's South Portland, Maine wafer fabrication facility to help accelerate their growth initiatives in the automotive and industrial end markets and to add 200mm wafer fab capacity for analog products.

### **Intel Corporation - Tower Semiconductor**

Intel is acquiring Tower Semiconductor to help expand Intel's manufacturing capacity, global footprint, and technology portfolio to address unprecedented industry demand. Tower operates a total of seven production sites across Israel, the US, and Japan. The company's foundry capacity in 12-inch wafer equivalents accounts for about 3% of the global total.

### **KYOCERA AVX - ROHM**

KYOCERA AVX, a leading global manufacturer of advanced electronic components is acquiring ROHM Semiconductor's tantalum and polymer capacitor business, including all of its tantalum and polymer capacitor manufacturing lines and relevant intellectual property.

**MaxLinear – Silicon Motion**

California-based MaxLinear announced an agreement to buy Silicon Motion in Taiwan. This acquisition is expected to be completed in the first half of 2023 and will add controller ICs for NAND flash storage to MaxLinear's lineup of RF and mixed-signal products.

**Micross Components – PAAL Technologies**

Micross Components, a leading provider of high-reliability microelectronic product and service solutions for aerospace, defense, and other applications has announced the acquisition of PAAL Technologies, a leading provider of MIL-STD-1553 Data Bus Couplers, Harnesses, and RF/Wideband Transformers. The acquisition further expands the Hi-Rel Components portfolio of Micross, while providing customers of PAAL with single-source access to the most complete offering of end-to-end advanced microelectronic services and component, die, and wafer solutions.

**Navitas Semiconductor - GeneSiC**

Navitas acquires GeneSiC a provider and developer of Silicon Carbide and Silicon-based high power semiconductor products helping Navitas diversify towards higher-performance products.

**Nexperia – Nowi Energy**

Nexperia announces the broadening of its portfolio of power management products through the acquisition of Netherlands-based Nowi Energy. Nowi's technology allows energy harvested from light, radio waves, or temperature gradients to be used in low-power applications like smart wearables and autonomous wireless sensor nodes. The manufacturing capacity and capability of Nexperia as well as its global infrastructure will ensure that together, Nowi will be able to speed the production of these solutions enabling higher volume production and shipping by the end of 2022 and early 2023.

**Nordic Semiconductor – Mobile Semiconductor**

Nordic Semiconductor is to acquire Mobile Semiconductor to bring specialized embedded memory technology for microcontrollers and Systems-on-Chips in-house.

**Renesas Electronics - Steradian**

Renesas, a supplier of advanced semiconductor solutions, completed the acquisition of Steradian Semiconductors a privately owned fabless semiconductor radar solutions company headquartered in Bengaluru, India. The combination of Steradian's leading-edge radar technology and engineering talent will boost Renesas' sensing solution offerings in a wide array of applications that will simplify the design of automotive radar systems.

**Vishay Intertechnology - MaxPower**

Vishay acquired MaxPower Semiconductor a California-based fabless power semiconductor provider with a substantial IP portfolio of over 100 patents. Maxpower's proprietary device structures and process techniques provide leading-edge silicon and SiC MOSFET products will be incorporated into Vishay's MOSFETs portfolio.

**C. Outsourced Assembly and Test (OSAT) Industry**

The global outsourced semiconductor assembly and testing market size & share was valued at around

USD 34.85 billion in 2021 and is estimated to grow around USD 50.9 billion by 2028, at a CAGR of approximately 4.8% during 2022 to 2028.

The increasing commercialization of technologies such as AI and 5G is driving advancements in packaging platforms, including fan-out packaging and 3D flip chip technology. These packaging solutions address the need for high-power consumption and offer benefits such as improved chip connectivity. As a result, the demand for Outsourced Semiconductor Assembly and Test (OSAT) services is expanding, particularly in emerging regions, with Asia witnessing significant growth in semiconductor manufacturing. Countries like China, Taiwan, South Korea, and Southeast Asian nations are becoming major markets for OSAT services, leading to increased collaboration between companies and OSAT vendors.

To stay competitive, many OSATs, such as ASE/SPIL, Amkor, and JCET, are investing in advanced System-in-Package (SiP) and fan-out technology. This investment allows them to gauge the competition and enhance their market position. The growth of the OSAT market is driven by the rising demand for consumer electronics and the rapid urbanization observed worldwide. Developed countries are experiencing a transformational shift, coupled with increased smartphone adoption, which further fuels the demand for electronics and drives the need for OSAT services.

Additionally, technological advancements and the increasing purchasing power in developing regions contribute to the growth of the OSAT industry. Since OSAT companies dominate the IC assembly and testing sector, this provides ample opportunities for market players to strengthen their position and improve their market share.

#### **D. The Indian Semiconductor Industry**

The Indian semiconductor industry has been experiencing significant growth and development in recent years. It plays a crucial role in the country's electronics manufacturing sector and contributes to the advancement of various high-tech industries. Here is an overview of the Indian semiconductor industry:

1. **Market Size and Growth:** The Indian semiconductor market has been growing steadily, driven by factors such as increasing domestic demand, government initiatives to promote electronics manufacturing, and the expansion of the consumer electronics and automotive sectors. According to industry reports, the Indian semiconductor market was valued at around \$32.35 billion in 2020 and is expected to reach \$52.58 billion by 2025, growing at a CAGR of around 10.2%.
2. **Domestic Consumption:** India has a large and growing domestic market for semiconductors due to factors such as population growth, rising disposable incomes, and increased adoption of electronic devices. The demand for semiconductors is driven by various sectors, including consumer electronics, automotive, telecommunications, industrial automation, healthcare, and defense.
3. **Electronics Manufacturing Initiatives:** The Indian government has launched several initiatives to promote electronics manufacturing, including the "Make in India" campaign, National Policy on Electronics (NPE) & Production Linked Incentives (PLI). These initiatives aim to boost domestic production, attract foreign investment, and create a favorable business environment for semiconductor companies.
4. **Design and R&D:** India has emerged as a significant hub for semiconductor design and research and development (R&D). The country is home to numerous design houses and R&D centers that contribute to global semiconductor innovation. Indian design companies specialize in areas such as

chip design, embedded systems, semiconductor IP development, and verification services.

5. **Semiconductor Manufacturing:** While India is primarily focused on semiconductor design and assembly, efforts are being made to establish semiconductor fabrication (fab) facilities in the country. The government has launched the Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECS) under ISM (India Semiconductor Mission) to attract investments in semiconductor manufacturing and encourage the establishment of semiconductor fabs in India.
6. **Government Support:** The Indian government has taken several measures to support the semiconductor industry. This includes providing incentives, tax benefits, and subsidies to semiconductor companies, promoting research and development activities, establishing semiconductor clusters and technology parks, and facilitating collaborations between industry, academia, and research institutions.
7. **Skill Development:** To meet the growing demand for skilled professionals in the semiconductor industry, India has been focusing on initiatives to enhance the skill set of its workforce. Skill development programs, vocational training, and collaborations between industry and educational institutions are being encouraged to bridge the skill gap and develop a highly skilled semiconductor workforce.

