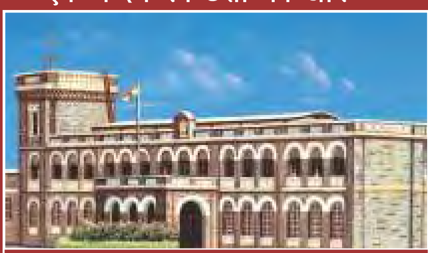
11 वार्षिक रिपोर्ट
ANNUAL REPORT
2015-16

स्वच्छ भारत
एक कदम स्वच्छता की ओर


India Security Press, Nashik


Currency Note Press, Nashik


Bank Note Press, Dewas


India Govt. Mint, Kolkata


India Govt. Mint, Noida


India Govt. Mint, Hyderabad


India Govt. Mint, Mumbai


Security Paper Mill, Hoshangabad


Security Printing Press, Hyderabad

SPMCIL

भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण निगम लिमिटेड

Security Printing and Minting Corporation of India Ltd.

Our Network

NEW DELHI

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New Delhi – 110 001, INDIA
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Web : www.spmcil.com

NOIDA

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DEWAS

Bank Note Press
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NASHIK

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Web : http://spphyderabad.spmcil.com

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HYDERABAD

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Fax : 91-40-27262951
Email : igm.hyderabad@spmcil.com
Web : http://igmhyderabad.spmcil.com

Vision

To be leader in manufacturing of currency, coins and security products through process excellence and innovation.

Mission

Achieve market leadership by:

- *Developing state-of-the-art currency, coins and diversified security products in a transparent, cost-effective and efficient manner by leveraging core competency and building design capabilities;*
- *Constantly focusing on benchmarking, process automation, applied R&D indignization and the triple bottom line of people, planet and profit; and*
- *Ensuring employees, customers and stakeholders delight.*

CONTENTS

BOARD OF DIRECTORS

(As on 21st December, 2016)

Shri Praveen Garg	Chairman and Managing Director
Shri Ajai Kumar Srivastav	Director (Technical)
Shri S.K. Sinha	Director (HR)
Dr. Saurabh Garg	Joint Secretary (I&C), Department of Economic Affairs, Ministry of Finance
Ms. Meera Swarup	Joint Secretary and Financial Advisor, Ministry of Finance
Shri Arun K. Chatterjee	Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs
Shri Sudhir Kumar Saxena	Joint Secretary (IS-I), Ministry of Home Affairs
Shri P. Vijaya Kumar	Chief General Manager, Department of Currency Management, Reserve Bank of India
Shri Niraj Kumar	Deputy Director General (Philately), Department of Posts

SENIOR MANAGEMENT

(As on 21st December, 2016)

Shri S.K. Jha	Chief Vigilance Officer
Shri Sudhir Sahu	General Manager, India Security Press, Nashik Road (Maharashtra)
Shri M.C. Bylappa	General Manager, Bank Note Press, Dewas (M.P.)
Shri S.P. Varma	General Manager, Currency Note Press Nashik Road (Maharashtra)
Shri T.R. Gowda	General Manager, Security Paper Mill, Hoshangabad (M.P.)
Shri Sanjeeva Ranjan	General Manager, India Government Mint, Kolkata (W.B.)
Shri Sandeep Jain	General Manager, India Government Mint, Hyderabad (Telangana)
Shri R. Haripanth	General Manager, India Government Mint, Mumbai (Maharashtra)
Shri G.P. Agarwal	General Manager, India Government Mint, Noida (U.P.)
Shri Ramakant Dixit	General Manager, Security Printing Press, Hyderabad (Telangana)
Shri Sanjai Maheshwari	Chief Financial Officer

STATUTORY AUDITORS

M/s. Batra Sapra & Co.
Chartered Accountants New Delhi

SECRETARIAL AUDITORS

M/s. J.K. Gupta & Associates,
Company Secretaries, Delhi

COST AUDITORS

M/s. SKG and Company
Cost Accountants, Delhi

COMPANY SECRETARY

Shri Sachin Agarwal

STATEMENT TO SHAREHOLDERS BY SHRI PRAVEEN GARG, CHAIRMAN AND MANAGING DIRECTOR DURING 11th AGM HELD ON 21st DECEMBER, 2016

Shri Praveen Garg, CMD

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 11th 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, 2016 are already with you and with your permission, I take them as read.

OPERATIONAL PERFORMANCE

Your Company has achieved the targets in production of Coins, Security Inks and other Security Products during the year 2015-16 and has also increased productivity per employee. However, the production of Bank Notes is comparatively less in the financial year 2015-16 due to some technical problems noticed in the initial production of Security Paper through the newly commissioned paper line at Security Paper Mill (SPM), Hoshangabad causing bottleneck in production of Bank Notes.

Your Company has produced 9254 million pieces of the Circulating Coins which is 16.71% higher than last year's production of 7929 million pieces. Productivity per employee has increased to 3.07 million pieces in 2015-16 as against 2.47 million pieces achieved during last year.

Your Company has produced 809 Metric Tonnes (MT) Security Inks which is 54.10% higher than last year's production of 525 MT of Security Inks. Productivity per Employee has increased to 10.93 MT as against 5.83 MT achieved during the last year. In case of Security Paper, your Company has produced 3816 MT of Security Paper in 2015-16. This is 16.84% higher than the production of 3266 MT of the Security Paper during the last year, 2014-15. Production of the Security Paper per employee is 3.07 MT in 2015-16.

Your Company has produced 7150 million pieces of the Bank Notes in 2015-16 as against 8358 million pieces of the Bank Notes produced during the year 2014-15. Production of the Bank Notes per Employee has decreased to 1.93 million pieces in 2015-16 as against 2.12 million pieces achieved during the previous year.

FINANCIAL PERFORMANCE

The Sales turnover of your Company has increased to ₹4647.57 crores in 2015-16 from ₹4413.85 crores in 2014-15 registering a growth of 5.30% over the previous year. The Sales per Employee during 2015-16 has increased by 12.27% to ₹42.05 lacs from ₹37.46 lacs during the year 2014-15. The company has reported a net profit of ₹203 crores in the year 2015-16 as compared to a net loss of ₹352 crores in the year 2014-15.

Finalisation of Capital Structure of the Company

The DEA, Ministry of Finance vide letter no. 3/2/2008-Cy.III/SPMC dated 09.02.2015 had finalized the capital structure of your Company effective from the financial year 2015-16. Accordingly, a sum of ₹1182.44 crores has been transferred to unsecured term loan from Ministry of Finance on 01.04.2015 along with transfer of a sum of ₹334.00 crores to Capital Reserves. The further Equity Share Capital amounting to ₹1182.44 crores was allotted to President of India represented by Joint Secretary (I&C), DEA, Ministry of Finance on 22.03.2016 and consequently the paid-up equity share capital of the company has increased to ₹1182.49 crores as on 31.03.2016.

DIVIDEND

The Board of Directors has recommended a Final Dividend @ 30% of post-tax profits of the Company for the year 2015-16 aggregating to ₹73 crores plus applicable Dividend Distribution Tax. An amount of ₹20.30 crores has been transferred to General Reserve in compliance of the provisions of Companies Act, 2013. The Company has made a request to the Administrative Ministry for grant of exemption from payment of dividend upto 5% of the Net Worth of the Company pursuant to guidelines on Capital Restructuring issued by DIPAM.

MoU PERFORMANCE

Your Company has been granted the Excellent rating by the Department of Public Enterprises (DPE) for its MoU evaluation for the year 2014-15. This is the sixth year in succession your Company has been adjudged Excellent in its MoU evaluation. For the year 2015-16, the self-evaluation report of MoU duly approved by Board and Ministry has been sent to DPE.

MODERNISATION / INDIGENISATION

During the year 2015-16, your Company has taken many modernization and capacity augmentation initiatives. CNP, Nashik has installed one number of Computerized Random Numbering (CRN) system on one Super Numerota machine. The Cutlink machine one each at BNP, Dewas and CNP, Nashik has been installed and attached to BPS 2000. State-of-Art Paper Testing Laboratory has been installed at CNP, Nashik for post shipment Paper Testing. ISP, Nashik has taken-up the up-gradation of stitching machines from chain stitching to reverse & interlock stitching along with thread inspection system. SPP, Hyderabad has installed and commissioned one number of computerized perforating machine having inline Kiss-Cut facility for manufacture and supply of high quality postal & non-postal stamps. IGM, Mumbai has successfully installed and commissioned state-of-the-art computerized infrastructure for manufacturing of dies and matrices from 2D images to 3D image in engraving department. IGM, Mumbai has also undertaken the overhauling & up-gradation of Coining Presses & Packaging Lines which enhanced the productivity and efficiency of the Mint. IGM, Noida has created the facility of PVD coating technology of dies for circulating coins for increasing the life of dies.

RESEARCH & DEVELOPMENT (R&D)

A full-fledged R&D center for Paper, Pulp etc. has been established at SPM, Hoshangabad. Latest testing equipment & machinery has been procured and installed successfully in the R&D center. The projects undertaken under R&D activities are (i) introduction & optimization of suitable biocide program for recycled water to maintain and provide good quality recycled water for the process – reutilization; (ii) laboratory scale study to use of H2O2 in rag boiler along with NaOH during pulping process; (iii) study on development of lower grade value added paper product from recovered fiber of Effluent treatment plant (ETP); (iv) study on quality improvement of bank note paper in terms of cleanliness of paper.

HUMAN RESOURCE

The Manpower Strength in your Company has come down to 11,052 as on 31.03.2016 which includes 315 Executives, 1128 Supervisors and 9609 Workers working in 9 Units and Corporate office in comparison to previous year's employee strength of 11,784. Training and retraining of

Employees to upgrade functional skill and expertise along with development of their soft skill and group dynamics is a thrust area for the Company. Keeping the above broader objective in mind, 18.47% of Employees were trained during the year 2015-16 by the Units and Corporate Office.

VIGILANACE SET UP

Due to systematic institutional improvements carried out as a 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 have been reduction in complaints, increased follow up of systematic procedures thus bringing in more transparency, economy and efficiency in SPMCIL's operations.

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 Corporate Social Responsibility (CSR) Committee. The appointment of required number of Independent Directors is under consideration by the Administrative Ministry. The compliance certificate has been obtained from the practicing Company Secretary regarding compliance of the guidelines on Corporate Governance by SPMCIL for the year 2015-16, which is annexed to the Directors Report..

AWARDS

IGM, Mumbai has been awarded 2015 Leaders Award for achieving most promising manufacturing brand for coins and medals in India by Times Achievement. IGM, Mumbai has also been awarded 13th National Award for Excellence in Cost Management in Public Manufacturing, Large Category by 'The Institute of Cost Accountant of India' and TOLIC Award (2nd prize) for Hindi Implementation in the years 2015 & 2016. BNP, Dewas has been awarded with 'National Safety Award' for outstanding performance in Industrial Safety as Runner-up for the performance year 2013 in achieving Lowest Average Frequency Rate. SPMCIL's Project case study was selected to be featured in the prestigious Governance Now India PSU IT casebook 2016 for successful implementation of a complex IT ERP project.

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

Jai Hind!

Place: New Delhi
Date: 21st December, 2016

(PRAVEEN GARG)
Chairman & Managing Director

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Regd. Office: 16th Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi – 110 001
Phone: 011-23701225-26, Fax: 011 - 23701223
Email : info@spmcil.com, Website : www.spmcil.com
(CIN : U22213DL2006GOI144763)

NOTICE

Notice is hereby given that the 11th (Eleventh) ANNUAL GENERAL MEETING of the Members of Security Printing and Minting Corporation of India Limited will be held on Wednesday, the 21st day of December, 2016 at 1:30 pm at Registered Office of the Company situated at 16th Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi– 110 001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Standalone as well as Consolidated Financial Statements for the financial year ended March 31, 2016 together with the Reports of the Directors' and the Auditors' thereon.
2. To declare the payment of Final Dividend @ 30% of Post Tax Profits of the Company for the financial year 2015-16.
3. To fix the remuneration of the Auditors of the Company appointed by the Comptroller and Auditor General of India for the year 2016-17.

SPECIAL BUSINESS

4. **To ratify the remuneration of the Cost Auditors of the Company and in this regard 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 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force, the aggregate remuneration of ₹49,000/- inclusive of service tax, TA&DA and all applicable taxes payable to the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the units of the Company falling under purview of Cost Audit for the financial year ending March 31, 2016, be and is hereby ratified.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **To ratify the remuneration of the Cost Auditors of the Company and in this regard 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 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force, the aggregate remuneration of ₹31,000/- inclusive of service tax, TA&DA and all applicable taxes payable to the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the units of the Company falling under purview of Cost Audit for the financial year ending March 31, 2017, be and is hereby ratified.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

(SACHIN AGARWAL)
Company Secretary

Date: 21st December, 2016
Place: New Delhi

NOTES:

1. A Member entitled to attend and Vote is entitled to appoint a Proxy to attend and Vote instead of himself. Such Proxy need not be a member of the company. The Proxy form is enclosed.
2. Member/Proxy holder must bring the attendance slip to the meeting and hand it over, at the entrance of Meeting Hall, duly signed.

STATEMENT SETTING OUT THE MATERIAL FACTS RELATING TO THE SPECIAL BUSINESS IN PURSUANCE OF SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No.4

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. SKG & Co., Cost Accountant as Cost Auditors at an aggregate remuneration of ₹49,000/- (inclusive of service tax, TA&DA and all applicable taxes) to conduct the audit of the Cost records of the various units of the Company under the purview of Cost Audit for the financial year ending March 31, 2016.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought by passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2016. None of the Directors / Key Managerial Personnel of the Company are interested or concerned in the resolution.

Item No.5

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. Ajay Kumar Singh & Co., Cost Accountant as Cost Auditors at an aggregate remuneration of ₹31,000/- (inclusive of service tax, TA&DA and all applicable taxes) to conduct the audit of the Cost records of the various units of the Company under the purview of Cost Audit for the financial year ending March 31, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the members of the Company.

Accordingly, consent of the members is sought by passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2017. None of the Directors / Key Managerial Personnel of the Company are interested or concerned in the resolution.

By Order of the Board of Directors

Date: 21st December, 2016
Place: New Delhi

(SACHIN AGARWAL)
Company Secretary

DIRECTORS REPORT

TO THE MEMBERS

On behalf of the Board of Directors, it is my privilege to present the 11th Annual Report of the Company and Audited Annual Accounts for the financial year ended 31st March, 2016 together with the report of the Statutory Auditors and Review of the Comptroller & Auditor General of India thereon.

PHYSICAL PERFORMANCE

Your Company has achieved the targets in production of Coins, Security Inks and other Security Products during the year 2015-16. However, the production of Bank Notes is comparatively less in the financial year 2015-16 due to technical defects noticed in the initial production of Security Paper by the newly commissioned paper line at Security Paper Mill (SPM), Hoshangabad causing bottleneck in production of bank notes at CNP, Nashik.

Your Company has produced 9254 million pieces of the Circulating Coins and supplied 9257 million pieces of the Circulating Coins during the year 2015-16. This is 16.71% higher than the production of 7929 million pieces achieved during the previous year. Production of Coins per Employee has increased to 3.07 million pieces in 2015-16 as against 2.47 million pieces achieved during the previous year.

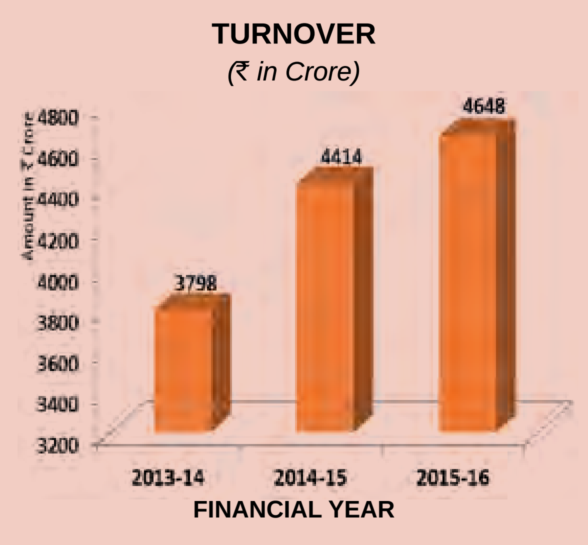
Your Company has produced 809 Metric Tonnes (MT) of the Security Inks in 2015-16 from the Ink Factory, Dewas against 525 MT of Inks produced during 2014-15. This is 54.10% higher than the production of Security Inks in the previous year. Production of Security Inks per employee has increased to 10.93 MT in 2015-16 as against 5.83 MT achieved during the previous year.

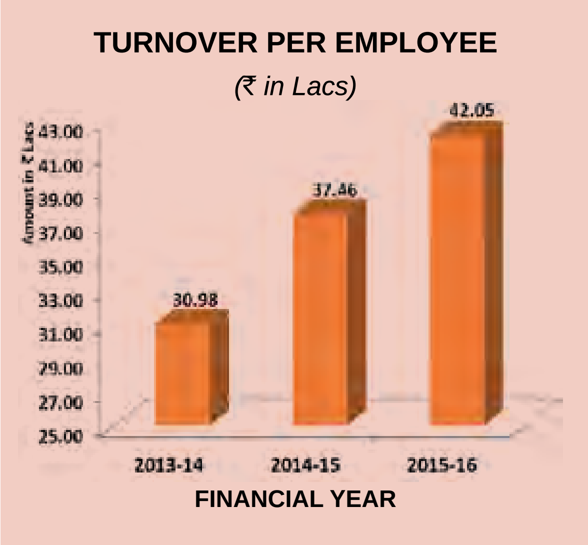
During the year 2015-16, SPM, Hoshangabad has produced 3816 MT of the Security Paper and supplied 2949 MT Security paper to the presses. This is 16.84% higher than the production of 3266 MT of the Security Paper during the last year. Production of the Security Paper per employee is 3.07 MT in 2015-16.

Your Company has produced 7150 million pieces of the Bank Notes and supplied 6785 Million pieces to RBI during the year 2015-16 as against 8358 million pieces of the Bank Notes during the last year, 2014-15. Production of the Bank Notes per employee has decreased to 1.93 million pieces in 2015-16 as against 2.12 million pieces achieved during the previous year, 2014-15. The decrease in the volume of Production / Sale of Bank Notes in F.Y. 2015-16 is on account of some technical defects noticed in the initial production of Security Paper through the newly commissioned paper line at SPM, Hoshangabad obstructing the production of Bank Notes at Currency Note Press (CNP), Nashik.

FINANCIAL RESULTS

The Sales Turnover of your Company has increased to ₹4647.57 crores in 2015-16 from ₹4413.85 crores in 2014-15 registering a growth of 5.30% over the previous year. The Sales per Employee during 2015-16 has increased by 12.27% to ₹42.05 lacs from ₹37.46 lacs during the year 2014-15. The company has reported a net profit of ₹203 crores in the year 2015-16 as compared to a net loss of ₹352 crores in the year 2014-15.





(₹ in crores)

Particulars	2015-16	2014-15
Sales Turnover	4647.57	4413.85
Revenue from Operations	4728.14	4516.88
Less: Rate Difference of Earlier Years	277.25	1163.10
Add: Provision written back	323.34	454.32
Adjusted Revenue from Operations	4774.23	3808.10
Add: Other Income	101.36	85.32
Less: Expenditure	4830.80	4169.73
Profit/(Loss) Before Extraordinary Items & Taxation	**44.79**	**(276.31)**
Add/Less: Prior Period Income/(Expenditure)	9.91	(5.46)
Profit/(Loss) after Extraordinary Items & Prior Period Item, before Taxation	**54.70**	**(281.77)**
Less: Tax Expense		
Provision for Current Tax	28.91	0.00
Provision for Deferred Tax	(148.38)	70.30
Taxes of Earlier Year	(28.91)	0.00
Profit /(Loss) after Taxation	**203.08**	**(352.07)**
Proposed Dividend & Tax	73.33	**0.00**
Transferred to General Reserve	20.31	**0.00**
Closing Balance	109.44	**0.00**

The prices of coins, bank notes and postal products for the purpose of finalization of annual accounts 2015-16 are based on the following:

Sl. No.	Products	Basis
1.	Coins	CAB Rates (F.Y. 2012-13) approved by Ministry of Finance
2.	Bank Notes	MoU Rates approved by Ministry of Finance for F.Y. 2015-16.
3..	Postal Products	CAB Rates (F.Y. 2013-14) approved by Ministry of Finance.

The prices taken into consideration while finalizing annual accounts for financial year 2015-16 are based on the most reliable estimates available and are in compliance of AS–9 on revenue recognition issued by Institute of Chartered Accountants of India (ICAI) and necessary accounting entries for price adjustment for difference amount shall be made in the year of cost ascertainment and its approval by Ministry of Finance.

Finalisation of Capital Structure of the Company

Ministry of Finance vide letter no. 3/2/2008-Cy.III/SPMC dated 09.02.2015 had finalized the capital structure of your Company as follows to be effective from the financial year 2015-16:

Sl. No.	Particulars	Amount (₹ Crores)
1.	Equity Share Capital	1182.44
2.	Repayable Loans	1182.44
3.	Capital Reserves	334.00

The account head "Funds from Govt. of India (Adjustable)" created during the time of corporatization was showing a balance of ₹2878.65 crores at the beginning of the year. A sum of ₹1182.44 crores has been transferred to unsecured term loan from Ministry of Finance on 01.04.2015 along with transfer of a sum of ₹334.00 crores to Capital Reserves. The further Equity Share Capital amounting to ₹1182.44 crores was allotted to President of India represented by Joint Secretary (I&C), DEA, Ministry of Finance on 22.03.2016 and consequently the paid-up equity share capital of the company has increased to ₹1182.49 crores as on 31.03.2016. The account "Funds from Govt. of India (Adjustable)" is still showing a balance of ₹179.77 crores as on 31.03.2016 which may be utilised to meet various contingent liabilities concerning legal cases of employees/workers, VAT/ Sales tax liability, and octroi liability, etc. pertaining to pre-corporatisation period subject to the approval of DEA, Ministry of Finance.

MOU PERFORMANCE

Your Company has been granted the "Excellent" rating by the Department of Public Enterprises (DPE) for its MoU evaluation for the year 2014-15. This is the sixth year in succession your Company has been adjudged Excellent in its MoU evaluation. For the year 2015-16, the self-evaluation report of MoU duly approved by Board and Ministry has been sent to DPE. As per self-evaluation report of MoU 2015-16, the Company is poised for 'Very Good' rating.

ACTIVITIES AT A GLANCE

Your company is operating through nine units of five production verticals i.e. India Government Mints, Currency Printing Presses, Ink Factory, Security Printing Presses and Security Paper Mill. A brief introduction of these verticals along with review of operational activities during the year 2015-16 is as follows:

1. MINTS

Your Company's four Mints are located at Mumbai, Hyderabad, Kolkata and Noida.

During the year 2015-16 the four mints have produced ever highest circulating coins of 9254 million pieces as against 7929 million pieces produced during the previous year. The production per employee during the current year has increased to 3.07 million pieces from 2.47 million pieces during the previous year. During the year 2015-16, the Mints also produced 6228 million pieces coin blanks as against 5837 million pieces produced during the previous year.

During the year 2015-16, the following commemorative coins were released by the Mints:-

(1) Birth Centenary of Swami Chinmayananda

(2) International Day of Yoga

(3) Birth Centenary of Rani Gaidinliu

(4) Birth Anniversary of Dr. S. Radhakrishan

(5) Golden Jubilee Celebration in honour of the Martyrs and War Heroes of 1965 Indo Pak war

(6) 3rd India Africa Forum Summit (IAFS-III)

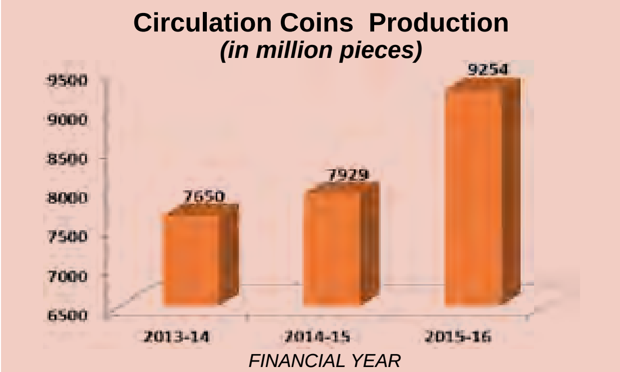
(7) 125th Birth Anniversary of Dr. B.R.Ambedkar

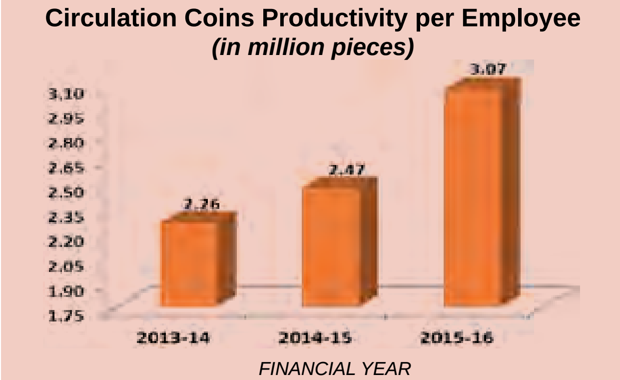
(8) 150th Birth Anniversary of Lala Lajpat Rai

(9) Birth Centenary of Biju Patnaik

(10) 125 Years of National Archives of India

(11) 150 Years of Allahabad High Court





During the current year, IGM, Noida has produced 3710 million pieces circulating coins as against 2970 million pieces in the previous year. IGM, Mumbai has produced 2151 million pieces of circulating coins in the current year as against 1888 million pieces in the previous year. IGM, Hyderabad has produced 1345 million pieces of circulating coins in the current year vis-à-vis 1329 million pieces produced during the previous year. IGM, Kolkata has produced 2048 million pieces of circulating coins as against 1741 million pieces produced in the previous year which reflects consistent improvement.

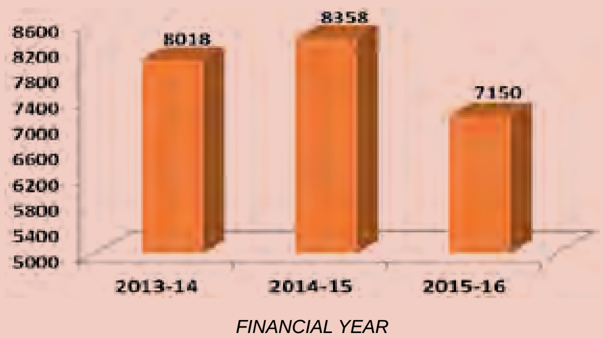
IGM, Mumbai has obtained the NABL accreditation certificate for Fire Assay of Gold and Assaying of Silver. Also IGM, Mumbai and IGM, Kolkata have obtained BIS Licence to use the standard mark for Gold Coins.

Apart from the above, IGM, Mumbai was entrusted with the job of manufacturing Indian Gold Coins under Gold Monetisation Scheme of Government of India with high quality standard and stringent security features. Accordingly, during the year 2015-16, IGM, Mumbai processed 550 Kgs. of Gold and produced Gold Coins of different weights of 5 gms., 10 gms. and 20 gms. of 999 fineness.

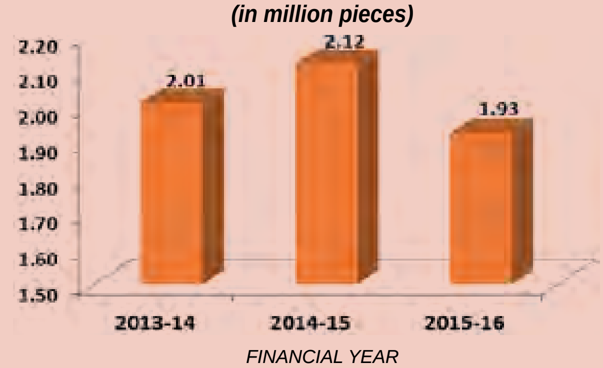
2. CURRENCY PRINTING PRESSES

There are two Currency Printing Presses i.e. Currency Note Press (CNP), Nashik and Bank Note Press (BNP), Dewas. CNP, Nashik has produced 4350 million pieces of Bank Notes in the year 2015-16 as against 5774 million pieces in the year 2014-15. CNP, Nashik has supplied 4012 million pieces of banknotes to RBI during the year 2015-16 as against 5559 million pieces of Bank Notes during the last financial year 2014-15. The production of Bank Notes at CNP, Nashik is comparatively low in the current financial year due to some technical defects noticed in the initial production of Security Paper through the newly commissioned paper line at SPM, Hoshangabad. BNP, Dewas has produced 2800 million pieces of Bank Notes in 2015-16 as against 2584 million pieces in the previous year 2014-15. BNP has supplied 2773 million pieces of Bank Notes to RBI during the year 2015-16 as against 2582 million pieces of Bank Notes during the last financial year 2014-15.

Bank Notes Production
(in million pieces)



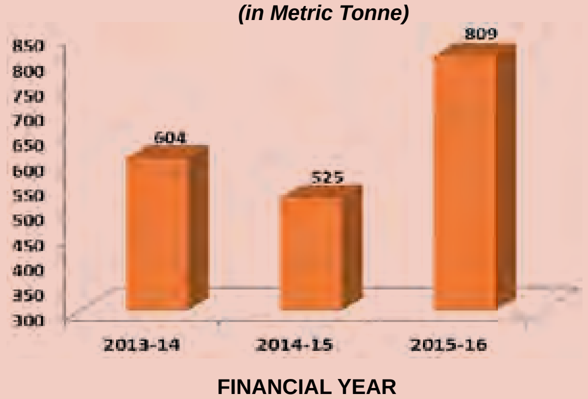
Bank Note Productivity per Employee
(in million pieces)



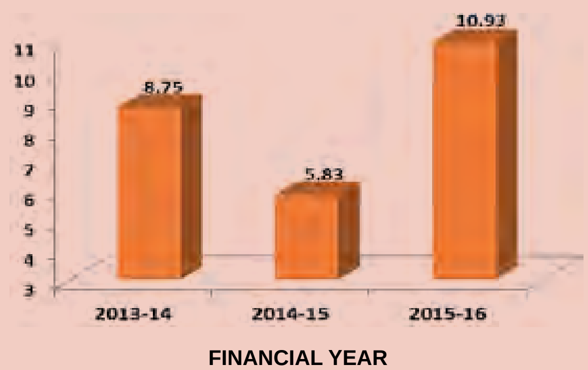
3. INK FACTORY AT DEWAS

The Phase-I modernisation of Ink factory at Dewas has been completed and Phase-II modernisation shall be completed by March, 2017. After modernisation of Phase-II, the capacity of Ink Factory will be increased to 1500 MT from existing 800 MT. Ink Factory is manufacturing Offset Ink, UV ink and Quickset Intaglio ink. During the year 2015-16, Ink Factory has manufactured 809.26 MT of Inks as against 524.88 MT of inks produced during the previous year 2014-15.

Security Inks Production
(in Metric Tonne)



Security Inks Productivity per Employee
(in Metric Tonne)



4. SECURITY PRINTING PRESSES

There are two Security Presses, i.e. India Security Press (ISP), Nashik and Security Printing Press (SPP), Hyderabad which are involved in the printing of various security products like Passport booklets, International Visa Stickers, Non-Judicial Stamp Papers (NJSPs), Postal Stamps & Stationeries, MICR Cheques, Excise Labels and other security documents.

During the year 2015-16, your company has printed 15.23 million travel documents/ passport booklets as against 10.67 million in the previous year. During the year 2015-16, your Company has printed 289.17 million pieces NJSPs.

5. SECURITY PAPER MILL

(a) Security Paper Mill, Hoshangabad

Security Paper Mill (SPM), Hoshangabad is responsible for manufacturing of different types of Security Papers. Security Paper manufactured by this unit is primarily used for Non-Judicial Stamps being printed by SPP, Hyderabad and ISP, Nashik.

One new paper line of 6000 MT capacity at SPM, Hoshangabad was started in May, 2015. Since there were issues in paper manufactured through the new paper line, the production of paper was stopped for about six months for attending process lapses through OEM.

During the year 2015-16, your company has produced 3816 MT of Security Paper and supplied 2949 MT Security Paper to the presses. This is 16.84% higher than the production of 3266 MT of the Security Paper during the last year. Production of the Security Paper per employee is 3.07 MT in 2015-16.

(b) Bank Note Paper Mill India Private Limited (BNPMIPL)

SPMCIL has setup a 50:50 Joint Venture in October, 2010 with Bhartiya Reserve Bank Note Mudran Pvt. Ltd. (BRBNMPL) in the name of Bank Note Paper Mill India Private Limited (BNPMIPL) to implement a Green-Field project of setting up of a bank note paper mill with capacity of 12000 MT per annum to bring two state of the art technology paper lines of capacity of 6000 MT per annum each. The commercial production from both the lines has commenced.

MODERNISATION AND CAPACITY AUGMENTATION

The details of the modernisation and capacity augmentation initiatives of the Company are as under:

Currency Presses

- CNP, Nashik a Unit of your Company, has installed one number of Computerized Random Numbering (CRN) system on one Super Numerota machine. After installation of CRN System, random numbering can be done hence, CNP, Nashik can do reverse as well as forward numbering as per the requirement. Thus the numbering for Cutpack as well as BPS can be done on the same machine.

CRN System

- One number of Cutlink machine each at BNP, Dewas and CNP, Nashik has been installed and attached to BPS 2000 machine. Single bank note examination section (BPS-2000) machine has been upgraded by installing Cutlink machine for automatic cutting and feeding operations. Now after installation of Cutlink machine, the cutting of numbered sheet is being carried out with less manpower and without any manual intervention, improving cutting accuracy as well.

Cutlink Feeding Unit

- State-of-Art Paper Testing Laboratory has been installed at CNP, Nashik for post shipment Paper Testing.
- Two Bank Note Printing Lines one each at CNP, Nashik & BNP, Dewas on replacement basis have been sanctioned by SPMCIL Board. The procurement of bank note printing and finishing lines consisting of offset printing machine, intaglio machine, numbering machine and finishing machine is in process.


Testing Laboratory

- Further the Board of Directors of your Company in its 67th meeting held on 8th December, 2015 had accorded its in-principle approval for procurement of two lines of Printing & Finishing Plant & Machinery one each at CNP, Nasik and BNP, Dewas to enhance the capacity of banknote printing. The procurement of these machines is in process

Ink Factory

- Procurement of plant & machinery for Ink Factory at BNP, Dewas to increase the capacity from 800 MT to 1500 MT by March, 2017 is in process.

Security Presses

- ISP, Nashik has taken-up the up-gradation of stitching machines from chain stitching to reverse & interlock stitching along with thread inspection system and enhancement of machine speed from 20 booklets to 35 booklets per minute. With this stitching method, the stiches of the Passport booklets will not be removable without giving clear indication of tampering and thus restricting the forgery.
- SPP, Hyderabad has installed and commissioned one computerized perforating machine having inline Kiss-Cut facility for manufacture & supply of high quality postal & non postal stamps.

Security Paper Mill

- A full-fledged R&D centre for Paper, Pulp etc. has been established at SPM, Hoshangabad. Latest testing equipment & machinery has been procured and installed successfully in the R&D centre. The following in-house project has been undertaken by SPM, Hoshangabad under R&D activities:
    - Introduction & optimisation of suitable biocide program for recycled water to maintain and provide good quality recycled water for the process –reutilisation.
    - Laboratory scale study to use of H2O2 in rag boiler along with NaOH during pulping process.
    - Study on development of lower grade value added paper product from recovered fibre of Effluent treatment plant (ETP).
    - Study on quality improvement of bank note paper in terms of cleanliness of paper.

Mints

- The project for capacity expansion of Mints by procurement of required plant & machinery for increasing minting capacity of circulating coins from 6000 million pieces to 13000 million pieces at the estimated cost of ₹350 crore (approx.) is in process. Further Board of Directors of your Company in its 68th meeting held on 22.03.2016 has approved the proposal for capacity expansion of Mints for production of additional 3100 million pieces of circulating coins per annum to meet the enhanced indents of RBI of 16100 million pieces.

- IGM, Mumbai successfully installed and commissioned state-of-the-art computerized infrastructure for manufacturing of dies and matrices from 2D images to 3D image in engraving department. IGM, Mumbai also upgraded art, design and PoP centre which is comparable to any reputed International Mint. IGM, Mumbai also added the Hobbing Press which is used for Die Hobbing, Gold & Silver Plating Plant and Induction Melting Furnace used for melting of precious metal.

- IGM, Mumbai has undertaken the overhauling & up-gradation of Coining Presses & Packaging Lines which has enhanced the productivity and efficiency of the Mint.
- IGM, Hyderabad added the Hobbing Press, Sealing Thermo Press TP3 and Gold & Silver plating plant.
- KROMAS Polishing Lines have been installed and commissioned at IGM, Hyderabad and IGM, Kolkata which are capable to pickle and polish with single chemical as compared to three chemicals in old machines.

- IGM, Noida has created the facility of PVD coating technology of dies for circulating coins for increasing the life of dies. IGM, Noida has also introduced TC Collars successfully which improved the serrations of the minted coins and the life of the collars has nearly doubled.

HUMAN RESOURCE MANAGEMENT

- Manpower in your Company has come down to 11,052 as on 31.03.2016 which includes 315 Executives, 1128 Supervisors and 9609 Workers working in 9 Units and Corporate office in comparison to previous year's employee strength of 11,784.
- By the decision of the Management, one time opportunity was given to qualified and experienced Supervisors of the Company to compete for the posts of Executives at E-1 and E-2 levels.

Training & Development

- Training and retraining of Employees to upgrade functional skill and expertise along with development of their soft skill and group dynamics is a thrust area for the Company. Keeping the above broader objective in mind, 18.47% of Employees were trained during the year 2015-16 by the Units and Corporate Office.
- An Executive Development Program for 6 days duration was conducted at NITIE, Mumbai in November 2015 participated by 28 nos. of Executives.
- Altogether, 263 Executives constituting 83.76% of Executives strength were trained during the year 2015-16. Likewise, 534 Supervisors constituting 47.94% of total strength of Supervisors and 1187 Workmen constituting 12.74% of total workmen strength were trained by the Company during the year 2015-16.

Industrial Relations

- Two meetings of the Apex Bipartite Forum were successfully conducted during the year 2015-16. The Industrial relations scenario in all Nine Units of the Company remained peaceful during the year.

Connecting with Employees

- A Corporate Office interaction with the SC/ST and OBC representatives from all nine Units of SPMCIL was effectively conducted in IGM Hyderabad on 14th September, 2015 followed by one day training programme on 15th September, 2015 on the theme "Sharing knowledge on ESS module with SC/ST and OBC Employees of SPMCIL".
- Women's Day was celebrated at Corporate Office, New Delhi.

Directives on Reservation Policy for Reserved Category Persons

Presidential Directives and other guidelines issued by the Department of Public Enterprises from time to time with regard to reservation in service for Schedule Castes, Scheduled Tribes, Other Backward classes and Physically challenged were meticulously followed. In accordance with para 29 of the Presidential Directive statistics relating to representation of SCs/STs/OBs as on 31.12.2015 in the prescribed proforma, SC/ST/OBC Report and representation of persons with Disability (PWD) in prescribed proforma PWD Report are attached at ***Annexure-I*** to the report.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT

Corporate Social Responsibility has been the cornerstone of success for your Company right from its inception. The Corporation sees itself as an essential part of society and is well aware of its responsibilities beyond financial considerations towards improving the quality of life of the communities at large. A report on your Company's CSR & Sustainability Activities during the year 2015-16 as per the provisions of the Companies Act, 2013 is enclosed at *Annexure-II* to this report.

The CSR & Sustainability Policy of the Company can be accessed at the website of the Company, i.e. www.spmcil.com.

IMPLEMENTATION OF OFFICIAL LANGUAGE

During the year 2015-16, Official Language Policy, Act, Rules etc. were fully complied with in the Corporate Office and in all the nine Units of the Company. All the documents required to be issued under Section 3(3) of Official Language Act, 1963 were issued in bilingual form invariably. Hindi Week was celebrated in the Corporate Office from 14.09.2015 to 18.09.2015 and activities such as Hindi Week, Hindi Fortnight and Hindi Month were celebrated with full enthusiasm in all the Units of your Company.

Quarterly meetings of the Official Language Implementation Committee are being held regularly in all the units. Unicode has been activated on computers to facilitate work in Hindi in Corporate Office and Units of the Company. Unicode specific workshops were conducted regularly to train the officers and employees to work in Hindi easily. In addition to this, following important jobs were carried out in the area of Official Language in your Company during 2015-16:-

Annual Programme

- Annual programme for implementation of Official Language issued by Department of Official Language was circulated for implementation in Corporate Office and all the nine Units of the Company. The aforesaid annual programme was reviewed in the quarterly meetings of OLIC held at Corporate Office.
- The position of Hindi correspondence remained appreciable in all the three Regions in all Units. IGM, Noida, IGM, Mumbai, IGM Kolkata, IGM Hyderabad and Security Printing Press, Hyderabad achieved their targets of correspondence prescribed by Ministry of Home Affairs, Govt. of India.

Official Language Inspection

- Inspections were carried out by the Parliamentary Committee on Official Language in IGM, Kolkata on 25.05.2015 and in IGM, Noida on 17.06.2015 successively. Action taken reports on the immediate assurance given by the Hon'ble Committee were complied with and accordingly, a compliance report was submitted to the office of the Hon'ble Committee.

- During the year 2015-16, inspections were also carried out by the Corporate Office at IGM, Noida on 20.11.2015, at IGM, Hyderabad on 09.03.2016 and at SPP, Hyderabad on 10.03.2016.

Official Language Training and Conference

- One day Hindi Training and Conference in respect of Officers and employees of Official Language of all the Units was held on 05.01.2016 at IGM, Kolkata under the aegis of Corporate Office.
- One day joint Hindi Workshop was conducted to create conducive environment for creating interest in Hindi and to increase the interest towards official language amongst officers and employees of all the Units on 06.01.2016 at IGM, Kolkata.
- Four employees were nominated for Hindi Stenography Training held by Department of Official Language, Government of India

Prizes and Awards

- IGM, Mumbai and IGM, Noida were awarded the second prize by TOLIC for excellent work done in the area of official language.
- IGM, Mumbai was awarded for Excellent Performance for Region 'B' in Official Language Seminar by Rajbhasha Sewa Sansthan.

VIGILANCE ACTIVITIES

- ***Vigilance set up:*** The Board of Directors of SPMCIL has approved the creation of 25 posts for the Vigilance Department of SPMCIL. 20 officers/staff are working in corporate office as well as in the units to look after Vigilance Work. Filling of other vacant posts is under process.
- The work of Preventive Vigilance has been given primary importance. Vigilance Department has been doing the important work of Annual Physical Verification of security items in the units. CTE type inspections are being conducted regularly. Process Audit of commemorative coins in the Mints has been conducted. There is a substantial improvement in online payment to the suppliers. Tenders and tender award details are being uploaded on website by the units in a regular manner. A system of online registration of complaints is also operative. Various initiatives have been taken in this period to undertake effective Vigilance work as summarized below.
- ***Impact/Achievement of Vigilance functions:***

  i) There has been a discernible improvement in following of rules, procedures and guidelines relating to procurement, tendering and other vigilance activities. Important circulars from Central Vigilance Commission have been compiled and explained to senior staff in the units by Vigilance Department.

  ii) There has been significant capacity building amongst staff working in vigilance, procurement work and finance functions.

  iii) Leveraging of information technology has been extensively used by uploading of tenders in downloadable form and post award details on web sites, increasing e-payment and the facility of registering complaints online.

  iv) Vigilance Department had assisted in framing the Procurement Manual of the Company which was approved by the Board and vetted by CVC and thereafter released by the then Hon'ble Union Finance Minister on 23.05.2011. This Procurement Manual has brought significant improvements in procurement practices.

v) On the basis of observations made by Vigilance Department in CTE type inspections, recoveries have been made in some cases from suppliers

- ***Dissemination of information pertaining to important CVC guidelines:*** Amongst others, information on monthly basis is collected on the subject of negotiations with L-1 in tenders, where samples are called along with tenders, uploading of tenders in downloadable form & publishing of post award details on websites, e-payments etc. This has the desired effect and yielded good results due to closer monitoring & supervision and also improving transparency in decision making..
- ***Integrity Pact:*** Initiative has been taken for adoption Integrity Pact (IP) in major Procurement activities in SPMCIL. The names have been approved by the Central Vigilance Commission on the panel of Independent External Monitors (IEM's) for SPMCIL. It has been introduced in SPMCIL for all tenders above a threshold value of ₹20 crores.
- ***Intensive Training of staff involved with procurement:*** Senior vigilance officials had periodical interaction meetings with the procurement staff/officers of the units to clarify the procurement issues including related SPMCIL/CVC guidelines.
- ***Training to vigilance officials:*** During the year, an in-house two days Induction training for newly deputed three Vigilance Executives (Six man-days) along with five days SAP overview training for five Vigilance Executives & eight Vigilance Assistants (65 man-days) were imparted. In all, 71 man-days of training were imparted during the period.
- ***Conduct of CTE type inspections by CVO:*** Ten CTE type inspections were conducted in line with CVC directives during the year. Based on the observations of the CTE type inspection reports, certain recoveries were made and few guidelines were also issued for future compliance to remove deficiencies noticed in the system. Further, seven advisories were issued based on the observations of CTE Type Inspection.
- ***Activities during Vigilance Awareness Week:*** The Vigilance Awareness Week was observed between (26th October to 31st October) 2015 highlighting the main focus of the week viz. "Preventive Vigilance as a tool of good governance". During the Vigilance Awareness Week, a Vigilance Flyer was released by the then CMD along with the Chief Guest of the programme, Dr. Usha Titus, IAS, JS & CVO, DEA, Ministry of Finance. Further, various activities like Interactive sessions with the executives, Workshops, Lectures/ Seminars by prominent faculty, competitions in schools, vendors/suppliers meet, slogan writing/ debate/painting/drawing/ quiz competitions etc. were conducted for increasing transparency and awareness amongst the stakeholders & school children also.

- ***Work relating to the Annual Physical Verification (APV) of stocks:*** As per the decision of DEA, MoF, this work is now being done by the Vigilance Department of SPMCIL w.e.f. 01.04.2010. During the year 2015-16, 12 such APVs were held in the units of SPMCIL. Based on the observations of the APV reports, certain recoveries were made and few guidelines were also issued for future compliance to remove deficiencies noticed in the system.
- ***Sensitive posts, Agreed list and list of officers of Doubtful Integrity:*** In compliance of the Instructions of CVC, the sensitive posts in the company have been identified and informed to CVC. Further, the officers on sensitive list are being transferred periodically. Preparation of Agreed list and the list of officers of Doubtful Integrity were complied with intimation to the

Central Vigilance Commission (CVC).

- ***Annual Property Returns:*** As a surveillance measure, Annual Property Returns (APRs) of the officials were subject to scrutiny and clarifications were sought wherever necessary. During the year, 127 numbers of APRs have been scrutinized.
- ***Disposal of Complaints:*** During the period, 47 complaints have been received in the Vigilance Department and 33 numbers of complaints have been disposed off and remaining 14 complaints are in process and under various stages of investigation. Based on the findings of investigation done by the Vigilance Department, Major Penalty advised to three officials and Minor Penalty advised to two officials. Advisory issued to 15 executives by the concerned Disciplinary Authority.
- ***Review of Performance:*** Performance of Vigilance Department was reviewed regularly by the CMD & Board of Directors of SPMCIL in addition to constant reviews undertaken by the CVO, SPMCIL as per prescribed norms.

ERP BASED INTEGRATED INFORMATION SYSTEM

SAP ERP Project Paardaksh - Towards stabilization & Process Improvement

The SAP-ERP system with SAP ERP core modules like Human capital Management (HR) along with various technical modules like Enterprise Portal (EP) & Business Intelligence (BI) were successfully upgraded and enhanced. The three critical BI reports were developed which are under rigorous User Acceptance Testing (UAT's), which once made Live will benefit SPMCIL with deep analytical insights related to Finance, Production, Inventory management and Human Capital Management.

