







भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण निगम लिमिटेड Security Printing and Minting Corporation of India Ltd.

Our Network

NEW DELHI

Corporate Office

16th Floor, Jawahar Vyapar Bhawan,

Janpath.

New Delhi – 110 001, INDIA Ph. : 91-11-23701225-26 Fax : 91-11-23701223 Email: info@spmcil.com Web : www.spmcil.com

MUMBAI

India Government Mint

Shahid Bhagat Singh Marg,

Fort, Mumbai-400 023, Maharashtra, INDIA

Ph. :91-22-22662555, 22661735

Fax: 91-22-22661450

Email: igm.mumbai@spmcil.com Web: http://igmmumbai.spmcil.com

NASHIK

India Security Press

Nashik Road-422 101 Maharashtra, INDIA Ph. : 91-253-2402200

Fax : 91-253-2462718, 2466389

Email: isp@spmcil.com

Web : http://ispnasik.spmcil.com

NASHIK

Currency Note Press

Jail Road, Nashik Road-422 101

Maharashtra, INDIA

Ph. : 91-253-2461471, 2463730-39

Fax :91-253-2464100 Email:gmcnp@spmcil.com

Web: http://cnpnashik.spmcil.com

KOLKATA

India Government Mint

Alipore, Kolkata – 700 053 West Bengal, INDIA

Ph.: 91-33-24014132-35 Fax: 91-33-24010553 Email: calmint@spmcil.com

Web : http://igmkolkata.spmcil.com

NOIDA

India Government Mint

D-2, Sector-1, Post Box No. 78

Noida-201 301 Uttar Pradesh, INDIA Ph. : 91-120-25202563 Fax : 91-120-2537609 Email: igm.noida@spmcil.com Web :http://igmnoida.spmcil.com

DEWAS

Bank Note Press

Dewas-455 001

Madhya Pradesh, INDIA Ph. :91-7272-255222 Fax :91-7272-255111

Email: bnpdewas@spmcil.com Web: http://bnpdewas.spmcil.com

HOSHANGABAD

Security Paper Mill

Hoshangabad-461 005 Madhya Pradesh, INDIA Ph.: 91-7574-255259 Fax: 91-7574-255170 Email: qm.spm@spmcil.com

Web: http://spmhoshangabad.spmcil.com

HYDERABAD

Security Printing Press

Mint Compound, Saifabad,

Hyderabad-500 063, Telangana, INDIA Ph. : 91-40-23253614, 23455532

Fax: 91-40-23456687 Email: spp.hyd@spmcil.com

Web : http://spphyderabad.spmcil.com

HYDERABAD

India Government Mint

IDA, Phase-II, Cherlapally, P.B. No. 10, H.C.L. (PO)

R.R. District, Hyderabad-500 051

Telangana, INDIA Ph. : 91-40-27261731 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 RLD indignization and the triple bottom line of people, planet and profit; and
- Ensuring employees, customers and stakeholders delight.



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BOARD OF DIRECTORS

(As on 27th September, 2017)

Shri Praveen Garg Chairman and Managing Director

Shri Ajai Kumar Srivastav Director (Technical)

Shri S.K. Sinha Director (HR)

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

Shri Upendra Tripathy Independent Director

Shri P.J. Mathew Independent Director



SENIOR MANAGEMENT

(As on 27th September, 2017)

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

Shri S.B. Behra Chief Vigilance Officer (Incharge)

STATUTORY AUDITORS

M/s. Bhatia & Bhatia, Chartered Accountants, New Delhi

SECRETARIAL AUDITORS

M/s. Arora Jitender & Co., Company Secretaries, Delhi

COST AUDITORS

M/s. Ajay Kumar Singh & Co. Cost Accountants, Delhi

COMPANY SECRETARY

Shri Sachin Agarwal



STATEMENT TO SHAREHOLDERS BY SHRI PRAVEEN GARG, CHAIRMAN AND MANAGING DIRECTOR DURING 12th AGM HELD ON 27th SEPTEMBER, 2017



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 12th 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, 2017 are already with you and with your permission, I take them as read.

OPERATIONAL PERFORMANCE

Your Company has achieved the targets in production of Bank Notes, Circulating Coins, Passports, Security Inks and other Security Products during the year 2016-17. While achieving the ever highest production targets of Bank Notes, Circulating Coins, etc. the Company has also increased productivity per employee considerably.

After demonetisation of ₹500/- and ₹1000/- denominations Banknotes by the Government of India on November 08, 2016, SPMCIL achieved the herculean task of remonetisation by printing the new design of ₹500/- Bank Notes and Bank Notes of smaller denominations to meet the demand of the Bank Notes of the Country. The Currency Printing Presses of the Company at Nasik and Dewas had been kept on 24×7 working to meet the requirement of Bank Notes and the production of Banknotes had been increased twofold. The process of raw material procurement was streamlined and the delivery of printed Bank Notes was also done to various RBI Centres with the help of Indian Air Force Aircrafts and Air Cargo.

Your Company has produced 8785 million pieces of the Bank Notes and supplied 9265 Million pieces to RBI during the year 2016-17. This is 22.86% higher than the production of 7150 million pieces of the Bank Notes during the last year. Production of the Bank Notes per employee has increased to 2.48 million pieces in 2016-17 as against 1.93 million pieces achieved during the previous year.

Your Company has produced 9681 million pieces of the Circulating Coins and supplied 9691 million pieces of the Circulating Coins during the year 2016-17. This is 4.61% higher than the production of 9254 million pieces achieved during the previous year. Production of Coins per Employee has increased to 3.37 million pieces in 2016-17 as against 3.07 million pieces achieved during the previous year.

Your Company has produced 825 Metric Tonnes (MT) of the Security Inks in 2016-17 from the Ink Factory, Dewas against 809 MT of Inks produced during 2015-16. This is 1.93% higher than the production of Security Inks in the previous year. Production of Security Inks per employee has increased to 11.00 MT in 2016-17 as against 10.93 MT achieved during the previous year.

During the year 2016-17, SPM, Hoshangabad has produced 3200 MT of the Security Paper against 3816 MT produced during 2015-16 and supplied 3539 MT Security Paper to the presses. The decrease in the volume of production of Security Paper in F.Y. 2016-17 is due to the stoppage of new paper line for some time to rectify the technical defects through OEM at SPM, Hoshangabad.



FINANCIAL PERFORMANCE

The Sales Turnover of your Company has increased to ₹5,835.91 crores in 2016-17 from ₹4,646.59 crores in 2015-16 registering a growth of 25.60% over the previous year. The Sales per Employee during 2016-17 has increased by 34.06% to ₹56.36 lacs from ₹42.04 lacs during the year 2015-16. The Revenue from Operations of your Company has increased to ₹5,966.02 crores in 2016-17 from ₹4,730.58 crores during the previous year, 2015-16. The company has achieved a net profit of ₹615.68 crores in the year 2016-17 as compared to a net profit of ₹358.96 crores in the year 2015-16. Net profit has increased to ₹745 crores after taking into account the 50% share of net profit of JV Company, Bank Note Paper Mill India Pvt. Ltd (BNPMIPL). Your Company has repaid the full amount of Term Loan of ₹1,135.14 crores to Govt. of India in FY 2016-17 in advance thus it has become Debt-Free.

DIVIDEND

Pursuant to guidelines on Capital Restructuring issued by DIPAM, the Board of Directors of your Company has recommended a Final Dividend @ 5% of the Net-worth of the Company for the year 2016-17 aggregating to ₹227.64 crores plus applicable Dividend Distribution Tax.

MoU PERFORMANCE

Your Company has been granted the 'Very Good' rating by the Department of Public Enterprises (DPE) for its MoU for the year 2015-16. For the year 2016-17, the self-evaluation report of MoU duly approved by Board and Ministry has been sent to DPE. As per self-evaluation report of MoU 2016-17, the Company is poised to achieve the 'Excellent' rating.

MODERNISATION / INDIGENISATION

During the year 2016-17, your Company has taken many modernization and capacity augmentation initiatives. CNP, Nashik has installed Deep pile delivery system on Six Numerota machines. One number of Cutlink machine each at CNP, Nashik and BNP, Dewas has been installed. One number of Computerized Random Numbering (CRN) system on one Super Numerota machine and One number Electronic Numbering Control (ENC) system has been installed on Old Numeropak machine at CNP, Nashik. Automatic label applicator on finishing machines at BNP, Dewas and CNP, Nashik has been installed. BNP, Dewas has completed the installation, commissioning, administration & network training of CToP system (Computer to Offset Plate making system) within a short time which was of great help in remonetisation period. IGM, Hyderabad has upgraded two nos. of MRH 150 Coining Presses. The installation of vacuum furnace has been done at the Mints of the Company. IGM, Kolkata has done up-gradation of Bosch Packaging Line in examination/packaging Section. Hobbing cum Medal Press has been added at IGM, Kolkata and IGM, Mumbai. IGM, Kolkata has also installed gold and silver plating plant. The installation of electroplating plant has been done at IGM, Mumbai, IGM, Kolkata & IGM, Hyderabad. ISP, Nashik has procured and installed a new high speed folding machine for Passport Booklets. The DPR for the project of installation and commissioning of two integrated New Paper Lines at Security Paper Mill Hoshangabad with the capacity of 12,000 ADTPA of CWBN paper has been submitted to Administrative Ministry for approval.