Overall, the Indian semiconductor industry is experiencing growth and transformation, driven by increasing domestic demand, government initiatives, and a focus on design and R&D. With continued support and investment, the industry is expected to contribute significantly to India's electronics manufacturing capabilities and emerge as a global player in the semiconductor sector.

## **SPEL OPERATIONAL PERFORMANCE**

The working capital constraints were overcome by Customer advances for procurement of Materials. SPEL improved the operational efficiency and improved the Cycle time and was consistently getting repeated orders from existing Customers. SPEL also established some contacts with Prior Customers and regained their confidence and secured some orders. The Company is also striving to improve working capital limits with Banks and taking its best efforts and also making efforts by effective utilization of vacant land in the premises.

SPEL maintains its relationship with all Customers in good form and putting efforts to meet their QCDS factors. SPEL extends various Value-Added Services like package design, Test HW development & drop shipment to all its Customers which help to attract additional volumes.

The communication frequency with Customers & Sales Representatives increased and SPEL uses all electronic media (eMails, Conference calls, Skype calls, Whatsapp calls, MS teams, Google Meet etc.) to interact with Customers.

Contribution of Sales Representatives is also ensured to bring in new business & to reach Customers in case of any delay in shipments and unable to meet their requirements. They are advised to bring in new Customers & new products. Weekly calls with them are being done to ensure their activities are up to the expectations.

SPEL reaches its Suppliers, Vendors and Customers to refer any new Customers if they have come across and this has provided positive results. Few new Customer inducted through this method.

Global demand for semiconductors will remain high in the coming quarters, as reflected by rising sales across a range of chip products and throughout each of the world's major regional markets..

This will have a positive effect on SPEL's business.

New RFQs received from various Customers in this Quarter including new Customers. Quotations have been submitted and few of them converted into business and working on other RFQs to get business

The Company is also working with Financial Institutions for Capacity Expansion and for plant modernization and also taking efforts to avail the Government of India incentives being offered to promote the Semiconductor eco-system within the Country.

### **Opportunities:**

The semiconductor industry continues to offer numerous opportunities, driven by advancements in technology, growing demand for electronic devices, and emerging trends.

Here are some key opportunities for the semiconductor industry:

1. **Artificial Intelligence (AI) and Machine Learning (ML):** AI and ML technologies are rapidly expanding and driving the need for more powerful computing capabilities. Semiconductor companies can capitalize on this opportunity by developing specialized chips, such as graphics processing units (GPUs) and neural processing units (NPUs), optimized for AI and ML workloads.
2. **Internet of Things (IoT):** The proliferation of IoT devices across various industries presents a significant opportunity for semiconductor companies. IoT devices require low-power, high-performance chips to enable connectivity, data processing, and sensor integration. Semiconductor companies can focus on developing energy-efficient and cost-effective solutions to meet the growing demand for IoT applications.
3. **5G and Beyond:** The deployment of 5G networks is gaining momentum worldwide, driving the demand for advanced semiconductor components like RF chips, baseband processors, and mmWave modules. Beyond 5G, the industry is exploring technologies like terahertz communication, which will require innovative semiconductor solutions.
4. **Automotive Electronics:** The automotive industry is increasingly relying on semiconductor technologies for advanced driver-assistance systems (ADAS), electric vehicles (EVs), and autonomous driving. Semiconductor companies can tap into this opportunity by providing automotive-grade chips, sensors, and power management solutions.
5. **Edge Computing:** With the growth of IoT and AI applications, there is a rising need for computing power at the edge of networks. Semiconductor companies can develop edge computing solutions by providing high-performance, low-power chips that enable data processing and AI inference capabilities at the edge devices.
6. **Renewable Energy:** The shift towards renewable energy sources, such as solar and wind, creates opportunities for semiconductor companies. These companies can develop power management and energy conversion solutions for renewable energy systems, including photovoltaic inverters and grid-tie converters.
7. **Quantum Computing:** Quantum computing has the potential to revolutionize various industries by solving complex problems that are currently infeasible for classical computers. Semiconductor companies can contribute by developing quantum processors, qubits, and other components that enable scalable and stable quantum computing systems.
8. **Healthcare Technologies:** The healthcare sector is adopting semiconductor technologies for various applications, including medical imaging, wearable devices, telemedicine, and personalized medicine. Semiconductor companies can develop specialized chips, biosensors, and data processing solutions to support advancements in healthcare technology.

9. **Data Centers and Cloud Computing:** The increasing demand for data storage, processing, and cloud services requires high-performance computing infrastructure. Semiconductor companies can provide data center solutions by developing advanced server processors, memory modules, and storage devices to meet the growing needs of the cloud computing industry.
10. **Environmental and Energy Efficiency:** As energy efficiency and environmental sustainability become more critical, semiconductor companies can focus on developing energy-efficient chips, power management solutions, and components with reduced environmental impact, such as lead-free and RoHS-compliant devices.

Here are some key Opportunities for the Company:

1. Government of India has announced some special incentives for Assembly, Test, Mark & Packaging units for providing Capex subsidy up to 50% with a minimum threshold investment of Rs.50Cr. Your Company is exploring sourcing funds with Banks and Financial Institutions to make use of this Opportunity.
2. Due to US-China trade conflicts most Companies are looking for alternate Manufacturing sources for Chinese OSATS and this could be of immense help.
3. Post-Covid scenario business is returning to normal state all around the globe

#### **Threats :**

The semiconductor industry faces several threats that can impact its operations and growth. Here are some significant threats faced by the semiconductor industry:

1. **Supply Chain Disruptions:** The semiconductor industry relies on complex global supply chains, and disruptions at any stage can have severe consequences. Events like natural disasters, geopolitical tensions, trade disputes, or pandemics can lead to supply chain interruptions, component shortages, and production delays.
2. **Technological Obsolescence:** The rapid pace of technological advancements in the semiconductor industry means that products and technologies can quickly become outdated. Companies must continually invest in research and development (R&D) to stay competitive and ensure their offerings remain relevant in the market. Failure to do so can lead to the risk of being left behind.
3. **Intellectual Property (IP) Theft:** Intellectual property theft poses a significant threat to the semiconductor industry. Counterfeit products, unauthorized manufacturing, and reverse engineering can result in revenue losses and damage to a company's reputation. Protecting intellectual property rights and implementing robust security measures are crucial to mitigate this threat.
4. **Competitor Pressure:** The semiconductor industry is highly competitive, with numerous global players vying for market share. Companies face intense pressure to innovate, reduce costs, and improve efficiency to stay ahead of their competitors. Failure to keep up with industry trends and competition can lead to market share erosion and financial setbacks.
5. **Cybersecurity Risks:** As the semiconductor industry becomes increasingly connected and digitalized, cybersecurity threats are on the rise. The industry deals with sensitive data, including customer information, proprietary designs, and manufacturing processes. Cyberattacks, data breaches, and insider threats can compromise valuable information, disrupt operations, and harm the reputation of semiconductor companies.