Various systematic efforts are being made in the areas of maintaining & sustaining, process improvements and empowering SPMCIL's core group of end users. SPMCIL IT team had organized a comprehensive SAP/ERP in-house training for more than 350 users from across SPMCIL units in May-June 2016. SAP/ERP core modules like Production Planning (PP), Material Management (MM), Human Capital Management (HCM), Quality Management (QM), Plant Maintenance (PM) were part of the comprehensive training Program where SPMCIL's internal team of SAP Certified executives had lead the training to achieve a successful training program.

Keeping in line with the directions from the administrative Ministry, an IT ERP security audit was carried out by M/s KPMG India Limited (KPMG). The scope of audit was technically detailed and covered the overall SAP/ERP landscape. KPMG audit report observations primarily reinstated the fact that SPMCIL's SAP/ERP system is on its way to stabilization.

The IT team successfully integrated the security access system of Turnstile gates installed at SPM, Hoshangabad with the Attendance Management System (AMS) machines installed at the units. This is a great technical achievement to manage the seamless integration of both standalone systems without affecting the day to day operation of the unit and keeping data intact. The feasibility study for implementing E-procurement and mapping of vigilance department's requirement in an exclusive Vigilance Module is being carried out as an initiative for process improvement and keeping in line with the objectives of Project Paardaksh to bring transparency & synergy in the operations of the company.

INITIATIVES FOR IMPROVEMENT IN OPERATIONAL EFFICIENCY

Establishing a benchmark for optimum production capacity of Printing Presses and Mints

A committee was constituted by SPMCIL to examine the report of M/s. Strategic Management Group (SMG), New Delhi on benchmarking of Capacity Utilization and productivity benchmarking of SPMCIL Units. Accordingly, the committee examined SMG report of all the units regarding benchmarking for optimum production of Printing Presses and Mints vis-à-vis reply of the units regarding their optimum production capacity, recommendations of the Committee of SPMCIL constituted to determine Standard Manpower of the Units linked with Standard Output and last three years production data of Units of SPMCIL. The Committee submitted its report in the month of December, 2015 recommending the benchmark for optimum production capacity of Printing Presses and Mints. Establishing a benchmark for optimum production capacity of Printing Presses and Mints was also the part of MoU 2015-16.

Study of increasing the life of Bank Notes of ₹10 denomination by evaluation of different varieties of varnish coating by CNP, Nashik

CNP, Nashik a unit of SPMCIL has undertaken the study to increase the life of Bank Notes of ₹10 denomination by evaluation of different varieties of varnish coatings. The study will help and guide to take further trial in future to achieve improvement. This study was also part of the MoU 2015-16

Implementation of Biocide programme in recycled water system at SPM, Hoshangabad

SPM, Hoshangabad had carried out in-house project to introduce & optimize suitable biocide program for recycled water to maintain and provide good quality recycled water for the process reutilisation. The plant trial of biocide dosing in filtration plant has completed and dosage at a rate of 5-10 ppm is being added in underground tank no.2 of filtration plant. The quality of recycled water of filtration plant has improved after biocide dosing and it is regularly used in horticulture for watering plants and about 1500 KLD of recycled water has been used in horticulture thus saving 1500 KLD of fresh water. The implementation of Biocide programme in recycled water system was also part of MoU 2015-16.

SWACHHATA PAKHWARA

SPMCIL celebrated the 'Swachhata Pakhwara' from 16th June to 30th June, 2016 in accordance with the initiatives of Govt. of India and organised the cleanliness drives in all Units of SPMCIL. A Swachhata Pledge was taken by all the employees of SPMCIL during the Swachhata Pakhwara. Accordingly, the Company initiated necessary action to sensitize its employees across all Units about cleanliness and sanitation. The programme has improved hygienic conditions of living of the employees in the Factory/Office premises.

AWARDS


The Institute of Cost Accountants of India
13th National Award for Excellence in Cost Management 2015
Security Printing and Minting Corporation of India Ltd.
Third Position
Public Manufacturing Large
by
Shri Najib Shah, IRS
CMA P V Bhattad
President

- IGM, Mumbai a unit of your Company has been awarded with the following prestigious awards for its excellent work during financial year 2015-16.
  - '2015 Leaders Award' for achieving most promising manufacturing brand for coins and medals in India by Times Achievement.
  - 13th National Award for Excellence in Cost Management in Public Manufacturing, Large Category by 'The Institute of Cost Accountant of India'
  - TOLIC Award (2nd prize) for Hindi Implementation-2015 & 2016.
  - Best Training & Development Program for workers in Public Sector by World HRD Congress (July) 2016.
- BNP, Dewas, a unit of your company has been awarded with 'National Safety Award' for outstanding performance in Industrial Safety as Runner-up for the performance year 2013 in achieving Lowest Average Frequency Rate. This prestigious award was received by Shri M.C. Bylappa, General Manager, BNP, Dewas from Hon'ble Union Minister of Labour & Employment Shri Bandaru Dattatray at New Delhi on 17.09.2015.

- SPMCIL's Project case study was selected to be featured in the prestigious Governance Now India PSU IT casebook 2016 for successful implementation of a complex IT ERP project. SPMCIL was honoured with a Special Recognition award from the Governance Now group with the Award certificate given by Hon'ble Minister of Steel Shri Chaudhary Birender Singh and Hon'ble Shri P P Chaudhray, Minister of State for Law and Justice, in the August presence of Shri Anil Swarup, Secretary Ministry of Coal, Dr. Ajay Kumar, Addl. Secretary, Ministry of E&IT and Shri Vinit Goenka, Member of IT Task force, Ministries of Shipping, Road Transport & Highways.

HIGH SECURITY MANAGEMENT SYSTEM

Security is the heart and soul of any organisation. This is achieved through a network of highly sophisticated system of monitored logistics, check and control mechanisms at different areas, physical control barriers, security procedures and processes.

Our security experts ensure that this sophisticated vigilant security system works perfectly round-the-clock to make sure that the products we produce for our customers are always under watchful eyes. The security arrangements are with CISF/State Police Guards/Departmental Security at the units of the Company. Further, the State of Art IP based security surveillance systems have been installed in some of the units. Intelligence Bureau (IB) personnel under Ministry of Home Affairs are posted in the currency/security presses.

ECO FRIENDLY OPERATIONS AND ENERGY CONSERVATION

- The tree plantation is being carried out regularly by the units of your Company for protection and conservation of environment.
- SPM, Hoshangabad has been granted authorisation for collection/reception/ treatment/ transport/storage/disposal of Hazardous Wastes for a period of five years w.e.f. 03.03.2013 by MPPCB, Bhopal under Hazardous Waste (Management, Handling and Trans boundary Movement) Rules, 2008.
- SPM, Hoshangabad improved the quality of recycled water after plant trial of biocide dosing in filtration plant and it is regularly used in horticulture for watering plants.
- The units of your Company are saving the energy by installing Solar Water Heater Systems in their guest houses and canteens, solar lights, replacing general bulbs, twin tube lights into LED bulbs and using other energy efficient devices/equipment.
- IGM, Mumbai added Electrostatic Oil Cleaners (EOC) in five Coining Presses by which use of hydraulic oil has been reduced by almost 90%. EOC has ensured good quality of oil in the machines resulting into long life of hydraulic components and mechanical gear/assemblies thus reduced breakdown time of machines. The reduction in use of hydraulic oil also results into less disposal of used oil to protect the environment.
- The Mints of your Company are using LDPE sachets/bags for delivery of Coins to RBI and avoid the use of Jute Gunny bags which causes dust and environmental hazards.
- The units of your Company do quarterly testing of the Environmental parameters in terms of stack emission, ambient air, water treatment after treating the effluent, Noise inside and outside the factory, soil strengthening, etc. and take corrective actions.
- IGM, Mumbai closed the gold melting furnaces and started using acid refining processes, which does not result into air pollution.
- BNP, Dewas maintained the LDO consumption as low as possible i.e. 140.4 KL by effective operation and optimum utilization of solar system (2096 running hrs.) i.e. 38.81%. Due to solar running, fuel about 86 KL saved costing ₹35.23 lacs (approx.).

- All nine units of your Company have implemented Environment Management System (EMS) in compliance of the International Standard (ISO 14001:14004) for better environmental management.

COMPLIANCE WITH THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESAL) ACT, 2013

Your Company is committed to prevention of sexual harassment of women at workplace and takes prompt action in the event of reporting of such incidents. In this regard, internal complaints committees have been constituted at Corporate Office and Units of the Company to deal with sexual harassment complaints, if any, and conduct enquiries. During the year 2015-16, one complaint of sexual harassment was received at IGM Kolkata and after inquiry, the same was disposed of.

DIVIDEND

After finalization of capital structure of SPMCIL by DEA, Ministry of Finance vide letter no. 3/2/2008-Cy.III/SPMC dated 09.02.2015, the paid-up Equity Share Capital of the Company has increased to ₹1182.49 crores and a Term Loan of ₹1182.44 crores has emerged repayable to Govt. of India over a period of 25 years starting from the year 2015-16. Further, an amount of ₹334 crores has been transferred to Capital Reserve.

The Department of Public Enterprises (DPE) had vide O.M. No. PP/14(0005)/2016 dated 20.06.2016 forwarded the copy of the O.M. No. 5/2/2016-Policy dated 27.05.2016 of Department of Investment & Public Asset Management (DIPAM) on the subject of Guidelines on Capital Restructuring of CPSEs. As per Clause 5.2 of the aforesaid guidelines, every CPSE would pay a minimum annual dividend of 30% of Profit after Tax or 5% of the Net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. The Company had requested DEA, Ministry of Finance vide letter no. SPMCIL/Sec/26/10-Vol.IV/3760 dated 02.09.2016 with a copy to DIPAM to grant exemption from payment of dividend in accordance with the aforesaid guidelines on Capital Restructuring issued by DIPAM.

However, the Board of Directors has recommended a Final Dividend @ 30% of post-tax profits of the Company for the year 2015-16 aggregating to ₹73 crores plus applicable Dividend Distribution Tax. An amount of ₹20.30 crores has been transferred to General Reserve in compliance of the provisions of Companies Act, 2013. This final dividend for the financial year 2015-16 shall be paid by the Company after approval of shareholders in the forthcoming 11th Annual General Meeting of the Company.

PARTICULARS OF EMPLOYEES AND LOAN, INVESTMENT, ETC.

As per the provisions of Section 197 of the Companies Act, 2013 and rules made thereunder, Government companies are exempted from inclusion of the statement of particulars of employees drawing remuneration of ₹60 lakh or more per annum, if employed throughout the financial year, or ₹5 lakh per month, if employed for part of the financial year. The information has, therefore, not been included as part of the Directors' Report.

Further, the Company has not given any loan, guarantee or acquired any investment under Section 186 of the Companies Act, 2013. The Company has not entered into any contract or arrangement with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013.

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, R&D AND FOREIGN EXCHANGE EARNINGS

In accordance with the provisions of the Companies Act, 2013 and rules framed thereunder, particulars relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo (on accrual basis) is annexed at ***Annexure-III*** to the report.

BOARD OF DIRECTORS

- Pursuant to Article 13(3)(a) of Articles of Association of the Company, Ms. Meera Swarup, Joint Secretary & Financial Advisor, Ministry of Finance has been appointed as part-time Director on the Board of SPMCIL w.e.f. 10th March, 2016 in place of Shri H. Pradeep Rao.
- Pursuant to Article 13(3)(a) of Articles of Association of the Company, Shri P. Vijaya Kumar, Chief General Manager, Department of Currency Management, Reserve Bank of India has been appointed as part-time Director on the Board of SPMCIL w.e.f. 10th March, 2016 in place of Smt. Uma Shankar, Principal Chief General Manager, RBI.
- Shri M.A. Ganapathy has relinquished the charge of Joint Secretary (IS-I), Ministry of Home Affairs and consequently ceased to be a part-time Government Nominee Director on the Board of the Company w.e.f. 13th April 2016.
- Pursuant to Article 13(3)(a) of Articles of Association of the Company, Shri Arun K. Chatterjee, Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs has been appointed as part-time Director on the Board of SPMCIL w.e.f. 1st June, 2016 in place of Shri Muktesh K. Pardeshi.
- Shri M.S. Rana ceased to be the Chairman & Managing Director (CMD) of the Company with effect from 12th July, 2016 by virtue of Order No. 2/1/2013-SPMC (Part) dated 12th July, 2016 of Department of Economic Affairs (DEA), Ministry of Finance and Shri Praveen Garg, Joint Secretary (FM), DEA, Ministry of Finance has been assigned the additional charge of CMD, SPMCIL by DEA, Ministry of Finance w.e.f. 12th July 2016.
- Shri P.N. Radkar ceased to be Director (Technical) of the Company with effect from 31st May, 2016 consequent upon his superannuation. Pursuant to Article 13(3)(a) of Articles of Association of the Company, President of India has appointed Shri Ajai Kumar Srivastav as Director (Technical) who has assumed the charge on 29th August, 2016.
- Dr. Manoranjan Dash ceased to be the Director (HR) of the Company with effect from 31st August, 2016 consequent upon his superannuation. Pursuant to Article 13(3)(a) of Articles of Association of the Company, President of India has appointed Shri S.K. Sinha as Director (HR) of the Company who has assumed the charge on 1st September, 2016.
- Pursuant to Article 13(3)(a) of Articles of Association of the Company, Shri Sudhir Kumar Saxena, Joint Secretary (IS-I), Ministry of Home Affairs has been appointed as part-time Director on the Board of SPMCIL w.e.f. 17th September, 2016 in place of Shri M.A. Ganapathy.
- Smt. Anula Kumar has relinquished the charge of DDG (Philately), Department of Post and consequently ceased to be a part-time Director on the Board of the Company w.e.f. 2nd November, 2016. Pursuant to Article 13(3)(a) of Articles of Association of the Company, Shri Niraj Kumar, DDG (Philately), Dept. of Post has been appointed as part-time Director on the Board of SPMCIL w.e.f. 16th December, 2016.

During the year, four meetings of the Board of Directors were held. The details of the meetings attended by each Director are provided in the Corporate Governance Report and are not repeated here to avoid duplication.

No significant and material orders were passed by the regulators or courts or tribunals, which impact the going concern status of the Company and its operations in future.

AUDITORS & THEIR REPORTS

M/s. Batra Sapra & Co., Chartered Accountants, New Delhi were re-appointed as Statutory Auditors of your company for the financial year 2015-16 by the Comptroller and Auditor General of India in terms of Section 139 of the Companies Act, 2013. Further nine Branch Auditors were appointed/re-appointed by Comptroller and Auditor General of India for auditing the accounts of nine units of the Company for the financial year 2015-16. The Statutory Auditors have audited the annual accounts (standalone and consolidated) for the year ended 31st March, 2016 and their reports are annexed to the respective annual accounts. The Management's replies to the observations/qualifications given in the Statutory Auditors' Reports are given at ***Annexure-IV***.

The Comptroller & Auditor General of India has carried out the Supplementary Audit of the aforesaid annual accounts of the Company under Section 143(6)(b) of the Companies Act, 2013 and comments/observations of the Comptroller & Auditor General of India on standalone as well as consolidated annual accounts of the Company for the year ended 31st March 2016 are given at ***Annexure-V(a) & (b)*** respectively. The Management's Replies to the aforesaid comments/ observations of Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 are given at ***Annexure-VI***.

COST AUDIT

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are being maintained by the units of the Company. Pursuant to the provisions of Section 148(3) of Companies Act, 2013, the Board of Directors of your Company appointed M/s. SKG and Company, Cost Accountants, Delhi as the Cost Auditors of SPMCIL for the financial year 2015-16 to conduct the Cost Audit of products of SPMCIL under the ambit of Cost Audit in accordance with the aforesaid rules and other relevant orders/clarification issued by Ministry of Corporate Affairs, Govt. of India and Cost Accounting Standards issued by the Institute of Cost Accountants of India, from time to time.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 notified by the Ministry of Corporate Affairs, the Board of Directors of your Company appointed M/s. J.K. Gupta & Associates, Practicing Company Secretaries for conducting Secretarial Audit of the Company for the year 2015-16. The Secretarial Audit Report for the year 2015-16 confirms that the Company has complied with all the applicable provisions of the corporate laws, guidelines, rules, etc. The report, duly certified by a practising Company Secretary and reply to their observations is attached at ***Annexure-VII*** to the Report.

CODE OF CONDUCT

The Board of your Company has enunciated SPMCIL Code of Business Conduct & Ethics-2010 for the Directors and Senior Management personnel, which has been circulated to all concerned and has also been hosted on Company's website. The Directors and senior management personnel have affirmed compliance with the code of conduct.

RISK MANAGEMENT

The company has full-fledged Vigilance Setup, Internal Audit Setup, Intelligence Bureau personnel posted in presses, CISF & Security personnel posted in the Units to mitigate risks. The Company has installed latest IP enabled CCTV Cameras to strengthen Security Setup. The Company's Management is committed to further strengthen its risk management capabilities in order to protect and enhance shareholders value. Considering the planned efforts, monitoring by top management and participation of all employees in the decision making process, the identified risks are well within the appetite of the Company.

INTERNAL FINANCIAL CONTROLS

Your Company has adequate internal financial controls for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The statutory auditors are also required to issue the Independent Auditor's Report on the Internal Financial Controls of the Company under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act 2013 from the current financial year. The report issued thereupon has been attached along with the Financial Statements.

PUBLIC PROCUREMENT POLICY FOR MICRO AND SMALL ENTERPRISES (MSES) ORDER 2012

Your Company has taken necessary steps for implementation of the Public Procurement Policy of the Government of India for procurement from MSEs. All efforts are being made to procure items specified for procurement from MSEs. Necessary provision has been made in all the tenders stating the eligibility of MSEs to participate in the tender.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report forms part of this Directors' Report as per the requirements of Corporate Governance as stipulated in the Guidelines on Corporate Governance notified by the Department of Public Enterprises, Government of India in this regard. The Management Discussion and Analysis Report is enclosed as ***Annexure-VIII*** to this Report.

CORPORATE GOVERNANCE

Your Company has been complying with the requirements of Corporate Governance as stipulated in the Guidelines on Corporate Governance notified by the Department of Public Enterprises, Government of India in this regard. The Corporate Governance Report is enclosed as ***Annexure-IX*** to this Report. The Company has obtained a Certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance, which is attached to the Corporate Governance Report.

EXTRACT OF ANNUAL RETURN

As required under the provisions of the Companies Act, 2013, the extract of Annual Return for the financial year ended 31st March 2016 in the prescribed Form MGT-9 is attached at ***Annexure-X*** to this report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement referred to in clause (c) of sub-section (3), it is hereby confirmed:

(a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) That the directors had 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 as at 31st March 2016 and of profit and loss account for the year ended 31st March 2016;

(c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) That the directors had prepared the Annual Accounts on a going concern basis; and

(e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ACKNOWLEDGEMENTS

The Board of Directors acknowledges with deep sense of appreciation the cooperation received from the Govt. of India, particularly the Ministry of Finance, Reserve Bank of India, Ministry of External Affairs, Department of Posts, Department of Public Enterprises, Ministry of Home Affairs, Ministry of Labour & Employment, Department of Pension and Family Welfare, various State Governments and also from Banks. The Board of Directors acknowledge with thanks the constructive suggestions received from the Statutory Auditors and C&AG. The Board of Directors also place on record their sincere appreciation of the devotion and commitment of all employees of the Company.

For and on behalf of the Board of Directors

Date: 21st December, 2016
Place: New Delhi

(PRAVEEN GARG)
Chairman and Managing Director

ANNEXURE-I

SC/ST/OBC REPORT

Annual Statement showing the representation of SCs, STs and OBCs as on 31st December, 2015 and number of appointments made during the preceding calendar year.

Name of Public Enterprises : **Security Printing and Minting Corporation of India Limited**

Groups	Representation of SCs/STs/OBCs (As on 31.12.2015)				Number of Appointments made during the Calendar Year 2015									
					By Direct Recruitment				By Promotion			By Deputation/ Absorption		
	Total No. of Employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
GROUP A (E-1 to E-8)	320	46	17	58	12	1	1	1	18	12	6	0	0	0
GROUP B (S-1 and S-2)	1142	189	103	124	5	1	0	2	89	17	6	0	0	0
GROUP C (W-1 to W-6)	9742	2183	906	1022	66	13	1	40	1344	263	121	14	3	0
Grand Total	**11204**	**2418**	**1026**	**1204**	**83**	**15**	**2**	**43**	**1451**	**292**	**133**	**14**	**3**	**0**

PWD REPORT

Representation of P.W.D. as on 31st December, 2015

Groups	Representation (As on 31.12.2015)				Number of Appointments made during the Calendar Year 2015													
					Direct Recruitment							Other Method						
					No. of Vacancies reserved			No. of Appointments made				No. of Vacancies Reserved			No. of Appointments made			
	Total No. of Employees	V.H.	H.H.	O.H.	V.H.	H.H.	O.H	Total	V.H.	H.H.	O.H.	V.H.	H.H.	O.H.	Total	V.H.	H.H.	O.H.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A (E-1 to E-8)	320	0	1	1	0	1	1	0	0	0	0	0	0	0	0	0	0	0
Group B (S-1 to S-2)	1142	1	0	17	0	0	1	4	0	0	0	0	0	0	43	0	0	0
Group C (W-1 to W-6)	9742	41	82	206	2	2	1	70	1	2	0	0	0	0	569	4	3	15
GRAND TOTAL	**11204**	**42**	**37**	**224**	**2**	**3**	**3**	**74**	**1**	**2**	**0**	**0**	**0**	**0**	**612**	**4**	**3**	**15**

Note : (i) VH stands for Visually Handicapped (persons suffering from blindness or low vision).
(ii) HH stands for Hearing Handicapped (persons suffering from hearing impairment).
(iii) OH stands for Orthopaedically Handicapped (persons suffering from locomotor disability or cerebral palsy).

ANNEXURE-II

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

1. A brief outline of the Company's CSR & Sustainability Policy

SPMCIL intends to play a pivotal role in socio economic development of the Country by meeting basic needs of the citizens through its successful CSR initiatives, programmes and policies towards building a sustainable society.

The purpose of this policy is:

- To define CSR projects or programs which SPMCIL plans to undertake and which fall within the purview of the Companies Act 2013, the Companies (CSR Policy) Rules, 2014 and the Guidelines on CSR and Sustainability issued by Department of Public Enterprises vide O.M. dated 21st October, 2014;
- Modalities of execution of such CSR projects or programs;
- Monitoring process of such CSR projects or programs;
- To make the stakeholders aware about CSR practices in SPMCIL.

The main thrust areas under which CSR Projects to be undertaken are as follows:-

(i) Promoting Education

(ii) Health and Welfare

(iii) Providing Drinking Water in the Rural areas

(iv) Construction of toilets

(v) Providing Solar Lights

(vi) Skill Development

(vii) Contributions towards Swachh Bharat Kosh

(viii) Contributions towards Clean Ganga Fund

CSR Policy and Project or programs have been uploaded on the website of the company, www.spmcil.com.

2. The Composition of the CSR Committee

As on 31.03.2016, the CSR Committee of Board of Directors of the Company was consisting of the following Directors of the Company

(a) Dr. Manoranjan Dash, Director (HR), SPMCIL

(b) Dr. Saurabh Garg, Joint Secretary (I&C), DEA, Ministry of Finance & Director, SPMCIL

(c) Smt. Anula Kumar, DDG (Philately), Department of Posts & Director, SPMCIL

3. Average net profit of the Company for the last three financial years

₹214.56 Crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

₹4.29 Crores

5. Details of CSR amounts spent during the financial year

(a) Total amount spent for the financial year : ₹4.82 Crores

(b) Amount unspent, if any : Nil

(c) Manner in which the amount spent during the financial year is detailed below:

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Project or programs: (1) Local area or other (2) Specify the State and District where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Providing Girls Toilets in Schools of Dewas and nearby areas.	Schedule VII Item No.(i)	(1) Local Area / BNP, Dewas 2) Madhya Pradesh Dewas District	35,00,000	1] 35,00,000 2] NIL	35,00,000	Through District Collector, Dewas (M.P.)
2	Installation of Water Purifier in 100 Nos. of Schools in the District of South 24 Parganas (West Bengal). .	Schedule VII (Item No.(i)	1) Close to IGM, Kolkata 2) West Bengal South 24 Parganas District	43,00,000	1] 43,00,000 2] NIL	43,00,000	Through District Collector South 24 Parganas District (WB)
3	Providing Artificial Limbs to the Disabled Persons through ALIMCO, Kanpur	Schedule VII Item No.(i)	1) Local area/ SPM, Hoshangabad 2) Madhya Pradesh Hoshangabad District	20,53,942	1] 18,67,780 2] 63,600	19,31,380	Through ALIMCO, Kanpur (U.P.)
4	Repairs/Renovation of existing Primary School Building, Construction of Four Additional Class Rooms to the existing Primary School and construction of boundary wall at Village Shirsane, District Nashik.	Schedule VII Item No.(ii)	1) Local area/ ISP, Nashik 2) Maharashtra Nashik District	49,79,000	1] 29,63,310 2] 36,690	30,00,000	Through Zilla Parishad, Nashik (Maharashtra)
5	Providing 150 Nos. Solar Street Lights at Chamunda Hills, Dewas	Schedule VII Item No.(iv)	1) Local area/ BNP, Dewas 2) Madhya Pradesh Dewas District	25,40,700	1] 25,40,700 2] NIL	25,40,700	Through MP Urja Vikas Nigam Dewas (M.P.)
6	Providing 50 Nos. of Solar Street Lights in Villages Neemka District Gautam Budh Nagar (UP). Providing Solar Power Pack, Renovation of Toilets Blocks and provision of Solar Power Driven Submersible Pump and Water Storage Tanks in Primary Pathsala, Neemka	Schedule VII Item No.(iv)	1) Close to IGM, Noida 2) Uttar Pradesh District Gautam Budh Nagar	15,25,000	1] 15,25,000 2] NIL	15,25,000	Through Chief Development Officer, Gautam Budh Nagar (U.P.)
7	Contribution towards Clean Ganga Fund.	Schedule VII Item No.(viii)	(1) Others	1,50,00,000	1,50,00,000	1,50,00,000	Direct
8	Contribution towards Clean Ganga Fund.	Schedule VII Item No.(viii)	(1) Others	1,50,00,000	1,50,00,000	1,50,00,000	Direct
9	Comprehensive Repair of approach Road from BNP Radhaganj Gate to Bhopal Chouraha along with Road Side Amenities including Landscaping.	Schedule VII Item No.(x)	1) Local area/BNP, Dewas 2) Madhya Pradesh Dewas District	5,90,000	–	5,90,000	Through CPWD Dewas
10	Expenses towards Evaluation charges paid to MDI, Gurgaon being an independent third party.	–	–	–	–	7,97,000	Direct
		Total Expenditure				**4,81,84,466**	

6. **In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.**

   The Company spent in excess of amount allocated towards CSR for the year 2015-16.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

   The Board of Directors of the Company has approved the CSR & Sustainability Policy and CSR & Sustainability Activities have been undertaken as per the Policy.

Sd/-	*Sd/-*
(Chairman and Managing Director)	(Chairman - CSR & SD Committee)

ANNEXURE-III

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, R&D AND FOREIGN EXCHANGE EARNINGS AS PER THE PROVISIONS OF THE COMPANIES ACT 2013 AND RULES NOTIFIED THEREUNDER

A) CONSERVATION OF ENERGY

As a part of continued efforts towards energy conservation, a number of Energy Conservation projects have been implemented during 2015-16 as follows:

- All units of your Company are using Solar Water Heater in Canteens and Guest Houses.
- The units of your Company have replaced/ are in the process of replacing High Electrical power consuming light sources like HPSV/HPMV/Twin tube light fittings with Low electrical power consuming LED fittings being used for general lighting purpose on perimeter/inside perimeter along the road and also low voltage lamps incandescent lamps/twin tube light fittings are being used as and when required.
- BNP, Dewas maintained the LDO consumption as low as possible i.e. 140.4 KL by effective operation and optimum utilization of solar system (2096 running hrs.) i.e. 38.81%. Due to solar running about 86 KL fuel has been saved.

B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

With a view to improve the product pattern and product quality as well as to meet the environmental emission norms, your Company is taking measures to adopt most modern technologies in line with the latest developments worldwide.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.

Technology absorption, adaptation and innovation would result in indigenisation, capacity enhancement and bringing increased operational efficiency, etc.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished:

(a) Technology imported	**:**	N.A.
(b) Year of import	**:**	N.A.
(c) Has technology been fully absorbed?	**:**	N.A.

C) RESEARCH AND DEVELOPMENT (R & D)

1. Specific areas in which R&D carried out by the Company

During the year under review, the Company has taken-up R&D projects in the fields of security paper, security printing, currency printing and coin metallurgy. The Company is setting-up R&D centres across all production verticals..

2. Benefits derived as a result of the above R & D

The Company would be able to produce critical raw materials indigenously and thus bring more indigenisation in its operations resulting in saving in Foreign Exchange and increase in local manufacturing of raw materials.

3. Future plan of action

To enhance content of indigenisation, increase operational efficiencies, effective utilisation of available resources, process re-engineering etc.

4. Expenditure on R & D

During the financial year 2015-16, the Company has incurred the following expenditure towards Research & Development:

Sl.No.	Particulars	Amount (₹ in lacs)
01	Capital Expenditure	26.90
02	Revenue Expenditure	52.35
	Total	**79.25**

D) FOREIGN EXCHANGE EARNING AND OUTGO

Sl. No.	Foreign Exchange Earnings/Outgo	2015-16 (₹ in Crore)	2014-15 (₹ in Crore)
1.	Foreign Exchange Earnings	0.00	22.84
2.	Expenditure on Payment basis incurred on Foreign Travel, Material Supply, Capital Goods and Spares & Stores	37.30	0.22
3.	Value of imports based on CIF basis (on Accrual basis)	1035.61	1104.39

For and on behalf of the Board of Directors

Date: 21st December, 2016
Place: New Delhi

(PRAVEEN GARG)
Chairman and Managing Director

ANNEXURE-IV

EXPLANATIONS TO COMMENTS/QUALIFICATIONS IN STANDALONE AND CONSOLIDATED STATUTORY AUDITORS' REPORTS DATED 30.09.2016

The Statutory auditors have given the Standalone and Consolidated Audit Report for Financial year 2015-16 and as per the report the following salient points emerged:-

1. All the information and explanations which to the best of Auditors' knowledge and belief were necessary for the purpose of audit were sought and obtained. The proper books of accounts as required by law have been kept by the company so far as appears from examination of those books and audited financial statements received from branches. The financial statements subject to the impact of the qualified opinions given below give the information required by the accounting principles generally accepted in India.
2. The company has disclosed the impact of pending litigations on its financial position in its financial statements.
3. The Para-wise comments on the Audit Report (Standalone as well as Consolidated) are as follows:

Para 1

***Auditors' Observation* :** In respect of Currency Note Press, Nashik (CNP Nashik), the unit has prescribed its policy to value its inventory at cost or Net Realisable Value (NRV) whichever is lower; however same has not been followed in case of CWBN paper of ₹1000 denomination procured from M/s. Landquart AG, Switzerland some of which are defective. Further as Communicated by RBI, bank notes in denomination in ₹1000/- are printed by CNP Nashik in which security thread is missing. Defect is stated indicated lapses in quality control processes at CNP Nashik causing severe reputational risk for RBI as the issuer of bank notes. Similar defect was also observed in ₹500 denomination notes. Quantity of such defective notes have been ascertained as explained and certified by the management, and the Manufacturing cost of these defective notes lying with CNP and RBI have been estimated to ₹4348/- for ₹1000/- and ₹500/- denomination notes however inspection cost is estimated to ₹2.89 crores which is liable to be added to the Cost of Inventories. Hence cost of inventory and liabilities are lower to that extent.

***Management Reply* :** The CNP, Nashik unit of the Company is following the policy of valuation of inventories at Cost or Net Realisable Value (NRV) whichever is lower and the valuation of CWBN paper of ₹1000 denomination procured from M/s Landquart AG, Switzerland was valued at cost in financial year 2015-16 because as per contract with the suppliers any defective supply of CWBN paper will be replaced by them without any cost to the company. The issue of missing security thread at CNP, Nashik in ₹500 & ₹1000 denomination bank note is also being addressed by conducting 100% inspection of production of ₹500 & ₹1000 bank note to phase out defective bank notes from production and cost of inspection and material cost of defective notes will be accounted for in the books of accounts of the unit in current year.

Para 2

***Auditors' Observation* :** (a) As on date of takeover vide Ministry of Finance, Office Memorandum dated 10th February, 2006, the Gross block and accumulated depreciation of Fixed Assets have been shown at historical cost of purchases instead of actual cost to the company. In the absence of any information of the useful life of assets the amount of depreciation short or excess could not be quantified.

***Management Reply* :** (a) As per the Ministry of Finance OM dated 10th February, 2006 all assets and liabilities have been taken over by SPMCIL at the book value. Being a commercial entity, the units have been maintaining the assets register based on which the gross block and the life of the asset was fixed accordingly. Therefore, the assets have been taken in the books of company at net block (gross block less accumulated depreciation). However, for the purpose of the depreciation the value is being shown at gross value so that same technical life could be continued. This facilitate easy calculation of depreciation without re-ascertaining the life of the asset. However during current year the company envisages to adopt cost model prescribed by Ind AS-16 ,the new Accounting Standard on property, plant and equipment to determine carrying amount of all assets and will also re-ascertain useful life of all assets and depreciation will be calculated accordingly.

Auditors' Observation **:** (b) In respect of Indian Government Mint (IGM), Hyderabad, the depreciation is provided on straight line method as prescribed in schedule II to the Companies Act, 2013 and the rates prescribed therein. Fixed assets that were working on double shift are depreciated by increasing the applicable rate of depreciation by 50% instead of depreciating the assets by assessing the remaining useful life of assets. The unit ought to have followed the useful life concept prescribed by the schedule II read with the AS-6 (Depreciation Accounting) rather than adopting 50% additional depreciation overlooking the fact of higher wear and tear due to double shift usage for the whole year. As the management has not assessed the useful life of the assets considering the actual usage and have not performed impairment testing on the fixed assets, we are unable to comment on the appropriateness of the depreciation provided and the net book value of the fixed assets.

Management Reply **:** (b) This qualification states that company has taken the useful life of assets as per Schedule-II of Companies Act, 2013 in case of double shift working at unit and provided 50% additional depreciation whereas the statutory Auditor has opined that unit ought to have followed the useful life concept prescribed by Schedule-II read with AS-6 (Depreciation Accounting), however C&AG during the course of supplementary audit for F.Y. 2015-16 has agreed with the useful life of assets taken by the company. New Accounting Standard on the subject matter Ins AS-16 prescribe to re-assess the life of all assets at the end of each financial year and therefore company will re- assess the useful life of the assets at the end of each financial year.

Auditors' Observation **:** (c) The useful life of the Plant & Machinery being continuous process plant was estimated at 8 years in the FY 2014-15. However, this the estimates have been revised and accordingly the original useful life is estimated to be 25 years as prescribed in Schedule-II of the companies Act, 2013. Due to the revision in estimated life of the assets an amount of ₹6.74 Crores has been credited to Profit & Loss A/c being the excess amount of depreciation charged during 2014-15 on such machinery. The same is credited to Profit & Loss A/c under Prior Period Incomes.

Management Reply **:** (c) This qualification deals with the impact of change made by Ministry of Corporate Affairs in useful life of the assets in Schedule II of Companies Act, 2013 in profit & loss of the company of ₹6.74 Crores which has been shown as per prior period incomes as per applicable accounting standard.

Auditors' Observation **:** (d) In respect of IGM Hyderabad, physical verification is carried out, without testing for impairment, of assets at Cherlapally unit by engaging external professionals. Significant numbers of assets were found to be in excess. The discrepancies reported on physical verification have not been reconciled or adjusted by the unit. The unit is also holding certain fixed assets at Saifabad unit. Operations at this unit were discontinued in the year 2009. Ever since the operations were discontinued, physical verification of the fixed assets, assessment for impairment and useful life was not conducted by the management. The unit stated to have transferred some of the usable assets from Saifabad to Cherlapally. However, no documentation was offered corroborating this. The unit continued to charge depreciation on the Saifabad assets. Hence, we are unable to comment on the existence of assets, appropriateness of depreciation and net book value of assets. Further, identification of components for component accounting of fixed assets mandated under Companies Act, 2013 could not be completed. As necessary information is not made available, we are unable to quantify the impact on the financial statements.

Management Reply **:** (d) The company has made necessary provision for impairment as per Accounting Standard 28 in respect of IGM, Hyderabad unit. As per accounting standard 28 this provision is to be made if there is any indication for impairment as on balance sheet date, but there was no indication of impairment at IGM, Hyderabad and therefore no provision for impairment was made at the unit in financial year 2015-16. The company is in the process of identification of components for component accounting of fixed assets as mandated under Companies Act, 2013 and new accounting Standard Ind AS-16 and useful life of assets will be ascertained at the end of financial year 2016-17 and depreciation will be charged accordingly.

Para 3

Auditors' Observation **:** (a) In respect of CNP Nasik and BNP Dewas, Sales invoices are raised for Bank Notes as per the rates prescribed by Head office, However, the rates prescribed by head office have not been accepted by RBI till date due to this there is shortage of ₹34.40 Crores in CNP Nasik for F.Y. 2015-16, However as explained by management payment received in BNP Dewas for ₹26.82 Crores for F.Y. 2015-16 is in excess.

In view of the same trend for past financial years, Company has made a provision of ₹18.25 Crores at Head office level in the F.Y. 2015-2016 after adjusting short and excess of ₹82.51 crores provision required to be made out of which CNP Nasik already made provision of ₹52.08 Crores and BNP Dewas made ₹12.17 Crores

Management Reply **:** (a) Presently RBI is making payment to the company at their own rates which are different than invoice rates of the company and are based on MoU rates finalized by the Ministry of Finance and therefore there is short payment of ₹18.25 crore by RBI for which necessary provision has already been made by the units of the company in the financial year 2015-16.

Auditors' Observation **:** (b) During the financial year 2015-16 the unit has raised sales invoices on Ministry of finance for sale of 162 million pieces of ₹1 note with rate as per direction of head office. This rate has not been accepted by Ministry of finance till date as per the letter dated 16th September 2015, head office has communicated to Ministry of Finance to confirm the rate for financial year 2014-15 as well as 2015-16. The rates has till dated neither accepted by ministry of finance nor payment received by the unit from ministry of finance towards this sale.

Management Reply **:** (b) The Ministry of Finance has not yet finalized the fair price of bank note of ₹1 denomination supplied by company in financial year 2014-15 & 2015-16 and in the absence of the same, the payment of the same has not been received from the Ministry.

Para 4

Auditors' Observation **:** During the year Company has adopted policy for providing employee benefits based on actuarial valuation of SPMCIL Pension trust, the company has got carried actuarial valuation of its Retirement benefits of combined optees as on 31.03.2015 and made necessary provision in their books of accounts as per company policy on deferred basis over a period of 5 years on the ground that these liabilities is payable over a period comprising life expectancy of its combined optees, their spouses and dependents, accordingly provision of ₹100.66 crore being one fifth (20%) share of liability/gap of ₹503.32 Crore is made in F.Y. 2015-16.

Management Reply **:** The practice adopted by the company to make provision of 1/5 of the gap as on 31.03.2015 in actuarial valuation of liabilities of Pension Trust Fund every year starting financial year 2015-16 is as per standard practice prevailing in the industry for providing employees liabilities pertaining to various years and also in compliance of accounting standards.

Para 5

Auditors' Observation **:** In respect of Indian Government Mint, Hyderabad, Commercial Taxes Department, for the period April 2006 to November 2013, raised the demand of ₹2,44,00,64,424 for the sale of circulation coins, difference in sales tax on sale of other items, interest and penalty. The unit disclosed this fact as the Contingent Liabilities in the Additional Notes to Accounts. Though the unit made representations to the State and Central Governments, as, no appeals were preferred against these orders as required under VAT Law, the unit ought to have made a provision for the liability. Consequently, the liabilities are understated and reserves are overstated by the amount of the demand raised.

Management Reply **:** The Company has made representation to the Ministry of Finance to take up the case with State Government for retrospective amendment in the laws which is still pending with State Government and therefore no provision of the liabilities has been made in books of accounts in financial year 2015-16 and the same has been disclosed as contingent liabilities.

Para 6

Auditors' Observation **:** (a) In respect of SPM Hoshangabad unit, there are some items which have been shown in prior period income/expense in the current year. However these are items which were balance suppliers, customers, and other personal accounts which have been written off during the year. It is explained that the same are in nature of rectification entries due to errors at the time of migration from Tally software to SAP-ERP. Accordingly an amount of ₹79.01 Lakhs being debit balances of the various parties and an amount of ₹329.01 Lakhs credit balances of various parties have been written off during the year. Further ,The financial Statements for the year ended on 31st March, 2016 are prepared under schedule III to the companies Act, 2013, except for the few items, the manner of which is described by H.O. in respect of Stock transfers to other units are depicted as deduction from stock of SPM Hoshangabad and no corresponding entry is made in Inter-unit sale account. Hence, during the year revenue from operations shows only income from sale of scrap. The stock transfer to other units have not been shown separately and directly deducted from cost of material consumed. The said stock transfers were made on the pre-determined rates calculated on the basis on budgeted expenses for the year 2015-16 instead of actual cost of conversion. The same is reduced from cost of material consumed. Therefore, the cost of material consumed shows adverse balance of ₹7282.99 Lacs (Net off stock transfer of ₹232,019 [Previous year ₹19,678.56 (Net off stock transfer of ₹25,057 Lacs).

Management Reply **:** (a) At SPM, Hoshangabad few entries were carried out to reconcile the difference due to errors at the time of migration from Tally software to SAP-ERP which has been shown in prior period income/ expenses in financial year 2015-16. Regarding entry for stock transfer to other units, the company is in the process of making necessary changes in ERP to show it separately. The inter unit transfer to other units are also envisage to make at actual cost of conversion from financial year 2016-17.

Auditors' Observation **:** (b) In respect of ISP Nashik, During the Financial Year 2012-13, the company has migrated from conventional accounting software to SAP-ERP system w.e.f. 15th June, 2012 except some MIS related modules, but as informed to us due to ERP implementation being still in stabilization stage & reconciliations are in process. Pending handover of agreed deliverables from the Implementation partner, the company has capitalized only the portion of Expenses agreed as payable up to 31st March, 2016.

Similarly, it was observed that the information being fetched from various modules of SAP are yet to be fully reconciled with the Financial Data & to that extent the information system from various modules needs to be streamlined.

Various problems/ areas of concern faced during the actual working of SAP are summarized below-

- BOM, Routing, Activity rate related to costing module is not functioning properly, resulting in wrong valuation of inventory, WIP, Finished Goods. This has also resulted in wrong valuation of inventory, WIP, Finished Goods. This has also resulted in appearing of Auto Generated entries of huge amount, on which no proper explanation was available at the Unit.

- Production planning module is not functioning properly.
- Important Accounting Report like Purchase Register is not available from the system

Management Reply **:** (b) During current year SAP-ERP got streamlined so as to rectify the problem of BOM, routing, development of purchase register from SAP-ERP and stablisation of production planning module.

Auditors' Observation **:** (c) In respect of SPP Hyderabad, the unit has accounted the sale of postal stationery for the year 2015-16, at the rates recommended by the Cost Accounting Board, Ministry of Finance, and Government of India (CAB) for the year 2013-14, sales account and profit for the year will effect to that extent and accordingly the trade receivables. The amount could not be ascertained.

Management Reply **:** (c) The fair price for postal items has only been finalized till financial year 2013-14 by CAC, Department of Expenditure, Ministry of Finance and therefore the same has been taken into consideration while making annual accounts of SPP, Hyderabad unit for financial year 2015-16. The impact of any change in fair price of postal items will be accounted for in subsequent years when fair price of these items will be finalized by Ministry of Finance in consultation with Department of Post / SPMCIL.

Auditors' Observation **:** (d) In respect of SPMCIL, Immovable assets in the possession of the unit have not yet transferred in the name of the Company. Efforts are being made to get the title deed/ lease deed in its name.

Management Reply **:** (d) Immovable assets of the company have not yet been transferred in the name of the company due to delay in finalization of matter pertaining to stamp duty which has now been finalized by Ministry of Finance and company is in the process of getting all immovable assets transferred in the name of the company.

Annexure 1 to the Auditor's Report

Para (i)(a)

Auditors' Observation **:** Company has maintained proper records including quantitative details and situation of fixed assets on the basis of available information except the following:-

- In SPM, Hoshangabad, fixed asset register generated by SAP does not contain situation of fixed assets.
- In CNP, Nashik, details of land such as survey number / GAT No , AREA OF LAND, location is not mentioned in the register.

Management Reply **:** The company is maintaining Fixed Asset register in asset accounting module of SAP. All the units are preparing books of records, however in case of SPM, Hoshangabad & CNP, Nashik location of assets are not maintained in the fixed assets register. The same have been maintained subsequent to finalization of annual accounts 2015-16.

Para (i)(b)

Auditors' Observation **:** Company has a regular programme of physical verification of its fixed assets under which fixed assets are verified in Financial year 2015-16 except for assets located at Saifabad. However, in case of IGM, Noida, report on physical verification of fixed assets by the management is not provided to branch auditor.

In our opinion periodicity of physical verification is reasonable having regard to the size of the company and nature of assets. Further, no material discrepancies were noticed upon such verification, except in case of, BNP, Dewas few discrepancies have been identifying in fixed asset report.

Management Reply **:** During the year physical verification of fixed assets was done at all units except at Saifabad unit of IGM, Hyderabad as unit is closed and there is no operation in the unit since last 10 years. The unit has an effective security system for safety of all assets of the closed unit. In case of IGM Noida, the physical verification has been completed and discrepancy noticed from the books of the account will be rectified in current year. In BNP Dewas, the rectifications have been made subsequent to the audit.

Para (ii)

Auditor Observation **:** No material discrepancies were noticed during the course of physical verification except in case of IGM, Kolkata, discrepancies were noted and have been dealt properly within the books. In case of BNP, Dewas, verification of tools and spares is not conducted at regular interval. In case of IGM, Noida, there are so many adjustment entries in finance module of software at the year end to adjust the records of inventory as per bullion report this is because the SAP software is not in compilation with costing records. In our opinion, the frequency of verification is not reasonable and the same should be done on quarterly basis.

Management Reply **:** The interval of the physical verification of inventory is adequate as per the size and nature of the business. In case of IGM Kolkata & IGM Noida, the discrepancies have been dealt properly in the books of account. The company is strengthening the procedure of Physical Verification of Inventories to avoid such an observation in future.

Para (vi)

Auditor Observation **:** In case of IGM, Mumbai, the accuracy of cost records maintained is unable to be commented upon and in case of SPP, Hyderabad, cost records are not maintained but the information required for computation of cost of production of each product dealt with by the unit are maintained.

Management Reply **:** The cost records of both units IGM, Mumbai & SPP, Hyderabad were also updated subsequent to completion of statutory audit for financial year 2015-16 and costing of products for financial year 2015-16 has been worked out

The company has also initiated necessary steps to mitigate and rectify the deficiencies reported by statutory auditor over internal financial control in financial year 2015-16 at various units of the company.

For and on behalf of the Board of Directors

Date: 21st December, 2016
Place: New Delhi

(PRAVEEN GARG)
Chairman and Managing Director

ANNEXURE-V(a)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of the standalone financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 September, 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the standalone financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:-

A. Comments on Profitability

A.1 Statement of Profit & Loss
Revenue from Operations (Note-23) - ₹4728.14 Crore

The above is overstated by ₹109.09 crore due to adoption of fair prices for the year 2012-13 instead of 2013-14 being the latest available finalized prices in respect of Circulating Coins for booking of sales in 2015-16.