RESEARCH & DEVELOPMENT (R&D)

The state-of-the-art Corporate R&D Centre has been setup at CNP, Nashik to carry out research and development activities on currency, passport and security documents etc. at par with international standards. Infrastructure such as counterfeit deterrence technology laboratory, material characterisation laboratory (optics, spectroscopy & microscopy), chemical analysis laboratory, pilot plant has been developed for in-house R&D activities. Ink Factory, Dewas has developed Marker



Ink Black (Import substitute) for Paper Machines Web through in-house research and supplying the same to SPM, Hoshangabad on regular basis. Ink Factory, Dewas has also developed through in-house research all the new inks for new design of ₹500/- banknote, new offset design of ₹20/- and ₹50/- banknotes, LP fluorescent numbering ink black for new design ₹500/- and supplied the same to both currency presses. New R&D setup has been created at ISP, Nashik and SPM, Hoshangabad. Latest testing equipment & machinery has been procured and installed successfully in the said R&D centres. IGM, Kolkata has completed R&D project titled "One Step Separation of Metallic Silver and Copper from Quaternary Silver/low touch Silver Alloys"..

HUMAN RESOURCE

The Manpower Strength in your Company has come down to 10,354 as on 31.03.2017 which includes 359 Executives, 1069 Supervisors and 8926 Workers working in 9 Units and Corporate office in comparison to previous year's employee strength of 11,052. 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.

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 Ministry of Finance vide order dated 16.02.2017 has appointed two Independent Directors on the Board of the Company as per provisions of the Companies Act, 2013. The compliance certificate has been obtained from the practicing Company Secretary regarding compliance of the guidelines on Corporate Governance by SPMCIL for the year 2016-17, which is annexed to the Directors Report..

AWARDS

IGM, Mumbai has been awarded with the 24 MRC Business Excellence Award for Manufacturing Coins & Medals, 2nd Prize for Excellence Work in Official Language by TOLIC, Mumbai Upkram and Raj Bhasha Gourav Samman Award by Socio-Literary Sansthan Aashirvad, Mumbai. BNP, Dewas has been awarded with 'National Safety Award' for outstanding performance in Industrial Safety as Runner-up for the performance year 2014 in achieving Lowest Average Frequency Rate. Town Official Language Implementation Committee, Nashik awarded First Prize to 9th Edition of "Mudra Bharati" published by CNP, Nashik for the year 2016-17 and First Prize to ISP, Nashik for Implementation of Official Language for the year 2016-17.SPM, Hoshangabad has been awarded with First Prize for Excellent Performance in Implementation of Official Language. Your Company has been conferred the PSE Excellence Awards 2016 in the Category of Corporate Social Responsibility & Sustainability under the Miniratna Category-I by Indian Chamber of Commerce (ICC), Kolkata. I as CMD of your Company was also felicitated with Award for outstanding contribution in steering your esteemed organisation to greater heights by Indian Chamber of Commerce. Your Company has been conferred the Skoch Order-of-Merit Award and Skoch BSE



Award for Corporate Excellence for Remonetisation and Restoration of Adequate Liquidity in the Economy. Your Company has also been conferred the 14th National Award for Excellence in Cost Management-2016 in Public-Manufacturing-Large Category by 'The Institute of Cost Accountant of India'

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, the Statutory Auditors and Secretarial Auditors and Cost 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: 27th September, 2017

(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 12th (Twelfth) ANNUAL GENERAL MEETING of the Members of Security Printing and Minting Corporation of India Limited will be held on Wednesday, the 27th day of September, 2017 at 1.00 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

- To receive, consider and adopt the audited Standalone as well as Consolidated Financial Statements for the financial year ended March 31, 2017 together with the Reports of the Directors' and the Auditors' thereon.
- 2. To declare the payment of Final Dividend @ 5% of Net Worth of the Company for the financial year 2016-17.
- 3. To fix the remuneration of the Auditors of the Company appointed by the Comptroller and Auditor General of India for the year 2017-18.

SPECIAL BUSINESS

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

"RESOLVED THAT the appointment of Shri Upendra Tripathy (DIN 02942700), as Independent Director on the Board of Security Printing and Minting Corporation of India Limited (SPMCIL) by Govt. of India vide Notification F.No.2/1/2017-SPMC(Pt.) dated February 16, 2017, in terms of Article 13(1)(a) of the Articles of Association of the Company, w.e.f. February 16, 2017 for a period of three years from the date of notification or until further orders whichever is earlier, be and is hereby noted."

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

"RESOLVED THAT the appointment of Shri P.J. Mathew (DIN: 06431096), as Independent Director on the Board of Security Printing and Minting Corporation of India Limited (SPMCIL) by Govt. of India vide Notification F.No.2/1/2017-SPMC(Pt.) dated February 16, 2017, in terms of Article 13(1)(a) of the Articles of Association of the Company, w.e.f. February 16, 2017 for a period of three years from the date of notification or until further orders whichever is earlier, be and is hereby noted."

By Order of the Board of Directors

Date: 27th September, 2017

Place: New Delhi

(SANJAI MAHESHWARI)
Chief Financial Officer

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.



EXPLANATORY STATEMENTS IN RESPECT OF ITEMS OF THE NOTICE

Explanatory Statement under Section 102 of the Companies Act, 2013 in respect of Item No.4 of the Notice

Govt. of India, Ministry of Finance, Department of Economic Affairs has, vide Notification No.2/1/2017-SPMC(Pt.) dated February 16, 2017, appointed Shri Upendra Tripathy (DIN: 02942700), as Independent Director on the Board of Security Printing and Minting Corporation of India Limited (SPMCIL), in terms of Article 13(1)(a) of the Articles of Association of the Company w.e.f. February 16, 2017 for a period of three years from the date of notification or until further orders whichever is earlier. Board has noted the above appointment pursuant to Section 149(4) of the Companies Act, 2013 and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014. Members are requested to take note of the said appointment.

In terms of Section 102(1) of the Companies Act, 2013, it may be mentioned that no Director (other than Shri Upendra Tripathy himself) or Key Managerial Personnel of SPMCIL or their relative is, whether directly or indirectly, concerned or interested, financial or otherwise, in the passing of the aforesaid resolution. Shri Upendra Tripathy is not related to any other Director on the Board of the Company or any Key Managerial Personnel of the Company.

Explanatory Statement under Section 102 of the Companies Act, 2013 in respect of Item No.5 of the Notice

Govt. of India, Ministry of Finance, Department of Economic Affairs has, vide Notification No.2/1/2017-SPMC(Pt.) dated February 16, 2017, appointed Shri P.J. Mathew (DIN: 06431096), as Independent Director on the Board of Security Printing and Minting Corporation of India Limited (SPMCIL), in terms of Article 13(1)(a) of the Articles of Association of the Company w.e.f. February 16, 2017 for a period of three years from the date of notification or until further orders whichever is earlier. Board has noted the above appointment pursuant to Section 149(4) of the Companies Act, 2013 and Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014. Members are requested to take note of the said appointment.

In terms of Section 102(1) of the Companies Act, 2013, it may be mentioned that no Director (other than Shri P.J. Mathew himself) or Key Managerial Personnel of SPMCIL or their relative is, whether directly or indirectly, concerned or interested, financial or otherwise, in the passing of the aforesaid resolution. Shri P.J. Mathew is not related to any other Director on the Board of the Company or any Key Managerial Personnel of the Company.

By Order of the Board of Directors

Date: 27th September, 2017

Place: New Delhi

(SANJAI MAHESHWARI)
Chief Financial Officer



DIRECTORS REPORT

TO THE MEMBERS

On behalf of the Board of Directors, it gives me immense pleasure to present the 12th Annual Report of the company and Audited Annual Accounts for the financial year ended 31st March, 2017 together with the report of the Statutory Auditors and Review of the Comptroller & Auditor General of India thereon. The year 2016-17 was a landmark year as the company achieved the highest ever performance in almost all the physical parameters with record-breaking profits.

PHYSICAL PERFORMANCE

Your Company has achieved the targets in production of Bank Notes, Circulating Coins, Passports, Security Inks and other Security Products during the year 2016-17. While achieving the ever highest production targets of Bank Notes, Circulating Coins, etc. the Company has also increased productivity per employee considerably.

After demonetisation of ₹500/- and ₹1000/- denominations Banknotes by the Government of India during November, 2016, SPMCIL achieved the herculean task of remonetisation by printing the new design of ₹500/- Bank Notes and Bank Notes of smaller denominations to meet the demand of the Bank Notes of the Country. The Currency Printing Presses of the Company at Nasik and Dewas had been kept on 24×7 working to meet the requirement of Bank Notes and the production of Banknotes had been increased two fold. The process of raw material procurement was streamlined and the delivery of printed Bank Notes was expedited to various RBI Centres with the help of Indian Air Force Aircrafts and Air Cargo.

Your Company has produced 8785 million pieces of the Bank Notes and supplied 9265 Million pieces of Bank Notes to RBI during the year 2016-17. This is 22.86% higher than the production of 7150 million pieces of the Bank Notes during the last year. Production of the Bank Notes per employee has increased to 2.48 million pieces in 2016-17 as against 1.93 million pieces achieved during the previous year.

Your Company has produced 9681 million pieces of the Circulating Coins and supplied 9691 million pieces of the Circulating Coins during the year 2016-17. This is 4.61% higher than the production of 9254 million pieces achieved during the previous year. Production of Coins per Employee has increased to 3.37 million pieces in 2016-17 as against 3.07 million pieces achieved during the previous year.

