



CREATING NEW BENCHMARKS OF PERFORMANCE



STATEMENT TO SHAREHOLDERS BY
M.S. RANA
CHAIRMAN AND MANAGING DIRECTOR
DURING 9th AGM HELD ON 11th NOVEMBER 2014

Ladies and Gentlemen,

On behalf of the Board of Directors and on my behalf, I would like to extend a very warm welcome to all of you to the 9th Annual General Meeting of the Security Printing and Minting Corporation of India Limited (SPMCIL). The notice of AGM, Directors Report and Audited Accounts for the year ended 31st March, 2014 are already with you and with your permission, I take them as read.

Ever Highest Production of Circulating Coins of 7650 mpcs

OPERATIONAL PERFORMANCE
Your Company has achieved all the targets in the production of Bank Notes, Coins, Security Products (Passports, NUSPs, Postal Products and other Security Products) and production of the Raw Materials (Security Inks and Security Paper) during the year 2013-14. While achieving the ever highest targets SPMCIL has also increased productivity per employee considerably as per the details given below:

Your Company has produced 8018 million pieces of the Bank Notes in 2013-14 against the target of 7260 million pieces. This is 8.05% higher than the production of 7421 million pieces of the Bank Notes during last year. Production of the Bank Notes per employee has increased to 2.01 million pieces as against 1.88 million pieces achieved during last year. These are the highest ever figures achieved in the history of the Bank Note Presses. Your Company has produced 7650 million pieces of the Circulating Coins during the year 2013-14 as against the target of 7015 million pieces. This is 14.04% higher than the production of 6708 million pieces achieved during last year. Production of Coins per employee has increased to 2.26 million pieces in 2013-14 as against 1.88 million pieces achieved during last year. These are the highest ever figures achieved in the history of Mints.



Your Company has produced 604 Metric Tonnes (MT) of the Inks in 2013-14 from the Ink Factory Dewas as against 484 MT of Inks produced during 2012-13. This is 24.79% higher than the previous year production. Now, SPMCIL Presses have become self-sufficient in numbering, offsets and intaglio Inks.

Ever Highest Production of Bank Notes of 8018 mpcs

The Security Paper Mill, Hoshangabad has produced 3240 MT of Security Paper in 2013-14 as against 2925 MT produced during 2012-13. This is the fourth year in succession that the Paper Mill has met the target despite the paper machinery being about 45 years old.

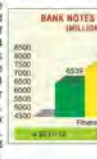
FINANCIAL PERFORMANCE

The Sales turnover of your Company has increased to ₹3797.61 crores in 2013-14 from ₹2625.17 crores in 2012-13 registering a growth of 4.75% over the previous year. The Sales per employee during 2013-14 has increased by 7.72% to ₹30.98 lacs from ₹28.76 lacs during the year 2012-13 primarily due to increase in the production during 2013-14. Despite the increase in overall production and productivity per employee, the Net Profit of your Company during the year 2013-14 has decreased as compared to previous year 2012-13. This is mainly because Revenue from Operations during 2013-14 has been adjusted by making provision for rate difference of Coins and Postal items, increase in cost of paper due to lotus variation, increase in salary and wages, whereas, actual selling prices of Coins and Bank Notes have remained unchanged.

However, the MoU rates of Coins and Bank Notes are provisional and final rates for Coins and Bank Notes are being finalized by the Ministry.

Ever Highest Production of Security Paper of 3240 MT

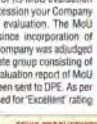
The phase-II modernisation of the Ink Factory at Dewas has been taken up. At present, SPMCIL is self-sufficient in production of the offset, intaglio and numbering Inks. The work of new paper line at Hoshangabad is going on as per schedule. After acceptance tests, production is likely to start before the year end. Three Nos. of Multi-stroke Metal Presses one each at India Government Mint at Dherghat, Mumbai & Kolkata have been commissioned. One Gold Refining Plant has been commissioned at India Government Mint, Mumbai and one Silver Refining Plant at India Government Mint, Chertalpa. One PVD coating machine for coin dies has been commissioned at India Government Mint, Noida. Bank sorting machines in the Mints have been commissioned. These Bank sorting machines will improve the quality of the Coins banks thereby improving the quality of the Coins.



CSIR & SD projects as against the MoU target of ₹3.99 crore. SPMCIL has taken up various CSR projects in the areas of education, family welfare, health, rain-water harvesting, sanitation, renewable energy, roads, water supply and skill enhancement of the MSME personnel etc. Your Company has given about ₹2.50 crore to the Governments of Uttarakhnad, Andhra Pradesh, Golsia and Bihar towards floods and cyclone relief funds. All the CSR projects mentioned above have gone through the process of baseline survey and were duly monitored and evaluated by independent consultants.

Ever Highest Sales Turnover of ₹ 3797.61 crores

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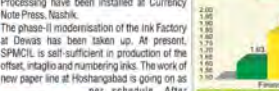
AWARDS
Your Company has been awarded Performance Excellence Award-2013 in Gold Enterprise category by Indian Institution of Industrial Engineering (IIE), Mumbai for its financial and operational performance. Bank Note Press, Dewas has been awarded the National Safety Award during September, 2014 by Hon'ble Union Minister of Labour & Employment both in the Category of Lowest Average Frequency Rate and Accident Free Year. Bank Note Press, Dewas is continuously getting this award since 1996 as a winner/runner-up based on Lowest Average Frequency Rate or Accident Free Year.