Incorrect adoption of selling rates has also resulted in understatement of current liabilities by ₹109.09 crore. Consequently profit has also been overstated by ₹109.09 crore.

A.2 Statement of Profit & Loss
Employee Benefits Expenses (Note-27) - ₹1043.95 Crore

The above does not include ₹3.76 crore being provision for Performance Related Pay (PRP) for the year 2012-13 and 2013-14 payable to the personnel of the Company in accordance with the DPE guidelines no. 2(70)/08-DPE (WC) dated 26th November 2008.

Non-provision of liability towards PRP has resulted in understatement of the current liabilities and overstatement of the profit by ₹3.76 crore.

For and on behalf of the Comptroller
and Auditor General of India

Sd/-
(Nandana Munshi)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board-II, New Delhi

Place: New Delhi
Date: 09.12.2016

ANNEXURE-V(b)

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2016

The preparation of the consolidated financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30 September, 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2016 but did not conduct supplementary audit of the financial statements of Bank Note Paper Mill India Private Limited (Joint Venture). This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) read with Section 129(4) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the consolidated financial statements and the related audit report:-

A. Comments on Profitability

A.1 Statement of Profit & Loss
Revenue from Operations (Note-23) - ₹4728.14 Crore

The above is overstated by ₹109.09 crore due to adoption of fair prices for the year 2012-13 instead of 2013-14 being the latest available finalized prices in respect of Circulating Coins for booking of sales in 2015-16.

Incorrect adoption of selling rates has also resulted in understatement of current liabilities by ₹109.09 crore. Consequently profit has also been overstated by ₹109.09 crore.

A.2 Statement of Profit & Loss
Employee Benefits Expenses (Note-27) - ₹1050.22 Crore

The above does not include ₹3.76 crore being provision for Performance Related Pay (PRP) for the year 2012-13 and 2013-14 payable to the personnel of the Company in accordance with the DPE guidelines no. 2(70)/08-DPE (WC) dated 26th November 2008.

Non-provision of liability towards PRP has resulted in understatement of the current liabilities and overstatement of the profit by ₹3.76 crore.

For and on behalf of the Comptroller
and Auditor General of India

Sd/-
(Nandana Munshi)
Director General of Commercial Audit &
Ex-Officio Member, Audit Board-II, New Delhi

Place: New Delhi
Date: 09.12.2016

ANNEXURE-VI

EXPLANATIONS TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH 2016

CAG Comments	Management's Reply
T	–
A. Comments on Profitability **A.1. Statement of Profit & Loss Revenue from Operations (Note-23) - ₹4728.14 Crore**	
The above is overstated by ₹109.09 crore due to adoption of fair prices for the year 2012-13 instead of 2013-14 being the latest available finalized prices in respect of Circulating Coins for booking of sales in 2015-16. Incorrect adoption of selling rates has also resulted in understatement of current liabilities by ₹109.09 crore. Consequently profit has also been overstated by ₹109.09 crore	The Company has recognised its revenue from sale of Coins on the basis of fair prices of Coins worked out by Chief Advisor Cost (CAC), Dept. of Expenditure, Ministry of Finance for financial year 2012-13 as per direction of Dept. of Economic Affairs, Ministry of Finance vide letter dated 23.03.2015 which provides inter alia that these rates may be adopted for Memorandum of Understanding with DPE for the year 2015-16 and therefore billing for financial year 2015-16 has been done on the same rates. The Company is also receiving payment for coins from DEA, Ministry of Finance on the same rates and hence, revenue recognition has been done on the same rates in compliance of Accounting Standard 9 on revenue recognition.
A.2 Statement of Profit & Loss Employee Benefits Expenses (Note-27)- ₹1043.95 Crore (Standalone) / ₹1050.22 Crore (Consolidated)	
The above does not include ₹3.76 crore being provision for Performance Related Pay (PRP) for the year 2012-13 and 2013-14 payable to the personnel of the Company in accordance with the DPE guidelines no. 2(70)/08-DPE (WC) dated 26th November 2008. Non-provision of liability towards PRP has resulted in understatement of the current liabilities and overstatement of the profit by ₹3.76 crore.	The provision for PRP for the year 2012-13 & 2013-14 payable to the Executives & Non-Unionised Supervisors of the Company was not made in the absence of approval of the Remuneration Committee of the Board which is the Approving Authority for PRP as per applicable DPE guidelines.

For and on behalf of the Board of Directors

(PRAVEEN GARG)
Chairman and Managing Director

Date: 21st December, 2016
Place: New Delhi

ANNEXURE-VII

J. K. Gupta & Associates
(Company Secretaries)

256 & 257, Vardhman City Center 2,
Near Shakti Nagar Railway Under Bridge,
Gulabi Bagh, Delhi-110052

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SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH 2016

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

To,

The Members,
Security Printing and Minting Corporation of India Limited
16th Floor, JawaharVyaparBhawan,
Janpath, New Delhi-110 001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Security Printing and Minting Corporation of India Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Security Printing and Minting Corporation of India Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Security Printing and Minting Corporation of India Limited ("the Company") for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extant applicable;

(iii) OTHER APPLICABLE ACTS:

(a) Payment of Wages Act, 1936, and rules made thereunder,

(b) Employees' State Insurance Act, 1948, and rules made thereunder,

(c) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,

(d) Payment of Gratuity Act, 1972, and rules made thereunder,

(e) The Contract Labour (Regulation & Abolition) Act, 1970,

(f) The Factories Act, 1948

(g) Maternity Benefit Act, 1961

(h) Employees Compensation Act.

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

(i) DPE guidelines

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. **As required under the provisions of the Companies Act, 2013, there is no Independent Director appointed on the Board of the Company and its Sub-Committee.**

We further report that

The Board of Directors of the Company is not duly constituted as company has not appointed Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or as per the compliance of shorter notice provisions 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.

Majority decision is carried through while the dissenting members' views are captured and 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.

Note: This report is to be read with our letter of even date which is annexed as **'ANNEXURE'** and forms an integral part of this report.

For **J.K. Gupta and Associates**

Sd/-

Place: New Delhi | **(JITESH GUPTA)**
Date: 14.11.2016 | FCS No. 3978
CP No. 2448

'ANNEXURE'

To,

The Members,
Security Printing and Minting Corporation of India Limited
16th Floor, Jawahar Vyapar Bhawan
Janpath, New Delhi-110001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have relied on the Internal Auditors Report for Corporate Office and all units of the Company for the period under review; hence we have verified the correctness and appropriateness of Statutory/Legal Compliances on sample basis. The qualifications / Observations mentioned in their Audit report also forming part of this report
4. We have relied on the Statutory Auditors Report of M/s Batra Sapra & Co. (Chartered Accountants) for the period under review; hence we have not verified the correctness and appropriateness of financial records and Books of Accounts of the company. The qualifications / Observations mentioned in their Audit report also forming part of this report.
5. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report 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 **J.K. Gupta and Associates**

Sd/-

Place: Delhi
Date: 14.11.2016

(JITESH GUPTA)
FCS No. 3978
CP No. 2448

REPLY TO THE OBSERVATIONS OF SECRETARIAL AUDITORS

Sl.No.	Auditor's Observations	Company's Reply
01.	As required under the provisions of the Companies Act, 2013, there is no Independent Director appointed on the Board of the Company and its Sub-Committee.	SPMCIL is a Government Company and as per the Articles of Association of the Company, the power to appoint Directors on the Board of the Company vests with the President of India. The issue relating to the appointment of the required number of Independent Directors on the Board of the Company has been referred to Ministry of Finance, the Administrative Ministry, and the appointment of required number of independent Directors is under consideration by the Administrative Ministry.

For and on behalf of the Board of Directors

Date: 21^{st} December, 2016
Place: New Delhi

(PRAVEEN GARG)
Chairman and Managing Director

ANNEXURE-VIII

MANAGEMENT DISCUSSION AND ANALYSIS

HISTORY

Security Printing and Minting Corporation of India Limited (SPMCIL) is a Miniratna Category-I Central Public Sector Enterprise (CPSE) wholly owned by Government of India. SPMCIL is engaged in the manufacturing/production of Circulating & Commemorative Coins, Bank Notes, Travel Documents viz. Passport and Visa, Security Paper, Non-judicial Stamp Papers, Postal Stamps & Stationery, Security Certificates, Cheques, Bonds, Warrants, Special Certificates with Security Features, Security Inks, Medallions, Refining of Gold, Silver and Assay of Precious Metals, etc. The Company has nine units, i.e. two Security Presses at Nashik and Hyderabad, two Currency Presses at Dewas and Nashik, four Mints at Mumbai, Kolkata, Hyderabad and Noida and one Security Paper Mill at Hoshangabad. All the nine units headed by General Managers are industrial organizations and are regulated in accordance with the labour laws and directions of Government of India issued from time to time.

GLOBAL ECONOMIC CONDITION

The global commodity prices continued to be on the downward trail during the year. January 2016 marked the hitting of a lowest point for most of the commodities. Surplus supply in the face of weak demand, appreciation of the US dollar, and concerns about weakening of the global economy, especially with regard to China, were the key reasons behind the commodity markets meltdown. Looking ahead, as per the latest projections of the International Monetary Fund, global growth is expected to continue to be slow and is pegged at 3.1 per cent in 2016 and accelerates to 3.4 per cent in 2017. Some of the key downside risks to the outlook are: increased geo-political tensions, policy uncertainty, turbulence in financial markets and unfolding of the extent of impact of 'Brexit.'

OVERVIEW OF THE INDIAN ECONOMY

During the year, the Indian economy emerged as the fastest-growing large economy, surpassing China, and recording a GDP growth of 7.6 per cent, up from 7.2 per cent recorded in the previous year. The growth was largely led by the accelerated growth in industrial production and continued high growth in the services sector. Looking ahead, growth is forecast to average around 7.5 per cent in the next couple of years. In 2016-17, good monsoon is expected to give a boost to the agricultural sector and rural incomes and act as an additional stimulator.

INDUSTRY OVERVIEW

SPMCIL is in niche segment of economy and caters to the security printing and minting requirements of Government of India. The customers of the Company include Reserve Bank of India for Currency Notes, Department of Economic Affairs, Ministry of Finance for coins, Ministry of External Affairs for Passports, Ministry of Home Affairs for Visa stickers, Department of Posts for Postal Stationary, State Governments for Non-Judicial Stamp Papers, other CPSEs and autonomous bodies for different security products, etc.

SPMCIL though a wholly owned CPSE is primarily dealing with the sovereign functions. The indent forecasts for the Coins and Currency are made by RBI and approved by Ministry of Finance in production planning meeting before SPMCIL takes up production. For passports the indent are placed by MEA which have been varying year to year. For Non-judicial stamp papers indents are placed by the various State Governments. These indents also vary from year to year. For postal stationery and postage stamps the indents are placed by Postal Department. These also vary from year to year. SPMCIL's capacity is in the form of committed capacity for the use of its Govt. customers.

SWOT ANALYSIS

Strength

- SPMCIL has capability to successfully undertake orders related to production of security products.
- The Company has expertise in printing of Banknotes, minting of Coins, production of CWBN Paper, Ink and printing of all types of security documents.
- Formed a Joint Venture Company for setting up 12000 MT capacity Bank Note Paper Mill.
- All mints under CISF/State Police protection.
- Has completed Phase-I modernisation of Mints.
- In-house Ink Factory for SPMCIL's requirement.
- All the units of the Company are ISO 9001:2000 and ISO 14001:2004 certified.
- SPMCIL is sole provider of circulating and commemorative coins, NJSP, Postal Stationary, Passport & Travel documents, etc.

Weaknesses

- Legacy issues of corporatisation.
- High Manpower Cost.
- Old Machinery & Inefficient layouts at some Units due to historical legacy.
- Job security as commitments given to employees as part of the Memorandum of Settlement.
- High Cost of Working Capital due to Govt. Debtors.
- No flexibility to regulate supplies to defaulting customers.

Opportunities

- Export potential for coins and currency particularly in SAARC region.
- Increased potential in bullion products / commemorative coins and other diversified security products.
- Diversification in customers in the form of increased requirement of various Ministries, PSUs and Independent bodies for security products.

Threats

- Committed capacity for committed customers.
- High inventory due to lifting of finished products by customers as per their convenience.
- High Security Costs due to deployment of CISF in all Units.
- Increased competition from other players in retail bullion items.

FUTURE OUTLOOK

RBI in its indent of September/October 2012 has more than doubled the indent of Coins for five years. Similarly, RBI has raised more than 50% the indent of Bank Notes for next five years. MEA has increased the indents for passports for 2016-17 to 2.00 crores (approx.). The above increased demands need substantial investments by SPMCIL in coming 3-4 years. SPMCIL is geared to meet the increased indents of Coins, Bank Notes, Passport etc

RISKS AND CONCERNS

SPMCIL sells its products mostly to Government of India, State Governments, other Governmental Authorities and Public Sector Undertakings, etc. As far as core business of the Company is concerned, RBI's subsidiary, M/s. BRBNMPL has spare capacity for printing of banknotes thus creating a business risk. The other areas of concern are local inferences like strikes/bandhs, contractor's reluctance to fulfil statutory obligations and risk of abnormal increase in cost of metals and other inputs, which may adversely affect revenue of SPMCIL. In order to mitigate these risks, cordial relations with local project staff/ unions and local administration are being developed and maintained.

To strengthen security surveillance latest state of the art security system has been installed in units. The Company has Central Industrial Securities Force (CISF) and State Para-Military forces deployed to take care of the security of the units. CISF is being deployed gradually in all the units as per the directions of MHA and DEA. Intelligence Bureau (IB) officials are posted in the Security Presses and Security Paper Mill.

The Company's Management is committed to further strengthen its risk management capabilities in order to protect and enhance shareholders value. Considering the planned efforts, monitoring by top management and participation of all employees in the decision making process, the identified risks are well within the appetite of the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a comprehensive system of internal control to safeguard the assets against loss from unauthorized use and ensure proper authorization of financial transactions. The system covering all financial and operating functions in the Company is designed to provide a high degree of assurance regarding the effectiveness and efficiency of operations, the reliability of financial controls and compliance with laws and regulations as applicable in the various fields in which the Company operates. To make the internal control more effective and project specific, comprehensive internal audit manuals and accounting manuals are being updated continuously. The Company has also implemented suitable internal control measures to ensure that all resources are utilized optimally, financial transactions are reported with accuracy and all applicable laws and regulations are strictly complied with.

The management of the Company duly considers and takes appropriate action on the recommendations made by the Statutory Auditors, Internal Auditors and the Audit Committee of the Board of Directors. The Company has continued its efforts to align its process and controls with global best practices. To make the internal control more effective and transparent, the Company has adopted the new Procurement Manual w.e.f. June, 2011 to enhance transparency in the operations of the Company. SAP/ERP has been operationalised thus bringing in transparency, efficiencies and economy in the operations.

Some significant features of internal control system are:

- Preparation and monitoring of annual budgets for all major activities.
- A well-established team of internal auditors reviews and reports to management and Audit Committee and corrective measures are taken in time for continuous improvement.

DISCUSSION ON FINANCIAL PERFORMANCE

Revenue from Operations of the company increased by 4.68% to ₹4728.14 crores during financial year 2015-16 from ₹4516.89 crores in financial year 2014-15. Other incomes of the Company increased by about 18.80% to ₹101.36 crore during financial year 2015-16 from ₹85.31 crores in financial year 2014-15.

The sales turnover of your Company has increased to ₹4647.57 crores in 2015-16 from ₹4413.85 crores in 2014-15 registering a growth of 5.30% over the previous year. The Sales per employee during 2015-16 has increased by 12.27% to ₹42.05 lacs from ₹37.46 lacs during the year 2014-15 primarily due to increase in the production during 2015-16. The company has reported a net profit of ₹203 crores in the year 2015-16 as compared to a net loss of ₹352 crores in the year 2014-15.

After finalization of capital structure of SPMCIL by DEA, Ministry of Finance vide letter no. 3/2/2008-Cy.III/SPMC dated 09.02.2015, the paid-up Equity Share Capital of the Company has increased to ₹1182.49 crores and a Term Loan of ₹1182.44 crores repayable to Govt. of India over a period of 25 years with interest @ 11.50% p.a. has been created effective from the year 2015-16.

The Department of Public Enterprises (DPE) had vide O.M. No. PP/14(0005)/2016 dated 20.06.2016 forwarded the copy of the O.M. No. 5/2/2016-Policy dated 27.05.2016 of Department of Investment & Public Asset Management (DIPAM) on the subject of Guidelines on Capital Restructuring of CPSEs. As per Clause 5.2 of the aforesaid guidelines, every CPSE would pay a minimum annual dividend of 30% of Profit after Tax or 5% of the Net-worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. The Company had requested DEA, Ministry of Finance vide letter dated 02.09.2016 with a copy to DIPAM to grant exemption from payment of dividend in accordance with the aforesaid guidelines on Capital Restructuring issued by DIPAM. However, the Board of Directors has recommended a Final Dividend @ 30% of post-tax profits of the Company for the year 2015-16 aggregating to ₹73 crores plus applicable Dividend Distribution Tax. An amount of ₹20.30 crores has been transferred to General Reserve in compliance of the provisions of Companies Act, 2013. This final dividend for the financial year 2015-16 shall be paid by the Company after approval of shareholders in the forthcoming 11th Annual General Meeting of the Company.

HUMAN RESOURCE DEVELOPMENT

It is the Human Resource which is an invaluable asset during the phase of transition in your Company and various measures are being taken for welfare of the Employees including Socialization programmes, Community activities, Cultural functions, Games and Sports which are slowly getting momentum in the corporate life. In comparison to the preceding year, i.e. 2014-15, the Employees strength has come down from 11784 to 11052 as on 31.03.2016 due to natural attrition of manpower on account of superannuation

ENVIRONMENT PROTECTION AND CONSERVATION

Environment Protection and conservation has commanded due attention as a result environment management system has been developed as integral part of Company's activities. The specific steps taken at the various work sites in compliance with such procedural requirements covers:

- Re–orientation and modification of layout of industrial plants, structures.
- Tree plantation at factory sites & measures for restricting cutting of trees.
- Avoidance of fire hazards by adopting fire prevention system and mock/drill exercises of fire fighting to assess preparedness to fight fire disaster.
- Factory specific emergency preparedness.
- Installation of necessary safety measures at factory premises.

The Company has continued its efforts to conserve the energy to highest possible level. The Company has formulated a long-term vision for embracing new technologies covering use of renewable form of energy. The Company is also developing the concept of environment friendly green building in all its upcoming projects.

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

The Company has been discharging its social responsibility by participating in various social welfare schemes. In order to provide a complete framework and platform for greater participation and to align it to DPE guidelines and other International standards such as United Nations Global Compact Principle, the Corporate Social Responsibility and Sustainability policy and plans have been framed and designed.

SPMCIL has been taking up projects as per the CSR & Sustainability Policy approved in the areas of education, health, drinking water, cleanliness and sanitation, water conservations, rain water harvesting, etc. CSR has been engrained in the day to day operations of the Company.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis Report describing the company's objectives, projections and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those express or implied. Important developments that could affect Company's operations include significant changes in economic environment in India, exchange rate fluctuations, tax laws, litigations and labour relations, etc.

ANNEXURE-IX

REPORT ON CORPORATE GOVERNANCE

1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to the application of best management practices, compliances of law in letter & spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders.

SPMCIL believes that good Corporate Governance practices ensure ethical and efficient conduct of the affairs of the Company and also help in maximizing value for its stakeholders like, employees, shareholders, customers and society at large in order to build an environment of trust and confidence among all the constituents. The Company endeavours to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning which are very important to achieve its objectives.

SPMCIL recognizes that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue highest standards of Corporate Governance in the overall interest of all its stakeholders. Keeping in view the philosophy, the Corporate Governance at SPMCIL is based on following main key principles & practices:

- Proper composition of Board of Directors, size, varied experience and commitment to discharge their responsibilities.
- Adherence & compliances of laws, rules, regulations.
- Timely and balanced disclosure of all material information on functional and financial matters to stakeholders.
- Well-developed internal control systems and processes, risk management & financial reporting.
- To enhance accuracy and transparency in business operation, performance & risk management.

2. BOARD OF DIRECTORS

Composition of Board: As per the provisions of Articles of Association of SPMCIL as amended by the Shareholders in their Extra Ordinary Generaly Meeting held on 24.06.2015, the Board consists of twelve Directors of whom four are Functional Directors including Chairman and Managing Director, three are Govt. Nominee Directors including two from Ministry of Finance and one from Ministry of Home Affairs, three are End-User representative Directors each from Reserve Bank of India, Ministry of External Affairs and Department of Post and also two Independent Directors including one Woman Director as per section 149 of the Companies Act, 2013. According to the Ministry of Finance, in accordance with the Cabinet approval in case of SPMCIL due to security sensitive nature of the organisation a decision was taken to nominate directors from the user departments (RBI, Deptt. of Post and Ministry of External Affairs) who may be considered as Independent Directors and Government Directors have been nominated from other Government Departments i.e. Ministry of Home Affairs and Ministry of Finance. The power to appoint Directors vests with the President of India. The appointment of required number of Independent Directors including Woman Director is under consideration by the Administrative Ministry.

Category, attendance at Board Meeting, AGM & number of other Boards or Board Committees in which directors hold position as a member or chairperson during the year 2015-16 are as under:-

Name	Meeting held during respective tenures of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 08.12.2015)	No. of other directorship held as on 31.03.2016
(a) Functional Directors				
Shri M. S. Rana Chairman & Managing Director **DIN – 01174242**	4	4	Yes	1
Shri P.N. Radkar Director (Technical) **DIN – 03261212**	4	4	Yes	1
Dr. Manoranjan Dash Director (HR) **DIN – 02071641**	4	4	Yes	1
(b) Govt. Nominees				
Shri H. Pradeep Rao Additional Secretary & FA, Ministry of Finance, **DIN – 03042828**	3	1	No	N.A.
Dr. Saurabh Garg Joint Secretary (I&C), Dept. of Economic Affairs, Ministry of Finance **DIN – 02603725**	4	4	Yes	5
Ms. Meera Swarup* Joint Secretary & FA, Ministry of Finance, **DIN – 07459493**	1	1	N.A.	N.A.
Shri M.A. Ganapathy Additional Secretary (IS-I), Ministry of Home Affairs, **DIN – 07239958**	4	0	No	NIL
(c) Independent Directors				
Shri Muktesh K. Pardeshi Joint Secretary (PSP) & CPO, Ministry of External Affairs, **DIN – 03366751**	4	2	Yes	NIL
Smt. Uma Shankar[#] Principal Chief General Manager, Deptt. of Currency Management, Reserve Bank of India **DIN – 07165728**	3	3	Yes	N.A.

Name	Meeting held during respective tenures of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 08.12.2015)	No. of other directorship held as on 31.03.2016
Shri P. Vijaya Kumar# Chief General Manager, Deptt. of Currency Management, Reserve Bank of India **DIN – 07492149**	1	1	N.A.	N.A.
Smt. Anula Kumar DDG (Philately), Department of Posts, **DIN – 06862034**	4	2	Yes	NIL

** Ms. Meera Swarup has been appointed in place of Shri H. Pradeep Rao w.e.f. 10.03.2016.*

 # Shri P. Vijaya Kumar has been appointed in place of Smt. Uma Shankar w.e.f. 10.03.2016.

Number of Board Meetings & Dates: The Board of Directors met four (4) times during the year 2015-16 (24.06.2015, 11.08.2015, 08.12.2015 & 22.03.2016) and all the information as required to be placed as per the DPE Guidelines was placed before the Board.

Appointment / Re-appointment in the Board: During the year 2015-16, Shri H. Pradeep Rao (Govt. Nominee) vacated the office of Director of SPMCIL on relinquishment of charge of Additional Secretary & Financial Advisor, Ministry of Finance and Ms. Meera Swarup, Joint Secretary & Financial Advisor, Ministry of Finance joined the Board of SPMCIL in place of Shri H. Pradeep Rao w.e.f. 10.03.2016. Smt. Uma Shankar (RBI Nominee) vacated the office of Director of SPMCIL on relinquishment of charge of Principal Chief General Manager, Deptt. of Currency Management (DCM), RBI and Shri P. Vijaya Kumar, Chief General Manager, DCM, RBI joined the Board of SPMCIL in place of Smt. Uma Shankar w.e.f. 10.03.2016.

A brief profile of the Directors on Board of SPMCIL as on date of this report is furnished hereunder:

- **Shri Praveen Garg, Chairman & Managing Director**

  Shri Praveen Garg joined the Indian Administrative Service in 1988, after qualifying as a Chartered Accountant from ICAI in 1984. He is an alumnus of Delhi University, New Delhi.

  For the last 27 years he has worked in different positions with the Government of Madhya Pradesh and the Government of India. His first posting after the training at the academy in Mussoorie was in Bastar district, part of erstwhile Madhya Pradesh. In the past, he has served as the District Magistrate & Collector of the districts of Sidhi, Satna, Khandwa and Jabalpur. He has also served as Secretary (Finance); Commissioner (Institutional Finance); MD, Madhya Pradesh State Industrial Development Corporation Ltd. (MPSIDC) and MP Trade & Investment Facilitation Corporation Ltd. (MPTRIFAC).

  As MD, MPSIDC, he was instrumental in initiating “Destination MP” programme to attract investments and industrialization in Madhya Pradesh. He also served as the Secretary, Department of Renewable Energy; Commissioner, MP Housing and Infrastructure Development Board; ED, Environmental Planning & Coordination Organisation (EPCO); CEO, Lake Conservation Authority; Member Secretary, State Environment Impact Assessment Authority (SEIAA); ED, Disaster Management Institute, Bhopal and Revenue Commissioner, Bhopal Division.

He joined Government of India in 2013 as Joint Secretary, Department of Justice and is presently working as Joint Secretary, Department of Economic Affairs, Ministry of Finance.

He has been entrusted with the additional charge of Chairman and Managing Director of Security Printing and Minting Corporation of India Limited (SPMCIL) w.e.f. 12th July, 2016.

- **Shri Ajai Kumar Srivastav, Director (Technical)**

  Shri Ajai Kumar Srivastav, aged 55 years, is a graduate in Mechanical Engineering and MBA (HR) and holds Post Graduate Diploma in Personnel Management & Labour Laws. Shri Srivastav has held positions in Government of India, viz. Assistant Engineer in Department of Animal Husbandry, Dairying and Fisheries, Ministry of Agriculture and Works Manager/Senior Works Manager in India Govt. Mint, Noida under Department of Economic Affairs, Ministry of Finance (prior to corporatization). He has undergone specialized training of three months in 'Industrial Hydraulics' at Norway under India–NORAD (Norwegian Agency for Development Cooperation) development programme. Before taking the charge as Director (Technical), SPMCIL on 29.08.2016, Shri Srivastav has held various positions like the Dy. General Manager & HoD of SPP, Hyderabad and General Manager of India Govt. Mint, Hyderabad and General Manager of India Govt. Mint, Mumbai.

  Shri Srivastav has been conferred the Business Leadership Award-2013 for 'Manufacturing Excellence for Coins & Medals'. He has also been conferred with the award of 'Fellow' by the Institution of Engineers, Kolkata. Under his direction and supervision, India Govt. Mint, Mumbai was accredited for NABL ISO/IEC 17025:2005 for precious metal testing.

  Shri Srivastav is highly committed to achieving organizational goals, maintaining cordial industrial relations and keeping workforce highly motivated and disciplined. He has organized various training and development programmes for Industrial Workers and Supervisors in the areas of productivity, performance, safety, health & environment, energy conservation, advanced technology, quality management, etc.

  Shri Srivastav is also a Nominee Director of SPMCIL on the Board of Joint Venture Company, Bank Note Paper Mill India Private Limited (BNPMIPL).

- **Shri S.K. Sinha, Director (HR)**

  Shri S.K. Sinha started his career as Indian Railway Personnel Service (IRPS) Officer in 1993 and later got absorbed in Delhi Metro Rail Corporation Limited (DMRC). He is Graduate (Hons) in English Literature, Bachelor of Law and has Post Graduate Diploma in HRM.

  For the last 23 years, he has worked in various capacities in Indian Railways managing large number of human resource, employee welfare and Industrial relations, with stint at Bhilai, Bilaspur, Bhubaneswar and Guwahati and then with DMRC at Delhi.

  In DMRC, he was responsible for setting up the organisation right from its initial days in 2002, and was in-charge of recruitment, training, HR consultancy and establishment. He held the charge of General Manager (HR) in DMRC since 2010. He has been instrumental in providing consultancy for manpower planning, benchmarking, productivity and capacity building of a number of upcoming MRTS (Mass Rapid Transit Systems) in the country like- Jaipur, Kochi, Lucknow, Nagpur, Bangalore, NOIDA, Mumbai etc, including erstwhile PPP model Airport Line of Delhi. He has also co-ordinated Organisation & HR issues and best practices for benchmarking with Asian Metro systems and NOVA - COMET group of MRT systems in the world.

  During 2013-14, he worked as an International Expert in JICA funded Consultancy Project for Jakarta (Indonesia) Metro.

  He has joined as Director (HR), SPMCIL on 1st September, 2016.

- **Ms. Meera Swarup (Govt. Nominee, Ministry of Finance)**

  Ms. Meera Swarup joined the Audit and Accounts Service in 1988. She is presently working as Joint Secretary & Financial Advisor (Finance) in the Ministry of Finance, Government of India.

  Prior to joining as Joint Secretary & Financial Advisor, she held the position of Director General (P&T Audit) and Director General (Hqrs.) in the Office of C&AG of India. She has worked as Principal Accountant General and Accountant General in the States of Gujarat, Rajasthan and Madhya Pradesh. She was posted as Director of External Audit at Geneva responsible for external audit of WHO, WIPO and IOM during 2010 to 2012. While on deputation to Govt. of India from 1994-1998, she worked as Deputy/Joint Director in the Fund Bank Division, Department of Economic Affairs, Ministry of Finance.

  She has a Master's degree in Political Science from University of Delhi and has vast experience in administration, financial management, audit of State & Central Governments, Public Sector Companies and audit of International Organisations.

  She has been appointed as a Govt. Nominee Director from the Department of Expenditure, Ministry of Finance and acting as part-time Director on the Board of SPMCIL w.e.f. 10th March, 2016.

- **Dr. Saurabh Garg (Govt. Nominee, Ministry of Finance)**

  Dr. Saurabh Garg is presently Joint Secretary, Investments & Currency (I&C) in the Department of Economic Affairs, Ministry of Finance, Government of India. Since joining the Indian Administrative Service, Dr. Garg has held various responsibilities in the Government of Odisha in the Departments of Industries and Urban Development in the districts of Kalahandi & Keonjhar and in the Government of India in the Departments of Expenditure and Economic Affairs and the World Bank. He has also worked in the private sector with the Tata Administrative Service.

  Dr. Garg holds a Ph.D in International Economics and Development from the Johns Hopkins University, USA. He has an MBA from the Indian Institute of Management, Ahmedabad, where he was awarded a Gold Medal, and a B.Tech. from the Indian Institute of Technology, New Delhi. He was a Gurukul Chevening Fellow at the London School of Economics & Political Science, London.

  He has published articles and contributed to books in different areas including innovations in administration and corporate governance.

  He has been appointed as a Govt. Nominee Director from the Department of Economic Affairs, Ministry of Finance and acting as ex-officio part-time Director on the Board of SPMCIL w.e.f. 15th September, 2014.

- **Shri Sudhir Kumar Saxena (Govt. Nominee, Ministry of Home Affairs)**

  Shri Sudhir Kumar Saxena is Joint Secretary (Internal Security-I), Ministry of Home Affairs. He has been appointed as a Govt. Nominee Director from the Ministry of Home Affairs and acting as part-time Director on the Board of SPMCIL w.e.f. 17th September 2016.

- **Shri Arun K. Chatterjee (Independent Director)**

  Shri Arun Kumar Chatterjee has been appointed as Director on the Board of SPMCIL by the Ministry of External Affairs w.e.f. 1st June 2016.

  Born on 17th December, 1965, Shri Chatterjee holds Master's Degree in Commerce and is a Graduate from the Institute of Cost Accountants of India. He served as Junior Manager in Durgapur Steel Plant, Steel Authority of India Limited, from 1989 to 1992. He joined the Indian Foreign Service in 1992.

  Presently, he is serving as Joint Secretary (Passport Seva Project) & Chief Passport Officer in the Ministry of External Affairs, Government of India. Earlier, he has served as Counsellor in Embassy of India, Seoul, in Republic of Korea from February 2006 to July 2007, First Secretary/ Counsellor in Permanent Mission of India (PMI), Geneva from December 2002 to December 2005, and as Third/ Second Secretary in Embassy of India, Almaty, in Kazakhstan from May 1994 to September 1998. In the Ministry of External Affairs, he has worked as Under Secretary/ Deputy Secretary (East Europe), Director (Finance), and Director/ Joint Secretary (CNV & I) and Chief Vigilance Officer of the Ministry of External Affairs.

- **Shri P. Vijaya Kumar (Independent Director)**

  Shri P. Vijaya Kumar is presently Chief General Manager of Department of Currency Management, Reserve Bank of India, Mumbai. He has done MA (History) and M Phil (History) from University of Hyderabad. He also holds a Certificate in Certified Associate of Indian Institute of Bankers (CAIIB) and a Diploma in Treasury Investment & Risk Management. He joined the Reserve Bank of India in 1985 and has over 31 years' experience in the Bank, spread over diverse departments and different centres in the country viz. Hyderabad, Chennai, Jaipur and Mumbai. He has worked in Department of Banking Supervision, Currency Management, Government Banking, Payment and Settlement Systems, Banking Ombudsman for the State of Rajasthan, etc. He also has a good mix of Central Office and Regional Office experience.

  Currently he is a Director on the Boards of State Bank of Patiala a subsidiary of State Bank of India and SPMCIL, a Government of India Undertaking.

- **Shri Niraj Kumar (Independent Director)**

  Shri Niraj Kumar, Deputy Director General (Philately), Deptt. of Posts is an officer of the 1992 batch of the Indian Postal Service. Born in 1965, Shri Niraj Kumar holds Bachelor of Science degree (Hons.) from Patna University. He has serviced Department of Posts in various capacities. He was in Rajasthan as Senior Superintendent of Posts in Ajmer (from 2001 to 2002), as Director Postal Service in Chhattisgarh Postal Circle posted in Raipur (from 2002 to 2004), as Director (Operations) & Director Philately in the Postal Directorate (HQ) situated at Dak Bhawan (from 2005 to 2011). He has also served as Director in Department of Heavy Industry, Govt. of India on deputation during the period 2011 to 2015. He has been appointed as a Customer Nominee Director from the Department of Posts and acting as an Independent Director on the Board of Security Printing and Minting Corporation of India Limited (SPMCIL) w.e.f. 16.12.2016

3. AUDIT COMMITTEE

Brief description of Terms of Reference

1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the auditors.
2. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
3. Ensuring Compliance of Internal Control Systems.
4. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
5. Noting appointment and removal of external auditors. Recommending the fixation of audit fee of external auditors and also approval for payment for any other services.
6. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
   a. Matters required to be included in the Director's Responsibility Statement being part of the Board's report in terms of clause (c) of sub-section (3) of Section 134(5) of the

Companies Act, 2013;

b. Changes, if any, in accounting policies and practices and reasons for the same;
c. Major accounting entries involving estimates based on the exercise of judgment by management;
d. Significant adjustments made in the financial statements arising out of audit findings;
e. Compliance with legal requirements relating to financial statements;
f. Disclosure of any related party transactions;
g. Qualifications in the draft audit report.

7. Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.
8. Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
11. Review of Observations of C&AG including status of Government Audit paras.
12. Investigation into any matter in relation to the items specified above or referred to it by the Board.
13. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
14. Provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.

Composition as on 31.03.2016: The Audit Committee has been constituted in accordance with the Guidelines on Corporate Governance issued by Deptt. of Public Enterprises in the 24th meeting of Board of Directors held on 15.09.2009. The terms, reference, role & power are in accordance with prescribed Guidelines.

Name, category & attendance:

Name	Designation	Category	Meeting Attended
Smt. Uma Shankar*	Chairperson	Independent	3/3
Shri H. Pradeep Rao#	Member	Govt. Nominee, AS & FA, Ministry of Finance	3/2
Shri Muktesh K. Pardeshi	Member	Independent	4/3
Smt. Anula Kumar	Member	Independent	4/2
Shri P. Vijaya Kumar*	Chairman	Independent	1/1
Ms. Meera Swarup#	Member	Govt. Nominee, JS & FA, Ministry of Finance	1/1

** Shri P. Vijaya Kumar has been appointed as Chairman of Audit Committee w.e.f. 17.03.2016 in place of Smt. Uma Shankar.*
 # Ms. Meera Swarup has been appointed as Member of Audit Committee w.e.f. 17.03.2016 in place of Shri H. Pradeep Rao.

Meetings and Date of Meetings: The four meetings of the Audit Committee in the financial year 2015-16 have been held on 23.06.2015, 10.08.2015, 07.12.2015 & 22.03.2016.

4. REMUNERATION COMMITTEE

Brief Description & Composition: The constitution, tenure, remuneration of the functional directors is decided by the President of India. In compliance of the guidelines on Corporate Governance issued by DPE, a Remuneration Committee of the Board of Directors of the Company was constituted in the 21st Board meeting held on 15th May, 2009 for Performance Related Pay (PRP) of the Executives and Non-Unionised supervisors of the Company working in IDA pay-pattern. Further, the Remuneration Committee has been reconstituted from time to time and as on 31.03.2016, the committee comprises of the following Directors:

Name	Designation	Category
Shri Muktesh K. Pardeshi	Chairman	Independent
Dr. Saurabh Garg	Member	Nominee, JS (I&C) DEA, MoF
Smt. Anula Kumar	Member	Independent
Shri P. Vijaya Kumar*	Member	Independent

**Shri P. Vijaya Kumar has been appointed as member of Remuneration Committee w.e.f. 17.03.2016.*

Meetings and Attendance: During the year 2015-16, no meeting of Remuneration Committee was held.

The details of gross remuneration paid to the Functional Directors of the Company during the year 2015-16 and 2014-15 are as follows:

(Amount in ₹)

Particulars	2015-16	2014-15
Salary and Allowances	85,84,951	78,22,501
Contribution to PF / Pensionery Charges	7,98,725	24,02,314
Leave Encashment	3,65,035	30,88,099
Lease Rent & Other Perks	63,27,077	68,02,760
Gratuity	3,82,294	7,89,704
Total	**1,64,58,082**	**2,09,05,378**

No remuneration is paid to the non-functional Directors of the Company.

5. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Brief Description & Composition: In compliance of CSR & Sustainability guidelines issued by DPE, a CSR Committee of the Board of Directors of the Company was constituted by the Board in its 53rd meeting held on 20th May 2013 to assist the Board of Directors to formulate suitable policies and strategies to take the CSR & Sustainability agenda of the Company forward in the desired direction. The Board of Directors of the Company has approved the CSR & Sustainability Policy of the Company in its 62nd meeting held on 11.11.2014 in compliance of Companies Act, 2013 and guidelines on CSR and Sustainability issued by DPE for all CPSEs effective from 01.04.2014. The CSR Committee has been reconstituted from time to time and as on 31.03.2016, the committee comprises of the following Directors:

Name	Designation	Category
Smt. Anula Kumar	Member	Independent
Dr. Manoranjan Dash	Member	Director (HR)
Dr. Saurabh Garg	Member	Govt. Nominee, JS (I&C) DEA, MoF

Meetings and Attendance: During the year 2015-16, two meeting of CSR Committee were held on 14.05.2015 & 10.08.2015.

6. GENERAL BODY MEETINGS

Venue, Date and Time of Company's AGM of last 3 years with details of Special Resolutions passed:

Particulars	2012-13	2013-14	2014-15
Date	November 13, 2013	November 11, 2014	December 8, 2015
Time	1:00 pm	1:30 pm	1:30 pm
Venue	16^{th} Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110 001	16^{th} Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110 001	16^{th} Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110 001
Details of Special Resolutions passed in the AGM	None	None	None

Details of Annual General Meeting in the current year:

Year	Date and Time of AGM	Venue
2015-16	December 21, 2016 at 1:30 pm	16^{th} Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110 001

7. DISCLOSURES

(i) The Company does not have any material related party transactions, which have potential conflict with the company at large. Disclosures regarding transactions with the related parties are given in the Notes to Accounts of the Financial Statements for the year ended 31^{st} March, 2016.

(ii) There were also no instances of non-compliance on any matter during the last three years. It is reaffirmed that no penalties imposed or strictures passed against the Company by the statutory authorities except the cases mentioned in notes to accounts forming part of the financial statements and disposal of the same are still pending with the judicial and quasi – judicial authorities.

(iii) The Company has reiterated the Whistle Blower Policy of CVC and no person has been denied access to the Audit Committee.

(iv) The Company is complying with all the requirement of the Guidelines on Corporate Governance for CPSEs issued by the DPE to the extent reflected herein.

(v) No Presidential Directives issued during the year and last three years.

(vi) During the year 2015-16, no expenditure is debited to the books and accounts which are not for the purpose of business expenditure.

(vii) During the year 2015-16, no expenses which are of personal nature have been incurred for the Board of Directors and Top Management.

(viii) The percentage of Administrative and office expenses as a percentage of total expenses is 4.63% and financial expenses as a percentage of total expenses is 2.81%.

8. MEANS OF COMMUNICATION

Quarterly Results, Presentation etc. : The official news releases, presentations, financial results etc. are displayed on the Company's website www.spmcil.com.

Website: The financial information, code of conduct and other related information is also available on the Company's website.

9. AUDIT QUALIFICATIONS

The comments on accounts for the year ended on 31st March, 2016 by the Comptroller & Auditors General of India under Section 139 of the Companies Act, 2013 and Statutory Auditors of the Company are given in the Annexures to the Directors Report along with the comments of the management of the Company.

10. TRAINING OF BOARD MEMBERS

The Company has applied informal training of Board members by way of providing regular updates about the performance of the company, Governments directions, Corporate Governance guidelines, etc. from time to time.

11. WHISTLE BLOWER POLICY

The Company is committed to conduct its business in accordance with highest standards of business ethics to ensure compliances of all applicable laws, rules and regulations. The Board of Director has laid down the Code of Business Conduct and Ethics for the Board members and Senior Management of the Company. The copy of the Code has been displayed on the Company's website www.spmcil.com. All members of the Board and Senior Management have confirmed compliance of Code of Conduct for the year 2015-16. SPMCIL has reiterated the Whistle Blower Policy of the CVC vide letter No. SPMCIL/Vig/3/09/07/5175 dated 16.03.2010.

12. COMPLIANCE CERTIFICATE

This Report duly complies and covers all the suggested items as mentioned in *Annexure–VII* of the Guidelines. The Certificate obtained from the practicing Company Secretary regarding compliance of conditions of Guidelines of Corporate Governance of CPSEs has been annexed to the Report.

DECLARATION BY CHAIRMAN-CUM-MANAGING DIRECTOR REGARDING COMPLIANCE WITH THE CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT DURING THE FINANCIAL YEAR 2015-16.

'I, Praveen Garg, Chairman and Managing Director of Security Printing and Minting Corporation of India Limited hereby confirm that the Company has obtained from the members of the Board and Senior Management an affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2015-16.'

Date: 21st December, 2016
Place: New Delhi

(Praveen Garg)
Chairman & Managing Director
DIN – 00208604

J. K. Gupta & Associates
(Company Secretaries)

256 & 257, Vardhman City Center 2,
Near Shakti Nagar Railway Under Bridge,
Gulabi Bagh, Delhi-110052

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Website : www.jkgupta.com
E-mail : jitesh@jkgupta.com
Service Tax No. AAGPG3144HST001

CERTIFICATE ON CORPORATE GOVERNANCE REPORT

The Members,
Security Printing and Minting Corporation of India Limited
16th Floor, Jawahar Vyapar Bhawan,
Janpath, New Delhi-110 001

We have examined the compliance of the conditions of Corporate Governance by Security Printing and Minting Corporation of India Limited, (hereinafter referred as 'the Company') for the year ended on 31st March, 2016 as stipulated in 'Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010' vide Notification No. 1 No. 18(8)/2005-GM originally issued on 22.06.2007 and revised guidelines vide office memorandum dated 14th May, 2010 by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises Government of India and annexures mentioned there under (herein referred as 'Guidelines').

The compliance of Conditions of Corporate Governance is the responsibility of Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in abovementioned guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we hereby certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned Guidelines subject to the following Observation:

"In accordance with Cabinet approval in case of SPMCIL, due to security sensitive nature of the Company, it had been decided to create different setup of Board of Directors of SPMCIL from that recommended by DPE for other CPSEs."