Your Company has produced 825 Metric Tonnes (MT) of the Security Inks in 2016-17 at Ink Factory, Dewas against 809 MT of Inks produced during 2015-16. This is 1.93% higher than the production of Security Inks in the previous year. Production of Security Inks per employee has increased to 11.00 MT in 2016-17 as against 10.93 MT achieved during the previous year.

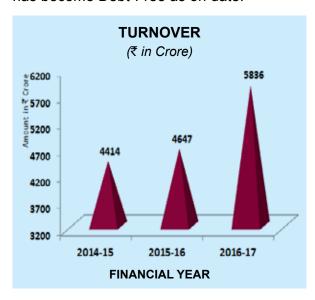
During the year 2016-17, SPM, Hoshangabad has produced 3200 MT of the Security Paper against 3816 MT produced during 2015-16 and supplied 3539 MT Security Paper to the presses. The decrease in the volume of production of Security Paper in F.Y. 2016-17 is due to the stoppage of new paper line for some time to rectify the technical defects.

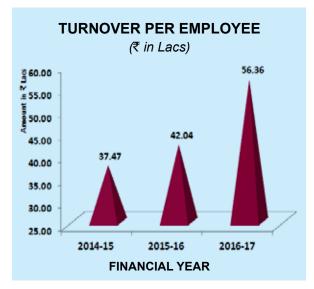
FINANCIAL RESULTS

The financial statements of your Company for the year 2016-17 have been prepared in accordance with IndAs and comparative figures of previous year have been regrouped/rearranged accordingly. The Sales Turnover of your Company has increased to ₹5,835.91 crores in 2016-17 from ₹4,646.59 crores in 2015-16 registering a growth of 25.60% over the previous year. The Sales per Employee during 2016-17 has increased by 34.06% to ₹56.36 lacs from ₹42.04 lacs during the year 2015-16. The Revenue from Operations of your Company has increased to ₹5,966.02 crores in 2016-17 from ₹4,730.58 crores during the previous year, 2015-16. The company has achieved a net profit



of ₹615.68 crores in the year 2016-17 as compared to a net profit of ₹358.96 crores in the year 2016-17. Net profit has increased to ₹745 crores after taking into account the 50% share of net profit of JV Company, Bank Note Paper Mill India Pvt. Ltd (BNPMIPL). Your Company has prepaid the full amount of Term Loan of ₹1,135.14 crores to Govt. of India in FY 2016-17 thus it has become Debt-Free as on date.





(₹ in crores)

Particulars	F.Y. 2016-17	F.Y. 2015-16
Revenue from Operations	5,966.02	4,730.58
Add: Other Income	137.88	149.43
Less: Expenditure	5,189.46	4,568.41
Profit/(Loss) Before Exceptional Items & Taxation	914.44	311.60
Less: Exceptional Items	_	-
Profit/(Loss) after Exceptional Items before Taxation	914.44	311.60
Less: Tax Expense		
(1) Current Tax	459.54	28.91
(2) Deferred Tax	(197.51)	(62.99)
(3) MAT Credit Entitlement	_	(28.91)
Profit/(Loss) for the year	652.40	374.59
Other Comprehensive Income	(36.72)	(15.63)
Total Comprehensive Income for the period	615.68	358.96
Add: Share of Profit from Joint Venture (Net of Tax)	130.02	(6.42)
Profit /(Loss) after Taxation (Consolidated)	745.70	352.54
Reserves & Surplus	3,370.38	2,821.34
Net Worth	4,552.87	4,003.83
Borrowings	_	1,135.14
PAT/Net Worth (Standalone) (% age)	13.50	6.51



The prices of coins, bank notes and postal products for the purpose of finalization of annual accounts 2016-17 are based on the following:

SI.No.	Products	Basis
1.	Coins	CAB Rates (F.Y. 2013-14) approved by Ministry of Finance
2.	Bank Notes	MoU Rates approved by Ministry of Finance for F.Y. 2016-17.
3	Postal Products	CAB Rates (F.Y. 2014-15) approved by Ministry of Finance.

The prices taken into consideration while finalizing annual accounts for financial year 2016-17 are based on the most reliable estimates available and are in compliance of Ind AS–18 on revenue recognition 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.

MOU PERFORMANCE

Your Company has been granted the 'Very Good' rating by the Department of Public Enterprises (DPE) for its MoU for the year 2015-16. For the year 2016-17, the self-evaluation report of MoU duly approved by Board and Ministry has been sent to DPE. As per self-evaluation report of MoU 2016-17, the Company is poised to achieve the 'Excellent' 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 2016-17 is as follows:

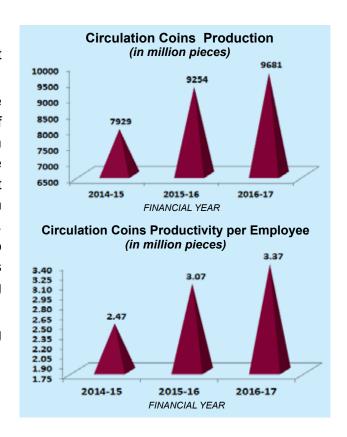
1. MINTS

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

During the year 2016-17, the four mints have produced ever highest circulating coins of 9681 million pieces as against 9254 million pieces produced during the previous year. The production per employee during the current year has increased to 3.37 million pieces from 3.07 million pieces during the previous year. During the year 2016-17, the Mints have also produced 6006 million pieces coin blanks as against 6228 million pieces produced during the previous year.

During the year 2016-17, the following commemorative coins have been released:

- (i) 200th Birth Anniversary of Tatya Tope.
- (ii) Banaras Hindu University.





- (iii) 475th Birth Anniversary of Maharana Pratap.
- (iv) 500th Anniversary of Shri Krishna Chaitanya Mahaprabhu.
- (v) Centenary Celebration of University of Mysore.

During the current year, IGM, Noida has produced 3922 million pieces circulating coins as against 3710 million pieces produced in the previous year. IGM, Mumbai has produced 2201 million pieces of circulating coins in the current year as against 2151 million pieces produced in the previous year. IGM, Hyderabad has produced 1513 million pieces of circulating coins in the current year vis-à-vis 1345 million pieces produced in the previous year. IGM, Kolkata has produced 2045 million pieces of circulating coins as against 2048 million pieces produced in the previous year.

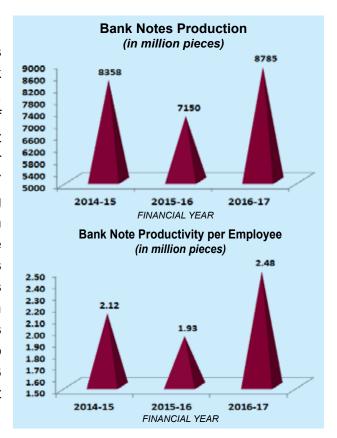
IGM, Mumbai has obtained the NABL accreditation certificate for Fire Assay of Gold and Assaying of Silver. Also IGM, Mumbai and IGM, Kolkata have obtained BIS Licence to use the standard mark for Gold Coins. IGM, Mumbai has the facility Gold refining and can process gold upto a fineness of 999.9g/kg.

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.



2. CURRENCY PRINTING PRESSES

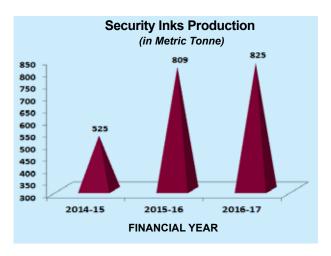
There are two Currency Printing Presses i.e. Currency Note Press (CNP), Nashik and Bank Note Press (BNP), Dewas. CNP, Nashik has produced 4872 million pieces of Bank Notes in the year 2016-17 as against 4350 million pieces produced in the year 2015-16. CNP, Nashik has supplied 5177 million pieces of banknotes to RBI during the year 2016-17 as against 4012 million pieces of Bank Notes supplied during the last financial year, 2015-16. BNP, Dewas has produced 3913 million pieces of Bank Notes in 2016-17 as against 2800 million pieces in the previous year 2015-16. BNP, Dewas has supplied 4088 million pieces of Bank Notes to RBI during the year 2016-17 as against 2773 million pieces of Bank Notes during the last financial year 2015-16.

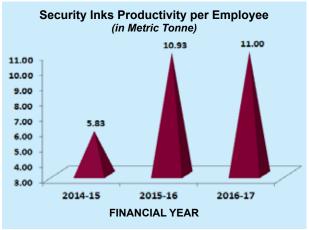


3. INK FACTORY AT DEWAS

Ink Factory is manufacturing Offset Ink, UV Ink and Quickset Intaglio Ink. During the year 2016-17, Ink Factory has manufactured 824.64 MT of Inks as against 809.26 MT of inks produced during the previous year 2015-16.







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 2016-17, your company has printed 15.58 million travel documents/ passport booklets as against 15.28 million in the previous year. During the year 2016-17, your Company has printed 258.99 million pieces NJSPs as against 289.17 million pieces produced during the previous year.

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 used for Bank Notes and other security documents printed by the Printing Presses of the Company.

One integrated new CWBN paper making facilities with a state of art technology with a capacity of 6000 MT has been commissioned at SPM, Hoshangabad.

During the year 2016-17, your company has

Security Paper Production (in Metric Tonne) 4000 3266 3200 3500 8000 2500 2000 1500 1000 500 2014-15 2015-16 2016-17 **FINANCIAL YEAR**

produced 3200 MT of Security Paper and supplied 3539 MT Security Paper to the presses. The production of Security Paper in the year 2015-16 was 3816 MT. The decrease in the volume of production of Security Paper in F.Y. 2016-17 is due to the stoppage of new paper line for some time to rectify the technical defects through OEM at SPM, Hoshangabad.