6. **Economic Volatility:** The semiconductor industry is influenced by global economic conditions. Periods of economic downturns, recessions, or fluctuations in consumer demand can impact semiconductor sales and revenue. Companies need to be prepared to navigate through economic uncertainties and adapt their strategies accordingly.
7. **Environmental Regulations:** Growing concerns about environmental sustainability and the use of hazardous materials in the semiconductor industry have led to increased regulations. Compliance with environmental standards, such as restrictions on certain substances, waste management, and energy efficiency, can pose challenges for semiconductor manufacturers.
8. **Geopolitical Factors:** Geopolitical tensions and trade disputes between countries can disrupt global supply chains and affect the semiconductor industry. Tariffs, export controls, and political instability can lead to increased costs, restricted access to markets, and trade barriers, impacting the profitability and growth of semiconductor companies.
9. **Rising Manufacturing Costs:** The semiconductor manufacturing process involves significant capital investments, and costs associated with research, development, and fabrication facilities are substantial. Factors such as increasing labor costs, equipment expenses, and raw material prices can impact the overall profitability of semiconductor companies.
10. **Shortage of Skilled Workforce:** The semiconductor industry requires highly skilled professionals, including engineers, researchers, and technicians. However, there is a shortage of talent with the necessary expertise in certain regions. This scarcity can impede technological advancements and innovation in the industry.  
Semiconductor companies must remain vigilant, adapt to evolving threats, invest in research and development, implement robust security measures, and maintain flexibility in their operations to mitigate these risks and ensure long-term success

#### Threats to the Company:

1. Further to the incentives announced by the India Semiconductor Mission for Assembly, Test, Mark & Packaging units for providing Capex subsidy up to 50% with a minimum threshold investment of Rs.50Cr, few Companies have registered themselves for availing benefits out of this scheme. Hence your Company will have Competitors in near future within India.
2. Government of India has withdrawn the export incentives offered to the Company. Your Company is striving to reinstate the above benefits by taking up the case with appropriate government bodies in India.
3. Rising Employees costs and Energy costs & Pricing pressure from Customers

#### Financial Performance

The financial performance is covered in the Directors' Report and can be referred there.

#### Financial Ratios :

Financial Ratios	31-Mar-23	31-Mar-22
Current Ratio (in times)	1.20	1.24
Debt-Equity Ratio (in times)	0.51	0.59
Debt Service Coverage Ratio (in times)	0.28	4.91
Return on Equity Ratio (in %)	-6.24%	-24.21%
Inventory turnover ratio (in times)	0.22	0.84
Trade Receivables turnover ratio (in times)	7.68	0.21
Trade payables turnover ratio (in times)	0.56	0.38

<b>Financial Ratios</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
Net capital turnover ratio (in times)	0.78	0.58
Net profit ratio (in %)	-27.67%	-134.58%

**Notes :**

- The Company has infused funds and minimized certain debts and hence there is reduction in Debt-equity ratio.
- The Company has incurred losses due to stock write off and hence there is drop in return on equity.
- The net profit is due to increase in other comprehensive income for the unsecured loan interest amount adjustment as per IND AS requirements.
- The changes in Inventory turnover and Receivables turnover is due to accounting policy change reported and the movement of amount reflected under Trade receivables head to Finished goods inventory.
- Improvement in Return on Capital employed is also due to other Comprehensive income reported for last FY 2022-23
- There is reduction in net worth by Rs.3.21 Crores due to loss for last FY 2022-23

**Internal Control Systems and their Adequacy**

The CEO and CFO certification provided in the Annual Report discusses the adequacy of our internal control systems and procedures.

**Information Technology**

The company has taken necessary precautions towards ensuring safe operation of Internal servers and to prevent from any forms of Cyber-attacks.

**Material Developments in Human Resources/Industrial Relations Front, including number of People Employed**

Your Company values its human resource as the most significant asset and the key focus is to attract, retain and develop talent as a resource. Your Company provides a congenial working atmosphere which will foster creative thinking. As part of manpower development and to enhance operational efficiency, training programmes have been organised for employees at all levels, wherever necessary.

The HR programmes of the Company focus on building capabilities and engaging employees through various initiatives to help the organisation consolidate and achieve sustainable future growth for the business. The details of human resource development measures taken by the Company are also covered in the Directors' Report and can be referred to in the said Report.

The total strength of the Company as on 31st March, 2023: 138

**Note-**Risks and Concerns are covered under Opportunities and Threats.

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

**Date:14.08.2023**

**Place: Chennai**

**K. Ravi Kumar**

**Director**

**DIN: 00119753**

**P. Balamurugan**

**HO & WTD**

**DIN :07480881**

## INDEPENDENT AUDITOR'S REPORT

To the members of **SPEL Semiconductor Limited**  
Report on the Audited Financial Statements

### Qualified Opinion

We have audited the accompanying standalone financial statements of **SPEL Semiconductor Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Qualified Opinion

i) We refer to Note 2(A)(ii) of the accompanying statement where in the Company has stated that it has changed its accounting policy with regard to Revenue recognition Ind AS 18 as recommended by Audit Committee and approved by Board. Prior to this change in accounting policy, the company is stated to have recognized goods invoiced and pending for acceptance, as sales in the years as follows:

2018 19	–	186.53 Lakhs
2019 20	–	2,760.78 Lakhs
2020 21	–	1,193.36 Lakhs
2021 22	–	615.89 Lakhs
2022 23 (Q1 & Q2)	–	1,713.29 Lakhs

These amounts were classified under Sundry debtors amounting to Rs. 4,756.58 Lakhs in the balance sheet as on 31-03-22 and as Rs. 6,469.86 Lakhs in un-audited balance sheet as on 30-06-22. It is stated by the management that consequent to the change in accounting policy the goods in respect of above sales which were in the premises of the company and subject to acceptance by customers have since been reclassified as Inventory to the extent of Rs 5,499.38 Lakhs. The Company has provided for impairment of Rs. 714.92 Lakhs and disclosed Rs. 4,784.47 Lakhs as closing finished goods Inventory as at 31-03-2023. On account of this change in accounting policy and after considering the impairment of Rs. 714.92 Lakhs the loss for this year is Rs. 451.77 Lakhs. Had this change not been made the loss for the year would have been lower by Rs. 971.91 Lakhs, the Sundry debtors would have been higher

by Rs. 6,469.86 Lakhs and the Inventories would have been lower by Rs. 4,784.47 Lakhs. The inventories are not verified by us at 31-03-2023 in view of the fact that, our appointment as Statutory Auditors of the company was made only during the month of May 2023.

ii) Attention is drawn to Note 2.2 of the accompanying statement where in the Company has incurred the losses and generated negative cash flows during the period under review and in earlier years. The above indicates that a material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern. Pending resolution of the above uncertainty, the Company has prepared the aforesaid statement on going concern basis.