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

For **J. K. Gupta & Associates**

Sd/-
(Jitesh Gupta)
FCS: 3978
CP: 2448

Date : 21.11.2016
Place: Delhi

ANNEXURE-X

FORM NO. MGT - 9

Extract of Annual Return as on the Financial Year ended on March 31, 2015

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

I. REGISTRATION AND OTHER DETAILS

i)	CIN	**CIN : U22213DL2006GOI144763**
ii)	Registration Date	**13.01.2006**
iii)	Name of the Company	**Security Printing and Minting Corporation of India Limited (SPMCIL)**
iv)	Category / Sub-Category of the Company	**Company Limited by Shares / Government Company**
v)	Address of the Registered Office of the Company	**16th Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110001, INDIA** **Phone No. : 011-23701225-26** **Fax No. : 011-23701223** **Email ID : info@spmcil.com** **Website : www.spmcil.com**
vi)	Whether listed Company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any;	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service*	% to total turnover of the Company
1.	Printing of Bank Notes	18114	28%
2.	Manufacture of Coins	32114	48%

* As per National Industrial Classification 2008 - Ministry of Statistics and Programme Implementation.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Bank Note Paper Mill India Pvt. Ltd. (A joint venture of BRBNMPL & SPMCIL), Administrative Building, Entry Gate No. 1, Paper Mill Compound, Note Mudran Nagar, Mysuru-570003	U21090KA2010PTC055475	Associate	50%	2(6)

IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual / HUF	-	-	-	-	-	-	-	-	-
(b) Central Govt.	-	50000	50000	100%	-	1182490000	1182490000	100%	-
(c) State Govt.(s)	-	-	-	-	-	-	-	-	-
(d) Bodies Corp.									
(e) Banks/FI	-	-	-	-	-	-	-	-	-
(f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	**-**	**50000**	**50000**	**100%**	**-**	**1182490000**	**1182490000**	**100%**	**-**
2. Foreign									
(a) NRIs Individual	-	-	-	-	-	-	-	-	-
(b) Other Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks / FI	-	-	-	-	-	-	-	-	-
(e) Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	**-**	**50000**	**50000**	**100%**	**-**	**1182490000**	**1182490000**	**100%**	**-**
B. Public Shareholding									
1. Institutions									
(a) Mutual Funds	-	-	-	-	-	-	-	-	-
(b) Banks/FI	-	-	-	-	-	-	-	-	-
(c) Central Govt.	-	-	-	-	-	-	-	-	-
(d) State Govt.(s)	-	-	-	-	-	-	-	-	-
(e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f) Insurance Companies	-	-	-	-	-	-	-	-	-
(g) FIIs	-	-	-	-	-	-	-	-	-
(h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
(i) Others (Specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (1)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2. Non-Institutions									
(a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% of Change during the year
	Demat	Physical	Total	%of Total Shares	Demat	Physical	Total	%of Total Shares	
ii) Overseas	-	-	-	-	-	-	-	-	-
(b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual Shareholders holding nominal share capital in excess of ₹1 lakh	-	-	-	-	-	-	-	-	-
(c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**-**	**50000**	**50000**	**100%**	**-**	**1182490000**	**1182490000**	**100%**	**-**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	% of change in shareholding during the year
1.	President of India	50000	100%	-	1182490000	100%	-	-
	Total	**50000**	**100%**	**-**	**1182490000**	**100%**	**-**	**-**

(iii) Change in Promoters' Shareholding

Sl. No.	Description	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	50000	100%	50000	100%
2.	At the End of the year	1182490000	100%	1182490000	100%

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	-	-	-	-

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
2.	Date wise Increase / Decrease in Promoters Share holding during the year, specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	-	-
3.	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total Shares of the Company
1.	At the beginning of the year	-	-	-	-
2.	Date wise Increase / Decrease in Promoters Share holding during the year, specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	-	-	-	-
3.	At the End of the year	-	-	-	-

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	-	1182.44	-	1182.44
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	**-**	**1182.44**	**-**	**1182.44**
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Addition	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
(i) Principal Amount	-	1182.44	-	1182.44
(ii) Interest due but not paid	-	135.98	-	135.98
(iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	**-**	**1318.42**	**-**	**1318.42**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	*CMD*	*Whole Time Director*		*CVO*	Total Amount
			Director (HR)	*Director (Tech)*		
1.	Gross Salary	Shri M.S. Rana	Dr.Manoranjan Dash	Shri P.N. Radkar	Shri S.K. Jha	-
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961;	24,22,332	22,88,742	19,49,461	19,24,416	85,84,951
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	24,83,496	12,81,344	16,13,226	9,49,011	63,27,077
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-			-
3.	Sweat Equity	-	-			-
4.	Commission - as % of profit - others, specify...	-	-			-
5.	Others, specify	5,69,008	4,72,222	5,04,824	-	15,46,054
	Total (A)	**54,74,836**	**40,42,308**	**40,67,511**	**28,73,427**	**1,64,58,082**

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	-	-	-	Total Amount
1.	**Independent Directors**				
	• Fee for attending Board / Committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, specify	-	-	-	-
	Total (1)	**-**	**-**	**-**	**-**
2.	**Other Non-Executive Directors**				
	• Fee for attending Board / Committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, specify	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**
	Total (1+3)	**-**	**-**	**-**	**-**
	Total Managerial Remuneration (A+B)	**-**	**-**	**-**	**-**

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Shri Sanjai Maheshwari *Chief Financial Officer*	Shri Sachin Agarwal *Company Secretary*	Total
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961;	19,21,263.00	9,18,733	**28,39,996**
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	69,806.00	**69,806.00**
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, specify	-	-	-
	Total	**19,21,263.00**	**9,88,539.00**	**29,09,802**

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Standalone Financial Statements 2015-16

M/s. BATRA SAPRA & Co.
Chartered Accountants

F-14, Shivam House, 17 Amar Chamber
Connaught Circus, New Delhi - 110001
Email : batrasapra@yahoo.co.in

Phone : +91 11 23314959
: +91 11 23314965

Fax : +91 11 41501609

Date: 30.09.2016

INDEPENDENT AUDITORS' REPORT

To,

The Members,
Security Printing and Minting Corporation of India Limited,
16th Floor, Jawahar Vyapar Bhawan,
Janpath, New Delhi-110 001.

Report on the Standalone Financial Statements

We have audited the accompanying standalone Financial Statements of Security Printing and Minting Corporation of India Limited ("the Company"), which comprises the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement and a summary of the significant accounting policies and other explanatory information for the year then ended.

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 Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The matter described in Annexure-I "BASIS FOR QUALIFIED OPINION".

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016 and its profit / loss and its cash flows for the year ended on that date.

Emphasis of Matters

The matter described in Annexure-II "EMPHASIS OF MATTER PARAGRAPH".

Other Matter

We did not audit the financial statements/information of nine branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of ₹7,584.70 crores as at 31st March, 2016 and total revenues of ₹4,875.59 crores for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not qualified in respect of this matter.

Report on other Legal and Regulatory Requirements

1. As required by the Companies Auditors Report Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Companies Act, 2013, we have given the statements on the matters specified in the order ***(Refer Annexure-A to Audit Report).***
2. As required by section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) Proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
   c) The reports on the accounts of the unit offices of the Company audited under Section 143(8) of the Act by unit statutory auditors have been sent to us and have been properly dealt by us in preparing this report.
   d) The Balance Sheet, the Statement of Profit and Loss Account are in agreement with the books of account and returns.
   e) Except for the effects of matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

f) As per Notification No. G.S.R. 463(E) dated 05.06.2015 "Exemptions to Government Companies under section 462 of Companies Act, 2013", sub-section 2 of section 164 is not applicable to the government company.

g) With respect to adequacy of internal financial controls over financial reporting of the company and operating effectiveness of such control, refer to our separate report annexed in "Annexure-B" of our Audit Report.

h) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to best of our information and according to the explanation given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.

   iii. There were no such amounts which were required as far as it appears to be transferred to the Investor Education and Protection Fund by the Company.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No.000103N

Sd/-
CA Amrit Lal Batra
Partner
M.No.016929

Date : 30.09.2016
Place: New Delhi

ANNEXURE-I TO THE AUDITORS REPORT

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

BASIS FOR QUALIFIED OPINION

1. **In respect of Accounting Standard 2, "Valuation of Inventories"**

   In respect of Currency Note Press, Nashik (CNP Nashik), the unit has prescribed its policy to value its inventory at cost or Net Realisable Value (NRV) whichever is lower; however same has not been followed in case of CWBN paper of ₹1000 denomination procured from M/s Landquart AG, Switzerland some of which are defective. Further as communicated by RBI, bank notes in denomination in ₹1000/- are printed by CNP Nashik in which security thread is missing. Defect is stated indicated lapses in quality control processes at CNP Nashik causing severe reputational risk for RBI as the issuer of bank notes. Similar defect was also observed in ₹500 denomination notes. Quantity of such defective notes have been ascertained as explained and certified by the management, and the manufacturing cost of these defective notes lying with CNP and RBI have been estimated to ₹4,348/- for 1000/- and 500/- denomination notes however, inspection cost is estimated to ₹2.89 crores which is liable to be added to the Cost of Inventories. Hence cost of inventory and liabilities are lower to that extent.

2. **In respect of Accounting Standard 6, "Accounting for Depreciation" and Accounting Standard 10, "Accounting for Fixed Assets"**

   a. As on date of takeover vide Ministry of Finance, Office Memorandum dated 10th February 2006, the Gross block and accumulated depreciation of Fixed Assets have been shown at historical cost of purchases instead of actual cost to the company. In the absence of any information of the useful life of assets the amount of depreciation short or excess could not be quantified.

   b. In respect of Indian Government Mint, Hyderabad (IGM Hyderabad) the depreciation is provided on straight line method as prescribed in Schedule-II to the Companies Act, 2013 and the rates prescribed therein. Fixed assets that were working on double shift are depreciated by increasing the applicable rate of depreciation by 50% instead of depreciating the assets by assessing the remaining useful life of assets. The unit ought to have followed the useful life concept prescribed by the Schedule-II read with the AS-6 (Depreciation Accounting) rather than adopting 50% additional depreciation overlooking the fact of higher wear and tear due to double shift usage for the whole year. As the management has not assessed the useful life of the assets considering the actual usage and have not performed impairment testing on the fixed assets, we are unable to comment on the appropriateness of the depreciation provided and the net book value of the fixed assets.

   c. The useful life of the Plant & Machinery being continuous process plant was estimated at 8 years in the F.Y. 2014-15. However, this the estimates have been revised and accordingly the original useful life is estimated to be 25 years as prescribed in Schedule-II of the Companies Act, 2013. Due to the revision in estimated life of the assets an amount of ₹6.74 Crores has been credited to Profit & Loss A/c being the excess amount of depreciation charged during 2014-15 on such machinery. The same is credited to Profit & Loss A/c under Prior Period Incomes.

   d. In respect of IGM Hyderabad, physical verification is carried out, without testing for impairment, of assets at Cherlapally unit by engaging external professionals. Significant numbers of assets were found to be in excess. The discrepancies reported on physical verification have not been reconciled or adjusted by the unit. The unit is also holding certain fixed assets at Saifabad unit. Operations at this unit were discontinued in the year 2009. Ever since the operations were discontinued, physical verification of the fixed assets, assessment for impairment and useful life was not conducted by the management.

The unit stated to have transferred some of the usable assets from Saifabad to Cherlapally. However, no documentation was offered corroborating this. The unit continued to charge depreciation on the Saifabad assets. Hence, we are unable to comment on the existence of assets, appropriateness of depreciation and net book value of assets. Further, identification of components for component accounting of fixed assets mandated under Companies Act, 2013 could not be completed. As necessary information is not made available, we are unable to quantify the impact on the financial statements.

3. In respect of Accounting Standard 9, "Revenue Recognition"

a. In respect of CNP Nasik and BNP Dewas Sales invoices are raised for Bank Notes as per the rates prescribed by Head Office. However, the rates prescribed by head office have not been accepted by RBI till date due to this, there is shortage of ₹34.40 crores in CNP Nasik for f.y. 2015-2016. However as explained by management payment received in BNP Dewas for ₹26.82 crores for F.Y. 2015-16 is in excess.

In view of the same trend for past financial years, Company has made a provision of ₹18.25 Crores at Head office level in the F.Y. 2015-2016 after adjusting short and excess of ₹82.51 crores provision required to be made out of which CNP Nasik already made provision of ₹52.08 crores and BNP Dewas made ₹12.17 crores

b. During the financial year 2015-16 the unit has raised sales invoices on Ministry of finance for sale of 162 million pieces of ₹1 note with rate as per direction of head office. This rate has not been accepted by Ministry of finance till date as per the letter dated 16th September, 2015, head office has communicated to Ministry of Finance to confirm the rate for financial year 2014-15 as well as 2015-16. The rates has till dated neither accepted by Ministry of Finance nor payment received by the unit from Ministry of Finance towards this sale.

4. In respect of Accounting Standard 15, "Accounting for Employee Benefits"

During the year Company has adopted policy for providing employee benefits based on actuarial valuation of SPMCIL Pension Trust. The company has got carried actuarial valuation of its retirement benefits of combined optees as on 31.03.2015 and made necessary provision in their books of accounts as per company policy on deferred basis over a period of 5 years on the ground that these liabilities is payable over a period comprising life expectancy of its combined optees, their spouses and dependents, accordingly provision of ₹100.06 crore being one fifth (20%) share of liability/gap of ₹503.32 crore is made in F.Y. 2015-16.

5. In respect of Accounting Standard 29, "Accounting for Provision, Contingent Liabilities & Contingent Assets"

In respect of Indian Government Mint, Hyderabad, Commercial Taxes Department, for the period April 2006 to November 2013, raised the demand of ₹2,44,00,64,424 for the sale of circulation coins, difference in sales tax on sale of other items, interest and penalty. The unit disclosed this fact as the Contingent Liabilities in the Additional Notes to Accounts. Though the unit made representations to the State and Central Governments, as, no appeals were preferred against these orders as required under VAT Law, the unit ought to have made a provision for the liability. Consequently, the liabilities are understated and reserves are overstated by the amount of the demand raised.

6. Other Qualified Opinion

a. In respect of SPM Hoshangabad unit, there are some items which have been shown in prior period income/expense in the current year. However, these are items which were balance suppliers, customers, and other personal accounts which have been written off during the year. It is explained that the same are in nature of rectification entries due to errors at the time of migration from Tally software to SAP/ERP. Accordingly, an amount of ₹79.01 lacs being debit balances of the various parties and an amount of ₹329.01 lacs credit balances of various parties have been written off during the year. Further, the financial Statements for the year ended on 31st March, 2016 are prepared under Schedule-III to the Companies Act, 2013, except for the few items, the manner of which is described by H.O. in respect of stock transfers to other units are depicted as deduction from stock of SPM Hoshangabad and no corresponding entry is made in Inter-unit sale account. Hence, during the year revenue from operations shows only income from sale of scrap. The stock transfer to other units have not been shown separately and directly deducted from cost of material consumed. The said stock transfers were made on the pre-determined rates calculated on the basis on budgeted expenses for the year 2015-16 instead of actual cost of conversion. The same is reduced from cost of material consumed. Therefore, the cost of material consumed shows adverse balance of ₹7,282.99 lacs (Net off stock transfer of ₹2,32,019 [Previous year ₹1,96,78.56 (Net off stock transfer of ₹25,057 lacs).

b. ***Implementation of ERP and Inconsistencies in ERP system-SAP:***

In respect of ISP Nashik, during the Financial Year 2012-13, the company has migrated from conventional accounting software to SAP/ERP system w.e.f. 15th June, 2012 except some MIS related modules, but as informed to us due to ERP implementation being still in stabilization stage & reconciliations are in process. Pending handover of agreed deliverables from the implementation partner, the company has capitalized only the portion of Expenses agreed as payable up to 31st March, 2016.

Similarly, it was observed that the information being fetched from various modules of SAP are yet to be fully reconciled with the Financial Data & to that extent the information system from various modules needs to be streamlined.

Various problems / areas of concern faced during the actual working of SAP are summarized below:-

- BOM, Routing, Activity rate related to costing module is not functioning properly, resulting in wrong valuation of inventory, WIP, Finished Goods. This has also resulted in wrong valuation of inventory, WIP, Finished Goods. This has also resulted in appearing of Auto Generated entries of huge amount, on which no proper explanation was available at the Unit.
- Production planning module is not functioning properly.
- Important Accounting Report like Purchase Register is not available from the system.

c. ***Sale and Trade Receivables:***

In respect of SPP Hyderabad, the unit has accounted the sale of postal stationery for the year 2015-16, at the rates recommended by the Cost Accounting Board, Ministry of Finance, and Government of India (CAB) for the year 2013-14, sales account and profit for the year will effect to that extent and accordingly the trade receivables. The amount could not be ascertained.

d. ***Title to Land & building and Immovable assets:***

In respect of SPMCIL, Immovable assets in the possession of the unit have not yet transferred in the name of the Company. Efforts are being made to get the title deed/ lease deed in the name of the Company.

ANNEXURE-II TO THE AUDITORS REPORT

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

EMPHASIS OF MATTER PARAGRAPH

A) In respect of SPP, Hyderabad

(i) There is no response from the most of the debtors for confirmation of balances as at March 31, 2016. Hence, balances under trade receivable, under Loans and Advances, other receivables, trade payables and other payables are subject to confirmation.

Provision for bad and doubtful debts are made for the amounts outstanding for a period exceeding 3 years is made without analyzing the recoverability or otherwise of the whole of the trade receivables. Hence, we are unable to express any opinion on the adequacy or otherwise of the provision for bad and doubtful debts.

(ii) On Physical verification of inventory, for non-moving items, provision for obsolescence @ 25% per annum is created on straight line basis and charged to revenue under the head “Other Manufacturing Expenses”.

B) In respect of SPM, Hoshangabad

(i) In respect of SPM Hoshangabad, during the earlier years the unit had reconciled certain staff advances with SAP/ERP system. On such reconciliation the entries related to earlier years amounting to ₹85.12 lacs (P.Y. ₹92.16 lacs) were identified and booked under other Receivable Account. However, these advances which are booked under other receivable account are outstanding since long are yet to be reconcile and pending such reconcile no provision has been made in the books of accounts.

(ii) Professional Tax returns for SPM Hoshangabad were not filed for any of the quarter for the financial year 2015-16.

C) In respect of IGM, Hyderabad

(i) Until last Financial Year the unit classified melting division Assets held for Disposal as fixed assets instead of reporting them as Assets held for Sale. Further, the unit erroneously continued to depreciate these assets and brought assets value to NIL. During the year the unit reversed the depreciation so charged of 1.30 crores as prior period adjustment and restored the assets to the estimated the Net Realisable Value and reflected the assets as Assets held for Sale.

(ii) Melting job work undertaken by the unit amounts to manufacture under the Central Excise Act, 1944 and duty, if any, on the product so manufactured is recoverable from the customers and has to be remitted to excise Department. The unit has not compiled with this job work service amounting to manufacture or production is an item appearing in the negative list of services, no service tax liability arises on such services. However, the unit wrongfully charged, collected and remitted service tax on the job work.

(iii) Until the last financial year the unit erroneously adopted the Net Realisable Value of coin wasters at NIL value. However, in the current financial year the unit rectified the same by estimating the Net Realisable Value and valuing them at Cost or Net Realisable Value, whichever is lower as per AS-2 (Valuation of Inventory). As a result of this change in the policy, profit for the current financial year were impacted by ₹1,10,61,907. Of this, ₹86,30,747 related to prior years and the balance ₹24,31,160 relates to current year.

(iv) The inventory report indicated that the unit is carrying inventories of pure copper wire (ingots), cladded metal, Al Mg Small Block, counterfeit coins, Foreign Coins and CN sweepings aggregating to 34,842.2 kgs. The unit stated to have received this material in the year of incorporation from the erstwhile society without any cost attached to it.

Both quantum and values thereof are not reflected in the books of accounts. However, the same were taken into inventory records of the subsequent year

(v) The unit has extended a high secure storage facility to RBI. The unit did not charge any rent or reimbursement of expenses. The unit failed to identify and allocate expenses incurred for the facility so extended. Therefore, we are unable to quantify the impact on the financial statements.

D) In respect of CNP, Nashik

1. **PO No. 4500009336 dated 04-03-2015 to Godrej & Boyce Mfg. Co. Ltd.**

   There is lack of due diligence at the time of placement of this purchase order as scope of services to be obtained from the service provider was not decided properly resulting into excess financial burden to the company.

2. **Other Observations in respect of Purchases & Sundry Creditors**

   There are various old outstanding balances appearing in books of CNP Nashik since last three year under head security deposit, EMD, Advance to Creditors, Supplier and sundry receivables as on 31st March, 2016, requiring immediate settlement.

3. **Principal and Interest Recovery on Employee Advance**

   In case of Loan recovery the normal policy of the unit is to be recovered principal first and interest is recovered from the subsequent month of completion of principal recovery. However it is observed that in some cases of HBA Loan interest is not recovered in immediate next month of full repayment of principal.

4. **Employee Advances**

   (a) During out test check, we have observed the following:

   It is observed that in case of various types of employee advance such as Computer advance, Home Loan, Motor Cycle, Car, Medical, Festival, Travelling etc, interest and principal recovery in few cases is not made in some months. In some case excess recovery has been made. In some cases old balances more than 3 years old is not yet recovered.

   (b) Non-deduction of monthly contribution from the Present Employees towards Cash Less Medical facility given under Medical Policy 2013:

   As per the Medical Policy 2013 adopted by SPMCIL, the cash less medical facilities were extended to the Present Employees of the unit at the monthly contribution. The monthly contribution has been prescribed as per the Pay Grade of the Employees; however it has been observed that though the employees have availed the Medical facility, monthly contribution has not been made by employees. The deductions have been kept in abeyance without approval of appropriate authority. In the absence of information, we are unable to quantify the exact amount not collected from the employees towards the said policy.

   (c) Reimbursement of Medical Expenses not considered as Perquisites for calculation of Taxable Salary for Income Tax Purposes:

   The SPMCIL has empanelled various private hospitals for availing medical treatment to its employees.

   As per the First Provision to Sec 17(2) of the Income Tax Act provisions for expenditure incurred by the employer or reimbursed by the employer on medical facilities provided in India to the employee, as his spouse, children and dependent brother, sister are as under:-

   i. In case of Hospital maintained by Employer, Central / State Govt., Local Authority or any other Govt. approved hospital the expenditure is fully exempt.

ii. In case of Hospital approved Chief CIT for treatment of prescribed diseases the expenditure is fully exempt.

iii. In other cases it is not chargeable to tax upto ₹15,000/- and the balance amount exceeding ₹15,000/- is liable for deduction of TDS U/s 192 treating the same as perquisite at the hands of the employee.

It is considered that the entire sum paid for medical treatment is exempt from tax. In the absence of relevant information regarding the hospitals where in cash less medical facilities are offered, nature of treatment to the employees we are unable to comment on the proper compliance of TDS provisions under Sec 192 in this regard and disallowance if any under Sec 40a(ia) of the Income Tax Act.

5. Insurance of Land & Building, Plant and Machinery and Stock

The Building, Plant & Machinery and Stock are not insured. This in our opinion poses a major threat to the operations of the unit.

E) Other observations

a) In respect of Indian Government Mint, Noida, purchases are made for coins blanks / raw material received from the vendors against ‘C’ Form, but the unit has not yet provided ‘C’ Form to vendors for the concerned year. Also the state tax department has initiated proceedings against to determine the tax liability as the difference between lower rate of tax and full rate which was supposed to be charged on purchase of coin blanks. As per the management’s view on issue, the unit is trying to obtain exemption from U.P. Government to bring Minted coins under exemption list under category of currency along with currency notes.

b) Excess assets noticed on physical verification of fixed assets were adjusted at nominal rate ₹1 per assets in the books of accounts. We are informed that the differences noticed are mainly scrap and obsolete items with insignificant value which have no material effect on the accounts of the unit.

F) Status of Major Pending Legal Cases

Sl. No.	Brief Description of Cases	Amount	Status
1.	ISP/CNP Staff union for Overtime Allowance	8,84,38,000	Necessary Provision made in the Books of Company
2.	ISP/CNP Staff union for Bonus	4,31,55,000	Necessary Provision made in the Books of Company
3.	Octroi Penalty by Nashik Muncipal Corporation	2,40,22,51,760	This Amount is Disclosed in Contingent Liabilities in the Notes to Accounts
4.	M/s. Hemkunt Timbers - CNP Nashik	7,83,068	CNP Nashik has deposited the amount in Hon’ble High Court
5.	M/s Pramil Udyog	Not Mentioned	The case is Disposed of by Hon’ble Nashik District Court
6.	Cases filed by Union Employees for Double Overtime, Pensionary Benefits, Back Wages, Entitlement of Higher Travelling Allowance Etc.	74,88,000	Necessary Provision made in the Books of Company
7.	Property Tax levied by NMC, Nashik	4,15,98,886	Amount is disclosed in Contingent Liabilities
8.	Service Tax- Nashik	19,53,709	Amount is disclosed in Contingent Liabilities

ANNEXURE-A

Annexure-'A' referred to in our report to the Members of Security Printing and Minting Corporation of India Limited ("The Company") for the year ended on 31st March 2016.

COMPANIES AUDIT REPORT ORDER, 2016 (CARO)

Sl.No.	Particulars	Auditors Remark
i.	(a) Whether the Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.	Company has maintained proper records, including quantitative details and situations of fixed assets on the basis of available information; except in the case of following units: In SPM Hoshangabad, fixed asset register generated by SAP does not contain situation of fixed assets. In CNP Nashik, details of land such as survey number / GAT No., area of land, location is not mentioned in the Fixed Assets Register.
	(b) Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account.	Company has a regular programme of physical verification of its fixed assets under which fixed assets are verified in Financial Year 2015-16 as per corporate guidelines except for the assets located at Saifabad. However, in case of IGM Noida, report on physical verification of fixed assets by the management is not provided to branch Auditor In our opinion this periodicity of physical verification is reasonable having regard to the size of the Company and nature of its assets. Further, no material discrepancies were noticed upon such verification, except in case of, BNP Dewas few discrepancies have been identifying in fixed asset report. Management is under processed to rectify these discrepancies in current financial year.
	(c) Whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof.	According to information and explanations given to us, the title deeds of immovable properties are held in the name of the Government of India and not yet registered in the name of the Company.
ii.	(a) Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account.	According to the information and explanations given to us physical verification of inventories has been conducted during the year by management. Further, no material discrepancies were noticed during the course of such physical verification except in case of IGM Kolkata, discrepancies were noted and have been dealt properly within the books of account. In case of BNP DEWAS, verification of tools & spares is not conducted at regular interval. In case of IGM Noida, there are so many adjustment entries in finance module of software at the end to adjust the records of inventory as per the bullion report this is because the SAP software is not in compilation with costing records and the discrepancies noticed as with the production report of the inventory as compared to books records which has been properly dealt with in the books of account were not material. In our opinion, the frequency of verification is not reasonable and the same should be done on quarterly basis.

Sl.No.	Particulars	Auditors Remark
iii.	Whether the Unit has granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so.	According to the information and explanations given to us, the Company have not granted any loans, Secured or unsecured, to companies, firms, or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, this clause is not applicable to the company
	(a) Whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;	This clause is not applicable to the Company.
	(b) Whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments of receipts are regular.	This clause is not applicable to the Company.
	(c) If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest.	This clause is not applicable to the Company.
iv.	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	According to the information and explanations given to us, the Company has not given any loans, investments, guarantees, and security covered by the provisions of section 185 and 186 of Companies Act are not applicable to the Company.
v.	In case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	The Company has not accepted any deposits, hence, the directives issued by the Government of India and provisions of section 73 to 76 or any other relevant provisions of Companies Act and the rules framed there under are not applicable to the company.

<table>
<tr><th>Sl.No.</th><th>Particulars</th><th>Auditors Remark</th></tr>
<tr><td>vi.</td><td>Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.</td><td>Company is maintaining books of accounts pursuant to the rules made by Central Government for the maintenance of records under sub section 1 of section 148 of the companies Act, 2013 and we are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained except in case of IGM Mumbai, the accuracy of cost records maintained is unable to be commented upon and in case of SPP Hyderabad, cost records are not maintained, but the information required for computation of cost of production of each product dealt with by the unit are maintained. However, in case of IGM Hyderabad and IGM Noida, detailed examination is not made.

In respect of “ISP Nashik”, products of the unit under audit are not covered by the rules prescribed under section 148(1) for maintenance of cost records.

In respect of Corporate Office, this clause is not applicable.</td></tr>
<tr><td>vii.</td><td>(a) Whether the company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, Cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated.</td><td>The Company is generally regular in depositing undisputed statutory dues, including provident fund, Tax Deducted at source, employees’ state insurance, Tax Collected at source, sales tax, Value added tax (VAT), Service Tax, Custom Duty and other material statutory dues applicable to it, except the under mentioned:-
<table>
<tr><th>Sl. No.</th><th>Nature of Dues</th><th>Unit Name</th><th>Amount in ₹</th><th>Period for which it relates</th></tr>
<tr><td>1.</td><td>Service Tax on amounts paid to CPWD / Reverse Charge Mechanism</td><td>ISP, Nashik</td><td>44,74,267</td><td>2012-2013
2013-2014</td></tr>
<tr><td>2.</td><td>Service Tax on amounts paid to CPWD / Reverse Charge Mechanism</td><td>ISP, Nashik</td><td>11,33,841</td><td>2014-2015</td></tr>
<tr><td>3.</td><td>Municipal Tax</td><td>ISP, Nashik</td><td>59,88,190</td><td>2008-2015</td></tr>
<tr><td>4.</td><td>TDS</td><td>SPM, Hoshangabad</td><td>20,15,890</td><td>2007-08 to 2015-16</td></tr>
<tr><td>5.</td><td>EPF</td><td>CNP, Nashik</td><td>51,46,804</td><td>2012-16</td></tr>
<tr><td>6.</td><td>Service Tax</td><td>BNP, Dewas</td><td>1,24,548</td><td>–</td></tr>
<tr><td>7.</td><td>VAT</td><td>IGM, Mumbai</td><td>88,36,819</td><td>2008-09, 2010-11 & 2011-12</td></tr>
<tr><td>8.</td><td>CST</td><td>IGM, Mumbai</td><td>16,88,09,498</td><td>2008-09, 2010-11 & 2011-12</td></tr>
<tr><td>9.</td><td>TDS and Service Tax on payment to foreigner for the commissioning and installation related services under reverse charge.</td><td>IGM, Noida</td><td>2,91,900</td><td>07.11.2015</td></tr>
</table>
</td></tr>
</table>

Sl.No.	Particulars	Auditors Remark
	(b) Where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).	There were no disputed amounts payable in respect of Custom Duty, Sales Tax, VAT, Service Tax and other material statutory as at 31st March, 2016 except the under mentioned :

Nature of Dues	**Amount in ₹**	**Authority**	**Unit Name**	**Year**
VAT, CST and Entry Tax	12,24,50,203	Additional Commissioner of Commercial Tax, Bhopal	SPM, Hoshangabad	2010-11 to 2012-13
VAT, CST and Entry Tax	37,23,11,786	Appellate Tribunal (Commercial Tax)	SPM, Hoshangabad	2006-07 to 2008-09 & 2010-14
Excise Duty	4,74,18,057	Appellate Tribunal (Excise)	SPM, Hoshangabad	2008 & 2013
Entry Tax	13,73,76,187	High Court Indore	BNP, Dewas	–
VAT	2,97,871	High Court Indore	BNP, Dewas	–
CST	37,90,944	High Court Indore	BNP, Dewas	–
VAT, ET & CT	26,82,93,345	High Court Indore	BNP, Dewas	–
Sales Tax	387.04 Crores	Sales Tax Office, Nashik	ISP, Nashik	–
VAT	20,97,88,058	West Bengal Commercial Tax	IGM, Kolkata	2006-08
CST	58,44,540	West Bengal Commercial Tax	IGM, Kolkata	2007-08
CST	3,25,314	West Bengal Taxation Tribunal	IGM, Kolkata	1998-99 & 2004-05
CST & VAT	4,73,994	High Court	IGM, Kolkata	2010-11
CST & VAT	4,68,62,370	Sr JCT	IGM, Kolkata	2011-12
Excise	1,99,35,474	CSSTCT (East Zonal Branch)	IGM, Kolkata	Aug-08 to Sep-14
VAT/ CST	16,78,955	West Bengal Commercial Tax	IGM Kolkata	2005-06 to 2009-10
Service Tax	39,17,418	Commissioner (Appeals), Central Excise and Customs, Nagpur	CNP Nashik	July 2012 to march 2014
VAT	2,44,00,64,424	Representation to State and Central Governments	IGM Hyderabad	April 2006 to November 2013
Income Tax	5,86,44,637	Joint Commissioner of Income Tax	Corporate Office	2013-14
Income Tax	72,28,051	DCIT, Income Tax	Corporate Office	2010-11

Sl.No.	Particulars	Auditors Remark
viii.	Whether the company has defaulted in repayment of loans or Borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of default to banks, financial institution and government, lender wise details to be provided).	No, the Company had not defaulted in repayment of loans or Borrowing to a financial institution, bank, Government or dues to debenture holders.
ix.	Whether the moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or defaults and subsequent rectification, if any, as may be applicable, be reported.	According to information and explanations given to us, the company did not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Hence, this clause of order is not applicable.
x.	Whether any fraud by the company or any fraud on the Company by its Officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated.	According to information and explanations given to us, any fraud by the company or any fraud on the Company by its Officers or employees has not been noticed or reported during the year.
xi.	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;.	According to the information and explanations given to us, and as per Notification No. [F.No.1/2/2014-CL.V], dated 05-06-2015, this clause is not applicable.
xii.	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.	According to the information and explanations given to us, the company is not a Nidhi Company. Hence, this clause is not applicable.

Sl.No.	Particulars	Auditors Remark
xiii.	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards	According to the information and explanations given to us, transactions with the related parties are in compliance with section 177 of and Section 188 of Companies Act, 2013 and the details have been disclosed in the financial statements.
xiv.	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance.	According to information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Hence, this clause of order is not applicable.
xv.	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with	According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
xvi.	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained	According to information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, this clause of order is not applicable.

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED ("THE COMPANY").

Report on the Internal Financial Controls 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 SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED ("the Company"), as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those standards and the Guidance Note require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial control 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 qualified audit opinion on the Company's internal financial controls system over financial reporting.

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 reparation 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 authorisations of management and directors of the company;

(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.

Inherent Limitation of Internal Financial Control 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 degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us, the following discrepancies and weaknesses have been identified:-

1. In respect of CNP Nashik,
    a) The unit did not have an appropriate internal control quality system for employee related (HR) module. The complete flow of the working for wages and salary related matters were brought under SAP with some loopholes and manual interventions right from attendance, overtime working, leave record, record of advances and interest thereon of the employees and those who are transferred from another unit to this unit was observed and was not accounted automatically under SAP. Because of the above inadequacies we are unable to verify and comment on the reliability of the data and its financial implications.
    b) The unit did not have an appropriate internal quality control system for identifying defects while manufacturing notes supplied to RBI. Defects such as missing security thread in notes indicate lapses in quality control processes at CNP Nashik causing severe reputational risk for RBI as the issuer of bank notes. The material weakness of internal control quality system has direct impact on internal financial control. The quantitative details and the valuation of stock of defective paper of ₹1000 denomination are not available. Similarly in relation to stock of defective 500 and 1000 denomination notes, the quantitative details and the valuation was not produced for our verification. Because of the above inadequacies we are unable to verify and comment on the reliability of the data and its financial implications.
    c) The unit's internal control system for valuation in inventory in SAP system was not operating effectively. Valuation of raw material in SAP system is not calculated as per policy adopted and in case of ₹1 note WIP inventory of 101.11 million pieces as on 31.03.2016, value of that inventory was considered as NIL in SAP system. These could potentially result in material misstatements in the unit's consumption and inventory.
    d) The unit did not have an appropriate internal quality control system over financial reporting since the internal controls adopted by the unit did not adequately consider risk assessment, which is one of the essential components of internal control. During the course of our verification, it was observed that proper documentation of the internal financial controls and risk assessment was not available.

2. In respect of IGM Hyderabad,
    a) No documented operating procedures were maintained by the unit for sales, payables, receivables, fixed assets and Information System Controls.
    b) The unit has not reviewed the existing Internal Financial Controls Over Financial Reporting during the reporting period for their functionality.
    c) Finance Module of the ERP software allows the users of a profit centre to pass manual entries affecting other profit centers, leading unintended errors (tagging wrong profit

centers). This indicates inappropriate assignment of user rights and control in the ERP software.

3. In respect of SPM Hoshangabad,

   a) The unit did not have an appropriate internal control quality system for employee related (HR) module. The complete flow of the working for wages and salary related matters were brought under SAP with some loopholes and manual interventions right from attendance, overtime working, leave record, record of advances and interest thereon of the employees and those who are transferred from another unit to this unit was observed and was not accounted automatically under SAP.

   b) The unit did not have an appropriate internal control system with respect to direct contract purchase of goods without Quotation. There is no control to ensure that the ceiling limit of Rs. 5 Lacs for each division has not been exceeded in any of the case.

   c) There is no insurance taken for protection of fixed assets from fire, natural calamity etc. except for vehicle. As explained to us that since many of the assets are in the name of Government of India and not yet registered in name of the unit/ company, hence, the required insurance could not be obtained.

   d) There is no proper control on obtaining receipts from Indian railways for payment of Railway expenses.

4. In respect of IGM Noida,

   a) The accounting software (SAP) installed in the unit is not providing the valuation of inventory as MM Module and cost module in SAP are not fully integrated as per the requirement of Financial Statements. Valuation of inventory has been made manually which does not reflect the true value in financial statements. Also valuation of scrap of coins has not been made at the net realizable value instead is recorded at cost value.

   b) At the unit level there is a lack of correlation between the departments concerning Financial reporting, substantiated as, the records at the production department level in respect of closing raw material inventory and the report generated at Finance & Accounts level are showing deviation which was corrected through an adjustment entry at year end.

   c) Calculation of statutory duties and taxes, are made solely and not reasonably verified by another. A part from this, due to ignorance there are some more ineffectiveness in the system identified in the respect of timely depositing the statutory liabilities. There should be an adequate framework to ensure compliance and monitoring the same of applicable laws and regulations.

   d) It was identified that there was no any effective asset safeguarding programme to ensure the adequate control over asset movement, storage, loss or theft to over-come the risk factor and to mitigate the impacts of identified risks.

In our opinion, except for the effects of the discrepancies and weaknesses describe above on the achievement of the objectives of the control criteria and Qualified reported above, the Company has maintained adequate internal financial control over financial reporting and such internal financial control over financial reporting were operating effectively as of march 31, 2016 based on internal control over Financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountant of India.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No.000103N

Sd/-
CA Amrit Lal Batra
Partner
M.No.016929

Place: New Delhi
Date : 30.09.2016

M/s. BATRA SAPRA & Co.
Chartered Accountants

F-14, Shivam House, 17 Amar Chamber
Connaught Circus, New Delhi - 110001
Email : batrasapra@yahoo.co.in

Phone : +91 11 23314959
: +91 11 23314965

Fax : +91 11 41501609

Compliance Certificate

We have conducted the audit of accounts of Security Printing and Minting Corporation of India Limited for the year ended 31st March, 2016 in accordance with the directions/sub-directions issued by the C&AG of India under Section 143(5) of the Companies Act, 2013 and certify that we have complied with all the Directions / Sub-directions issued to us.

For M/s. Batra Sapra & Co.
Chartered Accountants

Sd/-
CA Amrit Lal Batra
Partner
M.No.016929

Place: New Delhi
Date : 30.09.2016

Annexure-I

Directions under Section 143(5) of the Companies Act, 2013 applicable for the year 2015-16

1. Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? if not, please state the area of freehold and leasehold for which title/lease deeds are not available.

   Auditors Comments : The title deeds of immovable properties/ freehold/ lease hold are held in the name of Government of India and not yet registered in the name of the Company.

2. Please report whether there are any cases of waiver / write off of debts/ loans/ interest etc. If yes, the reasons there for and the amount involved.

   Auditors Comments : It is explained that the company has no such cases of waiver/ write off of debts / loans / interest etc.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.

   Auditors Comments : There is no such incidence of inventories lying with third parties and no gift were received from Government or other authority by the Company during the year.

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Sub-Directions under Section 143(5) of the Companies Act, 2013 applicable for the year 2015-16

Independent verification may be made of information/inputs furnished to Actuary, viz. numbe rof employees, average salary, retirement age and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc for arriving at the provision for liability of retirement benefits, viz gratuity, leave encashment, post-retirement medical benefits etc.

Auditor's Comments : Independent verification is done for information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumptions made by the Actuary. The disclosurerequirements of Accounting Standard-15 issued by Institute of Chartered Accountant of India is followed in respect of and assumptions made by the Actuary regarding discount rate, future cost increase, mortality rate, etc. for arriving at the provision for liability of retirement benefits, viz. gratuity, leave encashment, post-retirement medical benefits etc.

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Balance Sheet as at 31.03.2016

(Amount in ₹)

Sl. No.	Particulars	Note No.	Figures as at the end of 31.03.2016	Figures as at the end of 31.03.2015
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' Funds**			
	(a) Share Capital	Note 2	11,82,49,00,000	5,00,000
	(b) Reserves and Surplus	Note 6	29,36,21,27,082	24,72,45,90,515
2.	**Funds from Govt. of India (Adjustable)**	Note 3	1,79,76,76,464	28,78,64,76,463
3.	**Non-current Liabilities**			
	(a) Long Term Borrowings	Note 7	11,82,44,00,000	0
	(b) Other Long Term Liabilities	Note 8	1,30,20,097	1,43,30,592
	(c) Long Term Provisions	Note 9	3,27,07,14,238	3,17,28,25,153
4.	**Current Liabilities**			
	(a) Trade Payables	Note 10	3,65,15,50,366	3,24,01,20,574
	(b) Other Current Liabilities	Note 11	5,43,04,79,072	4,22,17,72,361
	(c) Short Term Provisions	Note 12	8,67,21,73,265	1,12,21,56,616
	TOTAL		**75,84,70,40,584**	**65,28,27,72,274**
II.	**ASSETS**			
1.	**Non-current Assets**			
	(a) Fixed Assets	Note 13		
	(i) Tangible Assets		13,07,88,71,939	9,64,45,32,635
	(ii) Intangible Assets		4,54,59,403	6,49,87,888
	(iii) Capital Work in Progress		84,33,90,877	4,17,49,26,141
	(b) Non-current Investments	Note 14	4,00,00,00,000	3,00,00,00,000
	(c) Deferred Tax Assets (Net)	Note 50	3,71,56,88,301	2,23,18,81,952
	(d) Long-term Loans and Advances	Note 15	19,08,06,494	25,53,64,826
	(e) Other Non-current Assets	Note 16	1,30,51,38,424	1,29,58,12,316
2.	**Current Assets**			
	(a) Current Investments	Note 17	1,00,92,42,288	99,44,65,420
	(b) Inventories	Note 18	18,78,59,11,273	14,53,84,67,151
	(c) Trade Receivables	Note 19	9,18,74,93,782	10,42,26,70,420
	(d) Cash and Cash Equivalents	Note 20	17,27,07,67,680	12,91,01,04,539
	(e) Short-term Loans and Advances	Note 21	5,31,16,62,903	4,24,20,36,532
	(f) Other Current Assets	Note 22	1,10,26,07,220	1,50,75,22,454
	TOTAL		**75,84,70,40,584**	**65,28,27,72,274**

Significant Accounting Policies — Note 1

Notes 1 to 64 referred to above form an integral part of the Financial Statements.

As per our report of even date annexed.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N

Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director & Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Statement of Profit and Loss for the year ended 31.03.2016

(Amount in ₹)

Sl. No.	Particulars	Note No.	Figures for the year ending on 31.03.2016	Figures for the year ending on 31.03.2015
I.	Revenue from Operations	Note 23	47,28,13,83,560	45,16,88,78,369
II.	Rate Difference of Earlier Year Sales	Note 23A	(2,77,24,66,021)	(11,63,10,46,161)
III.	Provision Written Back	Note 23B	3,23,34,05,703	4,54,32,32,642
IV.	Other Income	Note 24	1,01,36,19,884	85,31,99,390
V.	**Total Revenue (I+II+III+IV)**		**48,75,59,43,126**	**38,93,42,64,241**
VI.	**Expenses:**			
	Cost of Materials Consumed	Note 25	25,99,10,57,334	25,44,33,18,098
	Changes in Inventories of Finished Goods, Work-in-Progress	Note 26	(3,08,90,83,780)	(1,23,06,15,435)
	Employee Benefits Expense	Note 27	10,43,95,29,495	10,65,59,96,725
	Finance Costs		1,35,98,06,000	0
	Depreciation and Amortization Expense	Note 28	1,39,87,21,614	1,53,26,62,427
	Other Expenses	Note 29&30	12,15,98,43,242	5,21,55,57,026
	Corporate Social Responsibility	Note 59	4,81,84,466	8,04,13,975
	Total Expenses		**48,30,80,58,372**	**41,69,73,32,816**
VII.	**Profit before Prior Period, Exceptional and Extraordinary Items and Tax (V-VI)**		**44,78,84,754**	**(2,76,30,68,575)**
VIII.	Prior Period Income / (Expenses)	Note 31	9,91,17,734	(5,46,15,650)
IX.	**Profit before Exceptional and Extraordinary Items and Tax (VII-VIII)**		**54,70,02,488**	**(2,81,76,84,225)**
X.	Exceptional Items		0	0
XI.	**Profit Before Extraordinary Items and Tax (IX - X)**		**54,70,02,488**	**(2,81,76,84,225)**
XII.	Extraordinary Items		0	0
XIII.	**Profit Before Tax (XI-XII)**		**54,70,02,488**	**(2,81,76,84,225)**
XIV.	**Less : Tax Expense**			
	(1) Current Tax		28,91,20,570	0
	(2) Deferred Tax		(1,48,38,06,349)	70,30,50,489
	(3) MAT Credit Entitlement		(28,91,20,570)	0
XV.	**Profit (Loss) for the Period from Continuing Operations (XIII-XIV)**		**2,03,08,08,837**	**(3,52,07,34,714)**
XVI.	Profit/(Loss) from Discontinuing Operations		0	0
XVII.	Tax Expense of Discontinuing Operations		0	0
XVIII.	**Profit/(Loss) from Discontinuing Operations (After Tax) (XVI-XVII)**		0	0
XIX.	**Profit (Loss) for the Period (XV + XVIII)**		**2,03,08,08,837**	**(3,52,07,34,714)**
XX.	Earnings Per Equity Share:			
	(1) Basic	Note 49	62.76	-70,415
	(2) Diluted		62.76	-70,415

Significant Accounting Policies Note 1

Notes 1 to 64 referred to above form an integral part of the Financial Statements.

As per our report of even date annexed

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N

Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director & Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Cash Flow Statement for the year ended 31st March, 2016

(Amount in ₹)

	Particulars	2015-16	2014-15
A.	**Cash Flow from Operating Activities**		
	Net Profit Before Tax (a)	**54,70,02,488**	**(2,81,76,84,226)**
	Add		
	Adjustment for		
	Depreciation and Amortisations	1,39,87,21,614	1,53,26,62,427
	Change in Surplus		(33,97,24,360)
	Interest Expenses	1,35,98,06,000	
	Loss on Sale/Discard of Fixed Assets	0	(2,47,062)
	(Profit) / Loss on Sale of Fixed Assets	(18,12,969)	(11,64,523)
	Interest Income	(86,73,94,535)	(67,55,86,058)
	Dividend Income	(3,97,76,868)	(1,84,37,464)
	Total (b)	**1,84,95,43,243**	**49,75,02,959**
	Operating Profit Before Working Capital Changes (c=a+b)	**2,39,65,45,731**	**(2,32,01,81,267)**
	Adjustment for		
	(Increase)/ Decrease in Current Investments	(1,47,76,868)	(27,84,37,464)
	(Increase)/ Decrease in Trade Receivables	1,23,51,76,638	4,80,95,35,582
	(Increase)/ Decrease in Inventories	(4,24,74,44,123)	(3,04,42,85,913)
	(Increase)/ Decrease in Loans & Advances	(81,92,39,717)	1,84,78,18,599
	(Increase)/ Decrease in Other Assets	40,49,15,234	(1,28,87,18,758)
	Increase/ (Decrease) in Trade Payable	41,14,29,792	(1,24,11,82,497)
	Increase/ (Decrease) in Other Current Liabilities	(15,10,99,289)	1,37,00,09,063
	Increase/(Decrease) in Long term Provisions	9,78,89,085	41,46,63,726
	Increase/ (Decrease) in Short Term Provisions	6,52,76,23,808	23,99,04,627
	Total (d)	**3,44,44,74,560**	**2,82,93,06,963**
	Cash Generated from Operations (e=c+d)	**5,84,10,20,291**	**50,91,25,697**
	Less: Tax Paid (f)	**3,87,33,916**	**(2,03,75,02,724)**
	Net Cash Flow from Operating Activities (g=e-f)	**5,87,97,54,207**	**(1,52,83,77,027)**
B.	**Cash Flow from Investing Activities**		
	Interest Income	86,73,94,535	67,55,86,058
	Dividend Income	3,97,76,868	1,84,37,464
	Sale of Fixed Assets	1,19,35,367	53,49,030
	Payment towards Capital Expenditure incl CWIP	(1,43,53,96,183)	(84,13,30,954)
	Adjustment in Fixed Assets	(5,67,23,386)	33,88,94,955
	(Increase)/ Decrease in Investments	(1,00,00,00,000)	0
	(Increase)/ Decrease in Long Term Advances	6,45,58,332	4,99,45,333
	(Increase)/ Decrease in Long Term Assets	(93,26,109)	84,30,91,981
	Increase/(Decrease) in Long Term Liabilities	(13,10,495)	0
	Net Cash Flow From Investing Activities (j)	**(1,51,90,91,070)**	**1,08,99,73,867**
C.	**Cash Flow from Financing Activities**		
	Issuance of share Capital	11,82,44,00,000	0
	Dividend Payment	0	(42,92,52,070)
	Dividend DistributionTax	0	(8,58,25,173)
	Increase/(Decrease) in Fund from Govt. of India	(26,98,88,00,000)	0
	Increase/(Decrease) in Term Loan	11,82,44,00,000	0
	Change in Capital Reserve	3,34,00,00,000	0
	Net Cash Flow From Financing Activities (k)	**0**	**(51,50,77,243)**
	Increase/(Decrease) in Cash or Cash Equivalent (i=g+j+k)	**4,36,06,63,141**	**(95,34,80,403)**
	Cash & Cash Equivalent at the beginning of the year	12,91,01,04,539	13,86,35,84,943
	Cash & Cash Equivalent at the end of the year	17,27,07,67,680	12,91,01,04,539
	Increase/ (Decrease) in Cash or Cash Equivalent	**4,36,06,63,141**	**(95,34,80,403)**

Notes 1 to 64 referred to above form an integral part of the Financial Statements.