India Government Mint, Mumbai was awarded the Business Leadership Award - 2013 for Manufacturing Excellence for Coins and Medals in 2013.

MODERNISATION / INDIGENISATION

Continuing its momentum of modernisation and indigenisation, your Company has taken up various capital works as given below:
One Computer to offset Plate making (COP) machine has been installed at Currency Note Press, Nashik and another COP machine is in progress at Bank Note Press, Dewas. Two Nos. of Bank Note Processing Systems (BPS-2000) have been installed

BANK NOTES PRODUCTIVITY PER EMPLOYEE



CUSTOMER SATISFACTION

Continuing its pursuit of achieving excellence in the delivery of quality products and services, your Company has conducted Customer Satisfaction Survey through an independent consultant for the year. As per the independent report, Customer Satisfaction Index in 'Excellent' category has been achieved. To imbibe the findings of the Customer Satisfaction Survey and feed back received and measures to be taken for further improving the Customer Satisfaction, a workshop was held at India Security Press, Nashik in August, 2014.

CORPORATE GOVERNANCE

All the information as per DPE guidelines on Corporate Governance were placed before the Board. Your Company has duly constituted Audit Committee, Remuneration Committee and CSR & SD Committee. Being a security sensitive organisation Government has constituted SPMCIL Board consisting of four functional Directors, three Government nominees and three Customer nominees from Ministry of External Affairs, RBI and Department of Posts who have been treated as independent Directors. The compliance certificate has been obtained from the practicing Company Secretary regarding compliance of the guidelines on Corporate Governance by SPMCIL for the year 2013-14, which is annexed to the Directors Report. For fifth year in succession, CAG has issued NIL comments after review of the Annual Accounts of the Company.

Excellent MoU Ratings from 2009-10 to 2012-13 and poised for Excellent Rating for 2013-14

The overall industrial relations scenario during the year was cordial and peaceful. Training of the workmen, supervisors & executives has been taken as a thrust area. Promotion Policy for the executives and medical policy were implemented during the year. Training on Risk Management, new/advanced technology, SAP preventive maintenance were carried out as part of capacity building. Leadership Development Programme was conducted for about 28 Executives. Employee strength as on 31st March, 2014 has come down to 12557 as against about 18500 at the time of Corporation in February, 2006.

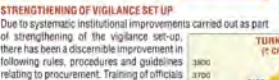
Reserves of ₹ 2860 crores as on 31.03.2014

Due to systematic institutional improvements carried out as part of strengthening of the vigilance set-up, there has been a discernible improvement in following rules, procedures and guidelines relating to procurement. Training of officials and vigilance staff has been taken-up to enhance their capacity in implementation of CVC guidelines. The net result of preventive vigilance initiatives has been reduction in complaints, increased follow up of systematic procedures thus bringing in more transparency, economy and efficiency in SPMCIL's operations. With the approval of the CVC, Integrity Monitors have been appointed in SPMCIL.

STRENGTHENING OF VIGILANCE SET UP

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TURNOVER PER EMPLOYEE (₹ LAKHS)



Business Scenario

During September 2014, RBI has substantially raised the indents of Coins for 2014-15 to 2018-19 ranging from 13.45 billion pieces in 2014-15 to more than 16.10 billion

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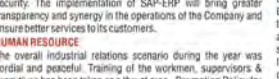
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NIL comments from C&A for 2013-14 for the fifth year in succession

Similarly during September, 2014, RBI has given the indents of Bank Notes for 2014-15 to 2018-19 which are about 40% to 50% higher. It will require investments in replacement of the old Printing Lines and creation of additional capacity both in Bank Note Press, Dewas and Currency Note Press, Nashik. Board has already sanctioned two Printing Lines and for creation of additional capacity the investment proposal is being brought before the Board for approval.

Excellent grading for Corporate Governance for 2013-14 for the fourth year in succession

The proposal for Capital Restructuring of SPMCIL, has been taken up with the Administrative Ministry. The approval of Competent Authority to the Capital Restructuring is awaited.

ACKNOWLEDGEMENTS

I would like to acknowledge with deep sense of appreciation the cooperation received from the Government of India, particularly from the Ministry of Finance, Reserve Bank of India, Ministry of External Affairs, Ministry of Home Affairs, Department of Posts, Department of Public Enterprises, Ministry of Labour, Department of Pension and Family Welfare and various State Governments. I am also thankful to my colleague Directors for their valuable inputs, continued support and guidance. I would also like to acknowledge with thanks the constructive suggestions received from Comptroller & Auditor General of India and the Statutory Auditors. Lastly, I would also like to place on record the sincere appreciation of the devotion and commitment of all executives and employees of the Company.

Excelsior

Jai Hind.

(M.S. Rana)
Chairman & Managing Director

Place: New Delhi
Date: 11th November, 2014

Note: Extracts from the Chairman's Speech at the 9th Annual General Meeting of SPMCIL, held on the 11th day of November, 2014 at New Delhi. This does not purport to be a record of the proceedings of the Annual General Meeting.

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LTD.

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