Hence it is qualified by us in the basis for qualification section of our report on the standalone financial results.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures thereto but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with financial statements, or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

**1.** As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the matters specified in basis for qualified opinion paragraph.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”. Our

report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The company has disclosed the impact of pending litigations on its financial position in "**Annexure B**".
- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. No amounts were required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.  
(d) The Company has not declared or paid any dividend during the year Hence we don't comment on the compliance with section 123 of the Companies Act, 2013.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure C**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

for **Venkatesh & Co.**,  
Chartered Accountants  
FRN: 004636S  
**CA Dasaraty V**  
Partner  
M No: 026336

ICAI UDIN: 23026336BGULFZ3273  
Chennai., 27<sup>th</sup> June 2023



## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of SPEL Semiconductor Limited of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of SPEL Semiconductor Limited (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Venkatesh & Co.,**  
Chartered Accountants  
FRN: 004636S  
**CA Dasaraty V**  
Partner  
M No: 026336

Chennai., 27<sup>th</sup> June 2023

**SPEL Semiconductor Limited**

## Annexure B - Pending litigations against the company

S No	Basis of Litigation	Case ID	Date	Particulars	Amount	Status
1	Employee Benefits	NCLT CP(IB)\248 \ 2022	08-12-2022	NCLT- Chennai bench- case by petitioner (K. V. Ravindran,E.No : 845 & other 26 ex-employees)		₹15L paid on Apr 25, 2023 & another ₹15L planned on or before Jul 7, 2023; Hearing posted on Jul 15, 2023
2	Income tax dispute	ITA 104 / CHNY / 2020	17-01-2020	Income tax demand of Rs. 378.84 for the FY 2011 12	3,78,84,386	Pending with AO; Case disposed by ITAT in favour of the company on 05/04/2022
3	Income tax dispute	ITA 105 / CHNY / 2020	17-01-2020	Income tax demand of Rs. 152.57 for the FY 2014 15	1,52,57,730	Pending with ITAT; Hearing adjourned to 06/07/2023
4	Income tax dispute	28/04	31-03-2016	Income tax demand of Rs. 72.77 for the FY 2012 13	72,77,266	CIT appeals
5	Income tax dispute			Income tax demand of Rs. 658.65 for the FY 1999 20	65,53,000	Madras High Court

## ANNEXURE 'C' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **SPEL Semiconductor Limited** of even date)

i. In respect of the Company's fixed assets:

(a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.

B) In respect of Intangible Assets, there were no intangible Assets hence reporting under this clause is not applicable.

(b) The Company has a program of verification to cover all the items of fixed assets in a phased manner covering all assets once every 3 years which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, we were informed that, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) In our opinion and according to the information and explanations given to us and the records examined by us, the title deeds of all the immovable properties disclosed in the financial statements are held in the name of the company.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder

ii. a) In our opinion and according to information provided to us, the inventories have been physically verified during the year by the Management and no material discrepancies were noticed during the physical verification.

b) The Company has not availed any working capital loan during the previous year and hence the reporting under this clause is not applicable.

iii. The Company has not made investments in, companies, firms, Limited Liability Partnerships, and granted unsecured loans to other parties, during the year, in respect of which:

(a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a) of the Order is not applicable.

(b) The company has not made investments (or) granted loan during the year and hence reporting under this clause is not applicable.

(c) The Company has not provided any loans or advances in the nature of loans and hence reporting under this clause is not applicable.

(d) The Company has not provided any loans or advances in the nature of loans and hence reporting under this clause is not applicable.

(e) The Company has not provided any loans or advances in the nature of loans and hence reporting under this clause is not applicable.

(f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.

iv. In our opinion and according to the information and explanations given to us, the Company has not made investments in, granted any loans, secured or unsecured, furnished guarantees or provided security to any party covered by provisions of sections 185 and 186 of the Companies Act, 2013. Hence reporting on whether there is a compliance with the said provisions does not arise.

v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2023 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under clause 3 (vi) of the order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has not been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, and other material statutory dues applicable to it with the appropriate authorities and the arrears of such dues outstanding as at 31/03/2023 for a period of more than six months from the date they became payable are:

(₹ in lakhs)

#	Name of the statute	Nature of dues	Amount
1	Employees Provident fund Act, 1952	EPS payable	5.04
2	Employees Provident fund Act, 1952	EDLI payable	31
3	Employees Provident fund Act, 1952	Delayed Interest on EPF payable	141.44
4	Income Tax Act, 1961	Income tax payable	39.7
5	Income Tax Act, 1961 (TDS)	Traces Defaults	52.55
6	Service tax	Service tax payable	24.05
7	Goods & Services tax	GST RCM payable	136.43
8	Professional tax	Professional tax payable	12.28

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income tax, Sales tax, Service tax, Duties of customs, Duties of Excise, Value added tax which have not been deposited on account of any dispute, except the following

(₹ in lakhs)

#	Name of the statute	Nature of dues	Amount	Period	Forum where dispute is pending
1	Income tax Act, 1961	Income tax	65.53	AY 00 01	Madras High Court
2	Income tax Act, 1961	Income tax	378.84	AY 12 13	Assessing Officer
3	Income tax Act, 1961	Income tax	72.77	AY 13 14	CIT Appeals
4	Income tax Act, 1961	Income tax	152.58	AY 15 16	Income Tax Appellate Tribunal

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon. Hence reporting under clause 3 (ix)(a) of the Order is not applicable.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) The term loans have been utilized by the company for the same purpose for which the loan has been sanctioned and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have, prima facie, been used during the year for long-term purposes by the Company.

(e) The Company is not having any subsidiaries and hence reporting under this clause is not applicable.

(f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies and hence reporting on clause 3 (ix)(f) of the Order is not applicable.

x. (a) The Company has not raised monies by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3 (x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of Preference shares and hence reporting under this clause is not applicable.

xi. (a) To the best of our knowledge and according to the information and explanations given to us, No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report

- (c) The Company has not received any complaints from whistle blower during the year (and upto the date of this report).
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards
- xiv. (a) The Company has separate internal audit system; the existing internal controls are commensurate with the size and the nature of its business.
- (b) The reports of Internal auditor for the audit period have been considered by the Statutory Auditor.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The company has incurred cash losses in the financial year amounting to Rs. 56.82 lakhs and in the immediately preceding financial year an amount of Rs. 778.58 lakhs.
- xviii. There has been resignation of the statutory auditors during the year. The auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention (except for the matters specified in basis for qualified opinion paragraph), which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. According to the information and explanations given to us, provisions of section 135 of Companies Act 2013 are not applicable to the Company. Hence, reporting under clause 3(xx)(a) & 3(xx)(b) of the Order is not applicable.

xxi. According to the information and explanations given to us, reporting under clause 3(xxi) of the Order is not applicable as the company is not a Holding Company.

for **Venkatesh & Co.,**  
Chartered Accountants  
FRN: 004636S

**CA Dasaraty V**  
Partner  
M No: 026336

Chennai., 27<sup>th</sup> June 2023



**Balance Sheet as on 31, Mar 2023**
**(Amount in Rs. L)**

	31-Mar-23	31-Mar-22
<b>Assets</b>		
<b>A) Non-Current Assets</b>		
a) Property, Plant and Equipment and Intangible assets		
--- (i) Property, Plant and Equipment	28,70.26	38,28.09
--- (ii) Intangible assets	-	-
b) Investment Property	48,96.42	48,96.42
c) Financial Assets		
--- (i) Others	56.57	47.70
<b>Total Non Current Assets</b>	<b>78,23.25</b>	<b>87,72.21</b>
<b>B) Current Assets</b>		
a) Inventories	50,57.48	52,32.48
b) Financial Assets		
--- (i) Trade Receivables	1,85.26	1,05.56
--- (ii) Cash and Cash Equivalents	0.41	0.72
--- (iii) Others	-	1,21.32
c) Other Current Assets	2,12.21	5,07.54
d) Assets held for sale	30,79.81	24,78.29
<b>Total Current Assets</b>	<b>85,35.18</b>	<b>84,45.91</b>
<b>Total Assets</b>	<b>1,63,58.43</b>	<b>1,72,18.12</b>
<b>EQUITY &amp; LIABILITIES</b>		
<b>A) Equity</b>		
a) Equity Share Capital	46,13.25	46,13.25
b) Other Equity	3,39.74	6,61.09
<b>Total Equity</b>	<b>49,53.00</b>	<b>52,74.34</b>
<b>B) Liabilities</b>		
<b>Non - Current Liabilities</b>		
a) Financial Liabilities		
--- (i) Borrowings	19,09.48	24,81.62