As per our report of even date annexed.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N
Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director
& Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

Note-1 Significant Accounting Policies

(i) Basis of Preparation

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), complying with the accounting standards and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared in Indian rupees rounded off to nearest rupee.

(ii) Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include provision for future obligations under employee benefit plans, provisions for doubtful recoveries, estimated useful life of fixed Assets etc. Actual results could differ from these estimates. Any change in the accounting estimates is adjusted prospectively in the current and future periods.

(iii) Revenue Recognition

Revenue is recognized on delivery of goods to the customer. Gross sales are stated inclusive of excise.

Job work income is recognized at the time of completion of task as per terms agreed.

Interest on the deployment of surplus funds is recognised using the time-proportion method, based on interest rates contracted in the transaction.

Dividend Income is recognized in the year of receipt by the Company.

Liquidated Damages recovered from the Vendors is appropriated towards the Income on completion of the Contract.

Bonus is accounted for at the time of payment.

(iv) Fixed Assets

Fixed Assets acquired have been stated at cost less accumulated depreciation Cost is inclusive of freight, non-recoverable duties, taxes and other directly attributable cost of bringing the Assets to the working condition for intended use.

As per the Ministry of Finance Office Memorandum dated 10.02.2006, all Assets and Liabilities have been taken at the Book value, Pre acquisition, the units, being commercial entity has been maintaining the Assets details at Gross Value and Useful life of Assets were fixed accordingly. Accumulated Depreciation on same as appearing in the books of vendor has been carried forward in the books of the Company. Further the residual life of the fixed assets as per Schedule II of the Companies Act, 2013 has been considered.

Fixed Assets under construction are disclosed separately as capital work in progress.

Leasehold Assets are stated at the amount of lease premium paid at the time of grant of Lease, less amount amortized.

Dies/ Moulds are fully charged to Profit and Loss Account. In-house developed dies are not separately valued or accounted for in the books of accounts. Used/ Defaced dies, being high security items are shown at nil value.

Mobile Phone Instruments purchased by the staff entitled as per the policy of the company and reimbursed by the company, have not been capitalized but charged to the revenue.

(v) Depreciation & Amortisation

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method (SLM) based on useful life of the assets and in the manner as prescribed in Schedule-II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule-II are used:

1.	Computer Software Costing less than ₹1 lac	: 100% in the year of Purchase
2.	Computer Software costing more than ₹1 lac (where the useful life is less than or equal to one year)	: 100%
3.	Computer Software Costing more than ₹1 lac (In other cases)	: 33.33% on SLM
4.	Assets Costing Less than ₹5000	: 100% in the year of Purchase

Lease hold rights are amortized over the period of Lease.

In case of SPM, Hoshangabad, the useful life of the Plant & Machinery being continuous process plant was estimated at 8 years in the F.Y. 2014-15. However, this year the estimates have been revised and accordingly the original useful life is estimated to be 25 years as prescribed in Schedule-II of the Companies Act, 2013. Due to the revision in estimated life of the assets an amount of ₹6.74 Crores has been credited to P&L A/c being the excess amount of depreciation charged during the F.Y. 2014-15 on such machinery. The same is credited to P&L Account under Prior Period Incomes.

(vi) Impairment

The carrying values of Assets are reviewed at each reporting date to determine if there is indication based on external or internal factors of any impairment as per Accounting Standard 28. An impairment loss is recognized whenever the carrying amount of an Asset or its cash generating unit exceeds its recoverable amount. The recoverable Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the Asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(vii) Inventories

a) Raw Material, Work in Progress, Consumables and spares are valued at cost (Weighted average moving basis).

b) Finished Goods are valued at Lower of Cost or Net Realisable Value.

c) Scraps are valued at Net Realisable Value.

d) Goods in Transit are valued at cost to date.

e) 'Cost' comprises raw materials, conversion cost and other costs incurred in bringing the inventory to the present location and condition.

(viii) Inter Unit Transfers and Valuation of such Inventory

The units are transferring ink, paper, blank and dies at cost. Other items of consumables etc. are transferred at cost of purchase. Such items of inventory are valued at cost in the financial statements.

(ix) Slow, Non-Moving and Obsolete Inventory

a) Non-Moving Items : In case inventories not moved for more than 2 years and up to 5 years, provision for obsolescence is made at 25% per annum (on straight basis) and charged to revenue.

b) Obsolete Inventories : Inventories not moved for than 5 years/identified as surplus or obsolete, by committee duly constituted in this regard will be classified as obsolete inventories and will be charged to revenue in full.

(x) Operating Leases

Lease payments under an operating lease are recognised as an expense in the Profit and Loss Account on accrual basis.

(xi) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Investments other than current are classified as long-term investments. Investments held primarily to protect, facilitate or further extension of business or trading relations are sub classified as Long Term Trading Investments and others as non trading investments. Current investments are carried at lower of cost or fair value determined on an individual investments basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(xii) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions. Realised gains and losses on foreign currency transactions during the year are recognised in the Profit and Loss Account. Monetary foreign currency Assets and liabilities remaining unsettled at the balance sheet date are translated at year end rates and resultant gains/losses on foreign currency transactions are recognised in the Profit and Loss Account.

Exchange gains or losses pertaining to acquisition of Capital Assets are capitalized to the Cost of such Assets.

(xiii) Retirement and Other Employee Benefits

Defined Contribution Plans: The Company's provident fund scheme is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Profit and Loss Account when they are due. Prepaid contributions are recognised as an Asset to the extent that a cash refund or a reduction in future payments is available.

Defined Benefit Plans: The Company's gratuity scheme is a defined benefit plan. A defined benefit plan is a post-employment benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employee have earned in return for their service in the current and prior periods. As per the order of the Government of India transferring the Assets and Liabilities of Units to the Company, most of the employees of the units were transferred on deemed deputation for a period of 2 years from the date of transfer i.e. 10/02/2006 which was further extended for another 12 months. A notification was issued by the Government of India to get absorbed in the company. Options were exercised and Government of India accepted absorption of employees in the company on 29th May 2009 but w.e.f. 01/11/2008.

Those employees who decided to remain with Government of India continue to work in the company till they are redeployed by Government of India. Company has to bear their salary and wages. The provisions for pensionary charges (which includes Gratuity) and Leave Salary Contribution in respect of these employees and for those holding ex-cadre/ in-cadre posts have been made in accordance with the Government Rules.

Those employees who decided to join the company had two options. They have opted either for "Combined Pension" or "Pro-rata Pension". Combined pension optees are eligible to get their pension from the SPMCIL Pension Trust constituted by Government of India at the time of their superannuation from company. Government of India shall contribute for the past services rendered and company shall contribute for the period they will serve the company. Manner and amount of contribution shall be governed by Rule 37-A of Central Civil services (Pension) Rules. Provision for pensionary charges of these employees has been made accordingly. This provision includes Gratuity also. However in the absence of any direction from Ministry of Finance till date, under rule 37-A of Central Civil services (Pension), company is providing the liability of pension trust as per the actuarial valuation of Pension Trust as on 31.03.2015 on deferred expenses basis. The estimated liabilities will be provided by company on deferred basis over a time span of 5 Years starting from financial year 2015-16,however the provisions of estimated liabilities will be reviewed on every two years period on the basis of actuarial valuation and difference, if any in estimated liabilities will be provided for in the remaining deferment period. In case of any contribution by Govt to company under Rule 37-A of Central Civil services (Pension) Rules in subsequent years, the same will be accounted by the company in the that Financial Year.

Other Long Term Benefits: As per the Company's policy eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or en-cashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee's salary

Liability in respect of Gratuity, a defined benefit plan, is being provided as per actuarial valuation. The difference between liability balance and accrued liability at the end of the year based on actuarial valuation is charged to profit & Loss account.

Liability in respect of Post-Retirement Medical Benefits, a defined benefit plan, is being provided as per actuarial valuation. The difference between liability balance and accrued liability at the end of the year based on actuarial valuation is charged to Profit & Loss account.

Liability in respect of Other Long term/terminal employee benefits, being defined benefit plan is recognised on the basis of actuarial valuation.

Contributions with respect to the provident fund, a defined contribution plan, are made to the trust setup by the company for the purpose.

(xiv) Prior Period & Extra Ordinary Items

Prior Period Items are incomes and expenses which arise in the current period as a result of errors and omissions in the preparation of Financial Statements of one or more prior periods.

Extra Ordinary Items are incomes and expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and therefore not expected to recur frequently or regularly. Both Prior Period and extra ordinary items are separately disclosed in the financial statements.

(xv) Research & Development

Capital Expenditure pertaining to Research and development are Capitalised as Fixed Assets and shown separately in Fixed Assets Register and those revenue in nature are charged to profit and loss account in the year of incidence.

(xvi) Earnings per Share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

(xvii) Taxation

Current and Deferred Tax

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or Assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax Assets are recognised only to the extent there is reasonable certainty that the Assets can be realised in the future. Deferred tax Assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Deferred tax Assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognized in the period in which the timing difference originates.

(xviii) Provisions and Contingent Liabilities

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation 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. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognized because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

(xix) Provision for Doubtful Debts

100% Provision is created for Debts outstanding for a period more than 3 Years.

(xx) Operating Cycle

Operating cycle is defined as the time between acquisition of Assets for processing and their realization in cash and cash equivalents. Where the normal operating cycle cannot be identified, it is assumed to have duration of 12 Months.

In case of Bank Note Presses- Normal operating cycle is 8 Months.

In case of Mints- Normal operating cycle is 8 Months for circulation coins and 12 months for other products of mints.

In case of Paper Mill- Normal operating cycle is 4 Months.

In case of Security Presses- As there is no certainty regarding realization of Debtors in case of products of these units as most of the customers are Government organization, normal operating cycle cannot be identified, therefore it is assumed that operating cycle in case of products of these units of the Company is 12 Months.

(xxi) Classification as per Schedule-III of Companies Act, 2013

(1) An Asset shall be classified as current when it satisfies any of the following criteria:

1. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle.
2. It is held primarily for the purpose of being traded.
3. It is expected to be realized within twelve months after the reporting date.
4. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other Assets shall be classified as non-current.

(2) A. Liability shall be classified as current when it satisfies any of the following criteria:

1. It is expected to be settled in the company's normal operating cycle
2. It is held primarily for the purpose of being traded
3. It is due to be settled within twelve months after the reporting date
4. The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other Liabilities shall be classified as non-current.

B. Raw Materials, stores and components, scrap which are intended for consumption or sale in the course of the company's operating cycle shall be classified as current.

C. Non-Moving inventory shall be classified as Non-current unless it is estimated that the same shall be consumed or sold within 12 months after the reporting date.

D. W.I.P shall be classified as Current only.

E. Finished Goods inventory which is being held primarily for purpose of being traded shall be classified as current. These may be held for any period of time. That time period has no relevance here so far as it is held primarily for trade.

F. Trade receivables which are expected to be realized within 12 months from the reporting date shall be classified as Current.

G. Trade receivables which are outstanding for more than 1 year as on 31.03.2016 shall be shown as Non Current only unless efforts for its recovery have been made and it is likely that payment shall be received within 12 months from the reporting date. A Judicious decision shall be taken by unit in this regard. For Example: In case payment is pending due to non finalization of prices due to costing and it is likely that costing shall be finalized and payment shall be realized within 1 year then same shall be treated as current.

H. Trade Payables which are expected to be settled within 12 months from the reporting date shall be shown as Current.

Notes to Financial Statement

Note 2

Share Capital	As at 31st March 2016		As at 31st March 2015	
	Number	Amount (₹)	Number	Amount (₹)
Authorised				
Equity Shares of ₹10 each	2,50,00,00,000	25,00,00,00,000	2,50,00,00,000	25,00,00,00,000
Issued, Subscribed and Paid Up				
Equity Shares of ₹ 10 each	1,18,24,90,000	11,82,49,00,000	50,000	5,00,000
Total	**1,18,24,90,000**	**11,82,49,00,000**	**50,000**	**5,00,000**

Note 3

Funds from Govt of India (Adjustable)	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Opening Balance of Funds from GOI	28,78,64,76,464	28,78,64,51,463
Adjustments during the Year (if any)	(26,98,88,00,000)	25,000
Transfer to Corporate Office	0	0
Total	**1,79,76,76,464**	**28,78,64,76,463**

Note 4

Reconciliation of number of shares outstanding at the beginning and at the end of the year	As at 31st March 2016		As at 31st March 2015	
	Number	Amount (₹)	Number	Amount (₹)
Shares outstanding at the beginning of the year	50,000	5,00,000*	50,000	5,00,000
Shares Issued during the year	1,18,24,40,000	11,82,44,00,000	-	-
Shares outstanding at the end of the year	1,18,24,90,000	11,82,49,00,000	50,000	5,00,000

*During the year, SPMCIL has issued 1,18,24,40,000 shares @ ₹10/- each as per the Ministry of Finance letter no. 3/2/2008-Cy.III/SPMC dated 09.02.2015.

Note 5

Name of Shareholder holding more than 5% Shares	As at 31st March 2016		As at 31st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India through Dr. Saurabh Garg, JS(I&C), DEA, MoF	1,18,24,89,994	99.99	49,994	99.99
Total	**1,18,24,89,994**	**99.99**	**49,994**	**99.99**

Note 6

Reserves & Surplus	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
a. Capital Reserves		
Opening Balance	4,19,94,800	4,19,94,800
(+) Current Year Transfer	3,34,00,00,000	0
Closing Balance (a)	**3,38,19,94,800**	**4,19,94,800**
b. General Reserve		
Opening Balance	1,79,77,70,925	1,79,77,70,925
(+) Current Year Transfer	20,30,80,884	0
Closing Balance (b)	**2,00,08,51,809**	**1,79,77,70,925**
c. Surplus		
Opening Balance	22,88,48,24,790	26,73,94,64,719
Less: Dividend Distribution Tax of Earlier Year	0	1,28,73,786
Less: Adjustment related to Fixed Assets	0	32,10,31,432
Net Opening Balance	22,88,48,24,790	26,40,55,59,501
(+) Net Profit/(Net Loss) for the Current Year	2,03,08,08,837	(3,52,07,34,711)
(-) Transfer to Reserves	20,30,80,884	0
(-) Proposed Dividends	60,92,42,651	0
(-) Dividend Distribution Tax	12,40,29,619	0
Closing Balance (c)	**23,97,92,80,474**	**22,88,48,24,790**
Total (a+b+c)	**29,36,21,27,082**	**24,72,45,90,515**

Note 7

Long Term Borrowings	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Unsecured Term Loan from Ministry of Finance*	11,82,44,00,000	0
Total	**11,82,44,00,000**	**0**

*Term Loan from Ministry of Finance of ₹1182.44 crores is unsecured carrying interest @ 11.50% p.a. payable annually and for a tenure of 25 years.

Note 8

Other Long Term Liabilities	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(a) Trade Payables- Non Current	1,00,09,606	1,09,08,027
(b) Others- Non Current	30,10,492	34,22,565
(c) Inter unit Balances		
IG Mint, Hyderabad	5,40,31,92,553	7,38,36,42,686
IG Mint, Kolkata	2,24,28,583	(13,59,49,681)
IG Mint, Mumbai	1,62,35,30,028	1,87,23,05,019
IG Mint, Noida	12,23,82,05,816	6,70,48,57,820
SPP, Hyderabad	76,46,84,218	14,95,05,358
SPM, Hoshangabad	(22,27,16,10,851)	(12,20,66,55,380)
BNP, Dewas	3,79,29,10,052	2,41,97,76,904
CNP, Nasik	5,76,98,34,291	1,26,82,76,834
ISP, Nasik	14,19,10,81,703	8,54,07,51,590
Corporate Office	(21,53,42,56,394)	(15,99,65,11,150)
Total	**1,30,20,097**	**1,43,30,592**

Note 9

Long Term Provisions	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(a) Provision for Employee Benefits		
Provision for Gratuity	89,21,07,426	72,62,11,190
Provision for Leave Encashment	2,06,54,41,197	1,97,90,92,704
Provision for Pensionary Charges Contribution	0	46,19,90,532
Provision for Post Retirement Medical Benefits	31,02,36,916	0
Provision for Ex-Gratia	29,28,699	55,30,727
Total	**3,27,07,14,238**	**3,17,28,25,153**

Note 10

Trade Payables	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Trade Payables other than MSMED	3,63,90,50,698	3,04,00,20,264
Trade Payables Principal - MSMED	1,24,99,668	20,01,00,310
Total	**3,65,15,50,366**	**3,24,01,20,574**

Note 11

Other Current Liabilities	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Advance from Customers	2,16,72,37,505	1,68,94,15,589
Earnest Money Deposit (EMD)	5,92,65,069	3,95,60,081
Security Deposits of Supplier/Vendor	7,93,10,114	8,34,80,177
Payable to PAO	55,00,960	60,20,473
TDS Payable	18,00,22,395	11,21,00,879

Other Current Liabilities	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Sales Tax Payable	1,19,00,958	1,00,20,903
Interest Payable on Term Loan from Ministry of Finance	1,35,98,06,000	0
Excise Duty Payable	1,10,42,867	48,03,484
Service Tax payable	1,78,42,640	1,18,18,890
Octroi Payable	21,237	0
Salaries and Wages and other Employees Benefits Payable	37,25,01,120	26,71,20,559
Recovery from Salaries Payable to concerned Authorities	6,66,27,462	5,33,92,829
EPF/GPF Payable	98,27,804	(1,64,89,934)
Payable to SPMCIL Pension Trust	8,54,37,141	8,66,73,447
Expenses Payable	43,81,49,528	58,30,15,231
Contribution to SPMCIL Pension Trust Payable	91,964	42,00,34,353
Pensionary Charges Payable	29,37,607	30,38,71,178
Bank Book Overdraft	11,50,46,839	16,45,16,622
Capital Goods Creditors	3,69,96,413	1,23,17,635
Others Current Liabilities	41,09,13,448	39,00,99,966
Total	**5,43,04,79,072**	**4,22,17,72,361**

Note 12

Short Term Provisions	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(a) Provision for Employee Benefits		
Provision for Leave Salary and Pensionary Charges	23,60,618	45,94,92,938
Provision for Gratuity	10,67,39,752	9,69,97,227
Provision for Ex-Gratia	3,06,824	5,26,681
Provision for Leave Encashment	40,06,43,668	37,24,02,521
Provision for Compensation in Lieu of Compassionate Appointment	6,26,70,495	8,88,83,572
Provision for ACP Arrear Payable	68,89,075	97,81,472
Provision for Pension Trust Liability	1,00,66,40,000	0
Other Employees Benefits Short Term Provisions	86,85,928	81,09,082
Provision for Post Retirement Medical Benefits	2,09,69,717	0
(b) Other Short Term Provisions		
Proposed Dividend	60,92,42,651	0
Dividend Distribution Tax	12,40,29,619	0
Provision for Taxation A.Y 2016-17	28,91,20,570	0
Provision for Taxation A.Y 2013-14	6,55,38,188	6,55,38,188
Provision for Disputed Claims	5,94,93,09,327	0
Other Short Term Provisions	1,90,26,833	2,04,24,936
Total	**8,67,21,73,265**	**1,12,21,56,616**

Note 13 - Fixed Assets

Sl. No.	Fixed Assets	Gross Block					Accumulated Depreciation					Impairment			Net Block	
		Balance as at 1 April 2015	Additions	Deletions	Adjustments	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation charge for the year	Adjustments	(On disposals)	Balance as at 31 March 2016	Balance as at 1 April 2015	During the Year	Balance as at 31 March 2016	Balance as at 1 April 2015	Balance as at 31 March 2016
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1.	**Tangible Assets**															
	Land	4,75,69,729	0	0	0	4,75,69,729	0	0	0	0	0	0	0	0	4,75,69,729	4,75,69,729
	Lease Hold Land	2,15,83,673	0	0	0	2,15,83,673	25,36,200	2,77,575	0	0	28,13,775	0	0	0	1,90,47,473	1,87,69,898
	Buildings	1,07,82,99,702	7,76,08,482	52,924	(33,56,519)	1,15,92,11,779	41,72,38,105	1,57,96,439	17,18,201	15,982	43,13,00,362	0	0	0	66,10,61,597	72,79,11,416
	Factory Building	1,91,69,74,251	2,24,30,452	0	(4,49,70,936)	1,98,43,75,639	89,95,43,972	5,51,24,439	42,62,491	0	95,04,05,920	0	0	0	1,01,74,30,279	1,03,39,69,719
	Plant and Equipment	20,36,76,42,394	59,97,03,436	1,79,11,377	(3,86,97,59,704)	24,81,91,94,156	12,99,21,31,821	1,15,52,31,479	11,04,47,645	84,98,257	14,02,84,17,399	8,76,09,294	80,471	8,76,89,765	7,28,79,01,278	10,70,30,86,992
	Furniture and Fixtures	12,36,85,322	71,15,605	1,19,997	(12,599)	13,06,93,529	7,59,71,014	91,82,376	63,732	1,00,801	8,49,88,857	0	0	0	4,77,14,308	4,57,04,672
	Vehicles	15,05,14,963	39,80,923	1,25,305	2,42,275	15,41,28,306	13,17,45,179	44,43,224	2,42,273	1,22,791	13,58,23,339	0	0	0	1,87,69,784	1,83,04,967
	Office Equipment	11,47,45,149	1,71,11,684	(2,10,880)	(31,71,717)	13,52,39,430	8,77,08,101	97,32,457	(86,911)	4,12,606	9,71,14,863	3,98,015	0	3,98,015	2,66,39,033	3,77,26,552
	Computers and Printers	54,49,54,429	44,23,956	64,62,838	(1,02,83,368)	55,31,98,916	42,80,18,392	6,13,81,879	12,54,148	51,88,727	48,29,57,397	24,245	0	24,245	11,69,11,792	7,02,17,274
	Railway Siding	13,14,586	0	0	0	13,14,586	13,14,586	0	0	0	13,14,586	0	0	0	0	0
	Electrical Installations	57,88,57,640	3,75,42,403	0	(66,300)	61,64,66,343	21,23,29,807	6,24,42,921	0	0	27,47,72,728	0	0	0	36,65,27,833	34,16,93,615
	S&D Assets	33,10,134	0	0		33,10,134	3,57,412	3,13,894	0	0	6,71,305	0	0	0	29,52,722	26,38,829
	R&D Assets	3,79,81,525	26,90,469	0	0	4,06,71,993	59,74,718	34,19,000	0	0	93,93,718	0	0	0	3,20,06,807	3,12,78,276
	Total	**24,98,74,33,496**	**77,26,07,410**	**2,44,61,561**	**(3,93,13,78,867)**	**29,66,69,58,212**	**15,25,48,69,307**	**1,37,73,45,683**	**11,79,01,579**	**1,43,39,163**	**16,49,99,74,248**	**8,80,31,554**	**80,471**	**8,81,12,025**	**9,64,45,32,635**	**13,07,88,71,939**
	Previous Year	23,85,50,34,036	1,13,48,31,845	2,56,58,997	(2,32,26,616)	24,98,74,33,501	13,39,29,21,685	1,54,07,61,466	(34,29,07,716)	2,17,21,551	15,25,48,69,315	12,00,28,485	(3,19,96,931)	8,80,31,550	10,34,20,83,866	9,64,45,32,635
2.	**Intangible Assets**															
	Computer Software	24,63,33,552	17,66,976	0	0	24,81,00,527	18,13,45,664	2,12,95,460	0	0	20,26,41,124	0	0	0	6,49,87,888	4,54,59,403
	Total	**24,63,33,552**	**17,66,976**	**0**	**0**	**24,81,00,527**	**18,13,45,664**	**2,12,95,460**	**0**	**0**	**20,26,41,124**	**0**	**0**	**0**	**6,49,87,888**	**4,54,59,403**
	Previous Year	24,44,57,844	18,75,708	0	0	24,63,33,552	15,74,47,772	2,38,97,892	0	0	18,13,45,664	0	0	0	8,70,10,072	6,49,87,888
3.	**Capital Work In Progress**	4,17,49,26,141	71,19,76,225	5,09,54,430	3,99,25,57,060	84,33,90,877	0	0	0	0	0	0	0	0	4,17,49,26,141	84,33,90,877
	Total	**4,17,49,26,141**	**71,19,76,225**	**5,09,54,430**	**3,99,25,57,060**	**84,33,90,877**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4,17,49,26,141**	**84,33,90,877**
	Previous Year	4,48,95,16,597	57,63,33,824	87,17,10,422	1,92,13,856	4,17,49,26,142	0	0	0	0	0	0	0	0	4,48,95,16,597	4,17,49,26,142
	Grand Total	**29,40,86,93,190**	**1,48,63,50,611**	**7,54,15,991**	**6,11,78,193**	**30,75,84,49,616**	**15,43,62,14,971**	**1,39,86,41,144**	**11,79,01,579**	**1,43,39,163**	**16,70,26,15,373**	**8,80,31,554**	**80,471**	**8,81,12,025**	**13,88,44,46,664**	**13,96,77,22,218**
	Previous Year	28,58,90,08,476	1,71,30,41,377	89,73,69,419	(40,12,760)	29,40,86,93,195	13,55,03,69,457	1,56,46,59,358	(34,29,07,716)	2,17,21,551	15,43,62,14,979	12,00,28,485	(3,19,96,931)	8,80,31,550	14,91,86,10,534	13,88,44,46,666

Note 14

Non-Current Investments (Trade Investments)	**As at 31st March 2016 (₹)**	**As at 31st March 2015 (₹)**
Unquoted-Equity Shares of Bank Note Paper Mill India Pvt Ltd. (JV of Security Printing and Minting Corporation of India Ltd and Bhartiya Reserve Bank Note Mudran Pvt. Ltd. [40,00,00,000 Shares @ ₹10 each]	4,00,00,00,000	3,00,00,00,000
Total	**4,00,00,00,000**	**3,00,00,00,000**

Note 15

Long Term Loans and Advances	**As at 31st March 2016 (₹)**	**As at 31st March 2015 (₹)**
a. Capital Advances		
Secured, Considered Good	32,500	32,500
Total (A)	**32,500**	**32,500**
b. Security Deposits		
Unsecured, Considered Good	2,08,07,202	1,74,11,106
Total (B)	**2,08,07,202**	**1,74,11,106**
c. Employees Loans and Advances		
Secured	7,72,38,674	8,90,26,069
Unsecured	9,27,28,118	14,88,95,152
Total (C)	**16,99,66,792**	**23,79,21,220**
Total (A+B+C)	**19,08,06,494**	**25,53,64,826**

Note 16

Other Non-current Assets	**As at 31st March 2016 (₹)**	**As at 31st March 2015 (₹)**
Long term trade receivables		
Unsecured, Considered Doubtful	22,10,88,444	10,08,56,116
	22,10,88,444	**10,08,56,116**
Less: Provision for Trade Receivable	22,10,88,444	10,08,56,116
Total (A)	0	0
Non Moving Inventory	90,70,96,520	94,68,27,433
Less: Provision for Non-moving Inventory	5,04,21,807	5,33,79,437
Total (B)	**85,66,74,713**	**89,34,47,996**
Deposit with CISF	4,31,23,300	2,85,72,700
Deposit with Electricity Board	6,71,91,270	6,63,66,182
Deposit with Tax Authorities/other Departments	31,74,01,390	27,80,79,401
Other Receivables	85,12,215	92,15,986
Advances (others)	1,22,35,536	2,01,30,051
Total (C)	44,84,63,711	40,23,64,320
Total (A+B+C)	**1,30,51,38,424**	**1,29,58,12,316**

Note 17

Current Investments (Non-Trade)	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
UTI Treasury Advantages (Value at cost as on 31.03.2016) 1006872.111 @ ₹1002.354	1,00,92,42,288	99,44,65,420
Total	**1,00,92,42,288**	**99,44,65,420**

Note 18

Inventories	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Raw Materials and Components	8,20,32,73,828	7,65,47,19,110
Raw Material in Transit	34,87,35,735	32,92,22,336
Goods in Transit	30,94,36,292	32,51,47,111
Work-in-Progress	6,35,76,12,883	3,48,97,16,482
Finished Goods	1,57,85,48,357	1,27,43,40,114
Stores and Spares	1,21,17,24,030	77,94,37,258
Scrap	75,29,77,648	66,21,93,850
Other Inventory	2,36,02,501	2,36,90,891
Total	**18,78,59,11,273**	**14,53,84,67,151**

Note 19

Trade Receivables	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, Considered Good	2,05,59,57,755	5,09,14,92,229
Unsecured, Considered Doubtful	0	0
Total (A)	**2,05,59,57,755**	**5,09,14,92,229**
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good	4,14,53,64,034	5,33,11,78,192
Unsecured, Considered Doubtful	5,74,21,99,623	4,98,52,96,089
	9,88,75,63,657	**10,31,64,74,281**
Less: Provision for Trade Receivable	2,49,11,52,761	2,47,88,49,227
Less: Provision for Rate Differences	26,48,74,869	2,50,64,46,862
Total (B)	**7,13,15,36,027**	**5,33,11,78,192**
Total (A+B)	**9,18,74,93,782**	**10,42,26,70,420**

Note 20

Cash and Cash Equivalents	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Balances with Banks	3,06,99,09,565	2,62,89,70,118
FDR with Banks (excluding pledged FDRs) with Maturity Less than 12 Months from the Balance Sheet Date	14,20,00,00,000	10,28,00,00,000
Cheques, Drafts on Hand	0	95,684
Cash in Hand	4,65,973	6,74,045
Postage in Hand	3,92,142	3,64,692
Total	**17,27,07,67,680**	**12,91,01,04,539**

Note 21

Short-term Loans and Advances	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Unsecured Considered Good		
Loan and Advances to Employees	4,91,59,790	4,67,12,182
Deposits with other Departments	73,825	1,77,620
Amount Receivable from EPF Trust	11,06,33,942	8,58,11,814
Amount Receivable from Pension Trust	9,63,89,670	9,64,97,786
Advances to Supplier	1,79,35,22,437	98,41,79,052
Advances to PAO	63,84,973	63,84,973
Advances to CPWD	51,86,774	8,84,06,086
Advances to BSNL (Civil Work)	19,18,777	23,94,231
Advances (Others)	5,53,15,492	63,88,927
Excise Duty PLA Balance	13,81,447	4,40,553
Excise Duty Cenvat	3,139	3,006
CST Refund Recivable	1,84,29,157	1,84,29,157
VAT/Sales Tax Receivable	13,78,30,325	11,72,96,631
MVAT Refund Receivable	1,10,09,564	1,10,09,564
Advance Income Tax A.Y 2016-17	25,00,00,000	0
Advance Income Tax A.Y 2015-16	0	2,03,00,00,000
TDS A.Y 2016-17	3,86,654	0
TDS A.Y 2015-16	6,76,582	75,28,978
TDS A.Y 2014-15	54,015	1,04,574
TDS A.Y 2013-14	82,202	72,938
Income Tax Refund Receivable AY 2009-10	19,53,69,005	19,53,69,005
Income Tax Refund Receivable AY 2011-12	7,01,250	7,01,250
Income Tax Refund Receivable AY 2012-13	160	160
Income Tax Refund Receivable AY 2014-15	52,85,84,746	52,85,84,746
Income Tax Refund Receivable AY 2015-16	2,03,68,97,396	0
Prepaid Expenses	1,15,52,973	1,53,88,589
Others Short Term Loans and Advances	40,742	76,842
Total	**5,31,16,62,903**	**4,24,20,36,532**

Note 22

Other Current Assets	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Interest Receivable on FDR	7,85,95,304	28,62,548
Asset Held for Disposal	58,00,58,950	1,29,72,65,535
PAO/C&C DEA, Ministry of Finance (EPF)	9,01,97,572	9,01,97,572
PAO/C&C DEA, Ministry of Finance (GPF)	3,69,50,078	8,11,94,533
Commemorative Coins	5,44,049	1,84,157
MAT Credit Entitlement	28,91,20,570	0
Other Receivables	2,71,40,697	3,58,18,109
Total	**1,10,26,07,220**	**1,50,75,22,454**

Note 23

Revenue from Operations	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Sale of Products (Gross)		
Sale of Notes	13,14,02,50,000	14,39,14,50,000
Sale of Coins	22,44,56,95,400	20,12,32,62,772
Sale of Medals and Commemorative Coins	38,02,96,646	26,93,59,948
Sale of Passport & Allied	4,75,57,88,232	3,38,94,75,725
Sale of Postal Items	31,29,85,383	35,18,35,700
Sale of Non Postal Items	50,23,56,706	38,51,95,595
Sale of NJSP	3,71,33,50,413	4,10,83,92,601
Sales-Others	1,20,07,04,995	1,09,35,33,531
Total (A)	**46,45,14,27,775**	**44,11,25,05,872**
Sale of Services		
Job Work	3,13,43,955	4,19,00,071
Other Services	29,13,694	37,83,033
Total (B)	**3,42,57,649**	**4,56,83,104**
Other Operating Revenues		
Sale of Scrap	79,60,43,110	1,02,38,00,822
Other Operating Activities	96,24,055	65,61,278
Total (C)	**80,56,67,165**	**1,03,03,62,100**
Gross Total D (A+B+C)	47,29,13,52,589	45,18,85,51,076
Less: Excise Duty (E)	**99,69,029**	**1,96,72,706**
Total (D-E)	**47,28,13,83,560**	**45,16,88,78,369**
Revenue from Operations	**47,28,13,83,560**	**45,16,88,78,369**

Note 23A

Rate Difference of Earlier Years Sales	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Rate Difference of Postal Items	(1,49,19,348)	(72,51,38,456)
Rate Difference of Circulating Coins	42,97,71,327	(10,90,59,07,705)
Rate Difference of Bank Notes	(3,18,73,18,000)	0
Total	**(2,77,24,66,021)**	**(11,63,10,46,161)**

Note 23B

Provision Written Back	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Provision Written Back of Postal Items	0	50,23,10,277
Provision Written Back of Circulating Coins	0	4,00,56,49,499
Provision Written Back of Bank Notes	3,18,73,18,000	0
Others	4,60,87,703	3,52,72,866
Total	**3,23,34,05,703**	**4,54,32,32,642**

Note 24

Other Income	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Interest Income (Net)	86,73,94,535	67,73,24,233
Dividend Income	3,97,76,868	1,84,37,464
Profit on Sale of Fixed Assets	18,12,969	14,11,585
Other Non-operating Income (Net of Expenses directly attributable to such Income)	10,46,35,512	15,60,26,107
Total	**1,01,36,19,884**	**85,31,99,390**

Note 25

Cost of Materials Consumed	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Cost of Raw Materials Consumed	25,99,10,57,334	25,44,33,18,098
Total	**25,99,10,57,334**	**25,44,33,18,098**

Note 26

Changes in Inventories of Finished Goods, Work in Progress and Scrap	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Closing Stock		
Finished Goods	1,57,85,48,357	1,27,43,66,760
Goods in Transit	30,94,36,292	32,51,47,111
Work in Progress	6,35,76,12,883	3,64,62,02,808
Scrap	75,29,77,648	66,37,74,721
Total (A)	**8,99,85,75,179**	**5,90,94,91,400**
Opening Stock		
Finished Goods	1,27,43,66,760	84,85,48,746
Goods in Transit	32,51,47,111	31,59,82,144
Work in Progress	3,64,62,02,808	2,95,05,88,917
Scrap	66,37,74,721	56,37,56,158
Total (B)	**5,90,94,91,400**	**4,67,88,75,965**
Changes in Inventories of Finished Goods and Work in Progress (A-B)	**(3,08,90,83,780)**	**(1,23,06,15,435)**

Note 27

Employee Benefits Expense	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Salaries, Wages and Allowances	5,63,96,56,185	5,64,07,76,789
Overtime	1,47,01,59,019	1,38,25,94,332
Incentive	1,40,73,12,023	1,63,45,14,602
LTC	3,22,23,375	5,68,23,378
Medical	18,15,09,744	19,56,77,730
Employer Contribution to EPF	32,66,47,603	35,22,28,008
Leave Salary & Pensionary Charges Contribution	6,15,00,054	9,95,54,198
Contribution to SPMCIL Pension Trust	8,99,08,953	8,66,32,973
Leave Encashment	48,59,42,197	87,63,70,778
Gratutity	24,98,86,852	20,61,26,846
Staff Welfare Expenses	53,34,505	1,15,78,225
Post Retirement Medical Benefits	35,65,17,452	0
Other Employee Benefits	13,29,31,533	11,31,18,866
Total	**10,43,95,29,495**	**10,65,59,96,725**

Note 28

Finance Cost	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Interest Cost on Loan from Ministry of Finance	1,35,98,06,000	0
Total	**1,35,98,06,000**	**0**

Note 29

Other Expenses	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
(A) Other Manufacturing Expenses		
Consumption of Stores, Spare Parts and Components	79,44,13,408	86,13,01,366
Power, Fuel and Water	68,22,44,518	63,34,41,187
Repairs & Maintenance to Machinery	5,09,02,002	4,65,20,934
Repairs & Maintenance to Factory Building	9,29,93,820	11,26,99,471
Packing Expenses	15,19,76,816	11,50,87,246
Other Manufacturing Cost	10,93,82,169	3,92,93,119
Total (A)	**1,88,19,12,733**	**1,80,83,43,323**
(B) Administrative Expenses		
Advertising Expenses	3,68,60,530	4,11,89,961
Commission (Auction & Other)	2,36,71,573	2,92,62,137
Audit Fees	50,13,186	33,95,203
Bank Charges	7,49,010	3,97,094
Bad Debts Written Off	4,92,125	0

Other Expenses	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Canteen Expenses (Net of Receipts)	2,42,27,311	2,27,63,119
Dispensary Expenses	3,37,60,236	3,87,50,248
Environmental Charges	28,78,375	63,70,634
Fees & Honorarium	15,40,680	9,16,073
Freight Outwards	11,12,86,543	11,68,07,118
Foreign Exchanges Fluctuation Losses	6,56,39,013	(17,12,87,798)
Grants in Aid Expenses	4,67,685	6,28,550
Guest House Expenses (Net of Receipts)	40,27,891	45,73,370
Hiring of Staff	7,67,95,679	4,96,76,966
Horticulture Expenses	56,77,925	62,16,318
Hospitality & Entertainment	73,70,907	72,06,537
Legal & Professional Charges	5,93,22,155	4,95,48,171
Meeting Expenses	31,34,830	39,43,122
Misc. Expenses	49,54,574	27,92,341
Office Expenses	1,91,78,260	1,34,22,276
Postage & Courier Expenses	60,47,750	36,19,612
Printing & Stationery Expenses	72,08,081	80,06,819
Research & Development Expenses	52,34,911	74,24,324
Repair & Maintenance- Building	12,57,67,385	13,95,68,325
Repair & Maintenance- Computers	4,94,48,679	5,32,44,661
Repair & Maintenance- Others	4,99,18,453	12,32,78,710
Rent	6,97,53,479	5,87,07,859
Insurance	2,04,55,890	1,84,29,196
Rates & Taxes	1,20,74,352	2,28,48,616
Security Charges	1,21,20,22,858	96,79,87,609
Seminar & Training Expenses	83,69,810	70,42,405
Service Tax Paid/ Sales Tax	1,35,53,674	69,22,401
Subscription, Newspaper, Books & Periodicals	16,60,013	20,25,658
Sustainable Development	0	7,88,008
Telephones & Internet Charges	2,13,04,448	2,06,71,094
Travelling & Conveyance Expenses	4,77,69,819	4,99,01,570
Travelling Expenses Foreign	82,53,116	70,19,542
Uniform & Liveries	18,56,097	31,65,465
Vehicle Hiring/ Maintenance Charges	2,25,03,628	2,42,48,873
Water & Electricity Charges	3,95,56,621	5,08,13,027
Other Expenditure	2,57,07,911	2,38,88,002
Total (B)	**2,23,55,15,464**	**1,82,61,73,215**

Note 30

(C) Provision Created During the Year	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Provision for Trade Receivable/Advances	23,61,12,349	(1,48,19,165)
Provision for Obsolete / Non-moving Inventory / Shortage	66,45,362	1,22,25,704
Provisions for Disputed Claims	5,94,93,09,327	30,54,05,087
Provision for Pension Trust Liability	1,00,66,40,000	0
Provision for Rate Differences of Postals	1,85,71,007	6,37,27,862
Provision for Rate Differences of Bank Notes	82,51,37,000	1,21,45,01,000
Total (C)	**8,04,24,15,045**	**1,58,10,40,488**
Total (A+B+C)	**12,15,98,43,242**	**5,21,55,57,026**

Note 31

Prior Period Expenditure	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Prior Period Expenditures	1,42,23,453	6,81,55,036
Total (A)	**1,42,23,453**	**6,81,55,036**
Prior Period Income		
Prior Period Incomes	11,33,41,187	1,35,39,386
Total (B)	**11,33,41,187**	**1,35,39,386**
Net Prior Period Income / (Expenses)	**9,91,17,734**	**(5,46,15,650)**

Note 32

Payments to the Auditor as	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
a. Auditor	22,42,232	17,54,474
b. For Taxation Matters	18,55,890	14,12,844
d. For Reimbursement of Expenses	45,050	75,786
Total	**41,43,172**	**32,43,104**

Note 33

Consumption of Raw Material under Broad Heads	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
CWBN Paper	6,08,23,70,958	6,62,30,11,826
Security Paper	2,20,32,77,624	2,98,28,11,749
Ink	3,27,21,56,053	2,01,92,86,731
FSS Coil	5,11,60,49,283	4,80,66,63,331

Consumption of Raw Material under Broad Heads	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
NiBR Coil	5,01,56,27,359	4,36,27,70,999
Bi-Metalic ₹10 Blanks	5,73,72,54,710	7,00,66,60,335
Chemicals	3,34,26,701	6,42,97,821
Security Fiber	2,96,27,021	2,61,36,530
Security Thread	45,68,98,741	4,66,62,757
M-Feature	13,24,25,064	6,76,681
Furnace Oil	10,38,01,220	25,94,19,648
Bleached Cotton Linter	6,78,23,582	4,38,93,971
Comber	10,16,26,663	29,79,86,948
Other	1,20,35,44,835	81,35,95,373
Less: Inter Unit Transfer	(3,56,48,52,479)	(3,91,05,56,600)
Total	**25,99,10,57,334**	**25,44,33,18,098**

Note 34

Work in Progress under Broad Heads	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
W.I.P of Notes & Inks	4,20,32,01,976	2,13,99,65,559
W.I.P of Coins / Blanks	78,63,02,336	63,23,78,096
W.I.P of Security Paper	99,07,05,049	27,74,78,392
W.I.P of Postal Items	57,25,407	1,00,08,869
W.I.P of Non-Postal Items	15,22,19,838	32,22,36,041
W.I.P of Travel Documents	13,80,07,800	11,88,43,804
WIP Others	26,74,25,614	33,12,67,184
Total	**6,54,35,88,019**	**3,83,21,77,944**

Note 35

Value of Imports Calculated on C.I.F basis by the Company During the Financial Year in Respect of : (On Accrual Basis)	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
1. Raw Materials	9,06,75,80,806	10,12,96,46,643
2. Stores, Components and Spare Parts	53,84,70,558	49,49,25,093
3. Capital Goods	75,00,89,077	41,93,54,252
Total	**10,35,61,40,441**	**11,04,39,25,988**

Note 36

Expenditure in Foreign Currency during the Financial Year on Account of : (On Accrual Basis)	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
1. Foreign Travel	8,40,648	21,68,716
2. Royalty, Know-how, Professional and Consultation Fee	37,21,67,434	0
Total	**37,30,08,082**	**21,68,716**

Note 37

Consumption of Imported Raw Material, Stores, Spare Parts and Components as compared to Indigenous Raw Material, Stores, Spare Parts and Components (Including Consumption on Account of Inter Unit Transfers)	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Total Value of all imported Raw Material Consumed (A)	7,61,96,63,805	9,14,64,92,556
Total Value of all Indigenous Raw Material Consumed (B)	21,93,62,46,009	20,20,73,82,141
Total (A+B)*	**29,55,59,09,815**	**29,35,38,74,698**
% of A to total (A+B)	**26**	**31**
% of B to total (A+B)	**74**	**69**
Total Value of all Imported Stores, Spare Parts & Components Consumed (C)	19,31,72,820	29,68,35,973
Total Value of all Indigenous Stores, Spare Parts & Components Consumed (D)	60,13,21,878	56,44,65,393
Total (C+D)	**79,44,94,698**	**86,13,01,366**
% of C to total (C+D)	**24**	**34**
% of D to total (C+D)	**76**	**66**

Note 38

Earnings in Foreign Exchange Classified under the following heads, namely:-	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Other Income	0	2,29,086
Total	**0**	**2,29,086**

Note 39 Contingent Liabilities and Commitments

Contingent Liabilities and Commitments (to the extent not provided for)	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(I) Contingent Liabilities		
(i) Claims against the Company not Acknowledged as Debt (Excluding Legal Cases where Amounts are Unascertainable)		
(a) Cases filed by Employees/ Workers	1,82,07,38,265	1,90,84,05,265
(b) Cases filed by Suppliers	4,81,88,068	10,82,99,282
(c) Octroi Penalty	2,40,22,51,760	2,38,79,51,690
(d) Demand of VAT on Currency, Coins, Misc Sales & Misc.	2,44,00,64,424	2,44,00,64,424
(e) Sales Tax Dispute	4,58,31,68,076	4,32,68,22,984
(f) Excise Duty	6,73,53,531	0
(g) Service Tax	39,17,418	1,78,499
(ii) Commercial Tax (Entry Tax)	78,44,33,514	62,24,48,744
(iii) Bank Guarantee	1,59,88,264	0
(iv) Letter of Credit issued by Banks	30,62,42,452	1,85,03,41,062
(v) Income Tax	20,51,890	0
(vi) Others	20,99,36,188	13,14,51,372
Total (I)	**12,68,43,33,850**	**13,77,59,63,322**
(II) Commitments		
(i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for	25,00,06,740	82,63,43,660
Total (III) (I+II)	**12,93,43,40,590**	**14,60,23,06,982**
(IV) Less : Provisions*		
(i) Cases filed by Employees/Workers	1,82,07,38,265	0
(ii) Cases filed by Suppliers	4,81,88,068	0
(iii) Others	20,99,36,188	0
(iv) Disputed Sales Tax Liabilities from 1975-76 to 09.02.06	106,49,12,612	0
(v) Sales Tax Demand Liabilities from 10.02.06 to 31.03.11	175,95,71,371	0
(vi) Probable Sales Tax Liabilities from 2011-12 to 2015-16	104,59,77,723	0
Total (IV)	**5,94,93,24,227**	**0**
Net Contingent Liabilities not provided for (V=III-IV)	**6,98,50,16,363**	**0**

*As per the Accounting Standard 29, a provision should be recognized in the books of accounts, when (a) an enterprise has a present obligation as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. In compliance of the same, provision has been made for ₹4,90,33,46,504 towards estimated liabilities for settlement of legal cases filed by employees/workers/suppliers and demand of VAT by Maharashtra Government.

The Company has also made a provision of ₹1,04,59,77,723 in respect of probable VAT liabilities pertaining to year 2011-12 to 2015-16 inspite of the fact that there is no tax demand from sales tax authorities as assessment of VAT / sales tax liabilities of these years are pending on the same basis as adopted by sales tax authorities while completing assessment of VAT/ sales tax of earlier years i.e. up to financial years 2010-11.