(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. The JV Company, BNPMIPL has reported a Net Profit of ₹266.05 crores in the year 2016-17 as compared to Net Loss of ₹12.85 crores in the year 2015-16.



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 Deep pile delivery system on Six Numerota machines for properly judged and arranged pile containing 4000 sheets instead of 250 sheets resulting reduction in manpower and manual intervention thereby reducing spoil.
- One number of Cutlink machine each at CNP, Nashik and BNP, Dewas has been installed and attached to BPS (Single Note Examination) machine for continuous automatic feeding to BPS machine and to avoid cutting of banknotes on Guillotine machine avoiding manual intervention in process.
- One number of Computerized Random Numbering (CRN) system on one Super Numerota machine has been installed at CNP Nashik. After installation of CRN System, random numbering and different formats of numbering are possible. CRN system has reduced downtime of number setting as well as job change over. Also the spoiled numbered sheets can be reprinted immediately thereby reducing the completion time.
- One number Electronic Numbering Control (ENC) system has been installed on Old Numeropak machine at CNP, Nashik for improvement in numbering control system to reduce the chances of wrong numbering.
- Automatic label applicator on finishing machines at BNP, Dewas and CNP, Nashik has been installed. These applicators capture the serial number of the bundle and print the same on bundle.
- During the year 2016-17, CNP, Nashik also replaced/upgraded the old chiller plant of 550 TR with 650 TR, Cylindrical Grinding Machine and added four Numbering Boxes for RNN machines.
- BNP, Dewas has completed the installation, commissioning, administration & network training of CToP system (Computer to Offset Plat making system) within a short time which helped BNP, Dewas to process the Dry offset plates expeditiously during remonetisation period.
- BNP, Dewas has also installed numbering inspection system for Numerota machine. BNP, Dewas has completed the overhauling of SOI Intaglio printing Machine. BNP has also installed and commissioned 20 nos. of Solar Collector for water heating.

Mints

- IGM, Mumbai has undertaken the up-gradation of blanking tool with cartridge arrangement for dies and punches for quick changeover. In the original design, it was required to take the tool out from the press for replacement or grinding of dies and punches. With the newly designed cartridge block, replacing dies and punches is possible without any tool change procedure. In this design, dies and punches with bed plate, stripper plate etc. are assembled in the form of a cartridge. This cartridge can be removed without removing the tool.
- IGM, Hyderabad has upgraded two nos. of MRH 150 Coining Presses through M/s. Schuler Pressen GmbH, Germany. After up-gradation, the production speed for that machine raised from 300 SPM to 650-700 SPM.
- The installation of vacuum furnace has been done at the Mints of the Company. Now, the heat



treatment can be done in batches resulting into huge power saving and increased die life.

- IGM, Kolkata has done up-gradation of Bosch Packaging Line in examination/packaging Section. After up-gradation, the packaging speed has been increased upto 7500 coins per minute.
- Hobbing cum Medal Press has been added at IGM, Kolkata and IGM, Mumbai. IGM, Kolkata has also installed gold and silver plating plant, resulting into uniform quality & required thickness of plating with a capacity of 200 pcs. per day.
- The installation of electroplating plant has been done at IGM, Mumbai, IGM, Kolkata & IGM, Hyderabad. The Coin counting machines have been installed at IGM, Mumbai & Hyderabad.

Security Presses

- ISP, Nashik has procured and installed a new high speed folding machine for Passport Booklets.
- ISP Nashik has also procured and installed new slitting & rewinding machine as an ancillary unit of existing Rotatek Machine.
- The procurement of machinery for post printing operations like die punching, slitter rewinding, VDP number, barcoding and inspection system is in finalisation stage at SPP, Hyderabad.

Security Paper Mill

The DPR for the project of installation and commissioning of two integrated New Paper Lines at Security Paper Mill Hoshangabad with the capacity of 12,000 ADTPA of CWBN paper has been submitted to Administrative Ministry for approval.

RESEARCH AND DEVELOPMENT

- The state-of-the-art Corporate R&D Centre has been setup at CNP, Nashik to carry out research and development activities on currency, passport and security documents etc. at par with international standards. Infrastructure such as counterfeit deterrence technology laboratory, material characterisation laboratory (optics, spectroscopy & microscopy), chemical analysis laboratory, pilot plant has been developed for in-house R&D activities. Facilities such as library, lecture hall, visitor hall have also been completed for the Centre.
- Ink Factory, Dewas has developed Marker Ink Black (Import substitute) for Paper Machines Web through in-house research and supplying the same to SPM, Hoshangabad on regular basis.
- Ink Factory, Dewas has also developed through in-house research all the new inks for new design of ₹500/- banknote, new offset design of ₹20/- and ₹50/- banknotes, LP fluorescent numbering ink black for new design ₹500/- and supplied the same to both currency presses.
- A new R&D setup has been created at ISP, Nashik and various equipment viz. Tool Microscope and Projection Microscope, Muffle Furnace and Hot Air Oven etc. have been installed and commissioned.
- 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 said R&D centre.
- IGM, Kolkata has completed R&D project titled "One Step Separation of Metallic Silver and Copper from Quaternary Silver/low touch Silver Alloys".



HUMAN RESOURCE MANAGEMENT

- After announcement of invalidation of two big denominations currency notes from the night of 8th November, 2016 by the Hon'ble Prime Minister, there was a challenge for remonetisation and printing of new ₹500 and other lower denominations currency notes. To meet the enhanced demand there was a need to run the currency presses in three shifts with 24×7 working. With a view to keep the employees motivated, committed and focused in order to achieve the target of remonetisation, a number of HR initiatives were taken and various Incentive Schemes were introduced. Target Allowance, Staggering Lunch Hour and enhancement of out of pocket expenses were formulated / modified. The Currency Note Presses at Nashik and Dewas moved from two-shift working to three-shift / 24×7 working resulting in two-fold increase in production. Retired employees were also engaged in BNP, Dewas and CNP, Nashik. Excellent HR support was provided to Line Managers to meet the enhanced demand of Bank Notes. During that time, all the Executives, Supervisors and Workers came forward and contributed their best. The role of the Unions in all Units was very constructive resulting into healthy and conducive industrial relations in the Units. Top Management also led from the front and frequent inspections of the Currency Presses by CMD, Director (Tech.) and Director (HR) added to the motivational level of the employees resulting into higher production.
- About 55 numbers of Supervisors in S-1 and S-2 level were promoted in the month of January, 2017 to E-1 and E-2 level (Executive positions) by selection as one time measure.
- An important milestone was reached by way of an agreement with the SPMCIL Employees
 Unions for changeover to IDA pattern of pay scales for all employees of SPMCIL in the
 14th Apex Bipartite Forum Meeting held in January, 2017. SPMCIL Board also accorded for
 implementation of recommendations of 7th CPC for employees in CDA pattern of pay scales
 as on 01.01.2016 and then switchover to IDA pattern of pay scales w.e.f. 01.01.2017.
- Amendments were made in the Performance Management System for Executives and Supervisors of SPMCIL to further improve thier effectiveness and efficiency.
- In general, initiatives were taken to improve the overall HR climate within the Organisation to instil more confidence and trust among the employees towards the Management.

Industrial Relations

- With the objective to provide a common platform to the representatives of the workers/staff, two meetings of the Apex Bipartite Forum were successfully conducted in August, 2016 and January, 2017.
- Interaction with the SC/ST/OBC representatives of Nine Units of SPMCIL was successfully conducted in March 2017 at IGM Hyderabad so as to have a common platform where the SC/ ST/OBC employees of Nine Units could share their aspiration with Management. One day training program was also organized on the theme "AMS, SAP & Overview of IDA" for the participants, following the meeting at Hyderabad.

Connecting with Employees (Employee Welfare Activities)

To improve employees' interactions and team building, various employee engagement activities were organized across all the Units.

- Inter Unit Badminton tournament was organized in November 2016 in SPM, Hoshangabad to connect with the Employees.
- SPMCIL Foundation Day was celebrated on 17th February, 2017 at New Delhi. Shri Arun Jaitley,
 Hon'ble Finance Minister & Minister of Corporate Affairs was the Chief Guest of the function.
 The best performing Units were awarded for meritorious work in categories of Environment &
 Safety, Energy Conservation, Productivity, Training & Development, Rajbhasha and Vigilance.
 Individual employees were also awarded for their meritorious services during the year.



125th Birth Anniversary of Dr. Bhim Rao Ambedkar was celebrated on 14th April, 2016 in all
units of SPMCIL with lot of zeal and enthusiasm and active participation of all the employees.
On this occasion a souvenir was also published on the life of Dr. Bhim Rao Ambedkar with
articles contributed from the employees of SPMCIL

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/OBCs as on 31.12.2016 in SC/ST/OBC Report and representation of Persons With Disability (PWD) in PWD Report are given at *Annexure-I* to this 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 2016-17 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 2016-17, Official Language Policy, Act, Rules etc. were fully complied within 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 05.09.2016 to 09.09.2016 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 & Corporate Office. 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 2016-17:-

Annual Programme

- Annual programme for implementation of Official Language issued by Department of Official Language for the year 2016-17 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.
- Substantial increase in correspondence of Corporate Office was noticed in all the three regions 'A', 'B' & 'C' i.e. in March 2016, the percentage was 85.03 in Region 'A', 80.46 in Region 'B' and 76.88 in Region 'C' whereas this percentage was recorded 86.50 in Region 'A', 85.13 in Region 'B' and 77.74 in Region 'C' in March 2017 respectively.
- 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

• During the year 2016-17, inspections were also carried out by the Corporate Office at BNP, Dewas on 21.10.2016, at IGM, Mumbai on 28.12.2016, and at IGM, Kolkata on 16.03.2017.