--- (ii) Others	1,08.63	1,24.18
b) Provisions	1,69.63	2,62.57
c) Deferred tax liabilities (Net)	20,13.64	21,72.89
d) Other non-current liabilities	91.37	99.36
<b>Total Non - Current Liabilities</b>	<b>42,92.75</b>	<b>51,40.62</b>
<b>Current Liabilities</b>		
a) Financial Liabilities		
--- (i) Borrowings	6,21.24	6,53.61
--- (ii) Trade Payables		
total outstanding dues of micro enterprises and small enterprises; and	1.99	2.30
total outstanding dues of creditors other than micro enterprises and small enterprises	6,38.42	10,48.40
--- (iii) Others	1,00.82	6,80.22
b) Other Current Liabilities	56,16.47	43,69.67
c) Short Term Provisions	1,33.74	48.96
<b>Total Current Liabilities</b>	<b>71,12.68</b>	<b>68,03.16</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,63,58.43</b>	<b>1,72,18.12</b>

The accompanying notes form an integral part of the financial statements (Note No: 3)

For and Behalf of the Board

for **Venkatesh & Co.,**  
Chartered Accountants  
FRN: 004636S

**K Ravikumar**  
Director  
DIN: 00119753  
**P Balamurugan**  
Director  
DIN: 07480881

**S Chandramohan**  
Director  
DIN: 00052571  
**G Venkatesan**  
Chief Financial Officer

**CA Dasaraty V**  
Partner  
M No: 026336

**S Sivaraman**  
Company Secretary

Chennai., 27th June 2023

**Statement of Profit and Loss for the Year Ended 31st March, 2023**

		(Amount in Rs.Lakhs)	
S No	Particulars	31-Mar-23	31-Mar-22
I	Revenue from Operations	11,16.46	9,48.68
II	Other Income	6,96.10	1,35.73
III	<b>Total Income (I+II)</b>	<b>18,12.55</b>	<b>10,84.41</b>
IV	<b>Expenses</b>		
	Cost of materials consumed	6,68.47	5,04.50
	Changes in inventories of finished goods, Stock in trade, Work in Progress	(12,73.05)	(6,15.34)
	Employee Benefits Expense	7,48.66	7,04.34
	Finance costs	2,56.12	1,21.94
	Depreciation and amortisation expense	3,94.95	4,69.23
	Other expenses	5,77.98	5,80.54
	<b>Total Expenses</b>	<b>13,73.13</b>	<b>17,65.22</b>
V	Profit / (loss) before exceptional items and tax	4,39.42	(6,80.81)
VI	Exceptional Items	(8,91.19)	(5,67.00)
VII	Profit / (Loss) before tax	(4,51.77)	(12,47.81)
VIII	Tax Expense:		
	(i) Current Tax	-	-
	(ii) Deferred Tax	(1,59.25)	28.93
	(iii) Prior period Taxes	16.39	-
IX	Profit (Loss) for the period from continuing operations	(3,08.90)	(12,76.72)
X	Profit (Loss) for the period from discontinued operations	-	-
XI	Profit (Loss) for the period	(3,08.90)	(12,76.72)
XII	Other Comprehensive Income	(12.44)	(32.82)
XIII	Total Comprehensive Income	(3,21.35)	(13,09.54)
XIV	Earnings Per Share: (In ₹)		
	(1) Basic	(0.67)	(2.77)
	(2) Diluted	(0.67)	(2.77)

The accompanying notes form an integral part of the financial statements (Note No: 3)

As per our report of even date attached

for **Venkatesh & Co.,**  
Chartered Accountants  
FRN: 004636S

**CA Dasaraty V**  
Partner  
M No: 026336

Chennai., 27th June 2023

**For and on Behalf of the Board**

<b>K Ravikumar</b> Director DIN: 00119753	<b>S Chandramohan</b> Director DIN: 00052571
<b>P Balamurugan</b> Director DIN: 07480881	<b>G Venkatesan</b> Chief Financial Officer
<b>S Sivaraman</b> Company Secretary	

**Cash Flow Statement for the Year Ended 31st March, 2023**

Amount In Rs.Lakhs

Particulars	31-Mar-23	31-Mar-22
<b>Cash Flows From Operating Activities:</b>		
Profit/ (loss) for the year	(3,08.90)	(1,2,76.72)
<b>Non cash &amp; Non - operating items</b>		
<b>Add:</b>		
Deferred tax	(1,59.25)	28.93
Depreciation & Amortisation Expenses	3,94.95	4,69.23
Bad & doubtful debts/advances provided	0.04	0.09
Foreign exchange (gains)/losses	33.38	0.18
Finance costs	2,34.59	86.41
<b>Less:</b>		
Credit balances written back	-	-
Interest received	7.74	12.29
Rent Income	1,35.95	1,23.27
Profit on sales of PPE	1.91	-
<b>Cash Flow Before Working Capital changes:</b>	<b>49.20</b>	<b>(8,27.45)</b>
<b>Change in operating assets and liabilities</b>		
Adjustments for changes for		
(Increase)/decrease in Inventories	1,75.00	(6,53.56)
(Increase)/decrease in Trade receivables	(80.46)	(2,06.13)
(Increase)/decrease in Other non current & current financial assets	1,12.45	(1,07.92)
(Increase)/decrease in Other non current & current assets	2,78.94	(72.92)
Increase/(decrease) in Trade payables	(4,10.30)	1,29.76
Increase/(decrease) in Other non current & current financial liabilities	(5,94.94)	55.04
Increase/(decrease) in Other non current & current liabilities	1,84.31	(4,72.22)
Increase/(decrease) in Non current & current provisions	(20.49)	(40.53)
<b>Cash generated from operations</b>	<b>(3,06.28)</b>	<b>(21,95.92)</b>

Less : Income taxes paid (net of refunds)	16.39	15.28
<b>Net Cash Generated From Operating Activities (A)</b>	<b>(3,22.67)</b>	<b>(22,11.19)</b>
<b>Cash Flow from Investing Activities:</b>		
Purchase of PPE (including changes in CWIP)	(50.33)	(3,81.00)
Advance for sale of capital asset	10,54.50	23,80.00
Interest received	7.74	12.29
Rent received	1,35.95	1,23.27
Sale of PPE	13.60	-
Movement in other bank balances	-	-
<b>Net Cash flow used in Investing Activities (B)</b>	<b>11,61.46</b>	<b>21,34.56</b>
<b>Cash Flow from Financing Activities:</b>		
Proceeds from/ (repayment of) borrowings	(6,04.50)	1,42.62
Finance costs	(2,34.59)	(66.39)
<b>Net Cash flow used in Financing Activities (C)</b>	<b>(8,39.09)</b>	<b>76.23</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents: (A+B+C)</b>	<b>(0.31)</b>	<b>(0.41)</b>
Cash and cash equivalents at the beginning of the financial year	0.72	1.15
Exchange difference relating to foreign currency cash on hand	-	(0.02)
<b>Cash and cash equivalents at end of the year</b>	<b>0.41</b>	<b>0.72</b>
Components of cash and cash equivalents		
Balances with banks (in current accounts)	-	0.28
Cash in Hand	0.41	0.44
	<b>0.41</b>	<b>0.72</b>

1. The cash flow statement has been prepared in accordance with the requirements of Indian Accounting Standards issued by the Institute of Chartered Accountants of India.
2. Cash flows have been reported using the indirect method, whereby the net profit is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments, segregating between cash flows.