The Company is in receipt of Show Cause Notices/Demand Notices/Assessment Orders from Andhra Pradesh Commercial Tax Department to the tune of ₹244 crores towards Sales tax on the Sale of Circulation Coins, difference in Sales Tax on sale of other items, interest and penalty thereon from April 2006 to November, 2013. However, the Company Management has gone through the Show Cause Notices and is of the Opinion that Currency Coins are not covered under the definition of Goods as per the Sales of Goods Act,1930, where in Money is excluded under the definitions of "Goods", so no Sales Tax is payable to the Coins delivered to Reserve Bank of India. Also the issue is pending with Commissioner, Commercial Taxes, and Government of Andhra Pradesh, who have in turn put-up a proposal to the Government of Andhra Pradesh, to bring the Currency Coins under the Exempted Goods under Schedule I of Andhra Pradesh VAT Act. The Government of Andhra Pradesh has principally agreed and issued exemption notification in this regard circulation of Coins from Levy of Sales Tax in July 2013 making it Effective from 9th July, 2013. On the request of Unit representation has been made again by the Commissioner of Commercial Taxes Department to Andhra Pradesh Government making it effective from 1st April, 2005 which is under their consideration.

Note 40 Withdrawn Coins

Withdrawn coins are received in the mints for melting. These are received by Mints from Government of India and Mints act as custodian to it. After melting, metal is auctioned on behalf of Government of India. Metal value of the stock is given cognizance as credit to Government after levying processing charges of melting etc. Practice being followed in the Mints has been formalized through detailed guidelines.

Note 41 Disclosure pertaining to Micro, Small and Medium Enterprises

The identification of the Micro, Small and Medium enterprise in terms of the Micro, Small and Medium Enterprises Development Act, 2006 has been made except to the extent information not received by IGM Hyderabad.

The Management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of Micro, Small and Medium Enterprises, as define under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosure in respect of amount payable to such enterprises as at 31st March, 2016 has been made in the financial statements on the basis of information received and available with the company. Further in view of the Management, the impact of interest if any that may be payable in accordance with provision of the Act is not expected to be material, therefore provision for the same has not been made in books of accounts.

Note 42 Fixed Assets

a) As per the Government decision, all the Assets and Liabilities of nine units as on 10.02.2006 has been transferred to the Company at book value accordingly all Assets and Liabilities prevailing as on 09.02.2006 were taken over on 10.2.2006 in the books of the Company on historic cost basis as per books of the Government Units.

b) Pursuant to the enactment of Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule-II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation & Amortization. Accordingly the unamortized carrying value is being depreciated / amortized over the remaining useful lives.

c) Physical verification of Fixed Assets during the financial year 2015-16 has been carried out at all the units including Corporate Office.

Note 43 Lease Premium (IGM, Noida)

The land at Sector 1 and Sector 23 held by IGM, Noida are taken on long term lease of 99 year w.e.f 03rd May,1985 and 90 years w.e.f, 12th May,1993 respectively from NOIDA Authority which continued to be reflected at the premium paid for lease in the Government Account and was not amortized over the period of lease. Now, in term of AS-19 regarding accounting of leases, the basic premium paid for acquiring the lease is written off over the balance period of the lease starting from 10.02.2006 i.e. date on which all Assets and Liabilities transferred to the Company, and ending on the date of termination of lease as per the lease deeds.

Note 44 Precious Metals at Mints

Mints at Mumbai, Kolkata and Hyderabad have huge stocks of gold, silver and other precious metals which is more than 10 years old required for manufacturing of medals in very moderate quantity. There is a sound system of maintaining records and ensuring physical safety of the metals. Detailed break-up of each category of metal with fineness details are available in the units. Value of these metals has been taken as per book value which is lower than the market value of the same. As there is a very moderate consumption of these material in current production, company has initiated steps to dispose of these metals lying at units.

Note 45 Employee Benefits

Most of the Employees of the company were on deemed deputation from Government of India. On 15.09.2008, a Tripartite Agreement was signed between the Government of India, Company and the representatives of the various Unions. Option was given to employees who were on deemed deputation to opt the Company or Government of India as per Rule 37-A of Central Civil Services (Pension) Rules, 1972. Permanent absorption has been notified by Govt. vide order No. 10/1/2009-SPMC dated 29.05.2009 w.e.f. 01.11.2008. Option to join the Company was exercised by 14256 employees.

Defined Contribution Plans

(a) **Employee Provident Fund (EPF):** For EPF, a trust has been established and relaxation has been granted by Employees Provident Fund Organization in the month of December, 2009. These trusts became operational w.e.f. April, 2010 and now in all cases pertaining to employees provident fund matter are being looked after by Trust. The Company pays fixed contribution to provident fund at pre-determined rates to this trust, which invests the funds in permitted securities as per investment pattern stipulated by Ministry of Labour. Contribution to family pension scheme is paid to the Provident Fund Regulatory Authority. The contribution is recognized as expense and is charged to Profit and Loss account.

(b) **General Provident Fund (GPF):** For GPF, a trust has been established in the month of March, 2011. This trust became operational w.e.f. April, 2011. From 1st April, 2011 employee's contribution is being made to the Trust. There is only employee contribution in this fund therefore, no amount is recognized as expenses in Profit and Loss account.

Defined Benefits Plans

a) **Pension:** Pension will be paid to Combined Pension Optees from the Company Employees Pension Fund Trust constituted by Government of India. Provisions for pensionary contribution to the trust in respect of the Combined Optees have been made as per Central Civil Services (Pension) Rules, 1972.

b) **Leave Travel Concession:** Leave Travel Concession (LTC) benefits have been dealt with as per norms of Government of India adopted by the Company.

c) **Gratuity**: The Company has a defined benefit gratuity plan in accordance with Payment of Gratuity Act, 1972. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 × last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹10 lacs on superannuation, resignation, termination, disablement or on death during the entire tenure of service. The Liability for the same is recognized on the basis of actuarial valuation.

d) **Earned and Half-Pay Leave:** The Company provides for earned leave benefit and half pay leave to the employees of the Company who accrue six monthly at 15 days and 10 days respectively at the end of half year. Earned leaves are encashable up to a maximum of 300 days on separation. Half pay leave is encashable only on separation but subject to maximum of 300 days for both earned leave and half pay leave. The Company also permitted to en-cash earned leave to the extent of 50% of balance at credit once in a calendar year subject to the balance at credit should not be less than 30 days after encashment and subject to maximum accumulation of 300 days. The Liability for the same is recognized on the basis of actuarial valuation.

e) **Post-Retirement Medical Benefits:** The Company has Post-Retirement Medical Scheme under which eligible ex-employees are provided medical facilities on the sole discretion of the employee upon payment of one time prescribed contribution. The liability for the same is recognised on the basis of actuarial valuation.

Disclosure pursuant to AS-15 ***(₹ in Crores)***

Sl.No.	Particulars	Gratuity	Leave	PRMB
A	**Net Liability recognized in the Balance Sheet at 31st March, 2016**			
	Present Value of Unfunded Obligation	99.88	246.61	33.12
	Net Liability	99.88	246.61	33.12
B	**Expense recognized in the Statement of Profit and Loss for the Year**			
	Current Service Cost	14.11	11.64	0
	Interest on Obligation	6.17	17.64	0
	Net Actuarial Losses (Gains) recognized in the Year	4.70	19.19	0
	Total included in Employee Benefit Expense	24.99	48.47	35.65
C	**Changes in the Present Value of Defined Benefit Obligation Representing Reconciliation of Opening and Closing Balance thereof:**			
	Opening Defined Benefit Obligation	82.32	235.15	0
	Service Cost	14.11	11.64	35.65
	Interest Cost	6.17	17.64	0
	Actuarial Losses/(Gains)	4.70	19.19	0
	Benefits Paid	(7.42)	(37.01)	2.53
	Closing Defined Benefit Obligation	99.88	246.61	33.12
D	**Changes in the fair value of plan Assets representing reconciliation of opening and closing balances thereof:**			
	Opening Fair Value of Plan Assets	-	-	-
	Expected Return	-	-	-
	Actuarial Gains/(Losses)	-	-	-
	Contribution by Employer	-	-	-
	Benefits Paid	-	-	-
	Closing Balance of Fair Value of Plan Assets	(7.42)	(43.63)	-

Sl.No.	Particulars	Gratuity	Leave	PRMB
E	**Principal Actuarial Assumptions at the Balance Sheet Date (expressed as weighted averages)**			
	Discount Rate	7.50%	7.50%	7.50%
	Expected Return on Plan Assets	-	-	-
	Attrition Rate	1.00%	1.00%	1.00%
	Annual Increase in Salary Costs	6.50%	6.50%	-
	Future Cost Increase	-	-	5.00%
Note: The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.				

Note 46 Segment Reporting

In the opinion of management segment reporting as envisaged in AS-17 is not applicable as risks and returns associated with product categories are not different. As about 90% of Sale of Products during the year supplied to Ministries of Government of India on cost plus reasonable return on capital employed basis. Further the Company is engaged in sovereign function of manufacturing of security products.

Note 47 Provisions

The provision have been recognized when the company has obligation as a result of past event and it is probable that an outflow of the resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimates required to settle the obligation at the balance sheet date. No provision is recognized for Liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent Liabilities are not recognized but are disclosed on the basis of the judgment of the management. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate. During the Financial Year 2015-16, the following provisions have been made:

Particulars	Amount in (₹)
Provision for Pension Trust liability	1,00,66,40,000
Provision for Disputed Claims	
(a) Cases filed by employees/workers	1,82,07,38,265
(b) Cases filed by Suppliers	4,81,88,068
(c) Others legal cases	20,99,36,188
(d) Disputed sales tax liabilities from 1975-76 to 09.02.2006	1,06,49,12,612
(e) Sales tax demand liabilities from 10.02.2006 to 31.03.2011	1,75,95,71,371
(f) Probable sales tax liabilities from 2011-12 to 2015-16	1,04,59,77,723
Total	**6,95,59,64,227**

Note 48 Related Party Transaction

List and Transactions of related parties as per Accounting Standards–18 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India;

Name of the Party	Relationship
Bank Note Paper Mill India Private Ltd.	Joint Venture

Joint Venture: The company has entered into a Joint Venture Agreement with Bhartiya Reserve Bank Note Mudran Private Limited (BRBNMPL), a wholly owned subsidiary of Reserve Bank of India to set up a Security Paper MIl at Mysore with 50% participation in equity by each Joint Venture partners by forming a Company under Indian Companies Act, 1956 on 13/10/2010. The project is under implementation as on 31st March, 2016. The company has contributed a sum of ₹400 crores towards 50% capital contribution. Company has been allotted 40,00,00,000 equity shares of ₹10 each aggregating to ₹400 crore till 31.03.2016.

(₹ in Crores)

Transaction	2015-16	2014-15
Capital Contribution	100	NIL
Conversion of Share Application Money to Capital	NIL	NIL
Share Application Money (Pending Allotment)	NIL	NIL

Proportion of ownership in Joint Venture as per audited accounts for the Financial Year 2015-16 is as under (50%):-

Particulars	As on 31.03.2016 (Audited) (₹ in Crores)	As on 31.03.2015 (Audited) (₹ in Crores)
a) Contribution towards Equity	400.00	300.00
b) Deputation of Employee Cost	0.00	0.00

Aggregate amount of Company's interest in Joint Venture as per audited accounts for the F.Y. 2015-16 is as under (50%):-

Particulars	As on 31.03.2016 (Audited) (₹ in Crores)	As on 31.03.2015 (Audited) (₹ in Crores)
Equity Share Capital	400	300
Reserve and Surplus	-6.2	-1.65
Share Application Money	-	-
Non-Current Liabilities	398.70	296.81
Current Liabilities	67.91	46.59
Non-Current Assets	709.91	587.80
Current Assets	150.47	53.94
Revenue	-	-
Cost of Material Consumed	-	-
Depreciation of Plant and Machinery	0.36	-
Employee Benefit Expenses	0.80	-
Other Expenses	2.05	-0.02
Profit Before Tax	**-4.57**	**-0.02**
Income Tax Expenses	-	-
Profit After Tax	**-4.57**	**-0.02**

Estimated value of Contracts remaining to be executed on Capital Account and not provided for (50% Liability):-

(Amount in ₹ Crore)

Particulars	As on 31.03.2016	As on 31.03.2015
Current Year - 2015-16	8.76	84.42

Contingent Liability in Joint Venture Company (50%) – ₹64,63,23.191.00

Key Management Personnel:

- Shri M.S. Rana, Chairman and Managing Director (upto 12.07.2016).
- Shri Praveen Garg, Chairman and Managing Director (from 12.07.2016).
- Shri P. N. Radkar, Director (Technical) (upto 31.05.2016).
- Shri Ajai Kumar Srivatav, Director (Technical) (from 29.08.2016).
- Dr. Manoranjan Dash, Director (HR) (upto 31.08.2016).
- Shri Sunil Kumar Sinha, Director (HR) (from 01.09.2016).
- Shri S.K. Jha, CVO

There are no transactions with key Management Personnel during the year, except as given below. There are no other transactions with related parties as defined in AS-18.

The gross remuneration to Key Management Personnel who have been the full-time Directors of the Company is as under:

(Amount in ₹)

Particulars	2015-16	2014-15
Salary and Allowances	85,84,951	78,22,501
Contribution to PF / Pensionary Charges	7,98,725	24,02,314
Leave Encashment	3,65,035	30,88,099
Lease Rent & Other Perks	63,27,077	68,02,760
Gratuity	3,82,294	7,89,704
Total	**1,64,58,082**	**2,09,05,378**

Note 49 Earnings Per Share

In the beginning of the year the number of shares outstanding is 50,000. On 22.03.2016, SPMCIL has issued 118.244 crores shares at par value in the name of Dr. Saurabh Garg, on behalf of President of India. Hence the EPS has been calculated on the weighted average basis.

Particulars	2015-16	2014-15
Profit After Tax (₹)	2,03,08,08,837	(3,52,07,34,715)
Weighted average numbers of equity shares used as denominator	3,23,57,104	50,000
Basic/Diluted Earnings per Share (₹)	62.76	(70,415)

Note 50 Deferred Tax

The significant components and classification of deferred tax Asset and Liabilities on account of temporary difference during the financial year 2015-16 are:

Particulars	(Amount in ₹)
Opening Balance of Deferred Tax Assets	2,23,18,81,952
Add: Deferred Tax Assets (Net) created During the Year	1,48,38,06,349
Closing Balance of Deferred Tax Assets	3,71,56,88,301

In the opinion of Board of Directors, Current Assets, Loan & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

Note 51 Transactions in Foreign Currencies

Transactions in Foreign currencies are accounted for at prevailing rates on the date of transaction. All exchange rate differences in respect of foreign currency transactions are dealt with in the Profit & Loss account except those relating to acquisition of Fixed Assets, which are adjusted in the cost of the Assets.

Note 52 Gold lying with RBI

85,555 Gms of gold lying with RBI. Out of the above, gold weighing 10,336 gms was already accounted for in 2006-07, under the head Gold with RBI, the possession of which is with RBI. As regards the balance 75,219 gms, IGM Mumbai, has received a letter from RBI dated 06.06.2008, Ref No. By.Cy.No. 5047/01.11.044/2007-08 that the gold is held by them on behalf of Public Debt Office, RBI Mumbai. Therefore, this gold does not belong to the unit, and hence, the same has not been considered in the accounts.

Note 53 Security Deposit Paid

Security Deposits have been made with various Electricity Departments / Boards and Companies by the Units to get Electricity Connections and Supply. Most of these deposits have been made prior to corporatization.

Note 54 Funds from Govt. of India (Adjustable)

As per the Government of India decision, all the Assets and Liabilities of Govt. of India Presses, Mints and Mills working under Department of Economic Affairs, Ministry of Finance as on 10.2.2006 has been transferred to the Company. Assets and Liabilities have been taken on book value. Assets and Liabilities prevailing as on 09.02.2006 were taken over on 10.2.2006 in the books of the Company on the basis of available information. The difference between value of all Assets and Liabilities as on 10.02.2006 represents the amount of funds from Government arising out of such transfer of Assets and Liabilities. The fund has been utilised during FY 2015-16 for the purpose of capital structuring finalised by Department of Economic Affairs, Ministry of Finance vide letter no. 3/2/2008-Cy.III/SPMC dated 9th February, 2015 as follows:

Particulars	Amount in ₹
Opening Balance	28,78,64,76,464
Less: Transfer to Equity Share Capital	11,82,44,00,000
Less: Conversion into Term Loan	11,82,44,00,000
Less: Transfer to Capital Reserve	3,34,00,00,000
Closing Balance	1,79,76,76,464

In view of the aforesaid capital structure, the further equity share capital of the Company amounting to ₹1182.44 crores has been allotted to Govt. of India on 22.03.2016 and Term Loan (unsecured) of ₹1182.44 crores has been created in books of accounts repayable over a period of 25 years with interest @ 11.50% p.a.

Note 55 Slow Moving / Non-Moving Inventory

Company is holding stock of slow and non -moving items like stock of CN Coils, P N cathodes, stock of pure nickel etc. aggregating to ₹90.71 crores (Previous Year ₹94.68 crores). Provision of ₹5.04 crores (Previous Year ₹5.34 crores) has been created against those obsolete/non-moving items where market value is less than the book value.

Note 56 Discontinued Operations at Saifabad Unit (Discontinued IGM)

India Government Mint, Hyderabad has discontinued Minting Operations of its Saifabad Unit, Hyderabad with effect form 01.11.2009. Net Block of Fixed Assets with the Unit as on 31.03.2016 is ₹4,31,907.69 after making Provision for Depreciation ₹85,065.68 for the Current Financial Year. However, it is difficult to ascertain the impact of discontinuing its operations, as separate books of accounts are not being maintained relating to the said Unit.

Note 57 Research and Development

The details of R&D expenses are given below: ***Amount in ₹***

Sl.No.	Particulars	2015-16	2014-15
1.	Capital Expenditure	26,90,469	23,72,513
2.	Revenue Expenditure	52,34,911	74,24,324
	Total	**79,25,380**	**97,96,837**

Note-58 Accounting Treatment for Shop Floor Inventory

As per the prevalent practice the imported spare parts/stores issued from main stores to security stores situated at Shop floor are accounted as consumed irrespective of its actual consumption in the process of production. The imported spare parts not actually consumed at the year-end and lying at the Shop floor have not been returned to the stores and consequently not reversed to stores inventory. Hence the value of unused / unconsumed spares at Shop floor at the year-end is incorporated in the Work in Progress.

Note-59 Expenditure incurred towards Corporate Social Responsibility & Sustainable Development

During the year the company has incurred an amount of ₹4,81,84,466 on CSR. CSR activities include expenses incurred for the purpose of construction of new school building work related to Repair of road, Plantation of trees, Drinking Water, health equipment as well as services, contribution to relief funds, Swachh Bharat Mission, Clean Ganga Fund and other basic amenities. The details are as follows:

Sl.No.	CSR Projects	2015-16	2014-15
1	Swatchh Bharat Abhiyan	1,50,00,000.00	2,00,00,000.00
2	Clean Ganga Mission	1,50,00,000.00	1,75,00,000.00
3	Toilet at School	35,00,000.00	30,00,000.00
4	Street Light	25,40,700	33,87,600.00

Sl.No.	CSR Projects	2015-16	2014-15
5	Water Purifier in School	43,00,000	34,90,315.00
6	Drinking Water	15,25,000.00	-
7	Primary School Building	30,00,000.00	-
8	Water Supply in Villages	-	37,12,000.00
9	National Foundation	-	10,00,000.00
10	Tube Well & Water Purifier	-	81,19,487.00
11	Plantation	-	30,00,000.00
12	Other Misc. Projects	33,18,766.00	1,72,04,573.00
	Total	**4,81,84,466.00**	**8,04,13,975.00**

Note 60 The previous year's figures have been recasted / restated / reclassified, wherever necessary, to confirm to current year's classification.

Note 61 Revenue is recognized inclusive of applicable Sales Tax, Excise duties and levies in respect of sale of Coins, Passport and Postal Items, weights and measures and medals etc. is recognized on dispatch. Job work charges are recognized upon approval of the job by client and dispatch thereof. Sale of currency notes is recognized on acknowledgement of goods receipt by Customers. Sale of major products have been recognized in the books of accounts in Financial Year 2015-16 as follows:-

- The sale of Circulating Coins has been accounted for at CAB Rate (2012-13) duly approved by Ministry of Finance.
- The sale of Bank Notes has been accounted for at MoU Rate (2015-16) duly approved by Ministry of Finance. MoU Rate are yet to be accepted by RBI in respect of Bank Notes.
- The Sale of Postal Stationery has been accounted for at the rates recommended by the Chief Advisor Cost (CAC), Ministry of Finance, Government of India for the year 2013-14.

The difference if any between rates of Coins, Bank Notes & Postal Stationery accounted for in Financial Year 2014-15 and rates to be finalised by CAC based on cost plus return on capital employed approach which is yet to be approved by Ministry of Finance, for these products in subsequent years, will be accounted for in the year of approval.

Note 62 Depreciation is provided on eligible assets as per the rates specified in Schedule-II to the Companies Act, 2013.

Note 63 In financial year 2015-16, company has got done the actuarial valuation of liabilities of retirement benefits of all its combined optees as on 31.03.2015 by a registered actuary and it was noticed that there is a gap of ₹503.32 crores between corpus of the trust and it's estimated liabilities of retirement benefits to be extended to its retired employees, their spouse & dependent as per CCS pension rules.

As per Rule 37-A(16) of CCS (Pension) Rules, the manner of sharing the financial liability on account of payment of pensionery benefits by the public sector undertaking or autonomous body shall be determined by the Government, however till date Govt of India has not determined to contribute any amount to the trust.

To bridge the shortfall in the corpus of the Pension Trust and considering that estimated retirement liabilities will fall on the company over several years comprising life expectancy of its combined Optees, their spouse and dependents. It is prudent to amortised this liabilities over a period of 5 years starting from F.Y. 2015-16. Accordingly, Company has charged a sum of ₹100.66 crores in F.Y. 2015-16 as provision for pension trust liability in profit & loss account and balance amount of ₹402.66 crores shall be amortised by charging ₹100.66 crores annually to Profit & Loss A/c till F.Y. 2019-20. In case the Govt of India will contribute towards the liability under Rule 37-A of CCS Pension in future, the company will consider the same in the year of receipt.

Note 64 Due to finalisation of CAC Rate (13-14) for coins the sale of earlier year i.e. Financial Year 2013-14 has been revised and the difference of the sales has been considered in Profit & Loss account as rate difference for earlier year by ₹42,97,71,237.00.

As per our report of even date annexed.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N

Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director
& Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

Consolidated Financial Statements 2015-16

M/s. BATRA SAPRA & Co.
Chartered Accountants

F-14, Shivam House, 17 Amar Chamber
Connaught Circus, New Delhi - 110001
Email : batrasapra@yahoo.co.in

Phone : +91 11 23314959
: +91 11 23314965

Fax : +91 11 41501609

Date: 30.09.2016

INDEPENDENT AUDITORS' REPORT

To,

The Members,
Security Printing and Minting Corporation of India Limited,
16th Floor, Jawahar Vyapar Bhawan,
Janpath, New Delhi-110 001.

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Security Printing and Minting Corporation of India Limited and its Joint Venture "Bank Note Paper Mill India Private Limited" ("the Company") comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

The matter described in Annexure-I "BASIS FOR QUALIFIED OPINION".

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2016, and their consolidated profit/loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

The matter described in Annexure-II "EMPHASIS OF MATTER PARAGRAPH".

Other Matter

We did not audit the Financial statements of Joint Venture Bank Note Paper Mill India Private Limited ("the Company"), whose financial statement reflect total Assets ₹17,20,76,48,345 as at 31st March, 2016 and total Revenue as Nil, Net cash inflow of ₹1,07,08,61,595 for the year ended on that date, as considered in the consolidated financial statements.

The Consolidated financial statement also include the share of net loss of (₹ 9,13,54,885) for the year ended 31st March, 2016. Whose financial statements have not been audited by us as these financial statements have been audited by other auditors whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it related to the amounts and disclosures included in respect this joint venture and our report in terms of sub-section (3) and (11) of section 143 of the act, in so far as it relates to the aforesaid joint venture, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, we report that:
   a. We have sought and obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purposes of our audit.

b. Proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

c. The reports on the accounts of the branch offices of the Company and its joint venture audited under Section 143(8) of the Act by branch statutory auditors and other Auditors have been sent to us and have been properly dealt by us in preparing this report.

d. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

e. The aforesaid consolidated financial statements comply with the Accounting Standards Specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 except for the effects of matters described in Annexure - I of our report.

f. As per Notification No. G.S.R. 463(E) dated 05.06.2015 “Exemptions to Government Companies under section 462 of CA 2013”, sub-section 2 of section 164 is not applicable to the government company.

g. With respect to other matters to be included in the Auditor’s Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to best of our information and according to the explanation given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

   ii. The Company did not have any Long Term Contracts for which there were any Materials Foreseeable Losses.

   iii. There were no such amounts which were required as far as it appears to be transferred to the Investor Education and Protection Fund by the Company

   .

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No.000103N

Sd/-
CA Amrit Lal Batra
Partner
M.No.016929

Date : 30.09.2016
Place: New Delhi

ANNEXURE-I TO THE AUDITORS REPORT

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

BASIS FOR QUALIFIED OPINION

1. **In respect of Accounting Standard 2, "Valuation of Inventories"**

   In respect of Currency Note Press, Nashik (CNP Nashik), the unit has prescribed its policy to value its inventory at cost or Net Realisable Value (NRV) whichever is lower; however same has not been followed in case of CWBN paper of ₹1000 denomination procured from M/s Landquart AG, Switzerland some of which are defective. Further as Communicated by RBI, bank notes in denomination in ₹1000 are printed by CNP Nashik in which security thread is missing. Defect is stated indicated lapses in quality control processes at CNP Nashik causing severe reputational risk for RBI as the issuer of bank notes. Similar defect was also observed in ₹500 denomination notes. Quantity of such defective notes have been ascertained as explained and certified by the management, and the manufacturing cost of these defective notes lying with CNP and RBI have been estimated to ₹4,348 for ₹1000 and ₹500 denomination notes however, inspection cost is estimated to ₹2.89 crores which is liable to be added to the Cost of Inventories. Hence, cost of inventory and liabilities are lower to that extent.

2. **In respect of Accounting Standard 6, "Accounting for Depreciation" and Accounting Standard 10, "Accounting for Fixed Assets"**

   a. As on date of takeover vide Ministry of Finance, Office Memorandum dated 10th February 2006, the Gross Block and accumulated depreciation of Fixed Assets have been shown at historical cost of purchases instead of actual cost to the company. In the absence of any information of the useful life of assets the amount of depreciation short or excess could not be quantified.

   b. In respect of Indian Government Mint, Hyderabad (IGM Hyderabad) the depreciation is provided on straight line method as prescribed in schedule II to the Companies Act, 2013 and the rates prescribed therein. Fixed assets that were working on double shift are depreciated by increasing the applicable rate of depreciation by 50% instead of depreciating the assets by assessing the remaining useful life of assets. The unit ought to have followed the useful life concept prescribed by the schedule II read with the AS-6 (Depreciation Accounting) rather than adopting 50% additional depreciation overlooking the fact of higher wear and tear due to double shift usage for the whole year. As the management has not assessed the useful life of the assets considering the actual usage and have not performed impairment testing on the fixed assets, we are unable to comment on the appropriateness of the depreciation provided and the net book value of the fixed assets.

   c. The useful life of the Plant & Machinery being continuous process plant was estimated at 8 years in the FY 2014-15. However, this the estimates have been revised and accordingly the original useful life is estimated to be 25 years as prescribed in Schedule-II of the Companies Act, 2013. Due to the revision in estimated life of the assets an amount of ₹6.74 crores has been credited to Profit & Loss A/c being the excess amount of depreciation charged during 2014-15 on such machinery. The same is credited to Profit & Loss A/c under Prior Period Incomes.

   d. In respect of IGM Hyderabad, physical verification is carried out, without testing for impairment, of assets at Cherlapally unit by engaging external professionals. Significant numbers of assets were found to be in excess. The discrepancies reported on physical verification have not been reconciled or adjusted by the unit. The unit is also holding certain fixed assets at Saifabad unit. Operations at this unit were discontinued in the year 2009. Ever since the operations were discontinued, physical verification of the fixed assets, assessment for impairment and useful life was not conducted by the management.

The unit stated to have transferred some of the usable assets from Saifabad to Cherlapally. However, no documentation was offered corroborating this. The unit continued to charge depreciation on the Saifabad assets. Hence, we are unable to comment on the existence of assets, appropriateness of depreciation and net book value of assets. Further, identification of components for component accounting of fixed assets mandated under Companies Act, 2013 could not be completed. As necessary information is not made available, we are unable to quantify the impact on the financial statements.

3. In respect of Accounting Standard 9, "Revenue Recognition"

a. In respect of CNP Nasik and BNP Dewas Sales invoices are raised for Bank Notes as per the rates prescribed by Head Office, However the rates prescribed by head office have not been accepted by RBI till date due to this there is shortage of 34.40 crores in CNP Nasik for f.y. 2015-16, However as explained by management payment received in BNP Dewas for Rs. 26.82 crores for F.Y. 2015-16 is in excess.

   In view of the same trend for past financial years, Company has made a provision of ₹18.25 Crores at Head office level in the F.Y. 2015-16 after adjusting short and excess of ₹82.51 crores provision required to be made out of which CNP Nasik already made provision of ₹52.08 crores and BNP Dewas made ₹12.17 crores

b. During the financial year 2015-16, the unit has raised sales invoices on Ministry of finance for sale of 162 million pieces of ₹1 note with rate as per direction of head office. This rate has not been accepted by Ministry of finance till date as per the letter dated 16th September, 2015, head office has communicated to Ministry of Finance to confirm the rate for financial year 2014-15 as well as 2015-16. The rates has till dated neither accepted by Ministry of Finance nor payment received by the unit from Ministry of Finance towards this sale.

4. In respect of Accounting Standard 15, "Accounting for Employee Benefits"

During the year Company has adopted policy for providing employee benefits based on actuarial valuation of SPMCIL Pension Trust, the company has got carried actuarial valuation of its Retirement benefits of combined optees as on 31.03.2015 and made necessary provision in their books of accounts as per company policy on deferred basis over a period of 5 years on the ground that these liabilities is payable over a period comprising life expectancy of its combined optees, their spouses and dependents, accordingly provision of ₹100.06 crore being one fifth (20%) share of liability/gap of ₹503.32 crore is made in F.Y. 2015-16.

5. In respect of Accounting Standard 29, "Accounting for Provision, Contingent Liabilities & Contingent Assets"

In respect of Indian Government Mint, Hyderabad, Commercial Taxes Department, for the period April 2006 to November 2013, raised the demand of ₹2,44,00,64,424 for the sale of circulation coins, difference in sales tax on sale of other items, interest and penalty. The unit disclosed this fact as the Contingent Liabilities in the Additional Notes to Accounts. Though the unit made representations to the State and Central Governments, as, no appeals were preferred against these orders as required under VAT Law, the unit ought to have made a provision for the liability. Consequently, the liabilities are understated and reserves are overstated by the amount of the demand raised.

6. Other Qualified Opinion

a. In respect of SPM Hoshangabad unit, there are some items which have been shown in prior period income/expense in the current year. However these are items which were balance suppliers, customers, and other personal accounts which have been written off during the year. It is explained that the same are in nature of rectification entries due to errors at the time of migration from Tally software to SAP ERP. Accordingly an amount of ₹79.01 lacs being debit balances of the various parties and an amount of ₹329.01 lacs credit balances of various parties have been written off during the year. Further, the financial Statements for the year ended on 31st March, 2016 are prepared under Schedule-III to the Companies Act, 2013, except for the few items, the manner of which is described by H.O. in respect of stock transfers to other units are depicted as deduction from stock of SPM Hoshangabad and no corresponding entry is made in Inter-unit sale account. Hence, during the year revenue from operations shows only income from sale of scrap. The stock transfer to other units have not been shown separately and directly deducted from cost of material consumed. The said stock transfers were made on the pre-determined rates calculated on the basis on budgeted expenses for the year 2015-16 instead of actual cost of conversion. The same is reduced from cost of material consumed. Therefore, the cost of material consumed shows adverse balance of ₹7,282.99 lacs (Net off stock transfer of ₹ 2,32,019 [Previous year ₹19,678.56 (Net off stock transfer of ₹25,057 lacs.).

b. ***Implementation of ERP and Inconsistencies in ERP system-SAP:***

In respect of ISP Nashik, During the Financial Year 2012-13, the company has migrated from conventional accounting software to SAP ERP system w.e.f. 15th June, 2012 except some MIS related modules, but as informed to us due to ERP implementation being still in stabilization stage & reconciliations are in process. Pending handover of agreed deliverables from the Implementation partner, the company has capitalized only the portion of Expenses agreed as payable up to 31st March, 2016.

Similarly, it was observed that the information being fetched from various modules of SAP are yet to be fully reconciled with the Financial Data & to that extent the information system from various modules needs to be streamlined.

Various problems/ areas of concern faced during the actual working of SAP are summarized below:-

- BOM, Routing, Activity rate related to costing module is not functioning properly, resulting in wrong valuation of inventory, WIP, Finished Goods. This has also resulted in wrong valuation of inventory, WIP, Finished Goods. This has also resulted in appearing of Auto Generated entries of huge amount, on which no proper explanation was available at the Unit.
- Production planning module is not functioning properly.
- Important Accounting Report like Purchase Register is not available from the system.

c. ***Sale and Trade Receivables:***

In respect of SPP Hyderabad, the unit has accounted the sale of postal stationery for the year 2015-16, at the rates recommended by the Cost Accounting Board, Ministry of Finance, and Government of India (CAB) for the year 2013-14, sales account and profit for the year will effect to that extent and accordingly the trade receivables. The amount could not be ascertained.

d. ***Title to Land & building and Immovable assets:***

In respect of SPMCIL, Immovable assets in the possession of the unit have not yet transferred in the name of the Company. Efforts are being made to get the title deed/ lease deed in the name of the Company.

ANNEXURE-II TO THE AUDITORS REPORT

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

EMPHASIS OF MATTER PARAGRAPH

A) In respect of SPP, Hyderabad

(i) There is no response from the most of the debtors for confirmation of balances as at March 31, 2016. Hence, balances under trade receivable, under Loans and Advances, other receivables, trade payables and other payables are subject to confirmation.

Provision for bad and doubtful debts are made for the amounts outstanding for a period exceeding 3 years is made without analyzing the recoverability or otherwise of the whole of the trade receivables. Hence, we are unable to express any opinion on the adequacy or otherwise of the provision for bad and doubtful debts.

(ii) On Physical verification of inventory, for non-moving items, provision for obsolescence @ 25% per annum is created on straight line basis and charged to revenue under the head “Other Manufacturing Expenses”.

B) In respect of SPM, Hoshangabad

(i) In respect of SPM Hoshangabad, during the earlier years the unit had reconciled certain staff advances with SAP/ERP system. On such reconciliation the entries related to earlier years amounting to ₹85.12 lacs (P.Y. ₹92.16 lacs) were identified and booked under other Receivable Account. However, these advances which are booked under other receivable account are outstanding since long are yet to be reconcile and pending such reconcile no provision has been made in the books of accounts.

(ii) Professional Tax Returns for SPM Hoshangabad were not filed for any of the quarter for the financial year 2015-16.

C) In respect of IGM, Hyderabad

(i) Until last Financial Year the unit classified melting division Assets held for Disposal as fixed assets instead of reporting them as Assets held for Sale. Further, the unit erroneously continued to depreciate these assets and brought assets value to NIL. During the year the unit reversed the depreciation so charged of ₹1.30 crores as prior period adjustment and restored the assets to the estimated the Net Realisable Value and reflected the assets as Assets held for Sale.

(ii) Melting job work undertaken by the unit amounts to manufacture under the Central Excise Act, 1944 and duty, if any, on the product so manufactured is recoverable from the customers and has to be remitted to excise Department. The unit has not compiled with this job work service amounting to manufacture or production is an item appearing in the negative list of services, no service tax liability arises on such services. However, the unit wrongfully charged, collected and remitted service tax on the job work.

(iii) Until the last financial year the unit erroneously adopted the Net Realisable Value of coin wasters at NIL value. However, in the current financial year the unit rectified the same by estimating the Net Realisable Value and valuing them at Cost or Net Realisable Value, whichever is lower as per AS-2 (Valuation of Inventory). As a result of this change in the policy, profit for the current financial year were impacted by ₹1,10,61,907. Of this, ₹86,30,747 related to prior years and the balance ₹24,31,160 relates to current year.

(iv) The inventory report indicated that the unit is carrying inventories of pure copper wire (ingots), cladded metal, Al Mg Small Block, counterfeit coins, Foreign Coins and CN sweepings aggregating to 34,842.2 kgs. The unit stated to have received this material in the year of incorporation from the erstwhile society without any cost attached to it. Both quantum and values thereof are not reflected in the books of accounts. However, the same were taken into inventory records of the subsequent year.

(v) The unit has extended a high secure storage facility to RBI. The unit did not charge any rent or reimbursement of expenses. The unit failed to identify and allocate expenses incurred for the facility so extended. Therefore, we are unable to quantify the impact on the financial statements.

D) In respect of CNP, Nashik

1. **PO No. 4500009336 dated 04-03-2015 to Godrej & Boyce Mfg. Co. Ltd.**

There is lack of due diligence at the time of placement of this purchase order as scope of services to be obtained from the service provider was not decided properly resulting into excess financial burden to the company.

2. Other Observations in respect of Purchases & Sundry Creditors

There are various old outstanding balances appearing in books of CNP Nashik since last three year under head security deposit, EMD, Advance to Creditors, Supplier and sundry receivables as on 31st March, 2016, requiring immediate settlement.

3. Principal and Interest recovery on employee advance

In case of Loan recovery the normal policy of the unit is to be recovered principal first and interest is recovered from the subsequent month of completion of principal recovery. However it is observed that in some cases of HBA Loan interest is not recovered in immediate next month of full repayment of principal.

4. Employee Advances

(a) During out test check, we have observed the following:

It is observed that in case of various types of employee advance such as Computer advance, Home Loan, Motor Cycle, Car, Medical, Festival, Travelling etc, interest and principal recovery in few cases is not made in some months. In some case excess recovery has been made. In some cases old balances more than 3 years old is not yet recovered.

(b) Non-deduction of monthly contribution from the Present Employees towards Cash Less Medical facility given under Medical Policy 2013:

As per the Medical Policy 2013 adopted by SPMCIL, the cash less medical facilities were extended to the present Employees of the unit at the monthly contribution. The monthly contribution has been prescribed as per the Pay Grade of the Employees; however, it has been observed that though the employees have availed the Medical facility, monthly contribution has not been made by employees. The deductions have been kept in abeyance without approval of appropriate authority. In the absence of information, we are unable to quantify the exact amount not collected from the employees towards the said policy.

(c) Reimbursement of Medical Expenses not considered as Perquisites for calculation of Taxable Salary for Income Tax Purposes:

The SPMCIL has empanelled various private hospitals for availing medical treatment to its employees.

As per the First Provision to Sec 17(2) of the Income Tax Act provisions for expenditure incurred by the employer or reimbursed by the employer on medical facilities provided in India to the employee, as his spouse, children and dependent brother, sister are as under:-

i. In case of Hospital maintained by Employer, Central / State Govt., Local Authority or any other Govt. approved hospital the expenditure is fully exempt.

ii. In case of Hospital approved Chief CIT for treatment of prescribed diseases the expenditure is fully exempt.

iii. In other cases it is not chargeable to tax upto ₹15,000/- and the balance amount exceeding ₹15,000/- is liable for deduction of TDS U/s 192 treating the same as perquisite at the hands of the employee.

It is considered that the entire sum paid for medical treatment is exempt from tax. In the absence of relevant information regarding the hospitals where in cash less medical facilities are offered, nature of treatment to the employees we are unable to comment on the proper compliance of TDS provisions under Sec 192 in this regard and disallowance if any under Sec 40a(ia) of the Income Tax Act.

5. **Insurance of Land & Building, Plant and Machinery and Stock**

The Building, Plant & Machinery and Stock are not insured. This in our opinion poses a major threat to the operations of the unit.

E) Other observations

a) In respect of Indian Government Mint, Noida, purchases are made for coins blanks / raw material received from the vendors against 'C' Form, but the unit has not yet provided 'C' Form to vendors for the concerned year. Also the state tax department has initiated proceedings against to determine the tax liability as the difference between lower rate of tax and full rate which was supposed to be charged on purchase of coin blanks. As per the management's view on issue, the unit is trying to obtain exemption from U.P. Government to bring Minted coins under exemption list under category of currency along with currency notes.

b) Excess assets noticed on physical verification of fixed assets were adjusted at nominal rate ₹1 per assets in the books of accounts. We are informed that the differences noticed are mainly scrap and obsolete items with insignificant value which have no material effect on the accounts of the unit.

F) Status of Major Pending Legal Cases

Sl. No.	Brief Description of Cases	Amount	Status
1.	ISP/CNP Staff union for Overtime Allowance	8,84,38,000	Necessary Provision made in the Books of Company
2.	ISP/CNP Staff union for Bonus	4,31,55,000	Necessary Provision made in the Books of Company
3.	Octroi Penalty by Nashik Muncipal Corporation	2,40,22,51,760	This Amount is Disclosed in Contingent Liabilities in the Notes to Accounts
4.	M/s. Hemkunt Timbers - CNP Nashik	7,83,068	CNP Nashik has deposited the amount in Hon'ble High Court
5.	M/s Pramil Udyog	Not Mentioned	The case is Disposed of by Hon'ble Nashik District Court
6.	Cases filed by Union Employees for Double Overtime, Pensionary Benefits, Back Wages, Entitlement of Higher Travelling Allowance Etc.	74,88,000	Necessary Provision made in the Books of Company
7.	Property Tax levied by NMC, Nashik	4,15,98,886	Amount is disclosed in Contingent Liabilities
8.	Service Tax- Nashik	19,53,709	Amount is disclosed in Contingent Liabilities

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Consolidated Balance Sheet as at 31.03.2016

(Amount in ₹)

Sl. No.	Particulars	Note No.	Figures as at the end of 31.03.2016	Figures as at the end of 31.03.2015
I.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' Funds**			
	(a) Share Capital	Note 2	11,82,49,00,000	5,00,000
	(b) Reserves and Surplus	Note 6	29,29,99,02,615	24,70,80,43,490
2.	**Funds from Govt. of India (Adjustable)**	Note 3	1,79,76,76,464	28,78,64,76,464
3.	**Non-current Liabilities**			
	(a) Long Term Borrowings	Note 7	15,80,31,46,500	2,96,29,36,102
	(b) Other Long Term Liabilities	Note 8	1,30,20,097	1,43,30,592
	(c) Long Term Provisions	Note 9	3,27,89,65,529	3,17,80,32,699
4.	**Current Liabilities**			
	(a) Trade Payables	Note 10	3,65,15,50,366	3,24,01,20,574
	(b) Other Current Liabilities	Note 11	6,10,85,71,609	4,68,71,96,849
	(c) Short Term Provisions	Note 12	8,67,31,31,564	1,12,26,01,436
	TOTAL		**80,45,08,64,744**	**68,70,02,38,206**
II.	**ASSETS**			
1.	**Non-current Assets**			
	(a) Fixed Assets	Note 13		
	(i) Tangible Assets		14,41,32,39,323	9,65,10,56,862
	(ii) Intangible Assets		4,54,60,153	6,50,44,538
	(iii) Capital Work in Progress		6,40,38,15,050	9,81,66,64,038
	(b) Non-current Investments	Note 14	0	0
	(c) Deferred Tax Assets (Net)	Note 50	3,71,56,88,301	2,23,18,81,952
	(d) Long-term Loans and Advances	Note 15	39,51,53,229	48,50,63,774
	(e) Other Non-current Assets	Note 16	1,30,51,38,424	1,29,58,12,316
2.	**Current Assets**			
	(a) Current Investments	Note 17	1,00,92,42,288	99,44,65,420
	(b) Inventories	Note 18	19,20,36,28,172	14,53,84,67,151
	(c) Trade Receivables	Note 19	9,18,74,93,782	10,42,26,70,421
	(d) Cash and Cash Equivalents	Note 20	18,33,90,25,254	13,44,29,31,316
	(e) Short-term Loans and Advances	Note 21	5,31,24,64,149	4,24,30,48,974
	(f) Other Current Assets	Note 22	1,12,05,16,619	1,51,31,31,444
	TOTAL		**80,45,08,64,744**	**68,70,02,38,206**

Significant Accounting Policies — Note 1

Notes 1 to 69 referred to above form an integral part of the Financial Statements.

As per our report of even date annexed.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N

Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director
& Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Consolidated Statement of Profit and loss for the year ended 31.03.2016

(Amount in ₹)

Sl. No.	Particulars	Note No.	Figures for the year ending on 31.03.2016	Figures for the year ending on 31.03.2015
I.	Revenue from Operations	Note 23	47,28,13,83,560	45,16,88,78,369
II.	Rate Difference of Earlier Year Sales	Note 23A	(2,77,24,66,021)	(11,63,10,46,161)
III.	Provision Written Back	Note 23B	3,23,34,05,703	4,54,32,32,642
IV.	Other Income	Note 24	1,01,27,42,745	85,31,99,390
V.	**Total Revenue (I+II+III+IV)**		**48,75,50,65,987**	**38,93,42,64,241**
VI.	**Expenses:**			
	Cost of Materials Consumed	Note 25	26,04,48,72,360	25,44,33,18,098
	Changes in Inventories of Finished Goods, Work-in-Progress	Note 26	(3,10,68,41,456)	(1,23,06,15,435)
	Employee Benefits Expense	Note 27	10,50,22,40,441	10,69,61,85,395
	Finance Costs	Note 28	1,67,86,97,194	23,37,04,465
	Depreciation and Amortization Expense	Note 13	1,45,38,82,747	1,53,51,03,247
	Other Expenses	Note 29&30	12,21,60,69,184	5,23,37,33,310
	Corporate Social Responsibility	Note 59	4,81,84,466	8,04,13,975
	Total Expenses		**48,83,71,04,935**	**41,99,18,43,054**
	Less - Expenses capitalized & transferred to Pre-operative expenses pending allocation		49,78,53,926	29,43,19,227
	Net Expenses Charged Off		48,33,92,51,009	41,69,75,23,827
VII.	**Profit before Prior Period, Exceptional and Extraordinary Items and Tax (V-VI)**		**41,58,14,978**	**(2,76,32,59,586)**
VIII.	Prior Period Income / (Expenses)	Note 31	8,55,10,069	(5,46,15,650)
IX.	**Profit before Exceptional and Extraordinary Items and Tax (VII-VIII)**		**50,13,25,046**	**(2,81,78,75,236)**
X.	Exceptional Items		0	0
XI.	**Profit Before Extraordinary Items and Tax (IX - X)**		**50,13,25,046**	**(2,81,78,75,236)**
XII.	Extraordinary Items		0	0
XIII.	**Profit Before Tax (XI-XII)**		**50,13,25,046**	**(2,81,78,75,236)**
XIV.	**Less : Tax Expense**			
	(1) Current Tax		28,91,20,570	0
	(2) Deferred Tax		(1,48,38,06,349)	70,30,50,489
	(3) MAT Credit Entitlement		(28,91,20,570)	0
XV.	**Profit (Loss) for the Period from Continuing Operations (XIII-XIV)**		**1,98,51,31,395**	**(3,52,09,25,725)**
XVI.	Profit/(Loss) from Discontinuing Operations		0	0
XVII.	Tax Expense of Discontinuing Operations		0	0
XVIII.	**Profit/(Loss) from Discontinuing Operations (After Tax) (XVI-XVII)**		0	0
XIX.	**Profit (Loss) for the Period (XV + XVIII)**		**1,98,51,31,395**	**(3,52,09,25,725)**
XX.	Earnings Per Equity Share:			
	(1) Basic	Note 49	61.35	-70418.51
	(2) Diluted		61.35	-70418.51

Significant Accounting Policies Note 1

Notes 1 to 69 referred to above form an integral part of the Financial Statements.