Official Language Training and Conference

- One day Hindi Training and Conference for Officers and employees of Official Language of all the Units was held on 29.12.2016 at IGM, Mumbai under the aegis of Corporate Office.
- One day joint Hindi Workshop was also conducted at IGM, Mumbai 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 30.12.2016.

Translation Work

- Complete Hindi Translation of Annual Report made available by Hindi Cell.
- Bilingual minutes of most of the meetings held at higher level in Corporate Office were issued.
- Information required to be uploaded on the website of the Company has been made available along with Hindi version.

Prizes and Awards

- All the incentive schemes regarding progressive use of Official Language are being implemented in Corporate Office.
- Units were also rewarded by TOLIC in their respective areas i.e. First Prize to IGM Noida by TOLIC, Noida, Second Prize to IGM Mumbai by TOLIC (Upkram), Mumbai. SPM Hoshangabad was rewarded with First Prize for Central Region by GOI, Ministry of Home, Department of Official Language.
- Currency Note Press, Nashik was rewarded with Sh. Shankar Dayal Singh Running Shield on the occasion of SPMCIL Foundation Day (10.02.2017) for Outstanding Performance in implementation of Official Language Policy of the Union amongst Nine Units of the Company.
- In-house journals are being published regularly by CNP, Nashik, BNP, Dewas, SPM, Hoshangabad, IGM, Mumbai and IGM Hyderabad.

VIGILANCE ACTIVITIES

- Vigilance set up: The Board of Directors of SPMCIL has approved the creation of 25 posts for the Vigilance Department of SPMCIL. 21 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. Vendor registration has been completed in most of the units successfully. There is a substantial improvement in online payment to the suppliers. Tenders and tender award details are being uploaded by the units in a regular manner. A system of online registration of complaints is also operative. Various initiatives have been made 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 activities. Important circulars from Central Vigilance Commission have been compiled and explained to senior staff in the units by the Vigilance Department.
- ii) There has been significant capacity building amongst staff working in procurement work and finance functions.
- iii) Leveraging of information technology by uploading of tenders in downloadable form and



- post award details on website, increasing e-payment and the facility of online registration of complaints.
- iv) A new Procurement Manual approved by the Board and vetted by CVC has been released by the then Hon'ble Union Finance Minister on 23.05.2011. Vigilance Department was associated in framing this unique Procurement Manual. This has brought significant improvements in the procurement practices.
- v) On the basis of observations made by Vigilance Department in CTE type inspections, recoveries have been made in some cases from the 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: Initiatives have been taken for adoption of Integrity Pact (IP) in major Procurement activities in SPMCIL. The names of Independent External Monitors (IEM's) for SPMCIL have been approved by the Central Vigilance Commission. 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 concerning to Procurement Manual/CVC guidelines.
- Training to vigilance officials: During the year, an in-house five days induction training was given to two newly deputed Vigilance Assistants. Two Vigilance officials were sent for training on Disciplinary Rules & procedures for two days. Lastly, Five days SAP Training was given to 14 Vigilance executives & three days training on SAP was given to one Vigilance official. Total 87 man-days training was imparted.
- Conduct of CTE type inspections by CVO: 30 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..
- Activities during Vigilance Awareness Week: The Vigilance Awareness Week was organised between 31st October 2016 to 5th November 2016 highlighting the main focus of the week viz. 'Public participation in promoting Integrity and eradicating Corruption'. During the Vigilance Awareness Week, various activities like Interactive sessions with the executives, Workshops, Lectures/Seminars by prominent faculty, competitions in schools, Awareness campaign in Gram sabha, vendors/suppliers meet, slogan writing/debate/painting/drawing/quiz competitions etc. were conducted for increasing transparency and awareness amongst the stakeholders & school children also. Further, a special edition of 'Satarkvani' an e-periodical of SPMCIL was released by Shri Praveen Garg, CMD, SPMCIL. The glimpses of various activities & presentations during the week were uploaded on the website of the Company along with Satarkvani.
- Work relating to the Annual Physical Verification (APV) of stocks: As per the decision of DEA, Ministry of Finance, this work is now being done by the Vigilance Department of SPMCIL w.e.f. 01.04.2010. During the year 2016-17, 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.

- SPMCII
- 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. The Agreed list and the list of officers of Doubtful Integrity was complied with intimation to the Central Vigilance Commission.
- Annual Property Returns: As a surveillance measure, Annual Property Returns (APRs) of the officials were subject to scrutiny and clarifications were sought wherever necessary.

Total Number of APRs	Number Scrutinized up to the end of the previous year	Number scrutinized during the year	Balance	Comments
350* - As per directions. APRs all the executives of SPMCIL are to be scrutinized during the year	104	246	NIL	Observation of APRs conveyed to concerned unit for compliance.

Advisory issued to 38 executives based on the observations of APRs scrutiny.

- Disposal of Complaints: During the period, 76 complaints have been received in the Vigilance Department and 52 of complaints have been disposed of/closed and remaining 24 complaints are in process and under various stages of investigation. Based on the findings of investigation done by the Vigilance Department, Minor Penalty Imposed on two officials.
- 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

Various systematic efforts are being made in the areas of maintaining & sustaining, process improvements and empowering SPMCIL's core group of end users. The SAP-ERP system with SAP-ERP core modules like Human Capital Management (HCM) 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.

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

- IGM, Mumbai has signed a Memorandum of Understanding (MoU) with BARC and CSIR-NPL, which are the constituent laboratories of Council of Scientific and Industrial Research (CSIR), for the development of standard reference material for gold to fulfil the need of the bullion sector in India and thereby contribute to the Make in India initiative of the Government of India. This would help in realizing the quality infrastructure for national standards in precious metal (Gold) measurement activities, support to NABL accreditation/hall marking schemes of BIS, and provide testing & calibration facilities and services that are at par internationally.
- SPMCIL has signed MoUs with various National elite institution/labs like Indraprastha Institute of Information Technology (IIIT) Delhi, Central Pulp & Paper Research Institute (CPPRI); National Chemical Laboratory (NCL); IIT Delhi, Central Electrochemical Research Institute (CECRI), National Institute of Technology, Warangal, Defence Materials & Stores Research & Development Establishment, DRDO, Ministry of Defence to pave the path for carrying the Research Work.
- SPMCIL has also signed Research Alliance Frame Work Agreement (RAFA) with National Chemical Laboratory (NCL), Pune to expedite the research activities. Various R&D projects are on-going under the aegis of RAFA.
- SPMCIL has signed generic MoU with National Physical Laboratory for in-house development of Optical variable ink (OVI) using expertise available with NPL.
- The project titled as One step separation of metallic silver and copper from quaternary silver/ low touch silver alloys has been completed at IGM, Kolkata. Huge quantity of quaternary alloy of silver, processed anode plate of silver and finished anode plate of silver are vaulted at IGM, Kolkata. In these compositions of silver alloys, high purity of fine silver (<=995.0 PPT) is difficult to extract but our developed process of electrolytic separation has shown the capability of extracting fine silver from low touch silver alloys, previously which was not possible to extract such fine silver (>=995.0 PPT i.e. 99.50%) from the alloys of silver containing <=50% content of silver. For this development a separation cage made-up of porcelain material of porosity <50mu has been introduced to arrest passage of colloidal suspension of silver to separate metallic silver and metallic copper in the electrolyte. Thus, the % of silver i.e. fineness is improved from 50% to 99.5% and above in the output.
- lGM, Hyderabad has taken up various projects viz. (i) productivity improvement in SAK-125 blanking press to improve the productivity of blanking line by various interventions like increase in coil width of Ni-Br sheets and design of blanking tool, (ii) in-house design and manufacturing of blank sorting machine which can differentiate Rupee 1,2,5 & 10 blanks accurately and automatically, (iii) design, selection and implementation of oil cooler for hydraulic system of blanking press to control the oil temperature below 50°C so as to avoid machine errors and production loss due to increased oil temperature, (iv) developing of pickling and polishing compound for improved coin quality and pollution control, (v) studies to improve the life of die used for minting of coins to study and analyse the present die steel being used for coining dies and to develop / replace the current die steel for improved die life span, (vi) Redesigning and modification of the container feeder of SPALEC pickling and polishing line, (vii) feasibility study of alternate material (D2 Steel) for replacement of collar material 60WCrV7 to improve the life and quality of serrations and (viii) feasibility study of alternate material (vacuum treatable or air hardening steels) for replacement of minting die material 60WCrV7 to improve the life of dies. These shall improve the quality of the production of coins.



SWACHHATA PAKHWARA

SPMCIL celebrated the 'Swachhta 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.

EVENTS

SPMCIL has paid a dividend of ₹60.92 crores to Govt. of India being 30% of the Profit After Tax (PAT) of the Company for the financial year 2015-16. Shri Praveen Garg, CMD, SPMCIL presented the dividend cheque to Hon'ble Union Minister of Finance, Corporate Affairs and Information and Broadcasting, Shri Arun Jaitley towards Final Dividend for the year 2015-16 at a brief meeting held on 28.12.2016 at North Block, New Delhi. On this occasion, Dr. Saurabh Garg, the then Joint Secretary (I&C), DEA, Ministry of Finance & Director SPMCIL, Ms. Meera Swarup, Joint Secretary & Financial Advisor, Ministry of Finance & Secretary & Financial Advisor, Ministry of Finance & Director SPMCIL



CMD, SPMCIL, Shri Praveen Garg presenting the dividend cheque of ₹60.92 crores for the year 2015-16 to Hon'ble Union Minister of Finance Shri Arun Jaitley

Secretary & Financial Advisor, Ministry of Finance & Director, SPMCIL, Shri Ajai Kumar Srivastav, Director (Technical), SPMCIL were also present.