3. Significant cash and cash equivalent balances held by the enterprise are available for use by the company.

for **Venkatesh & Co.,**

Chartered Accountants

FRN: 004636S

**CA Dasarthy V**

Partner

M No: 026336

**For and on Behalf of the Board**

**K Ravikumar**

Director

DIN: 00119753

**P Balamurugan**

Director

DIN: 07480881

**S Sivaraman**

Company Secretary

**S Chandramohan**

Director

DIN: 00052571

**G Venkatesan**

Chief Financial  
Officer

Chennai., 27th June 2023

<b>A. Other Equity as on Mar 31, 2023 (in Rs.L)</b>	Reserves & Surplus			Total as on 31-03-23
Particulars	General Reserve	Other comprehensive Income	Securities Premium Reserve	
Balance at the Beginning of the Current Reporting Period	3,87.25	2,26.50	47.35	6,61.10
Changes in accounting Policy/prior period errors	0.00	0.00	0.00	0.00
Additions: Profit of Current Reporting period	-3,08.90	0.00	0.00	-3,08.90
Total Comprehensive Income for the year	0.00	-12.44	0.00	-12.44
Dividends	0.00	0.00	0.00	0.00
Transfer to Retained Earnings	0.00	0.00	0.00	0.00
Premium on Equity Shares issued during the year	0.00	0.00	0.00	0.00
Balance at the End of the Current Reporting Period	78.35	2,14.06	47.35	3,39.75
<b>Other Equity as on Mar 31, 2022</b>	Reserves & Surplus			Total as on 31-03-22
Particulars	General Reserve	Other comprehensive Income	Securities Premium Reserve	
Balance at the Beginning of the Current Reporting Period	16,63.97	2,59.32	47.35	19,70.64
Changes in accounting Policy/prior period errors	0.00	0.00	0.00	0.00
Additions: Profit of Current Reporting period	-12,76.72	0.00	0.00	-12,76.72
Total Comprehensive Income for the year	0.00	-32.82	0.00	-32.82
Any Other Change	0.00	0.00	0.00	0.00
Dividends	0.00	0.00	0.00	0.00
Transfer to Retained Earnings	0.00	0.00	0.00	0.00
Premium on Equity Shares issued during the year	0.00	0.00	0.00	0.00
Balance at the End of the Previous Reporting Period	3,87.25	2,26.50	47.35	6,61.10

Nature and purpose of Reserves:

- i) General Reserve represents accumulated profits earned by the Company and remaining undistributed as on date.
- ii) Other Comprehensive Income is the reserve in accordance with provisions of Indian Accounting Standards
- iii) Securities Premium Reserve represents the premium on issue of equity shares and can be utilized in accordance with the provisions of Companies Act, 2013
- iv) (\*) Affected component of equity on voluntary change in accounting policy (Ind AS 18 - Revenue Recognition) for the earliest period presented. Refer to Note No: 2 A) of Annual Accounts



**B. Deferred Tax for the Year Ended as at 31st March, 2023**

(₹ in lakhs)

<b>Deferred Tax</b>		
<b>Particulars</b>	<b>Amount</b>	<b>Amount</b>
	<b>31-Mar-23</b>	<b>31-Mar-22</b>
<b>Deferred tax assets</b>		
Provision for gratuity	2,25.09	
Provision for compensated absences	38.60	
Non remittance/Payment of Statutory dues	17.33	
Provision for interest made in books	2,39.37	
Other comprehensive Income - Gratuity	12.44	
Timing difference		5,32.82
<b>Deferred tax liabilities</b>		
<b>Land</b>		
WDV as per Companies Act, 2013	98,79.29	
WDV as per Income tax Act, 1961	92.66	
Timing difference		97,86.63
<b>Tangible assets (Other than land)</b>		
WDV as per Companies Act, 2013	9,39.36	
WDV as per Income tax Act, 1961	4,91.08	
Timing difference		4,48.28
<b>Deferred Tax Liability / (Assets)</b>		<b>(20,13.64)</b>
(at the effective tax rate of 26.00%)		
Deferred tax Asset (Opening balance) as on 01/04/2022		21,72.89
Deferred tax Asset (Closing balance) as on 31/03/2023		20,13.64
<b>To be Added / Deduct With Opening DTA</b>		<b>1,59.25</b>

<b>C. Current Financial Assets - Cash and Bank Balances (Rs.in Lakhs)</b>		
<b>Cash &amp; Cash Equivalents</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
<b>Particulars</b>		
Cash on Hand	0.41	0.44
Balances with banks		
-- In current accounts	-	0.28
<b>Total</b>	<b>0.41</b>	<b>0.72</b>

<b>D. Revenue from Operations (Rs.in L)</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
<b>Particulars</b>		
Revenue from Sales		
-- Export Sales	11,03.54	9,28.05
Revenue from Services	12.92	20.63
<b>Total</b>	<b>11,16.46</b>	<b>9,48.68</b>

<b>E. Exceptional items (Rs. in L)</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>
<b>Particulars</b>		
Termination Compensation for Employees	-	(5,67.00)
Stock Written Off - WIP - IC	(5,52.11)	-
Stock Written Off - FG	(7,14.92)	-
Credit balances written back	3,75.84	-
<b>Total</b>	<b>(8,91.19)</b>	<b>(5,67.00)</b>

## Notes to Financial Statements for the year ended March 31, 2023

### Note 1: Corporate Information

SPEL Semiconductor Limited (“the Company”) is a public limited company incorporated and domiciled in India and governed by the Companies Act, 2013 (“Act”). The Company’s registered office and factory is situated at 5, CMDA Industrial Estate, MM Nagar, Chennai, Tamil Nadu, India. SPEL is India’s 1<sup>st</sup> and only semiconductor IC (Integrated Circuit) Assembly & Test facility based in Chennai. SPEL has been servicing the demanding US market for over 20 years now.

### Note 2: Basis of preparation of financial statements

#### A) Basis of preparation and presentation

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (‘the Act’) (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except,

i) where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use;

and

ii) During the year the company has changed its accounting policy “Revenue Recognitions - Ind AS 18” as follows:

(a) The Company had in the earlier years accounted for sales when the product is shipped to customer or appropriated in term of sale. This policy has been changed as under “Revenue from sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally when the product is shipped to the customer and accepted by the customer”.