As per our report of even date annexed

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N

Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director & Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Consolidated Cash Flow Statement for the year ended 31st March, 2016

(Amount in ₹)

	Particulars	2015-16	2014-15
A.	**Cash Flow from Operating Activities**		
	Net Profit Before Tax (a)	**50,13,25,046**	**(2,81,78,75,238)**
	Add		
	Adjustment for		
	Depreciation and Amortisations	1,45,38,82,747	1,53,26,62,427
	Change in Surplus		(33,97,24,360)
	Interest Expenses	1,67,86,97,194	23,37,04,465
	Loss on Sale/Discard of Fixed Assets	0	(2,47,062)
	(Profit) / Loss on Sale of Fixed Assets	(9,35,830)	(11,64,523)
	Interest Income	(86,73,94,535)	(67,55,86,058)
	Dividend Income	(3,97,76,868)	(1,84,37,464)
	Total (b)	**2,22,44,72,708**	**73,12,07,424**
	Operating Profit Before Working Capital Changes (c=a+b)	**2,72,57,97,755**	**(2,08,66,67,814)**
	Adjustment for		
	(Increase)/ Decrease in Current Investments	(1,47,76,868)	(27,84,37,464)
	(Increase)/ Decrease in Trade Receivables	1,23,51,76,639	4,80,95,35,582
	(Increase)/ Decrease in Inventories	(4,66,51,61,022)	(3,04,42,85,913)
	(Increase)/ Decrease in Loans & Advances	(81,90,28,521)	1,84,72,37,275
	(Increase)/ Decrease in Other Assets	39,26,14,825	(1,28,80,97,453)
	Increase/ (Decrease) in Trade Payable	41,14,29,792	(1,24,11,82,497)
	Increase/ (Decrease) in Other Current Liabilities	(25,73,22,433)	1,38,46,36,142
	Increase/(Decrease) in Long term Provisions	10,09,32,830	41,73,54,968
	Increase/ (Decrease) in Short Term Provisions	6,52,81,37,288	23,99,16,688
	Total (d)	**2,91,20,02,530**	**2,84,66,77,326**
	Cash Generated from Operations (e=c+d)	**5,63,78,00,284**	**76,00,09,513**
	Less: Tax Paid (f)	**3,87,33,916**	**(2,03,75,02,724)**
	Net Cash Flow from Operating Activities (g=e-f)	**5,67,65,34,200**	**(1,27,74,93,211)**
B.	**Cash Flow from Investing Activities**		
	Interest Income	86,73,94,535	67,55,86,058
	Dividend Income	3,97,76,868	1,84,37,464
	Sale of Fixed Assets	1,19,78,233	53,49,030
	Payment towards Capital Expenditure incl CWIP	(2,73,79,50,855)	(4,13,30,75,528)
	Adjustment in Fixed Assets	(5,67,23,386)	33,88,94,955
	(Increase)/ Decrease in Long Term Advances	8,99,10,545	66,12,10,837
	(Increase)/ Decrease in Long Term Assets	(93,26,109)	84,30,91,981
	Increase/(Decrease) in Long Term Liabilities	(13,10,494)	0
	Net Cash Flow From Investing Activities (j)	**(1,79,62,50,663)**	**(1,59,05,05,203)**
C.	**Cash Flow from Financing Activities**		
	Issuance of share Capital	11,82,44,00,000	0
	Dividend Payment	0	(42,92,52,070)
	Dividend DistributionTax	0	(8,58,25,173)
	Increase/Decrease in Borrowings	0	2,05,19,57,384
	Increase/(Decrease) in Fund From Govt. of India	(26,98,88,00,000)	0
	Increase/(Decrease) in Term Loan	12,84,02,10,399	0
	Change in Capital Reserve	3,34,00,00,000	0
	Net Cash Flow From Financing Activities (k)	**1,01,58,10,399**	**1,53,68,80,141**
	Increase/(Decrease) in Cash or Cash Equivalent (i=g+j+k)	**4,89,60,93,939**	**(1,33,11,18,273)**
	Cash & Cash Equivalent at the beginning of the year	13,44,29,31,316	14,77,40,49,589
	Cash & Cash Equivalent at the end of the year	18,33,90,25,254	13,44,29,31,316
	Increase/ (Decrease) in Cash or Cash Equivalent	**4,89,60,93,939**	**(1,33,11,18,273)**

Notes 1 to 69 referred to above form an integral part of the Financial Statements.

As per our report of even date annexed.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N
Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director
& Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

Note-1 Notes forming part of consolidated Financial Statements

A. Principles of Consolidation

1. The consolidated Financial Statements (CFS) relate to Security Printing & Minting Corporation of India Limited (SPMCIL) and its Joint Venture named Bank Note Paper Mill India Private Limited (BNPMIPL). The consolidated Financial Statement have been prepared on the following basis:
   - i. The financial statements of the company and its joint venture company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, the intra group balances and intra group transactions and unrealized profits and losses are fully eliminated.
   - ii. As far as possible, the consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate Financial Statement.
   - iii. Investment other than in associates have been accounted for as per Accounting Standard 13 (AS-13), "Accounting for Investments" issued by the Institute of Chartered Accountants of India."
2. Significant Accounting Policies and Notes to these consolidated Financial Statements are intended to serve as a means of informative disclosure and guide to better understanding of the consolidated position of the company. Recognising this purpose, only such policies and notes from the individual Financial Statements which fairly present the needed disclosures have been disclosed. Lack of homogeneity and other similar considerations made it desirable to exclude some of item, which in the opinion of the management, could be better viewed, when referred from the individual Financial Statements.

B. Significant Accounting Policies

(i) Basis of Preparation

The financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), complying with the accounting standards and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared in Indian rupees rounded off to nearest rupee.

(ii) Use of Estimates

The preparation of financial statements in conformity with the Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include provision for future obligations under employee benefit plans, provisions for doubtful recoveries, estimated useful life of fixed Assets etc. Actual results could differ from these estimates. Any change in the accounting estimates is adjusted prospectively in the current and future periods.

(iii) Revenue Recognition

Revenue is recognized on delivery of goods to the customer. Gross sales are stated inclusive of excise.

Job work income is recognized at the time of completion of task as per terms agreed.

Interest on the deployment of surplus funds is recognised using the time-proportion method, based on interest rates contracted in the transaction.

Dividend Income is recognized in the year of receipt by the company.

Liquidated Damages recovered from the Vendors is appropriated towards the Income on completion of the Contract.

Bonus is accounted for at the time of payment.

In case of BNPMIPL - Income and expenditure during construction/pre-production period.

Income - Interest/dividend earned on investment of fund not immediately required and other misc. receipts during the construction/pre-production period is treated as capital receipts and taken to reduce the pre-operative expenses to arrive at the net expenses to be capitalized.

Expenditure - Expenses incurred during the construction/pre-operative period which are directly related to construction/acquisition of fixed assets are capitalized and shown under "Pre-operative expenses related to construction" and carried forward to balance sheet under the head "Capital Work in Progress". While those which are mostly of general and corporate nature not being specifically related to construction are charged off to Statement of Profit & Loss in the year of incurrence.

(iv) Fixed Assets

Fixed Assets acquired have been stated at cost less accumulated depreciation Cost is inclusive of freight, non-recoverable duties, taxes and other directly attributable cost of bringing the Assets to the working condition for intended use.

As per the Ministry of Finance Office Memorandum dated 10.02.2006, all Assets and Liabilities have been taken at the Book value, Pre acquisition, the units, being commercial entity has been maintaining the Assets details at Gross Value and Useful life of Assets were fixed accordingly. Accumulated Depreciation on same as appearing in the books of vendor has been carried forward in the books of the Company. Further the residual life of the fixed assets as per Schedule-II of the Companies Act, 2013 has been considered.

Fixed Assets under construction are disclosed separately as capital work in progress.

Leasehold Assets are stated at the amount of lease premium paid at the time of grant of Lease, less amount amortized.

Dies / Moulds are fully charged to Profit and Loss Account. In-house developed dies are not separately valued or accounted for in the books of accounts. Used/ Defaced dies, being high security items are shown at nil value.

Mobile Phone Instruments purchased by the staff entitled as per the policy of the company and reimbursed by the company, have not been capitalized but charged to the revenue.

In case of BNPMIPL –

Fixed assets both tangible and intangible are stated at original cost less accumulated depreciation/amortization/impairment. All expenses including administrative and general overhead expenses and related borrowing cost that are attributable to construction or acquisition of fixed assets up to the point the related assets are ready for their intended use are accumulated net of capital receipts, if any, & allocated and capitalized on a systematic basis to the related assets.

Initial pack of machinery spares supplied along with the plant and machinery and those spares acquired subsequently which can be used only in connection with an item of plant and machinery and not used regularly are capitalized along with the related plant and machinery and depreciated over the useful life/residual use full life of the related plant and machinery.

(v) Depreciation & Amortisation

Depreciation on Fixed Assets is provided to the extent of depreciable amount on the Straight Line Method (SLM) based on useful life of the assets and in the manner as prescribed in Schedule-II to the Companies Act, 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule-II are used:

1.	Computer Software Costing less than ₹1 lac	: 100% in the year of Purchase
2.	Computer Software costing More than ₹1 lac (Where the useful life is less than or equal to one year)	: 100%
3.	Computer Software Costing more than ₹1 lac (In other cases)	: 33.33% on SLM
4.	Assets Costing Less than ₹5000	: 100% in the year of Purchase

Lease hold rights are amortized over the period of Lease.

In case of SPM Hoshangabad, the useful life of the Plant & Machinery being continuous process plant was estimated at 8 years in the F.Y. 2014-15. However, this year the estimates have been revised and accordingly the original useful life is estimated to be 25 years as prescribed in Schedule-II of the Companies Act, 2013. Due to the revision in estimated life of the assets an amount of ₹6.74 Crores has been credited to P&L A/c being the excess amount of depreciation charged during the FY 2014-15 on such machinery. The same is credited to P&L account under Prior Period Incomes.

In case of BNPMIPL –

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as specified in Schedule-II to the Companies Act, 2013 except, the following assets on which depreciation is provided on their estimated useful life ascertained on technical evaluation.

Assets	Useful Life	Residual Value	Dept. Rate (SLM)
Plant and Machinery			
Continuous Process Plant	12 Years	5% of Cost	7.92%
Improvements in the Leasehold Building	5 Years	5% of Cost	19.00%
Reference Books	1 Year	NIL	100.00%

Items of assets valuing ₹5,000/- or less in each case is charged off @ 95% (5% is taken as residual value) in the year of acquisition.

Amortization of Intangible Assets-

a) Intangible assets comprising of computer software and licenses are amortised on straight line method @ 100% in line with AS-26.

b) Intangible asset such as company logo/trademark are being amortised on straight line basis @ 20%.

(vi) Impairment

The carrying values of Assets are reviewed at each reporting date to determine if there is indication based on external or internal factors of any impairment as per Accounting Standard 28. An impairment loss is recognized whenever the carrying amount of an Asset or its cash generating unit exceeds its recoverable amount. The recoverable Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the Asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if no impairment loss had been recognised.

(vii) Inventories

a) Raw Material, Work in Progress, Consumables and spares are valued at cost (Weighted average moving basis).
b) Finished Goods are valued at Lower of Cost or Net Realisable Value.
c) Scraps are valued at Net Realisable Value.
d) Goods in Transit are valued at cost to date.
e) 'Cost' comprises raw materials, conversion cost and other costs incurred in bringing the inventory to the present location and condition.
f) In BNPMIPL inventories are valued at lower of cost (determined on FIFO basis) and net realizable value.

(viii) Inter Unit Transfers and Valuation of such Inventory

The units are transferring ink, paper, blank and dies at cost. Other items of consumables etc. are transferred at cost of purchase. Such items of inventory are valued at cost in the financial statements.

(ix) Slow, Non-Moving and Obsolete Inventory

a) ***Non-Moving Items*** :In case inventories not moved for more than 2 years and up to 5 years, provision for obsolescence is made at 25% per annum (on straight basis) and charged to revenue.

b) ***Obsolete Inventories :*** Inventories not moved for than 5 years/identified as surplus or obsolete, by committee duly constituted in this regard will be classified as obsolete inventories and will be charged to revenue in full

(x) Operating Leases

Lease payments under an operating lease are recognised as an expense in the Profit and Loss Account on accrual basis.

(xi) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. Investments other than current are classified as long-term investments. Investments held primarily to protect, facilitate or further extension of business or trading relations are sub classified as Long Term Trading Investments and others as non trading investments. Current investments are carried at lower of cost or fair value determined on an individual investments basis. Long-term investments are carried at cost. Provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(xii) Foreign Currency Transactions

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the respective transactions. Realised gains and losses on foreign currency transactions during the year are recognised in the Profit and Loss Account. Monetary foreign currency Assets and liabilities remaining unsettled at the balance sheet date are translated at year end rates and resultant gains/losses on foreign currency transactions are recognised in the Profit and Loss Account.

Exchange gains or losses pertaining to acquisition of Capital Assets are capitalized to the Cost of such Assets

(xiii) Retirement and Other Employee Benefits

Defined Contribution Plans: The Company's provident fund scheme is a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Profit and Loss Account when they are due. Prepaid contributions are recognised as an Asset to the extent that a cash refund or a reduction in future payments is available.

Defined Benefit Plans: The Company's gratuity scheme is a defined benefit plan. A defined benefit plan is a post-employment benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employee have earned in return for their service in the current and prior periods. As per the order of the Government of India transferring the Assets and Liabilities of Units to the Company, most of the employees of the units were transferred on deemed deputation for a period of 2 years from the date of transfer i.e. 10/02/2006 which was further extended for another 12 months. A notification was issued by the Government of India to get absorbed in the company. Options were exercised and Government of India accepted absorption of employees in the company on 29th May 2009 but w.e.f. 01/11/2008.

Those employees who decided to remain with Government of India continue to work in the company till they are redeployed by Government of India. Company has to bear their salary and wages. The provisions for pensionary charges (which includes Gratuity) and Leave Salary Contribution in respect of these employees and for those holding ex-cadre/ in-cadre posts have been made in accordance with the Government Rules.

Those employees who decided to join the company had two options. They have opted either for “Combined Pension” or “Pro-rata Pension”. Combined pension optees are eligible to get their pension from the SPMCIL Pension Trust constituted by Government of India at the time of their superannuation from company. Government of India shall contribute for the past services rendered and company shall contribute for the period they will serve the company. Manner and amount of contribution shall be governed by Rule 37-A of Central Civil services (Pension) Rules. Provision for pensionary charges of these employees has been made accordingly. This provision includes Gratuity also. However in the absence of any direction from Ministry of Finance till date, under rule 37-A of Central Civil services (Pension), company is providing the liability of pension trust as per the actuarial valuation of Pension Trust as on 31.03.2015 on deferred expenses basis. The estimated liabilities will be provided by company on deferred basis over a time span of 5 Years starting from financial year 2015-16,however the provisions of estimated liabilities will be reviewed on every two years period on the basis of actuarial valuation and difference, if any in estimated liabilities will be provided for in the remaining deferment period. In case of any contribution by Govt to company under Rule 37-A of Central Civil services (Pension) Rules in subsequent years, the same will be accounted by the company in the that Financial Year.

Other Long Term Benefits: As per the Company’s policy eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilised during the service, or en-cashed. Encashment can be made during the service, on early retirement, on withdrawal of scheme, at resignation by employee and upon death of employee. The scale of benefits is determined based on the seniority and the respective employee’s salary

Liability in respect of Gratuity, a defined benefit plan, is being provided as per actuarial valuation. The difference between liability balance and accrued liability at the end of the year based on actuarial valuation is charged to profit & Loss account.

Liability in respect of Post-Retirement Medical Benefits, a defined benefit plan, is being provided as per actuarial valuation. The difference between liability balance and accrued liability at the end of the year based on actuarial valuation is charged to Profit & Loss account.

Liability in respect of Other Long term/terminal employee benefits, being defined benefit plan is recognised on the basis of actuarial valuation.

Contributions with respect to the provident fund, a defined contribution plan, are made to the trust setup by the company for the purpose.

(xiv) Prior Period & Extra Ordinary Items

Prior Period Items are incomes and expenses which arise in the current period as a result of errors and omissions in the preparation of Financial Statements of one or more prior periods.

Extra Ordinary Items are incomes and expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and therefore not expected to recur frequently or regularly.

Both Prior Period and extra ordinary items are separately disclosed in the financial statements.

(xv) Research & Development

Capital Expenditure pertaining to Research and development are Capitalised as Fixed Assets and shown separately in Fixed Assets Register and those revenue in nature are charged to profit and loss account in the year of incidence.

(xvi) Earnings per Share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the year. Diluted earning per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year end, except where the results would be anti-dilutive.

(xvii) Taxation

Current and Deferred Tax

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or Assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax Assets are recognised only to the extent there is reasonable certainty that the Assets can be realised in the future. Deferred tax Assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised. Deferred tax Assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognized in the period in which the timing difference originates.

(xviii) Provisions and Contingent Liabilities

A provision arising from claims, litigation, assessment, fines, penalties, etc. is recognised when the Company has a present obligation 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. These are reviewed at each balance sheet date and adjusted to reflect current management estimates. Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise , or is a present obligation that arises from past events but is not recognized because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made. When there is a possible obligation or present obligation where the likelihood of an outflow is remote, no disclosure or provision is made.

(xix) Provision for Doubtful Debts

100% Provision is created for Debts outstanding for a period more than 3 Years.

(xx) Operating Cycle

Operating cycle is defined as the time between acquisition of Assets for processing and their realization in cash and cash equivalents. Where the normal operating cycle cannot be identified, it is assumed to have duration of 12 Months.

In case of Bank Note Presses- Normal operating cycle is 8 Months.

In case of Mints- Normal operating cycle is 8 Months for circulation coins and 12 months for other products of mints.

In case of Paper Mill- Normal operating cycle is 4 Months.

In case of Security Presses- As there is no certainty regarding realization of Debtors in case of products of these units as most of the customers are Government organization, normal operating cycle cannot be identified, therefore it is assumed that operating cycle in case of products of these units of the Company is 12 Months.

(xxi) Classification as per Schedule-III of Companies Act, 2013

(1) An Asset shall be classified as current when it satisfies any of the following criteria:

1. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle.
2. It is held primarily for the purpose of being traded.
3. It is expected to be realized within twelve months after the reporting date.
4. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other Assets shall be classified as non-current.

(2) A. Liability shall be classified as current when it satisfies any of the following criteria:
1. It is expected to be settled in the company's normal operating cycle.
2. It is held primarily for the purpose of being traded.
3. It is due to be settled within twelve months after the reporting date.
4. The company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other Liabilities shall be classified as non-current.

B. Raw Materials, stores and components, scrap which are intended for consumption or sale in the course of the company's operating cycle shall be classified as current.

C. Non Moving inventory shall be classified as Non-current unless it is estimated that the same shall be consumed or sold within 12 months after the reporting date.

D. W.I.P shall be classified as Current only.

E. Finished Goods inventory which is being held primarily for purpose of being traded shall be classified as current. These may be held for any period of time. That time period has no relevance here so far as it is held primarily for trade.

F. Trade receivables which are expected to be realized within 12 months from the reporting date shall be classified as Current.

G. Trade receivables which are outstanding for more than 1 year as on 31.03.2016 shall be shown as Non Current only unless efforts for its recovery have been made and it is likely that payment shall be received within 12 months from the reporting date. A Judicious decision shall be taken by unit in this regard. For Example: In case payment is pending due to non finalization of prices due to costing and it is likely that costing shall be finalized and payment shall be realized within 1 year then same shall be treated as current.

H. Trade Payables which are expected to be settled within 12 months from the reporting date shall be shown as current.

Notes to Financial Statement

Note 2

Share Capital	As at 31st March 2016		As at 31st March 2015	
	Number	Amount (₹)	Number	Amount (₹)
Authorised				
Equity Shares of ₹10 each	2,500,000,000	25,000,000,000	2,500,000,000	25,000,000,000
Issued, Subscribed and Paid Up				
Equity Shares of ₹ 10 each	1,18,24,90,000	11,82,49,00,000	50,000	5,00,000
Total	**1,18,24,90,000**	**11,82,49,00,000**	**50,000**	**5,00,000**

Note 3

Funds from Govt of India (Adjustable)	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Opening Balance of Funds from GOI	28,78,64,76,464	7,15,05,15,227
Adjustments during the Year (if any)	(26,98,88,00,000)	25,000
Transfer to Corporate Office	0	21,63,59,36,238
Total	**1,79,76,76,464**	**28,78,64,76,464**

Note 4

Reconciliation of number of shares outstanding at the beginning and at the end of the year	As at 31st March 2016		As at 31st March 2015	
	Number	Amount (₹)	Number	Amount (₹)
Shares outstanding at the beginning of the year	50,000	5,00,000	50,000	5,00,000
Shares Issued during the year	1,18,24,40,000	11,82,44,00,000	-	-
Shares outstanding at the end of the year	1,18,24,90,000	11,82,49,00,000	50,000	5,00,000

*During the year, SPMCIL has issued 1,18,24,40,000 shares @ ₹10/- each as per the Ministry of Finance letter no. 3/2/2008-Cy.III/SPMC dated 09.02.2015.

Note 5

Name of Shareholder holding more than 5% Shares	As at 31st March 2016		As at 31st March 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
President of India through Dr. Saurabh Garg, JS(I&C), DEA, MoF	1,18,24,89,994	99.99	49,994	99.99
Total	**1,18,24,89,994**	**99.99**	**49,994**	**99.99**

Note 6

Reserves & Surplus	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
a. Capital Reserves		
Opening Balance	4,19,94,800	4,19,94,800
(+) Current Year Transfer	3,34,00,00,000	0
Closing Balance (a)	**3,38,19,94,800**	**4,19,94,800**
b. General Reserve		
Opening Balance	1,79,77,70,925	1,79,77,70,925
(+) Current Year Transfer	20,30,80,884	0
Closing Balance (b)	**2,00,08,51,809**	**1,79,77,70,925**
c. Surplus		
Opening Balance	22,86,82,77,765	26,72,31,08,707
Less: Dividend Distribution Tax of Earlier Year	0	1,28,73,786
Less: Adjustment related to Fixed Assets	0	32,10,31,433
Net Opening Balance	22,86,82,77,765	26,38,92,03,488
(+) Net Profit/(Net Loss) for the Current Year	1,98,51,31,395	(3,52,09,25,723)
(-) Transfer to Reserves	20,30,80,884	0
(-) Proposed Dividends	60,92,42,651	0
(-) Dividend Distribution Tax	12,40,29,619	0
Closing Balance (c)	**23,91,70,56,006**	**22,86,82,77,765**
Total (a+b+c)	**29,29,99,02,615**	**24,70,80,43,490**

Note 7

Long Term Borrowings	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Term Loan from Ministry of Finance	11,82,44,00,000	0
Term Loan from Bank - Secured	3,97,87,46,500	2,96,29,36,102
Total	**15,80,31,46,500**	**2,96,29,36,102**

Note 8

Other Long Term Liabilities	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(a) Trade Payables- Non Current	1,00,09,606	1,09,08,027
(b) Others- Non Current	30,10,492	34,22,564
(c) Inter unit Balances		
IG Mint, Hyderabad	5,40,31,92,553	7,38,36,42,686
IG Mint, Kolkata	2,24,28,583	(13,59,49,681)
IG Mint, Mumbai	1,62,35,30,028	1,87,23,05,019
IG Mint, Noida	12,23,82,05,816	6,70,48,57,820
SPP, Hyderabad	76,46,84,218	14,95,05,358
SPM, Hoshangabad	(22,27,16,10,851)	(12,20,66,55,380)
BNP, Dewas	3,79,29,10,052	2,41,97,76,904
CNP, Nasik	5,76,98,34,291	1,26,82,76,834
ISP, Nasik	14,19,10,81,703	8,54,07,51,590
Corporate Office	(21,53,42,56,394)	(15,99,65,11,150)
Total	**1,30,20,097**	**1,43,30,592**

Note 9

Long Term Provisions	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(a) Provision for Employee Benefits		
Provision for Gratuity	89,46,35,521	72,73,46,928
Provision for Leave Encashment	2,07,11,64,393	1,98,31,64,511
Provision for Pensionary Charges Contribution	0	46,19,90,532
Provision for Post Retirement Medical Benefits	31,02,36,916	0
Provision for Ex-Gratia	29,28,699	55,30,727
Total	**3,27,89,65,529**	**3,17,80,32,699**

Note 10

Trade Payables	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Trade Payables other than MSMED	3,63,90,50,698	3,04,00,20,264
Trade Payables Principal - MSMED	1,24,99,668	20,01,00,310
Total	**3,65,15,50,366**	**3,24,01,20,574**

Note 11

Other Current Liabilities	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Advance from Customers	2,16,72,40,490	1,68,94,51,956
Earnest Money Deposit (EMD)	6,20,28,669	4,50,55,581
Security Deposits of Supplier/Vendor	8,37,15,740	8,43,74,392
Payable to PAO	55,00,960	60,20,473
TDS Payable	19,82,56,074	11,42,85,687
Sales Tax Payable	1,19,03,317	1,00,31,854

Other Current Liabilities	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Interest Payable on Term Loan from Ministry of Finance	1,35,98,06,000	0
Excise Duty Payable	1,10,42,867	48,03,484
Service Tax payable	1,78,42,640	1,18,18,890
Octroi Payable	21,237	0
Salaries and Wages and other Employees Benefits Payable	37,25,01,120	26,71,20,559
Recovery from Salaries Payable to concerned Authorities	6,66,27,462	5,33,92,829
EPF/GPF Payable	1,11,94,735	(1,58,37,454)
Payable to SPMCIL Pension Trust	8,54,37,141	8,66,73,447
Expenses Payable	45,41,29,615	58,48,70,597
Contribution to SPMCIL Pension Trust Payable	91,964	42,00,34,353
Pensionary Charges Payable	29,37,607	30,38,71,178
Bank Book Overdraft	11,50,46,839	16,45,16,622
Capital Goods Creditors	49,96,47,270	44,59,92,054
Interest accrued but not due on borrowings	1,30,29,972	97,97,354
Professional Tax	27,700	11,275
Retention Money	1,51,26,057	1,08,11,757
Others Current Liabilities	55,54,16,133	39,00,99,962
Total	**6,10,85,71,609**	**4,68,71,96,849**

Note 12

Short Term Provisions	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(a) Provision for Employee Benefits		
Provision for Leave Salary and Pensionary Charges	23,60,618	45,94,92,938
Provision for Gratuity	10,67,49,753	9,70,51,434
Provision for Ex-Gratia	3,06,824	5,26,681
Provision for Leave Encashment	40,15,91,967	37,27,93,133
Provision for Compensation in Lieu of Compassionate Appointment	6,26,70,495	8,88,83,572
Provision for ACP Arrear Payable	68,89,075	97,81,472
Provision for Pension Trust Liability	1,00,66,40,000	0
Other Employees Benefits Short Term Provisions	86,85,928	81,09,082
Provision for Post Retirement Medical Benefits	2,09,69,717	0
(b) Other Short Term Provisions		
Proposed Dividend	60,92,42,651	0
Dividend Distribution Tax	12,40,29,619	0
Provision for Taxation A.Y 2016-17	28,91,20,570	0
Provision for Taxation A.Y 2013-14	6,55,38,188	6,55,38,188
Provision for Disputed Claims	5,94,93,09,327	0
Other Short Term Provisions	1,90,26,833	2,04,24,936
Total	**8,67,31,31,564**	**1,12,26,01,436**

Note 13 - Fixed Assets

Sl. No.	Fixed Assets	Gross Block					Accumulated Depreciation					Impairment			Net Block	
		Balance as at 1 April 2015	Additions	Deletions	Adjustments	Balance as at 31 March 2016	Balance as at 1 April 2015	Depreciation charge for the year	Adjustments	(On disposals)	Balance as at 31 March 2016	Balance as at 1 April 2015	During the Year	Balance as at 31 March 2016	Balance as at 1 April 2015	Balance as at 31 March 2016
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
1.	**Tangible Assets**															
	Land	4,75,69,729	0	0	0	4,75,69,729	0	0	0	0	0	0	0	0	4,75,69,729	4,75,69,729
	Lease Hold Land	2,15,83,673	0	0	0	2,15,83,673	25,36,200	2,77,575	0	0	28,13,775	0	0	0	1,90,47,473	1,87,69,898
	Buildings	1,07,82,99,702	21,59,18,536	52,924	(33,56,519)	1,29,75,21,833	41,72,38,105	1,77,59,995	17,18,201	15,982	43,32,63,918	0	0	0	66,10,61,597	86,42,57,915
	Factory Building	1,91,69,74,251	55,84,20,466	0	(4,49,70,936)	2,52,03,65,653	89,95,43,972	6,60,34,619	42,62,491	0	96,13,16,100	0	0	0	1,01,74,30,279	1,55,90,49,552
	Plant and Equipment	20,36,76,42,394	1,02,41,49,431	1,79,11,377	(3,86,97,59,704)	25,24,36,40,152	12,99,21,31,821	1,17,76,35,701	11,04,47,645	84,98,257	14,05,08,21,621	8,76,09,294	80,471	8,76,89,765	7,28,79,01,278	11,10,51,28,766
	Furniture and Fixtures	12,75,88,451	2,86,75,601	1,19,997	(12,599)	15,61,56,654	7,73,31,560	1,13,57,638	63,732	1,00,801	8,85,24,664	0	0	0	5,02,56,891	6,76,31,990
	Vehicles	15,13,91,987	50,80,140	1,25,305	2,42,275	15,61,04,547	13,18,65,323	45,66,569	2,42,273	1,22,791	13,60,66,827	0	0	0	1,95,26,665	2,00,37,720
	Office Equipment	11,88,84,776	2,49,16,665	7,80,855	(31,71,717)	14,61,92,303	9,09,42,106	1,08,02,433	(86,911)	13,42,120	10,04,89,329	3,98,015	0	3,98,015	2,75,44,656	4,53,04,959
	Computers and Printers	54,62,03,962	2,12,14,418	64,62,838	(1,02,83,368)	57,12,38,910	42,90,79,332	6,19,44,154	12,54,148	51,88,727	48,45,80,612	24,245	0	24,245	11,71,00,384	8,66,34,053
	Railway Siding	13,14,586	0	0	0	13,14,586	13,14,586	0	0	0	13,14,586	0	0	0	0	0
	Electrical Installations	57,88,57,640	24,39,40,470	0	(66,300)	82,28,64,410	21,23,29,807	7,55,40,242	0	0	28,78,70,048	0	0	0	36,65,27,833	53,49,94,362
	S&D Assets	33,10,134	0	0	0	33,10,134	3,57,412	3,13,894	0	0	6,71,305	0	0	0	29,52,722	26,38,829
	R&D Assets	3,79,81,525	26,90,469	0	0	4,06,71,993	59,74,718	34,19,000	0	0	93,93,718	0	0	0	3,20,06,807	3,12,78,276
	Others	69,32,846	3,12,78,473	63,51,321	0	3,18,59,998	48,02,295	26,07,963	0	54,93,537	19,16,722	0	0	0	21,30,551	2,99,43,276
	Total	**25,00,45,35,656**	**2,15,62,84,667**	**3,18,04,617**	**(3,93,13,78,867)**	**31,06,03,94,574**	**15,26,54,47,237**	**1,43,22,59,782**	**11,79,01,579**	**2,07,62,214**	**16,55,90,43,226**	**8,80,31,554**	**80,471**	**8,81,12,025**	**9,65,10,56,865**	**14,41,32,39,323**
	Previous Year	23,87,13,61,800	1,13,56,10,501	2,56,63,256	(2,32,26,616)	25,00,45,35,661	13,40,12,03,179	1,54,30,62,161	(34,29,07,716)	2,17,25,811	15,26,54,47,245	12,00,28,485	(3,19,96,931)	8,80,31,554	10,35,01,30,136	9,65,10,56,862
2.	**Intangible Assets**															
	Computer Software	24,72,19,758	19,58,110	0	0	24,91,77,867	18,21,75,220	2,15,42,494	0	0	20,37,17,714	0	0	0	6,50,44,538	4,54,60,153
	Total	**24,72,19,758**	**19,58,110**	**0**	**0**	**24,91,77,867**	**18,21,75,220**	**2,15,42,494**	**0**	**0**	**20,37,17,714**	**0**	**0**	**0**	**6,50,44,538**	**4,54,60,153**
	Previous Year	24,52,60,353	19,59,405	0	0	24,72,19,758	15,81,37,203	2,40,38,017	0	0	18,21,75,220	0	0	0	8,71,23,150	6,50,44,538
3.	**Capital Work In Progress**	9,81,66,64,038	2,02,60,87,367	1,44,63,79,295	3,99,25,57,060	6,40,38,15,050	0	0	0	0	0	0	0	0	9,81,66,64,038	6,40,38,15,050
	Total	**9,81,66,64,038**	**2,02,60,87,367**	**1,44,63,79,295**	**3,99,25,57,060**	**6,40,38,15,050**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**9,81,66,64,038**	**6,40,38,15,050**
	Previous Year	6,83,79,31,452	3,93,17,56,084	93,38,09,641	1,92,13,856	9,81,66,64,039	0	0	0	0	0	0	0	0	6,83,79,31,452	9,81,66,64,039
	Grand Total	**35,06,84,19,452**	**4,18,43,30,144**	**1,47,81,83,912**	**6,11,78,193**	**37,71,33,87,491**	**15,44,76,22,457**	**1,45,38,02,277**	**11,79,01,579**	**2,07,62,214**	**16,76,27,60,940**	**8,80,31,554**	**80,471**	**8,81,12,025**	**19,53,27,65,441**	**20,86,25,14,525**
	Previous Year	30,95,45,53,605	5,06,93,25,990	95,94,72,897	(40,12,760)	35,06,84,19,458	13,55,93,40,382	1,56,71,00,178	(34,29,07,716)	2,17,25,811	15,44,76,22,464	12,00,28,485	(3,19,96,931)	8,80,31,554	17,27,51,84,738	19,53,27,65,439

Note 14

Non-Current Investments (Trade Investments)	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Unquoted-Equity Shares of Bank Note Paper Mill India Pvt Ltd. (JV of Security Printing and Minting Corporation of India Ltd and Bhartiya Reserve Bank Note Mudran Pvt. Ltd. [40,00,00,000 Shares @ ₹10 each]	0	0
Total	**0**	**0**

Note 15

Long Term Loans and Advances	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
a. Capital Advances		
Secured, Considered Good	32,500	32,500
Unsecured, Considered Goods	3,09,64,525	7,14,26,291
Total (A)	**3,09,97,025**	**7,14,58,791**
b. Security Deposits		
Secured, Considered Good	65,500	0
Unsecured, Considered Goods	4,15,25,037	3,95,09,219
Total (B)	**4,15,90,537**	**3,95,09,219**
c. Employees Loans and Advances		
Secured	7,72,38,674	8,90,26,069
Unsecured	9,27,28,118	14,88,95,152
Total (C)	**16,99,66,792**	**23,79,21,220**
d. Other Loans and Advances		
Other Loan and Advances	15,25,98,875	13,61,74,544
Total (D)	**15,25,98,875**	**13,61,74,544**
Total (A+B+C+D)	**39,51,53,229**	**48,50,63,774**

Note 16

Other Non-current Assets	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Long term Trade Receivables		
Unsecured, Considered Doubtful	22,10,88,444	10,08,56,116
	22,10,88,444	**10,08,56,116**
Less: Provision for Trade Receivable	22,10,88,444	10,08,56,116
Total (A)	0	0
Non Moving Inventory	90,70,96,520	94,68,27,433
Less: Provision for Non-moving Inventory	5,04,21,807	5,33,79,437
Total (B)	**85,66,74,713**	**89,34,47,996**
Deposit with CISF	4,31,23,300	2,85,72,700
Deposit with Electricity Board	6,71,91,270	6,63,66,182
Deposit with Tax Authorities/other Departments	31,74,01,390	27,80,79,401
Other Receivables	85,12,215	92,15,986
Advances (others)	1,22,35,536	2,01,30,051
Total (C)	44,84,63,711	40,23,64,320
Total (A+B+C)	**1,30,51,38,424**	**1,29,58,12,316**

Note 17

Current Investments (Non-Trade)	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
UTI Treasury Advantages (Market Value at cost as on 31.03.2016) 1006872.111 @ ₹1002.354	1,00,92,42,288	99,44,65,420
Total	**1,00,92,42,288**	**99,44,65,420**

Note 18

Inventories	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Raw Materials and Components	8,48,77,67,054	7,65,47,19,110
Raw Material in Transit	46,30,99,357	32,92,22,336
Goods in Transit	30,94,36,292	32,51,47,111
Work-in-Progress	6,36,03,67,453	3,48,97,16,482
Finished Goods	1,59,35,51,462	1,27,43,40,114
Stores and Spares	1,21,28,26,405	77,94,37,258
Scrap	75,29,77,648	66,21,93,850
Other Inventory	2,36,02,501	2,36,90,891
Total	**19,20,36,28,172**	**14,53,84,67,151**

Note 19

Trade Receivables	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, Considered Good	2,05,59,57,755	4,90,78,52,560
Unsecured, Considered Doubtful	0	0
Total (A)	**2,05,59,57,755**	**4,90,78,52,560**
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, Considered Good	4,14,53,64,034	5,51,48,17,862
Unsecured, Considered Doubtful	5,74,21,99,623	4,98,52,96,089
	9,88,75,63,657	**10,50,01,13,951**
Less: Provision for Trade Receivable	2,49,11,52,761	2,47,88,49,227
Less: Provision for Rate Differences	26,48,74,869	2,50,64,46,862
Total (B)	**7,13,15,36,027**	**5,51,48,17,862**
Total (A+B)	**9,18,74,93,782**	**10,42,26,70,421**

Note 20

Cash and Cash Equivalents	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Balances with Banks	3,07,02,17,140	2,63,09,96,895
FDR with Banks (excluding pledged FDRs) with Maturity Less than 12 Months from the Balance Sheet Date	15,26,79,50,000	10,81,08,00,000
Cheques, Drafts on Hand	0	95,684
Cash in Hand	4,65,973	6,74,045
Postage in Hand	3,92,142	3,64,692
Total	**18,33,90,25,254**	**13,44,29,31,316**

Note 21

Short-term Loans and Advances	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Unsecured Considered Good		
Loan and Advances to Employees	4,91,59,790	4,67,12,182
Deposits with other Departments	73,825	1,77,620
Amount Receivable from EPF Trust	11,06,33,942	8,58,11,814
Amount Receivable from Pension Trust	9,63,89,670	9,64,97,786
Leave Encashment receivable from Govt. of India	0	0
Advances to Supplier	1,79,43,23,683	98,41,79,052
Advances to PAO	63,84,973	63,84,973
Advances to CPWD	51,86,774	8,84,06,086
Advances to BSNL (Civil Work)	19,18,777	23,94,231
Advances (Others)	5,53,15,492	63,88,927
Excise Duty PLA Balance	13,81,447	4,40,553
Excise Duty Cenvat	3,139	3,006
CST Refund Receivable	1,84,29,157	1,84,29,157
VAT/Sales Tax Receivable	13,78,30,325	11,72,96,631
MVAT Refund Receivable	1,10,09,564	1,10,09,564
Advance Income Tax A.Y 2016-17	25,00,00,000	0
Advance Income Tax A.Y 2015-16	0	2,03,00,00,000
TDS A.Y 2016-17	3,86,654	0
TDS A.Y 2015-16	6,76,582	75,28,978
TDS A.Y 2014-15	54,015	1,04,574
TDS A.Y 2013-14	82,202	72,938
Income Tax Refund Receivable AY 2009-10	19,53,69,005	19,53,69,005
Income Tax Refund Receivable AY 2011-12	7,01,250	7,01,250
Income Tax Refund Receivable AY 2012-13	160	160
Income Tax Refund Receivable AY 2014-15	52,85,84,746	52,85,84,746
Income Tax Refund Receivable AY 2015-16	2,03,68,97,396	0
Prepaid Expenses	1,15,52,973	1,53,88,589
Others Short Term Loans and Advances	40,742	10,89,285
Total	**5,31,24,64,149**	**4,24,30,48,974**

Note 22

Other Current Assets	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
Interest Receivable on FDR	7,85,95,304	28,62,548
Asset Held for Disposal	58,00,58,950	1,29,72,65,535
PAO/C&C DEA, Ministry of Finance (EPF)	9,01,97,572	9,01,97,572
PAO/C&C DEA, Ministry of Finance (GPF)	3,69,50,078	8,11,94,533
Commemorative Coins	5,44,049	1,84,157
MAT Credit Entitlement	28,91,20,570	0
Other Receivables	4,50,50,096	4,14,27,099
Total	**1,12,05,16,619**	**1,51,31,31,444**

Note 23

Revenue from Operations	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Sale of Products (Gross)		
Sale of Notes	13,14,02,50,000	14,39,14,50,000
Sale of Coins	22,44,56,95,400	20,12,32,62,772
Sale of Medals and Commemorative Coins	38,02,96,646	26,93,59,948
Sale of Passport & Allied	4,75,57,88,232	3,38,94,75,725
Sale of Postal Items	31,29,85,383	35,18,35,700
Sale of Non Postal Items	50,23,56,706	38,51,95,595
Sale of NJSP	3,71,33,50,413	4,10,83,92,601
Sales-Others	1,20,07,04,995	1,09,35,33,531
Total (A)	**46,45,14,27,775**	**44,11,25,05,872**
Sale of Services		
Job Work	3,13,43,955	4,19,00,071
Other Services	29,13,694	37,83,033
Total (B)	**3,42,57,649**	**4,56,83,104**
Other Operating Revenues		
Sale of Scrap	79,60,43,110	1,02,38,00,822
Other Operating Activities	96,24,055	65,61,278
Total (C)	**80,56,67,165**	**1,03,03,62,100**
Gross Total D (A+B+C)	47,29,13,52,589	45,18,85,51,076
Less: Excise Duty (E)	**99,69,029**	**1,96,72,706**
Total (D-E)	**47,28,13,83,560**	**45,16,88,78,369**
Revenue from Operations	**47,28,13,83,560**	**45,16,88,78,369**

Note 23A

Rate Difference of Earlier Years Sales	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Rate Difference of Postal Items	(1,49,19,348)	(72,51,38,456)
Rate Difference of Circulating Coins	42,97,71,327	(10,90,59,07,705)
Rate Difference of Bank Notes	(3,18,73,18,000)	0
Total	**(2,77,24,66,021)**	**(11,63,10,46,161)**

Note 23B

Provision Written Back	**Year ended 31st March 2016 (₹)**	**Year ended 31st March 2015 (₹)**
Provision Written Back of Postal Items	0	50,23,10,277
Provision Written Back of Circulating Coins	0	4,00,56,49,499
Provision Written Back of Bank Notes	3,18,73,18,000	0
Others	4,60,87,703	3,52,72,866
Total	**3,23,34,05,703**	**4,54,32,32,642**

Note 24

Other Income	**Year ended 31st March 2016 (₹)**	**Year ended 31st March 2015 (₹)**
Interest Income (Net)	86,73,94,535	67,73,24,233
Dividend Income	3,97,76,868	1,84,37,464
Profit on Sale of Fixed Assets	9,35,830	14,11,585
Other Non-operating Income (Net of Expenses directly attributable to such Income)	10,46,35,512	15,60,26,107
Total	**1,01,27,42,745**	**85,31,99,390**

Note 25

Cost of Materials Consumed	**Year ended 31st March 2016 (₹)**	**Year ended 31st March 2015 (₹)**
Cost of Raw Materials Consumed	26,04,48,72,360	25,44,33,18,098
Total	**26,04,48,72,360**	**25,44,33,18,098**

Note 26

Changes in Inventories of Finished Goods, Work in Progress and Scrap	**Year ended 31st March 2016 (₹)**	**Year ended 31st March 2015 (₹)**
Closing Stock		
Finished Goods	1,59,35,51,463	1,27,43,66,760
Goods in Transit	30,94,36,292	32,51,47,111
Work in Progress	6,36,03,67,453	3,64,62,02,808
Scrap	75,29,77,648	66,37,74,721
Total (A)	**9,01,63,32,856**	**5,90,94,91,400**
Opening Stock		
Finished Goods	1,27,43,66,760	84,85,48,746
Goods in Transit	32,51,47,111	31,59,82,144
Work in Progress	3,64,62,02,808	2,95,05,88,917
Scrap	66,37,74,721	56,37,56,158
Total (B)	**5,90,94,91,400**	**4,67,88,75,965**
Changes in Inventories of Finished Goods and Work in Progress (A-B)	**(3,10,68,41,456)**	**(1,23,06,15,435)**

Note 27

Employee Benefits Expense	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Salaries, Wages and Allowances	5,69,05,70,717	5,67,33,14,597
Overtime	1,47,01,59,019	1,38,25,94,332
Incentive	1,40,73,12,023	1,63,45,14,602
LTC	3,22,23,375	5,68,23,378
Medical	18,24,81,871	19,65,45,058
Employer Contribution to EPF	33,26,60,317	35,61,15,160
Leave Salary & Pensionary Charges Contribution	6,15,00,054	9,95,54,198
Contribution to SPMCIL Pension Trust	8,99,08,953	8,66,32,973
Leave Encashment	48,99,21,781	87,91,21,360
Gratutity	24,98,86,852	20,61,26,846
Staff Welfare Expenses	61,66,494	1,17,24,027
Post Retirement Medical Benefits	35,65,17,452	0
Other Employee Benefits	13,29,31,533	11,31,18,866
Total	**10,50,22,40,441**	**10,69,61,85,395**

Note 28

Finance Cost	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Interest Cost	1,67,86,97,194	23,37,04,465
Total	**1,67,86,97,194**	**23,37,04,465**

Note 29

Other Expenses	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
(A) Other Manufacturing Expenses		
Consumption of Stores, Spare Parts and Components	79,44,13,408	86,13,01,366
Power, Fuel and Water	71,03,75,017	63,42,92,978
Repairs & Maintenance to Machinery	5,41,39,235	4,67,97,434
Repairs & Maintenance to Factory Building	9,30,98,854	11,35,79,378
Packing Expenses	15,19,76,816	11,50,87,246
Other Manufacturing Cost	10,93,82,169	3,92,93,119
Total (A)	**1,91,33,85,500**	**1,81,03,51,520**
(B) Administrative Expenses		
Advertising Expenses	3,76,19,574	4,20,92,706
Commission (Auction & Other)	2,36,71,573	2,92,62,137
Audit Fees	51,51,618	34,65,428
Bank Charges	7,49,010	3,97,094
Bad Debts Written Off	4,92,125	0

Other Expenses	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Canteen Expenses (Net of Receipts)	2,69,78,224	2,40,95,692
Dispensary Expenses	3,37,60,236	3,87,50,248
Environmental Charges	28,78,375	63,70,634
Fees & Honorarium	15,40,680	9,16,073
Freight Outwards	11,12,86,543	11,68,07,118
Foreign Exchanges Fluctuation Losses	6,56,39,013	(17,12,87,798)
Grants in Aid Expenses	4,67,685	6,28,550
Guest House Expenses (Net of Receipts)	40,27,891	45,73,370
Hiring of Staff	7,67,95,679	4,96,76,966
Horticulture Expenses	56,77,925	62,16,318
Hospitality & Entertainment	73,70,907	72,06,537
Legal & Professional Charges	6,02,72,085	5,13,03,968
Meeting Expenses	34,67,719	43,71,273
Misc. Expenses	53,04,453	29,96,085
Office Expenses	1,91,78,260	1,34,22,276
Postage & Courier Expenses	60,47,750	36,19,612
Printing & Stationery Expenses	79,37,489	84,90,349
Research & Development Expenses	52,34,911	74,24,324
Repair & Maintenance- Building	12,57,67,385	13,95,68,325
Repair & Maintenance- Computers	4,94,48,679	5,32,44,661
Repair & Maintenance- Others	4,99,18,453	12,32,78,710
Rent	7,41,46,132	6,26,47,396
Insurance	2,06,41,210	1,85,35,780
Rates & Taxes	1,20,74,352	2,28,48,616
Security Charges	1,21,90,22,729	97,15,51,851
Seminar & Training Expenses	89,55,051	74,32,882
Service Tax Paid/ Sales Tax	1,35,53,674	69,22,401
Subscription, Newspaper, Books & Periodicals	21,83,472	22,58,114
Sustainable Development	0	7,88,008
Telephones & Internet Charges	2,22,19,502	2,11,38,984
Travelling & Conveyance Expenses	5,26,96,208	5,19,91,759
Travelling Expenses Foreign	82,53,116	70,19,542
Uniform & Liveries	20,70,790	33,65,412
Vehicle Hiring/ Maintenance Charges	2,25,03,628	2,42,48,873
Water & Electricity Charges	3,95,56,621	5,08,13,027
Other Expenditure	2,57,07,911	2,38,88,002
Total (B)	**2,26,02,68,640**	**1,84,23,41,302**