SPMCIL celebrated its 11th Foundation Day on 17th February, 2016 at a programme held at National Media Centre, New Delhi. Union Minister of Finance, Corporate Affairs and Information and Broadcasting Shri Arun Jaitley was the Chief Guest of the programme. The function was also attended amongst others by the various dignitaries and senior officers of the Ministry of Finance and other Ministries. While addressing the gathering, the Hon'ble Minister congratulated SPMCIL for becoming debt free. He



Snapshot during SPMCIL Foundation Day Celebration at National Media Center, New Delhi

praised the employees of SPMCIL for working with 100% efficiency. He added that when history of demonetization is written, a chapter will be written on SPMCIL. He distributed the Awards to the selected Units for their excellent performance in different fields and also Excellent Individual Awards to the employees for their excellent performance.

Shri Praveen Garg, CMD, SPMCIL unveiled the statue of Dr. Baba Saheb Bhim Rao Ambedkar on the occasion of his 126th Birth Anniversary at Bank Note Press, Dewas on 14th April, 2017. On this occasion Sh. S.K. Sinha, Director (HR) and Shri M.C. Bylappa, General Manager and Senior Officer of BNP, Dewas were present.



Your company has signed a growth oriented Memorandum of Understanding (MoU) with the Department of Economic Affairs (DEA), Ministry of Finance, setting an ambitious Sales target of ₹6,000 crores for the year 2017-18. The MoU has been signed based on the targets and the parameters negotiated by Inter-Ministerial Committee (IMC) constituted by Department of Public Enterprises (DPE).



SPMCIL participated in the CSR Fair held from 4th May to 6th May 2017 at Pragati Maidan, New Delhi organized by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprise in association with ONGC Ltd. and PHD Chamber of Commerce and Industry. SPMCIL's stall was one of the main attractions in the Fair. SPMCIL's stall was inaugurated by Shri Anant G Geete, Hon'ble Minister, Ministry of Heavy Industries & Public Enterprises





and Shri Babul Supriyo, Hon'ble Minster of State for Heavy Industries & Public Enterprises. Smt. Seema Bahuguna, Secretary, DPE, Dr. Madhukar Gupta, Additional Secretary, DPE, Shri B.N. Mishra, Director, DPE, Shri Mukesh Kumar Gupta, Director (MOU), DPE and other senior officials of Government of India, DPE, PHD Chamber of Commerce and Industry, visited at SPMCIL's stall and appreciated it. SPMCIL's stall witnessed a large number of visitors with lot of enthusiasm and curiosity as your company is involved

in minting of coins, printing of Bank Notes, Passports etc. CSR Fair concluded on 6th May 2017 with a great success.

AWARDS

- IGM, Mumbai a unit of your Company has been awarded with the following prestigious awards for its excellent work during year 2016-17.
 - ➤ 24 MRC Business Excellence Award for Manufacturing Coins & Medals.
 - > 2nd Prize for Excellence Work in Official Language by NARAKS, Mumbai Upkram.
 - > Raj Bhasha Gourav Samman Award by Socio-Literary Sansthan Aashirvad, Mumbai.
- 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 2014 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 16.09.2016.
- Town Official Language Implementation Committee, Nashik awarded First Prize to 9th Edition of "Mudra Bharati" published by CNP, Nashik for the year 2016-17.
- Town Official Language Implementation Committee, Nashik also awarded First Prize to CNP, Nashik for Implementation of Official Language for the year 2016-17.
- In the Regional Official Language Seminar at Udaipur organised by Official Language Department, Ministry of Home Affairs, Government of India, SPM, Hoshangabad has been awarded with First Prize for Excellent Performance in Implementation of Official Language.
- Your Company has been conferred the PSE Excellence Awards 2016 in the Category of Corporate Social Responsibility & Sustainability under the Miniratna Category-I by Indian Chamber of Commerce (ICC), Kolkata. This prestigious PSE Excellence Award-2016 was received by Shri S.K. Sinha, Director (HR) of your Company during the





7th Conclave on India Public Sector Agenda @2020 organised by Indian Chamber of Commerce on 7th September, 2017. During the aforesaid conclave, Shri Praveen Garg, CMD of your Company also facilitated with Award for outstanding contribution in steering your esteemed organisation to greater heights.

- Your Company has been conferred the Skoch Orderof-Merit Award and Skoch BSE Award for Corporate Excellence for Remonetisation and Restoration of Adequate Liquidity in the Economy. This award was received by Shri S.P. Verma, General Manager, CNP, Nashik from Shri Swadheen Kshatriya, Chief Commissioner, Right to Services, Maharashtra during the 48th Skoch Summit held on 19th-20th June, 2017 at Mumbai.
- Your Company has been conferred the 14th National Award for Excellence in Cost Management-2016 in Public-Manufacturing-Large Category by 'The Institute of Cost Accountant of India'. The award was presented to the company by Shri Piyush Goyal, Hon'ble Union Minister of State for Power, Coal, New and Renewable Energy and Mines in the presentation ceremony organized by the Institute of Cost Accountants of India, in a Grand function at New Delhi, on 18th July, 2017.







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.
- 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.

- SPP, Hyderabad has disposed about 200 MT of waste paper through MSTC for recycling.
- BNP, Dewas, a unit of your Company has created a green patch of its kind in the entire Dewas Town. The effluents generated in the production process are treated initially through chemical process at ETP and released along with factory sewage to combined Effluent and Sewage Treatemnt Plant (CESTP) for further biological treatment as per the statutory norms and recycled for gardening purposes in the BNP Premises. Similarly, the sewage generated in the residential colony is also biologically treated at Colony STP and recycled for horticulture development in the BNP Estate. These in-house efforts have saved 7000 KL fresh water per day catering to the greenery spread over about 100 acres of BNP Estate, which is yielding huge financial savings annually.
- BNP, Dewas has also made efforts to recycle the wooden waste material accumulated through various supplies received from different sources. Adopting one of the most appreciated waste management practice, the wooden waste material is recycled and converted into packing boxes for storing the finished bank note packets and onwards transhipment to RBI Centres. This process has resulted into the saving of the precious wood to the tune of 400 M3 and also a value addition of about ₹50 lacs per annum.
- BNP, Dewas also commissioned Eco friendly refrigerant and energy efficient 350 RT screw chiller in main AC Plant.
- During the year 2016-17, IGM, Kolkata has saved energy by conservation of Energy through existing 10 KW Solar Power Plant and through Solar street light system.
- 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.
- 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 2016-17, no complaint of sexual harassment has been received.

DIVIDEND

As per Clause 5.2 of Office Memorandum 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, every CPSE would pay a minimum annual dividend of 30% of Profit after Tax or 5% of the Networth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions.

In view of the above, the Board of Directors has recommended a Final Dividend @ 5% of the Net-worth of the Company for the year 2016-17 aggregating to ₹227.64 crores plus applicable Dividend Distribution Tax. This final dividend for the financial year 2016-17 shall be paid by the Company after approval of shareholders in the forthcoming 12th 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 transactions entered into by the Company with the Joint Venture Company, Bank Note Paper Mill India Private Limited (BNPMIPL) are in the ordinary course of business and on arm's length basis hence the provisions of sub-section (1) of section 188 of the Companies Act, 2013 are not applicable to such transactions.

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) are given at *Annexure-III* to the report.

BOARD OF DIRECTORS

- 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.
- 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.
- 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.
- Pursuant to Article 13(3)(a) of Articles of Association of the Company, Shri Upendra Triapthy, Ex-Secretary to Government of India has been appointed as Independent Director on the Board of SPMCIL w.e.f. 16th February, 2017.



 Pursuant to Article 13(3)(a) of Articles of Association of the Company, Shri P.J. Mathew, Ex-IA&AS Officer has been appointed as Independent Director on the Board of SPMCIL w.e.f. 16th February, 2017.

During the year, six 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. Bhatia & Bhatia, Chartered Accountants, New Delhi were appointed as Statutory Auditors of your company for the financial year 2016-17 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 2016-17. The Statutory Auditors have audited the annual accounts (standalone and consolidated) for the year ended 31st March, 2017 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, 2017 are given at *Annexure-V & VI* respectively.

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. Ajay Kumar Singh & Co., Cost Accountants, Delhi as the Cost Auditors of SPMCIL for the financial year 2016-17 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. Arora Jitender & Co., Practicing Company Secretaries, Delhi for conducting Secretarial Audit of the Company for the year 2016-17. 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 2017 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 2017 and of profit and loss account for the year ended 31st March 2017;
- (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) that 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

Date: 27th September, 2017

Place: New Delhi

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 the Banks. The Board of Directors acknowledge with thanks the constructive suggestions received from the Statutory Auditors and Comptroller & Auditor General of India (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

(PRAVEEN GARG)

Chairman and Managing Director



SC/ST/OBC REPORT

Annual Statement showing the representation of SCs, STs and OBCs as on 31st December, 2016 and number of appointments made during the preceding calendar year.