(b) Consequent to this change in accounting policy, the sale made in earlier years and forming part of receivables of ₹ 6,469.86 lakhs is reclassified as inventories at cost of ₹ 5,499.38 lakhs, as these were in premises of the Company and were yet to be accepted by the customers. The Company has also considered an impairment of ₹ 714.92 lakhs on these inventories. On account of this change & after considering the impairment the loss for the year is higher ₹ 971.91 lakhs, the inventories are higher by ₹ 4,784.47 lakhs and receivables are lower by ₹ 6,469.86 lakhs.

The details of such sales, receivables & resultant inventories are as under: (₹ in Lakhs)

<b>Year ended</b>	<b>Sundry Debtors</b>	<b>Inventories</b>
31-03-2023	17,13.29	14,56.30
31-03-2022	6,15.90	5,23.51
31-03-2021	11,93.36	10,14.36
31-03-2020	27,60.78	23,46.67
31-03-2019	1,86.53	1,58.56
<b>Total</b>	<b>64,69.86</b>	<b>54,99.39</b>

(c) the amount of adjustment relating to periods before those presented were given effect to opening balance of Other Equity under the row "changes in accounting policy/prior period errors" with an amount of ₹ 621.10 Lakhs. (Refer to Note 5.2 of Annual Accounts)

#### **B) Use of Estimates**

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

The estimates and assumptions used in these Ind AS financial statements are based on management's evaluation of the relevant facts and circumstances as of the date of the Ind AS financial statements. The actual amounts may differ from the estimates used in the preparation of the Ind AS financial statements and the difference between actual results and the estimates are recognised in the period in which the results are known/materialise.

#### **C) Functional and presentation currency**

These financial statements are presented in Indian Rupees in Lakhs, which is the Company's functional currency.

#### **D) Current and Non-Current Classification:**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.

- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period,

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified 1 month as its operating cycle.

### **Note 3: Significant Accounting Policies**

#### **Inventories: (Ind AS 2)**

Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of cost or net realizable value.

Cost of raw materials, stores, spares, consumable tools and traded goods comprises cost of purchases and includes taxes and duties and is net of eligible credits under GST scheme. Cost of work-in-progress, work-made components and finished goods comprise direct materials, direct labour and an appropriate proportion of variable and fixed overheads, which is allocated on a systematic basis. Cost of inventories also includes all other related costs incurred in bringing the inventories to their present location and condition

Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Cost of inventories are determined as follows:

- Raw materials, stores, spares, consumable tools, traded goods: on moving weighted average basis; and
- Work-in-progress and finished goods: on moving weighted average basis plus appropriate share of overheads.

Cost of obsolete / non-moving inventories is provided based on policy adopted from transition date (April 1, 2016) which is as under:

Raw Materials, Consumables and spare parts non-moving over two years are provided in statement of profit and loss. Work-in-progress and finished goods non-moving over considerable period of time are provided in statement of profit and loss.

#### **Cash Flow Statement: (Ind AS 7)**

Cash flows are reported using the indirect method, where by profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

#### **Taxes on Income: (Ind AS 12)**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognize directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **Property, Plant & Equipment: (Ind AS 16)**

Property, plant and equipment are stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit and Loss during the period in which they are incurred.

Gains or losses arising on retirement or disposal of property, plant and equipment are recognized in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

Freehold land is not depreciable, hence no depreciation charged to statement of profit and loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

<b>Type of Assets</b>	<b>Period</b>
Building	30 Years
Computer & Peripherals	3 Years
Plant & Machinery	15 Years
Office Equipment	5 Years
Furniture & Fittings	8 Years

#### **Revenue Recognition: (Ind AS 18)**

##### **Sale of goods:**

Revenue from sale of products is recognized at the point in time when control of the asset is transferred to the customer, generally when the product is shipped to the customer and accepted by the customer.

Revenue is measured at the fair value of the consideration received or receivable.

##### **Sale of services:**

Revenue from services is recognized on completion of the service in accordance with the terms of contract and upon customer acceptance.

##### **Other income:**

Other income is comprised primarily of interest income. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

#### **Employee Benefits: (Ind AS 19)**

##### **Retirement benefit costs and termination benefits:**

Payments to defined contribution plans i.e., 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 when the services are rendered by the employees.

For defined benefit plans i.e. Company's liability towards gratuity (partly funded), other retirement/ terminations benefits and compensated absences, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are comprised of:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement of net defined benefit liability/ asset pertaining to gratuity comprise of actuarial gains/ losses (i.e. changes in the present value resulting from experience adjustments and effects of changes in actuarial assumptions) is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss.

#### **Short term Employee Benefits:**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

In respect of Gratuity, the Company offers a non-contributory defined benefit plan to its Employees. The liability for the same, as at the year end, is provided for on the basis of Actuarial Valuation. The entity is operating through SPIC Electronic & System Limited Gratuity fund for all payments related to gratuity and the trust accounts are subjected to audit.

In respect of Provident fund, the employees and the company make fixed monthly contributions to the SPEL Semiconductor Limited Provident Fund equal to a specified percentage of the covered employee's salary. The interest rate payable by the Trust to the beneficiaries is being notified by the aforesaid Trust every year which is not less than the interest rate notified by the Government of India under the Employees Provident Fund Scheme. The Company has an obligation to make good the shortfall, if any, in the fund.

#### **Foreign Currency Transactions: (Ind AS 21)**

- a) Transactions in foreign currencies are initially recorded by the Company at the functional



b) currency spot rates at the date at which the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

c) Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

d) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

e) Loss on Foreign exchange (recognized in P&L a/c) – 33.38 Lakhs

f) Earnings in Foreign Currency – 982.38 Lakhs (\$ 17,14,411.44)

g) Expenditure in foreign currency – 17.46 Lakhs (\$ 24,700)

h) Value of Imports (on C.I.F basis) – 553.32 Lakhs (\$ 6,76,724.63)

### **Borrowing Costs: (Ind AS 23)**

Borrowing cost include interest computed using effective interest rate method, amortisation of ancillary costs incurred and exchange differences from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset is capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

**Related Party Disclosure: (Ind AS 24)**

## a) List of parties having significant influence

Ultimate Holding Company : Natronix Semiconductor Technology PTE LTD  
(Singapore)

Fellow Subsidiaries : Natronix Semiconductor Technology Private Limited

Key Managerial Personnel : i) P.Balamurugan (#) - HO & WTD  
ii) G Venkatesan - Chief Financial Officer  
iii) S Sivaraman - Company Secretary  
iv) D.Balakrishnan(\*) - CEO & WTD

# Appointed as Whole–Time-Director w.e.f 14th of February 2023

\* Resigned as CEO w.e.f 01<sup>st</sup> January 2023.