Note 30

(C) Provision Created During the Year	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Provision for Trade Receivable/Advances	23,61,12,349	(1,48,19,165)
Provision for Obsolete / Non-moving Inventory / Shortage	66,45,362	1,22,25,704
Provisions for Disputed Claims	5,94,93,09,327	30,54,05,087
Provision for Pension Trust Liability	1,00,66,40,000	0
Provision for Rate Differences of Postals	1,85,71,007	6,37,27,862
Provision for Rate Differences of Bank Notes	82,51,37,000	1,21,45,01,000
Total (C)	**8,04,24,15,045**	**1,58,10,40,488**
Total (A+B+C)	**12,21,60,69,184**	**5,23,37,33,310**

Note 31

Prior Period Expenditure	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Prior Period Expenditures	2,78,31,118	6,81,55,036
Total (A)	**2,78,31,118**	**6,81,55,036**
Prior Period Income		
Prior Period Incomes	11,33,41,187	1,35,39,386
Total (B)	**11,33,41,187**	**1,35,39,386**
Net Prior Period Income / (Expenses)	**8,55,10,069**	**(5,46,15,650)**

Note 32

Payments to the Auditor as	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
a. Auditor	22,42,232	17,54,474
b. For Taxation Matters	18,55,890	14,12,844
d. For Reimbursement of Expenses	45,050	75,786
Total	**41,43,172**	**32,43,104**

Note 33

Consumption of Raw Material under Broad Heads	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
CWBN Paper	6,08,23,70,958	6,62,30,11,826
Security Paper	2,20,32,77,624	2,98,28,11,749
Ink	3,27,21,56,053	2,01,92,86,731
FSS Coil	5,11,60,49,283	4,80,66,63,331

Consumption of Raw Material under Broad Heads	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
NiBR Coil	5,01,56,27,359	4,36,27,70,999
Bi-Metalic ₹10 Blanks	5,73,72,54,710	7,00,66,60,335
Chemicals	3,34,26,701	6,42,97,821
Security Fiber	2,96,27,021	2,61,36,530
Security Thread	45,68,98,741	4,66,62,757
M-Feature	13,24,25,064	6,76,681
Furnace Oil	10,38,01,220	25,94,19,648
Bleached Cotton Linter	6,78,23,582	4,38,93,971
Comber	10,16,26,663	29,79,86,948
Other	1,20,35,44,835	81,35,95,373
Less: Inter Unit Transfer	(3,56,48,52,479)	(3,91,05,56,600)
Total	**25,99,10,57,334**	**25,44,33,18,098**

Note 34

Work in Progress under Broad Heads	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
W.I.P of Notes & Inks	4,20,32,01,976	2,13,99,65,559
W.I.P of Coins / Blanks	78,63,02,336	63,23,78,096
W.I.P of Security Paper	99,07,05,049	27,74,78,392
W.I.P of Postal Items	57,25,407	1,00,08,869
W.I.P of Non-Postal Items	15,22,19,838	32,22,36,041
W.I.P of Travel Documents	13,80,07,800	11,88,43,804
WIP Others	26,74,25,614	33,12,67,184
Total	**6,54,35,88,019**	**3,83,21,77,944**

Note 35

Value of Imports Calculated on C.I.F basis by the Company During the Financial Year in Respect of : (On Accrual Basis)	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
1. Raw Materials	9,06,75,80,806	10,12,96,46,643
2. Stores, Components and Spare Parts	53,84,70,558	49,49,25,093
3. Capital Goods	75,00,89,077	41,93,54,252
Total	**10,35,61,40,441**	**11,04,39,25,988**

Note 36

Expenditure in Foreign Currency during the Financial Year on Account of : (On Accrual Basis)	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
1. Foreign Magazine	0	0
2. Foreign Travel	8,40,648	21,68,716
3. Royalty, Know-how, Professional and Consultation Fee	37,21,67,434	0
Total	**37,30,08,082**	**21,68,716**

Note 37

Consumption of Imported Raw Material, Stores, Spare Parts and Components as compared to Indigenous Raw Material, Stores, Spare Parts and Components (Including Consumption on Account of Inter Unit Transfers)	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Total Value of all imported Raw Material Consumed (A)	7,61,96,63,805	9,14,64,92,556
Total Value of all Indigenous Raw Material Consumed (B)	21,93,62,46,009	20,20,73,82,141
Total (A+B)*	**29,55,59,09,815**	**29,35,38,74,698**
% of A to total (A+B)	**26**	**31**
% of B to total (A+B)	**74**	**69**
Total Value of all Imported Stores, Spare Parts & Components Consumed (C)	19,31,72,820	29,68,35,973
Total Value of all Indigenous Stores, Spare Parts & Components Consumed (D)	60,13,21,878	56,44,65,393
Total (C+D)	**79,44,94,698**	**86,13,01,366**
% of C to total (C+D)	**24**	**34**
% of D to total (C+D)	**76**	**66**

Note 38

Earnings in Foreign Exchange Classified under the following heads, namely:-	Year ended 31st March 2016 (₹)	Year ended 31st March 2015 (₹)
Other Income	0	2,29,086
Total	**0**	**2,29,086**

Note 39 Contingent Liabilities and Commitments

Contingent Liabilities and Commitments (to the extent not provided for)	As at 31st March 2016 (₹)	As at 31st March 2015 (₹)
(I) Contingent Liabilities		
(i) Claims against the Company not Acknowledged as Debt (Excluding Legal Cases where Amounts are Unascertainable)		
(a) Cases filed by Employees/ Workers	1,82,07,38,265	1,90,84,05,265
(b) Cases filed by Suppliers	4,81,88,068	10,82,99,282
(c) Octroi Penalty	2,40,22,51,760	2,38,79,51,690
(d) Demand of VAT on Currency, Coins, Misc Sales & Misc.	2,44,00,64,424	2,44,00,64,424
(e) Sales Tax Dispute	4,58,31,68,076	4,32,68,22,984
(f) Excise Duty	6,73,53,531	0
(g) Service Tax	39,17,418	1,78,499
(ii) Commercial Tax (Entry Tax)	78,44,33,514	62,24,48,744
(iii) Bank Guarantee	1,59,88,264	0
(iv) Letter of Credit issued by Banks	30,62,42,452	1,85,03,41,062
(v) Income Tax	20,51,890	0
(vi) Others	20,99,36,188	13,14,51,372
Total (I)	**12,68,43,33,850**	**13,77,59,63,322**
(II) Commitments		
(i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for	25,00,06,740	82,63,43,660
Total (III) (I+II)	**12,93,43,40,590**	**14,60,23,06,982**
(IV) Less : Provisions*		
(i) Cases filed by Employees/Workers	1,82,07,38,265	0
(ii) Cases filed by Suppliers	4,81,88,068	0
(iii) Others	20,99,36,188	0
(iv) Disputed Sales Tax Liabilities from 1975-76 to 09.02.06	106,49,12,612	0
(v) Sales Tax Demand Liabilities from 10.02.06 to 31.03.11	175,95,71,371	0
(vi) Probable Sales Tax Liabilities from 2011-12 to 2015-16	104,59,77,723	0
Total (IV)	**5,94,93,24,227**	**0**
Net Contingent Liabilities not provided for (V=III-IV)	**6,98,50,16,363**	**0**

*As per the accounting standard 29, a provision should be recognized in the books of accounts, when (a) an enterprise has a present obligation as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and (c) a reliable estimate can be made of the amount of the obligation. In compliance of the same provision has been made for ₹4,90,33,46,504 towards estimated liabilities for settlement of legal cases filed by employees/workers/suppliers and demand of VAT by Maharashtra Government.

The Company has also made a provision of ₹104,59,77,723 in respect of probable VAT liabilities pertaining to year 2011-12 to 2015-16 inspite of the fact that there is no tax demand from sales tax authorities as assessment of VAT / sales tax liabilities of these years are pending on the same basis as adopted by sales tax authorities while completing assessment of VAT/ sales tax of earlier years i.e. up to financial years 2010-11.

The Company is in receipt of Show Cause Notices/Demand Notices/Assessment Orders from Andhra Pradesh Commercial Tax Department to the tune of ₹244 Crores towards Sales tax on the Sale of Circulation Coins, difference in Sales Tax on sale of other items, interest and penalty thereon from April 2006 to November 2013. However, the Company Management has gone through the Show Cause Notices and is of the Opinion that Currency Coins are not covered under the definition of Goods as per the Sales of Goods Act,1930, where in Money is excluded under the definitions of "Goods", so no Sales Tax is payable to the Coins delivered to Reserve Bank of India. Also the issue is pending with Commissioner, Commercial Taxes, and Government of Andhra Pradesh, who have in turn put-up a proposal to the Government of Andhra Pradesh, to bring the Currency Coins under the Exempted Goods under Schedule-I of Andhra Pradesh VAT Act. The Government of Andhra Pradesh has principally agreed and issued exemption notification in this regard circulation of Coins from Levy of Sales Tax in July 2013 making it Effective from 9th July 2013. On the request of Unit representation has been made again by the Commissioner of Commercial Taxes Department to Andhra Pradesh Government making it effective from 1st April 2005 which is under their consideration.

In case of BNPMIPL

50% Share of SPMCIL will be as follows:-

Claim against the company not acknowledged as debt	**Amount in ₹ 2015-16**	**Amount in ₹ 2014-15**
Pending outcome of Appeal before CIT (Appeal), tax demand is not recognized as liability	7,60,66,925.00	27,56,165.50
Other contingent liabilities:		
Bond executed with custom/excise authority	11,24,33,797.50	–
Claims for additional Compensation not considered as a debt	2,77,15.524.00	–
Unexpired commitments to the extent not paid /provided net of advances		
On Capital Account*	8,75,97,451.00	84,42,02,085.50
On Revenue account**	43,01,06,944.50	–
Unexpired lease term towards long term lease agreement for the land taken on lease from BRBNMPL (related party) for the project	25 Years	26 Years
Lease rental per annum	–	–

*Includes amount equivalent to Euro 10,55,750/- (P.Y. Euro 51,74,073) towards main Plant and Machinery payable under Letter of Credit (L/C) established in favour of the supplier.

**Includes amount equivalent to Euro 9,26,187.50/- towards supply of security thread payable under Letter of Credit (L/C) established in favour of the supplier.

Note 40 Withdrawn Coins

Withdrawn coins are received in the mints for melting. These are received by Mints from Government of India and Mints act as custodian to it. After melting, metal is auctioned on behalf of Government of India. Metal value of the stock is given cognizance as credit to Government after levying processing charges of melting etc. Practice being followed in the Mints has been formalized through detailed guidelines.

Note 41 Disclosure pertaining to Micro, Small and Medium Enterprises

The identification of the Micro, Small and Medium Enterprise in terms of the Micro, Small and Medium Enterprises Development Act, 2006 has been made except to the extent information not received by IGM Hyderabad.

The Management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of Micro, Small and Medium Enterprises, as define under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosure in respect of amount payable to such enterprises as at 31st March, 2016 has been made in the financial statements on the basis of information received and available with the company. Further in view of the Management, the impact of interest if any that may be payable in accordance with provision of the Act is not expected to be material, therefore provision for the same has not been made in books of accounts.

Note 42 Fixed Assets

a) As per the Government decision, all the Assets and Liabilities of nine units as on 10.02.2006 has been transferred to the Company at book value accordingly all Assets and Liabilities prevailing as on 09.02.2006 were taken over on 10.02.2006 in the books of the Company on historic cost basis as per books of the Government Units.

b) Pursuant to the enactment of Companies Act, 2013, the company has applied the estimated useful lives as specified in Schedule-II, except in respect of certain assets as disclosed in Accounting Policy on Depreciation & Amortization. Accordingly, the unamortized carrying value is being depreciated / amortized over the remaining useful lives.

c) Physical verification of Fixed Assets during the financial year 2015-16 has been carried out at all the units including Corporate Office.

Note 43 Lease Premium (IGM, Noida)

The land at Sector-1 and Sector-23 held by IGM, Noida are taken on long term lease of 99 year w.e.f 03rd May,1985 and 90 years w.e.f, 12th May,1993 respectively from Noida Authority which continued to be reflected at the premium paid for lease in the Government Account and was not amortized over the period of lease. Now in term of AS-19 regarding accounting of leases, the basic premium paid for acquiring the lease is written off over the balance period of the lease starting from 10.02.2006 i.e. date on which all Assets and Liabilities transferred to the Company, and ending on the date of termination of lease as per the lease deeds.

Note 44 Precious Metals at Mints

Mints at Mumbai, Kolkata and Hyderabad have huge stocks of gold, silver and other precious metals which is more than 10 years old required for manufacturing of medals in very moderate quantity. There is a sound system of maintaining records and ensuring physical safety of the metals. Detailed break-up of each category of metal with fineness details are available in the units. Value of these metals has been taken as per book value which is lower than the market value of the same. As there is a very moderate consumption of these material in current production, company has initiated steps to dispose of these metals lying at units.

Note 45 Employee Benefits

Most of the Employees of the Company were on deemed deputation from Government of India. On 15.09.2008, a Tripartite Agreement was signed between the Government of India, Company and the representatives of the various unions. Option was given to employees who were on deemed deputation to opt the Company or Government of India as per Rule 37-A of Central Civil Services (Pension) Rules, 1972. Permanent absorption has been notified by Govt. vide order No. 10/1/2009-SPMC dated 29.05.2009 w.e.f. 01.11.2008. Option to join the Company was exercised by 14256 employees.

Defined Contribution Plans

(a) **Employee Provident Fund (EPF):** For EPF, a trust has been established and relaxation has been granted by Employees Provident Fund Organization in the month of December, 2009. These trusts became operational w.e.f. April, 2010 and now in all cases pertaining to employees provident fund matter are being looked after by Trust. The Company pays fixed contribution to provident fund at predetermined rates to this trust, which invests the funds in permitted securities as per investment pattern stipulated by Ministry of Labour. Contribution to family pension scheme is paid to the Provident Fund Regulatory Authority. The contribution is recognized as expense and is charged to Profit and Loss account.

(b) **General Provident Fund (GPF):** For GPF, a trust has been established in the month of March, 2011. This trust became operational w.e.f. April, 2011. From 1st April, 2011 employee's contribution is being made to the Trust. There is only employee contribution in this fund therefore, no amount is recognized as expenses in Profit and Loss account.

Defined Benefits Plans

a) **Pension:** Pension will be paid to Combined Pension Optees from the Company Employees Pension Fund Trust constituted by Government of India. Provisions for pensionary contribution to the trust in respect of the Combined Optees have been made as per Central Civil Services (Pension) Rules, 1972.

b) **Leave Travel Concession:** Leave Travel Concession (LTC) benefits have been dealt with as per norms of Government of India adopted by the Company.

c) **Gratuity**: The Company has a defined benefit gratuity plan in accordance with Payment of Gratuity Act, 1972. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 × last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹10 lacs on superannuation, resignation, termination, disablement or on death during the entire tenure of service. The Liability for the same is recognized on the basis of actuarial valuation.

d) **Earned and Half-Pay Leave:** The Company provides for earned leave benefit and half pay leave to the employees of the Company who accrue six monthly at 15 days and 10 days respectively at the end of half year. Earned leaves are encashable up to a maximum of 300 days on separation. Half pay leave is encashable only on separation but subject to maximum of 300 days for both earned leave and half pay leave. The Company also permitted to en-cash earned leave to the extent of 50% of balance at credit once in a calendar year subject to the balance at credit should not be less than 30 days after encashment and subject to maximum accumulation of 300 days. The Liability for the same is recognized on the basis of actuarial valuation.

e) **Post-Retirement Medical Benefits:** The Company has Post-Retirement Medical Scheme under which eligible ex-employees are provided medical facilities on the sole discretion of the employee upon payment of one time prescribed contribution. The liability for the same is recognised on the basis of actuarial valuation.

Disclosure pursuant to AS-15 *(₹ in Crores)*

Sl.No.	Particulars	Gratuity	Leave	PRMB
A	**Net Liability recognized in the Balance Sheet at 31st March, 2016**			
	Present Value of Unfunded Obligation	99.88	246.61	33.12
	Net Liability	99.88	246.61	33.12
B	**Expense recognized in the Statement of Profit and Loss for the Year**			
	Current Service Cost	14.11	11.64	0
	Interest on Obligation	6.17	17.64	0
	Net Actuarial Losses (Gains) recognized in the Year	4.70	19.19	0
	Total included in Employee Benefit Expense	24.99	48.47	35.65
C	**Changes in the Present Value of Defined Benefit Obligation Representing Reconciliation of Opening and Closing Balance thereof:**			
	Opening Defined Benefit Obligation	82.32	235.15	0
	Service Cost	14.11	11.64	35.65
	Interest Cost	6.17	17.64	0
	Actuarial Losses/(Gains)	4.70	19.19	0
	Benefits Paid	(7.42)	(37.01)	2.53
	Closing Defined Benefit Obligation	99.88	246.61	33.12
D	**Changes in the fair value of plan Assets representing reconciliation of opening and closing balances thereof:**			
	Opening Fair Value of Plan Assets	-	-	-
	Expected Return	-	-	-
	Actuarial Gains/(Losses)	-	-	-
	Contribution by Employer	-	-	-
	Benefits Paid	-	-	-
	Closing Balance of Fair Value of Plan Assets	(7.42)	(43.63)	-
E	**Principal Actuarial Assumptions at the Balance Sheet Date (expressed as weighted averages)**			
	Discount Rate	7.50%	7.50%	7.50%
	Expected Return on Plan Assets	-	-	-
	Attrition Rate	1.00%	1.00%	1.00%
	Annual Increase in Salary Costs	6.50%	6.50%	-
	Future Cost Increase	-	-	5.00%
Note: The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.				

In case of BNPMIPL

Retirement and other employee benefits

In accordance with AS-15 (Revised), Company has obtained Actuarial Valuation in respect of defined Earned Leave and Gratuity based on the following assumptions:-

a) Valuation is based on Projected Unit Credit (PUC) actuarial method to assess the scheme's liabilities.

b) One of the principal assumptions is the discount rate, which is based upon the market yields available on Government bonds at the balance sheet date with a term that matches that of the liability considered at 7.98%.

c) The gratuity and the leave salary plan are unfunded, accordingly as per the provisions of accounting standard the related investment risk has been factored in the valuation

Amount recognized in the Financial Statements as on 31.03.2016.

Particulars	Amount in ₹ 2015-16	Amount in ₹ 2014-15
a) Opening value of Benefits	44,62,419.50	11,89,945.50
b) Current Service Cost	28,05,012.00	8,56,873.50
c) Interest Cost	3,56,101.00	94,957.50
d) Actuarial (Gains)/Loss	(9,52,038.00)	3,96,318.00
e) Benefits Pay-out	-	-
Present Value of the Benefits (a+b+c+d+e)	66,71,494.50	25,38,095.00
Provided as Current Liabilities as per Actuarial Report	9,48,298.50	10,000.50
Provided as non-Curent Liabilities as per Actuarial Report	57,23,196.00	25,28,094.50

Note 46 Segment Reporting

In the opinion of management segment reporting as envisaged in AS-17 is not applicable as risks and returns associated with product categories are not different. As about 90% of Sale of Products during the year supplied to Ministries of Government of India on cost plus reasonable return on capital employed basis. Further the Company is engaged in sovereign function of manufacturing of security products.

Note 47 Provisions

The provision have been recognized when the company has obligation as a result of past event and it is probable that an outflow of the resources will be required to settle the obligation, in respect of which a reliable estimate can be made based on technical valuation and past experience. Provisions are not discounted to its present value and are determined based on management estimates required to settle the obligation at the balance sheet date. No provision is recognized for Liabilities whose future outcome cannot be ascertained with reasonable certainties. Such contingent Liabilities are not recognized but are disclosed on the basis of the judgment of the management. These are reviewed at each balance sheet date and adjusted to reflect the current management estimate. During the Financial Year 2015-16, the following provisions have been made:

Particulars	Amount in (₹)
Provision for Pension Trust Liability	1,00,66,40,000
Provision for Disputed Claims	
(a) Cases filed by Employees/Workers	182,07,38,265
(b) Cases filed by Suppliers	4,81,88,068
(c) Others Legal Cases	20,99,36,188
(d) Disputed Sales Tax Liabilities from 1975-76 to 09.02.2006	1,06,49,12,612
(e) Sales Tax Demand Liabilities from 10.02.2006 to 31.03.2011	1,75,95,71,371
(f) Probable Sales Tax Liabilities from 2011-12 to 2015-16	1,04,59,77,723
Total	**6,95,59,64,227**

Note 48 Related Party Transaction

List and Transactions of related parties as per Accounting Standards–18 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India;

Name of the Party	Relationship
Bank Note Paper Mill India Private Ltd.	Joint Venture

Joint Venture: The company has entered into a Joint Venture Agreement with Bhartiya Reserve Bank Note Mudran Private Limited (BRBNMPL), a wholly owned subsidiary of Reserve Bank of India to set up a Security Paper Mill at Mysore with 50% participation in equity by each Joint Venture partners by forming a Company under Indian Companies Act, 1956 on 13.10.2010. The project is under implementation as on 31st March, 2016. The company has contributed a sum of ₹400 Crores towards 50% capital contribution. Company has been allotted 40,00,00,000 equity shares of ₹10 each aggregating to ₹400 crore till 31.03.2016.

(₹ in Crores)

Transaction	2015-16	2014-15
Capital Contribution	100	NIL
Conversion of Share Application Money to Capital	NIL	NIL
Share Application Money (Pending Allotment)	NIL	NIL

Proportion of ownership in Joint Venture as per audited accounts for the Financial Year 2015-16 is as under (50%):-

Particulars	As on 31.03.2016 (Audited) (₹ in Crores)	As on 31.03.2015 (Audited) (₹ in Crores)
a) Contribution towards Equity	400.00	300.00
b) Deputation of Employee Cost	0.00	0.00

Aggregate amount of Company's interest in Joint Venture as per audited accounts for the F.Y. 2015-16 is as under (50%):-

Particulars	As on 31.03.2016 (Audited) (₹ in Crores)	As on 31.03.2015 (Audited) (₹ in Crores)
Equity Share Capital	400	300
Reserve and Surplus	-6.2	-1.65
Share Application Money	-	-
Non-Current Liabilities	398.70	296.81
Current Liabilities	67.91	46.59
Non-Current Assets	709.91	587.80
Current Assets	150.47	53.94
Revenue	-	-
Cost of Material Consumed	-	-
Depreciation of Plant and Machinery	0.36	-
Employee Benefit Expenses	0.80	-
Other Expenses	2.05	-0.02
Profit Before Tax	**-4.57**	**-0.02**
Income Tax Expenses	-	-
Profit After Tax	**-4.57**	**-0.02**

Estimated value of Contracts remaining to be executed on Capital Account and not provided for (50% Liability):-

(Amount in ₹ Crore)

Particulars	As on 31.03.2016	As on 31.03.2015
Current Year - 2015-16	8.76	84.42

Contingent Liability in Joint Venture Company (50%) – ₹64,63,23.191.00

Key Management Personnel:

- Shri M.S. Rana, Chairman and Managing Director (upto 12.07.2016).
- Shri Praveen Garg, Chairman and Managing Director (from 12.07.2016).
- Shri P. N. Radkar, Director (Technical) (upto 31.05.2016).
- Shri Ajai Kumar Srivatav, Director (Technical) (from 29.08.2016).
- Dr. Manoranjan Dash, Director (HR) (upto 31.08.2016).
- Shri Sunil Kumar Sinha, Director (HR) (from 01.09.2016).
- Shri S.K. Jha, CVO

There are no transactions with key Management Personnel during the year, except as given below. There are no other transactions with related parties as defined in AS-18.

The gross remuneration to Key Management Personnel who have been the full time-Directors of the Company is as under:

(Amount in ₹)

Particulars	2015-16	2014-15
Salary and Allowances	85,84,951	78,22,501
Contribution to PF / Pensionary Charges	7,98,725	24,02,314
Leave Encashment	3,65,035	30,88,099
Lease Rent & Other Perks	63,27,077	68,02,760
Gratuity	3,82,294	7,89,704
Total	**1,64,58,082**	**2,09,05,378**

In case of BNPMIPL

Disclosure of Related Party Transactions

List of Related Parties	
Related Party	***Nature of Relation***
Security Printing & Minting Corporation of India Limited (SPMCIL).	Joint Venture Promoter with 50% equity shares & voting right in the Company.
Bhartiya Reserve Bank Note Mudran Private Limited (BRBNMPL)	Joint Venture Promoter with 50% equity shares & voting right in the Company.

List of Directors & Key Management Personnel under Accounting Standard (AS) 18, "Related Party Disclosures"	
Executive Director	***Nominee***
Shri G. Jaganmohan Rao (Managing Director) Key Management Personnel	BRBNMPL
Non-executive Director	***Nominee***
Shri. Multan Singh Rana (Chairman)	SPMCIL – Official Director
Dr. Manoranjan Dash	SPMCIL – Official Director
Shri S. Madhav Rao (Resigned effective from January 31, 2016)	BRBNMPL – Official
Shri P.N. Radkar	SPMCIL – Official Director
Shri A.G. Rao Kulkarni	BRBNMPL – Independent
Shri. Shankarasubramanian (Appointed as Director with effect from 01.02.2016)	BRBNMPL – Official

Transaction carried out with Related Parties :

Transactions carried out with Security Printing & Minting Corporation of India Limited during the year:

Nature of Transactions	Amount in ₹ 2015-16	Amount in ₹ 2014-15
Issue of Equity Share Capital	1,00,00,00,000	-
Total	**1,00,00,00,000**	**-**

Transactions carried out with Bharatiya Reserve Bank Note Mudran Private Limited during the year:

Nature of Transactions	Amount in ₹ 2015-16	Amount in ₹ 2014-15
– Rent, Rates & Taxes	2,96,562	3,07,917
– Power, Fuel, Light & Water Charges	12,83,884	3,13,321
– Insurance Expenses	52,807	49,410
Total*	**16,33,253**	**6,70,701**
Sale during Trial Run**	1,36,35,972	-
Total	**1,36,35,972**	**-**
Issue of Equity Share Capital	1,00,00,00,000	-
Total	**1,00,00,00,000**	**-**

*Includes amount of ₹1,83,378/- (P.Y. ₹25,955/-) outstanding as on the balance sheet due date and includes in outstanding liability for expenses (Note No. 5)

**The total amount is recoverable as on the balance sheet date and includes in other Current Assets (Note No.12)

Salary, allowance & benefits paid to Shri G. Jaganmohan Rao, Managing Director (Key Management Personnel) – BRBNMPL Nominee:

Particulars	Amount in ₹ 2015-16	Amount in ₹ 2014-15
Salary, Allowance and Benefits	53,53,639	49,13,233

Note 49 Earnings Per Share

In the beginning of the year the number of shares outstanding is 50,000. On 22.03.2016, SPMCIL has issued 118.244 crores Shares at par value in the name of Dr. Saurabh Garg, on behalf of President of India. Hence the EPS has been calculated on the weighted average basis.

Particulars	2015-16	2014-15
Profit After Tax (₹)	1,98,51,31,395	(3,52,07,34,715)
Weighted average numbers of equity shares used as denominator	3,23,57,104	50,000
Basic/Diluted Earnings per Share (₹)	61.35	(70,415)

Note 50 Deferred Tax

The significant components and classification of Deferred Tax Asset and Liabilities on account of temporary difference during the financial year 2015-16 are:

Particulars	(Amount in ₹)
Opening Balance of Deferred Tax Assets	2,23,18,81,952
Add: Deferred Tax Assets (Net) created During the Year	148,38,06,349
Closing Balance of Deferred Tax Assets	3,71,56,88,301

In the opinion of Board of Directors, Current Assets, Loan & Advances have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

Note 51 Transactions in Foreign Currencies

Transactions in Foreign currencies are accounted for at prevailing rates on the date of transaction. All exchange rate differences in respect of foreign currency transactions are dealt with in the Profit & Loss account except those relating to acquisition of Fixed Assets, which are adjusted in the cost of the Assets.

Note 52 Gold lying with RBI

85,555 Gms of gold lying with RBI. Out of the above, gold weighing 10,336 gms was already accounted for in 2006-07, under the head Gold with RBI, the possession of which is with RBI. As regards the balance 75,219 gms, IGM Mumbai, has received a letter from RBI dated 06.06.2008, Ref No. By.Cy.No. 5047/01.11.044/2007-08 that the gold is held by them on behalf of Public Debt Office, RBI Mumbai. Therefore, this gold does not belong to the unit, and hence, the same has not been considered in the accounts.

Note 53 Security Deposit Paid

Security Deposits have been made with various Electricity Departments/Boards and companies by the units to get electricity connections and supply. Most of these deposits have been made prior to corporatization.

Note 54 Funds from Govt. of India (Adjustable)

As per the Government of India decision, all the Assets and Liabilities of Govt. of India Presses, Mints and Mills working under Department of Economic Affairs, Ministry of Finance as on 10.2.2006 has been transferred to the Company. Assets and Liabilities have been taken on book value. Assets and Liabilities prevailing as on 09.02.2006 were taken over on 10.02.2006 in the books of the Company on the basis of available information. The difference between value of all Assets and Liabilities as on 10.02.2006 represents the amount of funds from Government arising out of such transfer of Assets and Liabilities. The fund has been utilised during F.Y. 2015-16 for the purpose of capital structuring finalised by Department of Economic Affairs, Ministry of Finance vide letter No. 3/2/2008-Cy.III/SPMC dated 9th February, 2015 as follows:

Particulars	Amount in ₹
Opening Balance	28,78,64,76,464
Less: Transfer to Equity Share Capital	11,82,44,00,000
Less: Conversion into Term Loan	11,82,44,00,000
Less: Transfer to Capital Reserve	3,34,00,00,000
Closing Balance	1,79,76,76,464

In view of the aforesaid capital structure, the further equity share capital of the Company amounting to ₹1,182.44 crores has been allotted to Govt. of India on 22.03.2016 and Term Loan (unsecured) of ₹1,182.44 crores has been created in books of accounts repayable over a period of 25 years with Interest @ 11.50% p.a.

Note 55 Slow Moving / Non-Moving Inventory

Company is holding stock of slow and non-moving items like stock of CN Coils, P.N. Cathodes, stock of pure nickel etc. aggregating to ₹90.71 crores (Previous Year ₹94.68 crores). Provision of ₹5.04 crores (Previous Year ₹5.34 Crores) has been created against those obsolete/non-moving items where market value is less than the book value.

Note 56 Discontinued Operations at Saifabad Unit (Discontinued IGM)

India Government Mint, Hyderabad has discontinued Minting Operations of its Saifabad Unit, Hyderabad with effect form 01.11.2009. Net Block of Fixed Assets with the Unit as on 31.03.2016 is ₹4,31,907.69 after making Provision for Depreciation ₹85,065.68 for the Current Financial Year. However, it is difficult to ascertain the impact of discontinuing its operations, as separate books of accounts are not being maintained relating to the said Unit.

Note 57 Research and Development

The details of R&D expenses are given below: ***Amount in ₹***

Sl.No.	Particulars	2015-16	2014-15
1.	Capital Expenditure	26,90,469	23,72,513
2.	Revenue Expenditure	52,34,911	74,24,324
	Total	**79,25,380**	**97,96,837**

Note-58 Accounting Treatment for Shop Floor Inventory

As per the prevalent practice the imported spare parts/stores issued from main stores to security stores situated at Shop floor are accounted as consumed irrespective of its actual consumption in the process of production. The imported spare parts not actually consumed at the year-end and lying at the Shop floor have not been returned to the stores and consequently not reversed to stores inventory. Hence the value of unused / unconsumed spares at Shop floor at the year-end is incorporated in the Work in Progress.

Note-59 Expenditure incurred towards Corporate Social Responsibility & Sustainable Development

During the year the Company has incurred an amount of ₹4,81,84,466 on CSR. CSR activities include expenses incurred for the purpose of construction of new school building work related to repair of Road, Plantation of Trees, Drinking Water, Health Equipment as well as Services, Contribution to Relief Funds, Swachh Bharat Mission, Clean Ganga Fund and other basic amenities. The details are as follows:

Sl.No.	CSR Projects	2015-16	2014-15
1	Swatchh Bharat Abhiyan	1,50,00,000.00	2,00,00,000.00
2	Clean Ganga Mission	1,50,00,000.00	1,75,00,000.00
3	Toilet at School	35,00,000.00	30,00,000.00
4	Street Light	25,40,700	33,87,600.00
5	Water Purifier in School	43,00,000	34,90,315.00
6	Drinking Water	15,25,000.00	-
7	Primary School Building	30,00,000.00	-
8	Water Supply in Villages	-	37,12,000.00
9	National Foundation	-	10,00,000.00
10	Tube Well & Water Purifier	-	81,19,487.00
11	Plantation	-	30,00,000.00
12	Other Misc. Projects	33,18,766.00	1,72,04,573.00
	Total	**4,81,84,466.00**	**8,04,13,975.00**

Note 60 The previous year's figures have been recasted / restated / reclassified, wherever necessary, to confirm to current year's classification.

Note 61 Revenue is recognized Inclusive of applicable Sales Tax, Excise duties and levies in respect of sale of Coins, Passport and Postal Items, Weights and Measures and Medals etc. is recognized on dispatch. Job work charges are recognized upon approval of the job by client and dispatch thereof. Sale of currency notes is recognized on acknowledgement of goods receipt by Customers. Sale of major products have been recognized in the books of accounts in Financial Year 2015-16 as follows:-

- The sale of Circulating Coins has been accounted for at CAC Rate (12-13) duly approved by Ministry of Finance.
- The sale of Bank Notes has been accounted for at MOU Rate (15-16) duly approved by Ministry of Finance. MoU Rates are yet to be accepted by RBI in respect of Bank Notes.
- The Sale of Postal Stationery has been accounted for at the rates recommended by the Chief Advisor Cost (CAC), Ministry of Finance, and Government of India for the year 2013-14.

The difference if any between rates of Coins, Bank Notes & Postal Stationery accounted for in Financial Year 2014-15 and rates to be finalised by CAC based on cost plus return on capital employed approach which is yet to be approved by Ministry of Finance, for these products in subsequent years, will be accounted for in the year of approval.

Note 62 Depreciation is provided on eligible assets as per the rates specified in Schedule-II to the Companies Act, 2013.

Note 63 In financial year 2015-16, Company has got done the actuarial valuation of liabilities of retirement benefits of all its combined optees as on 31.03.2015 by a registered actuary and it was noticed that there is a gap of ₹503.32 crores between corpus of the trust and it's estimated liabilities of retirement benefits to be extended to its retired employees, their spouse & dependent as per CCS pension rules.

As per Rule 37-A(16) of CCS (Pension) Rules, the manner of sharing the financial liability on account of payment of pensionery benefits by the public sector undertaking or autonomous body shall be determined by the Government, however till date Govt of India has not determined to contribute any amount to the trust.

To bridge the shortfall in the corpus of the Pension Trust and considering that estimated retirement liabilities will fall on the company over several years comprising life expectancy of its combined Optees, their spouse and dependents. It is prudent to amortised this liabilities over a period of 5 years starting from F.Y. 2015-16. Accordingly, Company has charged a sum of ₹100.66 crores in F.Y. 2015-16 as provision for pension trust liability in profit & loss account and balance amount of ₹402.66 crores shall be amortised by charging ₹100.66 crores annually to Profit & Loss A/c till FY 2019-20. In case the Govt of India will contribute towards the liability under Rule 37-A of CCS Pension in future, the company will consider the same in the year of receipt.

Note 64 Due to finalisation of CAC Rate (13-14) for Coins, the sale of earlier year i.e. Financial Year 2013-14 has been revised and the difference of the sales has been considered in Profit & Loss Account as rate difference for earlier year by ₹42,97,71,237.00.

Note 65 Income & Expenditure during Construction/Pre-Production period.

a) The company had sought an opinion from Expert Advisory Committee of the Institute of Chartered Accountants of India (ICAI) on accounting treatment of income and expenditure during construction period. While agreeing to the accounting treatment of expenditure, the expert advisory committee has expressed its opinion dated 16th June, 2015 that the interest earned on fixed deposits temporarily parked out of equity funds are an income arising out of ancillary activities. The committee also added that these are not necessary to bring the fixed assets to its working condition for its intended use and hence cannot be adjusted against the pre-operative expenses attributable to the cost of fixed assets. As there is no specific Accounting Standard on treatment of interest earned on Fixed deposit made out of equity fund during construction period, the management has submitted a review application to the expert advisory committee of the Institute of Chartered Accountants of India for a review/reconsideration of the opinion. Pending the outcome of the review application, the Company continues to treat income during construction period as capital receipt and reduce from the preoperative expenses. Based on the Supreme Court decisions in (i) Karnal Co-Operative Sugar Mills Limited vs. CIT (Supra) (ii) CIT vs. Bokaro Steel Ltd. (Supra) (iii) CIT vs. Karnal Co-operative Sugar Mill Limited (2000) 161 CTR (SC) 241:(2000) 243 ITR 2 (SC) (iv) CIT Vs. Karnataka Power Corporation (2000) 162 CTR (SC) 249:(2001) 247 ITR 268 (SC) and also relying on Delhi High Court decisions in (i) Indian Oil Panipat Power Consortium Limited vs CIT, the Company has not provided for income tax, if any. However, as an abundant precaution, Company has paid advance tax including TDS amounting to ₹3,30,55,155 (P.Y. ₹4,12,43,932). The company will file a Nil Income Tax Return claiming refund of tax so paid.

Considering the fact and circumstances of the case, the Income Tax Appellate Authority has upheld our stand based on decision of the Supreme Court in CIT vs. Bokaro Steel Limited and passed the order in favour of adjustment of interest income with the preoperative expenses.

b) During the supplementary audit of accounts for the year 2014-15, the Government audit had observed that, the Company, accounted for pre-operative expenditure like travelling, printing and stationary, communication charges, rent, rates & taxes etc., without segregating such expenditure as directly attributable to project construction and other overheads. As assured, the company has further reviewed and analysed the expenditure during the entire construction period and segregated such expenditure between attributable to construction and general overheads for treatment in the financial statements. General overheads pertaining to the earlier years have been charged to statement of profit and loss as a prior period items as per the following details. Effects in the financial statements of SPMCIL are given (50% share) as under:

(Amount in ₹)

Name of the accounted head	Amount taken out of Pre-operative Expenditure and Charged to P&L Account
Foundation Stone Laying Expenses	10,00,000
Employee benefits Expenses	13,89,293
Depreciation and Amortization Expenses	2,00,351
Travelling, Halting and Conveyance Expenses	32,65,896
Printing and Stationary	3,52,765
Communication Charges	2,70,811
Power, Fuel, Light and Water	81,735
Rent, Rates and Taxes	3,92,404
Legal and Profession Charges	11,32,504
Advertisement and Publicity Expenses	4,63,108
Meeting and Conference Expenses	10,36,752.50
Newspaper, Books, Periodicals, Subscription	6,25,092
Recruitment Expenses	27,33,911.50
Misc. Expenses	6,63,042.50
Total	**1,36,07,665.50**

Effect in the Balance Sheet	Reserve & Surplus (Profit and Loss Account)	CWIP (Pre-operative Expenses)
Equity and liabilities (representing loss)	-1,36,07,665.50	-
Assets (representing deletion)	-	-1,36,07,665.50

Note 66 Capitalization of Project Assets during the Year

The Company during the year has capitalized the utilities like power, water, steam, effluent treatment plant etc., which were designed to support the main plant and equipment and ready as on 1st August, 2015 for use in pre-commissioning/commission/trial run of the main plant and equipment. The assets capitalized during the year have been shown as addition to fixed assets under the respective heads.

Buildings which were ready for their intended use have been capitalized during the year and shown as addition to fixed assets under the heads buildings.

Expenditure of ₹6,29,92,530 incurred on creation of facilities of raw water supply system such as, construction of jack well, laying of pipeline etc., on land not belonging to the company from river Kaveri, Balamuri to the project site executed by KUWS&DB under deposit contribution basis has been capitalized as an enabling infrastructure for raw water treatment and distribution plant owned and controlled by the company. Similarly, expenditure of ₹4,17,82,000 incurred on infrastructure for power supply such as laying of underground cables etc., through the land belonging to BRBNMPL undertaken by KPTCL under deposit contribution basis for energizing the switchyard has been capitalized as an enabling infrastructure for the switchyard owned and controlled by the Company.

The main plant and equipment being in the commission stage/trial run stage as at the year-end has not been capitalized and accordingly shown as Capital Work in Progress.

Note 67 Tax Matters

Income Tax - Assessment has been completed for the A.Y. 2011-12 (F.Y. 2010-11), A.Y. 2012-13 (F.Y. 2011-12), A.Y. 2013-14 (F.Y. 2012-13) and A.Y. 2014-15 (F.Y. 2013-14) by taxing the interest earned during the construction period under the head “Income from Other Source”. The company has preferred appeal against Assessment Orders for all the above years. CIT Appeal has since passed his order for the A.Y. 2011-12 (F.Y. 2010-11) and A.Y. 2012-13 (F.Y. 2011-12) in favour of the Company upholding that, the interest earned during the construction period should be reduced from Pre-operative expenses and not to be treatment an income. Pending outcome of the appeal before CIT (Appeal) for A.Y. 2013-14 (F.Y. 2012-13) and A.Y. 2014-15 (F.Y. 2013-14) the company has not recognized tax demand of ₹3,52,26,528 A.Y. 2013-14 and ₹4,08,40,397 for A.Y. 2014-15 as liability. The advance tax paid is shown under Loans and Advances. The department, however, has preferred an appeal before ITAT challenging the order of the CIT (Appeal) for the A.Y. 2011-12 (F.Y. 2010-11). The outcome of appeal before tribunal is pending.

Note 68 Details of Long Term Borrowings, Terms of Repayments & Rate of Interest

A. **In Case of SPMCIL :** Term loan from Ministry of Finance of ₹1,182.44 crores is unsecured carrying interest @11.50% p.a. payable annually and for a tenure of 25 years.

B. **In Case of BNPMIPL:**

Bank Names	Sanctioned Amount (in ₹)	Outstanding Balances (in ₹)	
	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
State Bank of India	4,00,00,00,000	394,45,06,613	315,19,63,893
HDFC Bank Limited	4,90,00,00,000	401,29,86,387	277,39,08,310
Total	**8,90,00,00,000**	**795,74,93,000**	**592,58,72,203**

The loan tenor is 11.25 years with 3.25 years moratorium on repayment of Principal which is repayable in 16 half-yearly instalments commencing from September, 2017. Interest is however, serviced every month at the applicable rate.

Details of Security provided for bank loan:

Particulars of Security provided for Term Loan	In favour of State Bank of India to the extent of ₹	In favour of HDFC Bank to the extent of ₹
a) Secured by specific pari-passu first charge on plant and machinery for manufacturing of bank note paper of capacity 12000 TPA excluding 34.462 acres of land taken on lease from Bharatiya Reserve Bank Note Mudran Private Limited and building thereon. b) Specific second pari-passu charge on all stock in trade present and future, all books debts, outstanding money receivable, claims and bills which are now due and owing or which at any time here after during the continuance of this security become due and owing to the company in the course of its business.	4,00,00,00,000	4,90,00,00,000
Note: Charge is created in favour of the lenders to the extent of the amount mentioned in the respective column plus interest, cost & charges, if any.		

Particulars of Security provided for Working Capital Loan:	In favour of State Bank of India to the extent of ₹	In favour of HDFC Bank Ltd. to the extent of ₹
Secured by specific pari-passu first charge on all the stock in trade both present and future consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise with on all the book debts, outstanding monies receivable, claims and bills which are now due and owing or which mat at any time hereafter during the continuance of this security become due and owing to us in course of its business. Specific second pari-passu charges on plant and machinery for manufacturing of bank note paper of capacity 12000TPA excluding 34.462 acres of land taken on lease from Bharatiya Reserve Bank Note Mudran Private Limited and building theron.	Not yet Executed	125,00,00,000 (₹70,00,00,000 Fund Base Limit* and ₹55,00,00,000 Non-Fund Base Limit)
*Fund Based Limit has not been utilised within the reporting period.		

Note 69 Statement containing salient features of the financial statement of Joint Venture for the year ended 31.03.2016

A statement containing salient features of the Financial Statement of Joint Venture for the year ended 31.03.2016 has been annexed as Annexure-A.

As per our report of even date annexed.

For M/s. Batra Sapra & Co.
Chartered Accountants
Firm Registration No. 000103N

Sd/-
CA. Amrit Lal Batra
(M.No. 016929)
Partner

Date: 30.09.2016
Place: New Delhi

On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-
Praveen Garg
Chairman & Managing Director & Incharge Director (Finance)

Sd/-
Ajai Kumar Srivastav
Director (Technical)

Sd/-
Sachin Agarwal
Company Secretary

Sd/-
Sanjai Maheshwari
Chief Financial Officer

ANNEXURE-A

Statement containing Salient features of the Financial Statement of Joint Venture for the year ended 31.03.2016

(Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of the Comapanies (Accounts) Rules, 2014)

Part "A"

Subsidiaries	Not applicable

Part "B"

Associates and Joint Ventures	
Name of Associate/Joint Venture	Bank Note Paper Mill India Pvt. Ltd.
Latest Audited Balance Sheet Date	31.03.2016
Number of Shares of Joint Venture held by the Company at the year end	40,00,00,000
Amount of Investments in Associate/Joint Venture	₹4,00,00,00,000
Extent of Holding %	50%
Description of how there is significance influence	Pursuant to Section 2(6) of the Companies Act, 2013
Reason why the joint venture is not consolidated	N.A.
Net Worth attributable to Shareholding as per latest Audited Balance Sheet	₹3,93,77,75,530
Profit/(Loss) for the year	(₹4,56,77,442)
(i) Considered in Consolidation	Yes
(ii) Not Considered in Consolidation	N.A.

a) Names of Association or Joint Ventures which are yet to commence operation – N.A.

b) Names of Associates or Joint Ventures which have been liquidated or sold during the year – N.A.

On behalf of Security Printing and Minting Corporation of India Limited

Sd/-	Sd/-	Sd/-	Sd/-
(Praveen Garg)	**(Ajai Kumar Srivastav)**	**(Sachin Agarwal)**	**(Sanjai Maheshwari)**
CMD & I/c D(F)	Director (Technical)	Company Secretary	Chief Financial Officer

SPMCIL

भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण निगम लिमिटेड

मिनीरत्न श्रेणी-I सीपीएसई (भारत सरकार के पूर्ण स्वामित्वाधीन)
16वां तल, जवाहर व्यापार भवन, जनपथ, नई दिल्ली - 110001
सीआईएन: - U22213DL2006GOI144763

Security Printing and Minting Corporation of India Ltd.

A Mini Ratna Category-I CPSE (Wholly owned by Govt. of India)
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Website : www.spmcil.com
CIN : U22213DL2006GOI144763

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