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

	Banrasante	tion of	ec-/et	a/OBCa	Number of Appointments made during the Calendar Year 2016										
Groups	Representation of SCs/STs/OBCs (As on 31.12.2016)					By Direct Recruitment				Promot	ion	By other Methods (Internal Recruitment)			
	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)	310	47	14	58	15	1	0	3	14	3	0	1	0	0	
GROUP B (S-1 & S-2)	1119	184	101	131	49	9	0	11	44	6	4	1	1	0	
GROUP C (W-1 & W-6)	9024	2034	917	989	278	11	3	19	564	117	35	18	5	1	
GROUP D (Excluding Sweeper)	71	25	8	18	20	0	0	0	0	0	0	0	0	0	
GROUP D (Sweeper)	11	8	2	0	1	0	0	0	0	0	0	0	0	0	
Grand Total	10535	2298	1042	1196	363	21	3	33	622	126	39	20	6	1	

PWD REPORT

Representation of P.W.D. as on 31st December, 2016

						Nu	ımber	of App	ointr	nents	made	duri	ng the	Calen	dar Ye	ar 20	16	
	Representation (As on 31.12.2016)				Direct Recruitment						Promotion							
Groups					No. of Vacancies reserved			No. of Appointments made			No. of Vacancies Reserved			No. of Appointments made				
	Total No. of Employees	V.H.	н.н.	O.H.	V.H.	н.н.	O.H	Total	V.H.	н.н.	О.Н.	V.H.	н.н.	О.Н.	Total	V.H.	н.н.	О.Н.
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)	310	0	1	3	0	0	0	1	0	0	1	0	0	0	0	0	0	0
GROUP B (S-1 & S-2)	1119	1	0	16	0	0	1	29	0	0	0	0	0	0	23	0	0	0
GROUP C (W-1 & W-6)	9024	34	77	199	4	4	4	44	0	0	2	0	0	8	16	0	0	2
GROUP D (Excluding Sweeper)	71	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROUP D (Sweeper)	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	10535	35	78	218	4	4	5	74	0	0	3	0	0	8	39	0	0	2

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).

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

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 31.03.2017, the CSR Committee of Board of Directors of the Company was consisting of the following Directors of the Company:-

- (a) Dr. Saurabh Garg, Joint Secretary (I&C), DEA, Ministry of Finance & Director, SPMCIL (Chairman)
- (b) Shri Upendra Tripathy, Independent Director, SPMCIL (Member)
- (c) Shri S.K. Sinha, Director (HR), SPMCIL (Member)

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

₹ 39.88 Crores

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) ₹79.80 Lacs



5. Details of CSR amounts spent during the financial year

(a) Total amount spent for the financial year : ₹1.38 Crores

(b) Amount unspent, if any: Nil

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

(Amount in ₹)

6 Government Schools of District Hyderabad. 2 Provided drinking water facility, construction / repairs of Toilets including Overhead Tanks etc. in the 13 Schools of RR District of Telangana. 3 Provided 40 Seater Bus to the All India Disabled Rehabilitation Education Institute, Nashik. 4 Provided School Van, Schedule VII 1) Local Area / District, Telangana 5 District, Telangana 28,25,550 1] 18,60,360 13,60,360 13,60,360 13,60,360 13,60,360 13,60,360 13,60,360 14,60,360 15,60,360 15,60,360 15,60,360 15,60,360 15,60,360 15,60,360 16,60,360	SI. 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
facility construction repairs of Girls' Toiles facility construction f	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
facility, construction / repairs of Toilets including Overhead Tanks etc. in the 13 Schools of RR District of Telangana.		facility, construction / repairs of Girls' Toilets and other infrastructure in 6 Government Schools of	Item No.(ii)	SPP, Hyderabad 2) Hyderabad	23,15,724	-	20,20,314	through different
to the All India Disabled Rehabilitation Education Institute, Nashik. CNP, Nashik 2) Nashik District Maharashtra Provided School Van Physiotherapy Equipments including Teaching Aids to the mentally handicapped Students through Sadhana Society Hyderabad Students through Sadhana Society Hyderabad District, Telangana Construction of Ashram School building and providing Mahindra pick-up Van at Berwar Taluka Trimbakeshwar, District Nashik. Construction of Schedule VII Sp. Nashik 2) Nashik District, Maharashtra School building and providing Mahindra pick-up Van at Berwar Taluka Trimbakeshwar, District Nashik. CRepairs / 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. CRepairs / Renovards 3,19,144 3,19,144 3,19,144		facility, construction / repairs of Toilets including Overhead Tanks etc. in the 13 Schools of RR District	Item No.(ii)	IGM, Hyderabad 2) Hyderabad	28,25,550	-	18,60,360	through different
Physiotherapy Equipments including Teaching Aids to the mentally handridapped Students through Sadhana Society Hyderabad 5 Construction of Ashram School building and providing Mahindra pick-up Van at Berwar Taluka Trimbakeshwar, District Nashik. 6 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. 7 Expenses towards Evaluation charges paid to IIM, Lucknow being an Independent Third Party.		to the All India Disabled Rehabilitation Education		CNP, Nashik 2) Nashik District	18,00,000	-	17,95,000	through All India Disabled Rehabilitation Education
School building and providing Mahindra pick-up Van at Berwar Taluka Trimbakeshwar, District Nashik. 6 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. 7 Expenses towards Evaluation charges paid to IIM, Lucknow being an Independent Third Party. Item No.(ii) ISP, Nashik 2) Nashik District, Maharashtra 23,03,840 (2017-18) 49,79,000 2] NIL 49,79,000 49,79,000 2] NIL 49,79,000 49,79,0	4	Physiotherapy Equipments including Teaching Aids to the mentally handicapped Students through Sadhana		IGM, Hyderabad 2) Hyderabad	14,48,422	-	11,21,142	through Sadhana Society,
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. 7 Expenses towards Evaluation charges paid to IIM, Lucknow being an Independent Third Party.	5	School building and providing Mahindra pick- up Van at Berwar Taluka Trimbakeshwar, District	Item No.(ii)	ISP, Nashik 2) Nashik District,	(2016-17) 32,03,840	1] 46,58,591 2] NIL	46,58,591	through Shri Gadge Maharaj Ashram School Berwar Taluka Trimbakeshwar,
Evaluation charges paid to IIM, Lucknow being an Independent Third Party.	6	existing primary School building, construction of four additional Class Rooms to the existing Primary School and construction of boundary wall at Village Shirsane		Nashik 2) District Nashik,	49,79,000	-	(₹30,00,000 expenditure was booked during the year	through Zilla Parishad Nashik
Total Expenditure 1,37,53,551	7	Evaluation charges paid to IIM, Lucknow being an		-	-	-	3,19,144	_
			Total	Expenditure			1,37,53,551	



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 2016-17.

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/-

Dr. Saurabh Gag Chairman, CSR Committee Sd/-

S.K. Sinha Member, CSR Committee Sd/-

B.J. Gupta
Addl. GM (HR)
(Person specified under clause
(d) of sub-section (1) of
section 380 of the Act)

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 2016-17 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.

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 into 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 2016-17, the Company has incurred ₹94.27 lacs towards Research & Development.

FOREIGN EXCHANGE EARNING AND OUTGO D)

SI. No.	Foreign Exchange Earnings/Outgo	2016-17 (₹ in Crore)	2015-16 (₹ in Crore)
1.	Foreign Exchange Earnings	NIL	NIL
2.	Expenditure on Payment basis incurred on Foreign Travel, Material Supply, Capital Goods and Spares & Stores	1.38	37.30
3.	Value of imports based on CIF basis (on Accrual basis)	1098.11	1035.61

For and on behalf of the Board of Directors

Date: 27th September, 2017 **Place:** New Delhi

(PRAVEEN GARG) **Chairman and Managing Director**



EXPLANATIONS TO COMMENTS/QUALIFICATIONS IN MODIFIED STANDALONE AND CONSOLIDATED STATUTORY AUDITORS' REPORTS DATED 26.09.2017

The Statutory auditors have given the Standalone and Consolidated Audit Report for Financial Year 2016-17 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 account as required by law have been kept by the company so far as appears from examination 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:

Auditor's Observation:

In respect of IGM, Noida

■ TDS – TDS on Perquisites for Rent free accommodation provided to employees of the unit: According to the information and explanation provided, no TDS was deducted on the value of perquisite on the accommodation provided to some employees on concessional rates. However as per section 17(2), Rule 3(i) the value of perquisite shall be 7.5% of salary in respect of the period during which the said accommodation was occupied by the employee as reduced by the concessional rent charged (if any) by the employer. (Where the accommodation is owned by the employer). Tax liability may arise on the unit for non-deduction of TDS as per the above rule along with interest.

Management Reply: Tax Liability in this regard is being examined and needful shall be done in the Current Financial Year i.e Financial Year 2017-18.

■ Expense without supporting document and explanation: According to the information available with us and after examination of books of accounts and records, it was observed that the unit has incurred expenses amounting to INR 193.17 lacs for which no explanation and supporting documents could be provided by the unit. The same is booked under the head "other expenses".

Management Reply: In this regard, it is informed that these expenses related to refund of liquidated damages by the IGM, Noida to the supplier of materials. The records and explanation were available and records were shown to C&AG Audit during supplementary Audit.

In respect of SPM, Hoshangabad

The value of inventory includes unused Bank Note Paper & other related inventory to the tune of ₹4,717.25 lacs pertaining to withdrawn "Specified Bank Notes" of ₹1000 & ₹500 denomination. There is no reasonable assurance from Customer (RBI) regarding the recovery of the said amount. The unit has valued the same at cost and not made any provision for such non/moving /obsolete inventory. Consequently the profit of the unit is overstated by ₹4,717.25 lacs and the inventories are overstated to that extent.