## b) Transaction with related parties (Other than KMP):

(₹ in lakhs)

Name of the Related Party	Nature of Relationship	Nature of Transaction	FY 22 23	FY 21 22
Natronix Semiconductor Technology PTE LTD (Singapore)	Ultimate Holding Company	Business Promotion	-	99.03

## c) Transaction with related parties (KMP):

(₹ in lakhs)

Name of the Related Party	Nature of Transaction	FY 2022 23	FY 2021 22
P Balamurugan	Director Remuneration	17.02	-
G Venkatesan	CFO Remuneration	5.13	4.71
S Sivaraman	CS Remuneration	6.10	6.57
D Balakrishnan	Director Remuneration	16.05	23.71

### Earnings per Share & Diluted Earnings per Share (Ind AS 33)

The basic earnings per share are computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

(₹ in lakhs)

Particulars	2022-23	2021-22
Opening No. of Shares	4,61,17,443	4,61,17,443
Total No. of shares	4,61,17,443	4,61,17,443
Profit After Tax	(3,08.90)	(12,76.72)
Earnings Per Share (in ₹)	(0.67)	(2.77)
Diluted Earnings per Share (in ₹)	(0.67)	(2.77)

### Impairment of Assets: (Ind AS 36)

At the end of each reporting period, the Company determines whether there is any indication that its assets (property, plant and equipment, intangible assets) have suffered an impairment loss with reference to their carrying amounts. If any indication of impairment exists, the recoverable amount (i.e. higher of the fair value less costs of disposal and value in use) of such assets is estimated and impairment is recognised, if the carrying amount exceeds the recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

### Provisions, Contingent Liabilities and Contingent Assets (Ind AS 37)

## **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are discounted, if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Necessary provision for doubtful debts, claims, etc., are made if realisation of money is doubtful in the judgement of the management.

## **Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. Contingent liabilities are disclosed separately.

Show cause notices issued by various Government authorities are considered for evaluation of contingent liabilities only when converted into demand.

## **Contingent Assets**

Where an inflow of economic benefits is probable, the Company discloses a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect. Contingent assets are disclosed but not recognized in the financial statements.

Details of contingent liabilities and contingent assets are tabulated as follows

₹ in Lakhs		
Particulars	2022-23	2021-22
<b>Contingent Liabilities</b>		
Claims against the Company not acknowledged as debt in respect of:		
<b>i) Income Tax Dues:</b>		
AY 2000 01	65.53	65.53
AY 2012 13	3,78.84	3,78.84
AY 2013 14	72.77	72.77
AY 2015 16	1,52.58	1,52.58
AY 2017 18	6,58.65	6,58.65
	<b>13,28.38</b>	<b>13,28.38</b>
<b>ii) Service Tax</b>		
AY 1991 92	2.61	2.61
AY 1992 93	19.27	19.27
AY 1993 94	9.61	9.61
AY 1996 97	1.13	1.13
Less: acknowledged as debt in books of accounts	-24.05	-24.05
	<b>8.56</b>	<b>8.56</b>
<b>iii) SEBI Penalty</b>	16.89	16.89
	<b>16.89</b>	<b>16.89</b>
<b>Contingent Assets</b>		-
<b>Excess of Contingent Liability over Contingent Assets</b>	<b>13,53.83</b>	<b>13,53.83</b>

#### **Non - Current Assets Held for Sale: (Ind AS 105)**

Non-current assets or disposal groups comprising of assets and liabilities are classified as 'held for sale' when all of the following criteria's are met:

- i. Decision has been made to sell.
- ii. The assets are available for immediate sale in its present condition.
- iii. The assets are being actively marketed and
- iv. Sale has been agreed or is expected to be concluded within 12 months of the Balance Sheet date.

Subsequently, such non-current assets and disposal groups classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortized.

## Operating Segment Reporting (Ind AS 108)

The company is engaged in the business of "wafer sort, assembly, test and drop-shipment services of IC chips." and therefore, has reported under each reportable segment as per Ind AS 108 "Operating Segments"

### Information relating to Geographical Areas

#### a. Revenue from External Customers

(₹ in Lakhs)

Particulars	31-03-2023	31-03-2022
India	12.92	20.63
Other than India (Foreign Countries)	11,03.54	9,28.05
<b>Total</b>	<b>11,16.46</b>	<b>9,48.68</b>

#### b. Non - current assets

The assembly and testing facilities of the Company is situated in India and no non-current assets are held outside India.

#### c. Information about major customers

##### Clients individually accounted for more than 10% of turnover during the year

(₹ in Lakhs)

Name of the Party	Amount
Renesas Electronics	1,25.06
Syrma SGS Technology Limited	2,19.20

## Financial Instrument: (Ind AS 109)

### Financial Assets:

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

On initial recognition, a financial asset is recognized at fair value, in case of financial assets which are recognized at fair value through profit and loss (FVTPL), their transaction costs are recognized in the statement of profit and loss. In other cases, the transaction costs are attributed to the acquisition value of the financial asset.

Financial assets are subsequently classified as measured at

- amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVOCI).

Financial assets are not reclassified subsequent to their recognition, except if and in the period the Company changes its business model for managing financial assets.

#### **Trade Receivables and Loans:**

Trade receivables are initially recognized at fair value. Subsequently, these assets are held at amortized cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

*Provision of Expected Credit Loss (ECL) as per Ind AS 109 has not been considered in the books of accounts for the receivables outstanding for a period of more than six months.*

#### **Equity Instruments:**

All investments in equity instruments classified under financial assets are initially measured at fair value; the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. A fair value change on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognized in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'other income' in the Statement of Profit and Loss. The Company does not have any investments in equity instruments as on balance sheet date.

#### **Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

#### **Impairment of Financial Asset:**

Expected credit losses are recognized for all financial assets subsequent to initial recognition other than financials assets in FVTPL category. For financial assets other than trade receivables, as per Ind AS 109, the Company recognizes 12 month expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. The Company's trade receivables do not contain significant financing component and

loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e., expected cash shortfall. The impairment losses and reversals are recognised in Statement of Profit and Loss.

## **Financial Liabilities**

### **Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost

unless at initial recognition, they are classified as fair value through profit and loss. In case of trade payables, they are initially recognised at fair value and subsequently, these liabilities are held at amortised cost, using the effective interest method.

### **Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss is measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss.

### **Derecognition**

A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

### **Leases: (Ind AS 116)**

Leases in which a substantial portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments and receipts under such leases are recognised to the Statement of Profit and Loss on a straight-line basis over the term of the lease unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term.

### **Note 8: Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.

**Note 9: Disclosures required by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 are as under \***



- (a) The principal amount remaining unpaid at the end of the year – **Rs. 1.99 lakhs**
- (b) The delayed payments of principal amount paid beyond the appointed - **Nil**
- (c) Interest actually paid under Section 16 of MSMED Act - **Nil**
- (d) Normal Interest due and payable during the year, for all the delayed payments, as per the agreed terms – **Rs. 14.38 lakhs**
- (e) Total interest accrued during the year and remaining unpaid – **Rs. 0.87 lakhs**

\* This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Note 10:**

In compliance with Notification issued by Government of India (MCA) on amended format of Schedule III vide its order dated 24<sup>th</sup> March 2021, the figures appearing in financial statements have been rounded off to nearest lakhs (for both current and previous reporting periods).

**Note 11:**

Previous year's figures have been re-classified/ re-grouped as found where ever necessary.

**For and on Behalf of the Board**

for **Venkatesh & Co.,**

Chartered Accountants

FRN: 004636S

**K Ravikumar**

Director

DIN:  
00119753

**S.Chandramohan**

Director

DIN: 00052571

**CA Dasaraty V**

Partner

M No: 026336

Chennai., 27th June  
2023

**P.Balamurugan**

Director

DIN:  
07480881

**G Venkatesan**

Chief Financial  
Officer

**S Sivaraman**

Company  
Secretary