Management Reply: In this regard it is submitted that discussions were held during meeting with RBI senior officials at the time of demonetization and it was assured to SPMCIL that amount shall be paid by RBI on account of demonetized finished currency as well as W.I.P and raw material. Therefore as the amount is recoverable from RBI provision has not been made.

In respect of CNP, Nashik.

- Ind AS 109 "Financial Instruments: Recognition and Measurement": An amount of ₹1,9243.83 lacs in respect of stocks lying with the unit for ₹1000 and ₹500 denomination notes has been shown as Receivable from RBI. The same has not been confirmed by RBI in their balance confirmation received on 4th July, 2017. To that extent Profits and Trade Receivables have been overstated and the financial statements do not reflect true and fair view.
- Ownership of the Inventory has been transferred to RBI during the financial year 2016-17 as reflected from the Books of accounts. Confirmation from RBI has not been obtained.

Management Reply: In this regard it is submitted that discussions were held during meeting with RBI senior officials at the time of demonetization and it was assured to SPMCIL that amount shall be paid by RBI on account of demonetized finished currency as well as W.I.P and raw material. Therefore as the amount is recoverable from RBI provision has not been made.

In respect of BNP, Dewas

Stock Amounting to ₹6,678.74 lacs represents the raw material, WIP and finished stock of demonetized currency of ₹500 and ₹1000. This amount has been shown as recoverable from RBI however no confirmation is received from RBI.

Management Reply: In this regard it is submitted that discussions were held during meeting with RBI senior officials at the time of demonetization and it was assured to SPMCIL that amount shall be paid by RBI on account of demonetized finished currency as well as W.I.P and raw material. Therefore as the amount is recoverable from RBI provision has not been made.

In respect of IGM, Hyderabad

The Commercial Tax Department had raised a demand for ₹24,400.64 lacs for the period, April, 2006 to November, 2013, on account of sale of circulation coins, difference in sales tax on sale of other items, interest and penalty. The unit has not made a provision for the said liability. No appeal is filed with the First Appellate Authority against the demand raised and only correspondence with the state VAT department is carried out. The liabilities therefore are understated and the profits are overstated to the extent of ₹24,400.64 lacs.

Management Reply: In this regard it is submitted that matter is being taken up with Ministry of Finance, Commercial Tax Department Telangana

In respect of Corporate Office, New Delhi

Provision for Pension: During the course of Audit it was observed that, a provision for pension liability amounting to ₹22,768.25 lacs was created during the year .The same is also shown as recoverable from Ministry of Finance, However, no confirmation has been received from Ministry of Finance so far. The same is in contravention of Ind AS-19. The profits are overstated to the tune of ₹22,768.25 lacs.

Management Reply: In this regard it is submitted that in the absence of settlement of amount receivable from Ministry of Finance as on 01.11.2008 and pending finalization of audit of Pension



Fund Trust for Financial Year 2015-16 and 2016-17, realistic measurement of amount of shortfall under Rule 37A of CCS Pension rules cannot be made reliably. Therefore provision of amount of ₹227 crores has not been made in books of accounts. Liability shall be booked upon the finalization of annual accounts of pensions trust for Financial Year 2015-16 & 2016-17 and settlement of amount receivable from Ministry of Finance during Financial Year 2017-18.

The sale of coin for the year 2014-15 was booked on the basis of fair selling price of the year 2012-13 being only finalised available fair selling price at the time of booking of sales for the year 2014-15 further fair selling price for the year 2014-15 has been finzalized by CAC/MoF and well communicated to Company in June 2017.

Fair selling Price finalized for the year 2014-15 is lower than fair selling price of year 2012-13 which has resulted an amount of ₹44.85 crore payable to Ministry of Finance but company has not booked liability for the same. Thus the profit are overstated to the tune of ₹44.85 Crores.

Management Reply: Ministry of Finance vide their letter No. 10/08/1016-Coin/456 dated 18.08.2017 has pointed out some discrepancies in due and drawn statement of coins for financial year 2014-15 and therefore price revision of coins for financial year 2016-17 has not been effected in both of accounts of the Company.

The Schedule of fixed assets has been adjusted during consolidation to reconcile the effects of Fixed Assets Schedule of Branches.

Management Reply: Schedules has been adjusted during consolidation so that the fixed assets schedules of units are reconciled properly.

The provision/allowance for Doubtful debts created during the year exceeds the amount of doubtful debts as shown by the company in its financial statements "Note No 5(ii) Trade Receivables-Current".

Management Reply: Necessary correction in disclosure shall be done during Financial Year 2017-18.

ANNEXURE-A

COMPANIES AUDIT REPORT ORDER, 2016 (CARO)

Annexure "A" referred to in Independent Auditors' Report on Other Legal and Regulatory requirements, clause 1, to the members of the Security Printing and Minting Corporation of India Limited ("the Company") on the Standalone IndAS financial statements for the year ended 31st March 2017, we report that:

Para 3(i)A

In case of CNP, Nasik: The details of land amounting to ₹59.55 lacs & ₹17.03 lacs are not available. Further out of the gross block of Building of ₹3,767 lacs details of building amounting to ₹1691.31 lacs are not available.

In case of SPM, Honshangabad : The fixed asset register generated by SAP does not contain details regarding situation of fixed assets.

Management Reply: Location/Situation of fixed asset register as maintained in SAP is being updated during Financial Year 2017-18.

Para 3(i)B

Audit Observation: Company has a regular Programme of Physical verification of assets under which fixed assets are verified in the Financial year 2016-17 as per corporate guidelines except:

In case of IGM, Noida: According to the information and explanations made available, the unit has formed a committee to conduct PHYSICAL VERIFICATION of Fixed Assets. However, no report could be produced by the management regarding Verification conducted during the Financial year to corroborate the stance. The management needs to emphasize on ways to strengthen the systems having regard to size and nature of the business. Failing to do so may result in serious issues in future. Material discrepancies if any cannot be commented upon

In respect of corporate office: The Corporate office has not formed a committee to conduct PHYSICAL VERIFICATION of Fixed Assets, no report could be produced by the management regarding Verification conducted during the Financial year.

Management Reply: Physical verification has been carried out in all units except IGM, Noida and Corporate Office. Physical verification shall be carried out during Financial Year 2017-18.

Para 3(i)C

Audit Observation: According to the information and explanations given, following immovable properties have not been transferred in favour of SPMCIL. In some cases the documents / title deeds could not be produced by the unit.

1. In case of IGM, Noida:

- Sector-1, Pocket D-2, Noida, U.P-201301 (Title deed not provided).
- Sector-27, Noida, U.P-201301 (Deed not executed in favour of Company)
- A-33, Sector 23, Noida, U.P-201301- According to the information and explanations given, the immovable property was transferred in favour of Company vide order dated 24.11.2015. However, no Stamp duty/transfer duty was paid in this regard, hence it is difficult to ascertain whether the formalities required to get the title transferred in favour of IGM NOIDA have been completed or not.

The Management should pay the Tax / Duty and obtain clear title in the property. The unit should make serious efforts to clear the title and get the same transferred in its favour on priority basis.

- In case of CNP, Nasik: Title deeds of Land amounting to ₹17.03 lacs and Building amounting to ₹1691.31 lacs in the name of the unit were not produced for verification.
- 3. In case of IGM, Kolkata: The title deeds of land (lease hold) and factory building are not held in the name of the company.
- **4. In case of IGM, Mumbai :** The title deeds of land (lease hold), Non-factory building and Plant & Machinery are not held in the name of the company.
- 5. In case of ISP, Nasik: The title deed of land are not held in the name of the company.
- **6.** In case of Corporate Office: Land at Jail Road, "CNP Nashik" amounting to ₹1 in the Books of Accounts, the title deed for the same is not transferred in the name of the Company
- 7. In case of IGM, Hyderabad: The title deed of land are not held in the name of the company at IDA Phase-II Chernapally, Hyderabad, Telngana.
- **8.** In case of SPP, Hyderabad: 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 (SPMCIL).

Management Reply: 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 SPMCIL.

Para 3(ii)A

Audit Observation: According to the information and explanations given physical verification of Inventories has been conducted during the year by the management.

In case of IGM, Noida: Physical Verification of stock was conducted by the stock verification committee. A certificate for the verification of inventory by the stock verification committee duly certified by the management is provided.

In case of BNP, Dewas: Physical verification of inventory in relation to security items (papers, ink etc.) has not been carried out since long time in spite of branch auditor's observation in previous year.

In case of CNP, Nasik: The Inventories lying at the Unit have been physically verified by the management during the year.

Management Reply: Physical verification has been carried out in all units except IGM Noida, BNP Dewas and CNP Nashik. Physical verification shall be carried out during Financial Year 2017-18.

Para 3(ii)B

Audit Observation: In case of IGM, Noida - The SAP module is under compilation and the Adjustment entries are posted in SAP manually to bring the value of inventory in parity with the physical verification report. The Wastage, Loss and Rejections occurred during the production process along with other adjustments are clubbed under a single head "Adjustments" while computing the Inventory Value and Quantity at the Balance Sheet date. A technical report to support such "Adjustments" made could not be provided by the unit.

Management Reply: SAP Costing module is being stabilized and shall be carried out during Financial Year 2017-18.

For and on behalf of the Board of Directors

Date: 27th September, 2017

Place: New Delhi

(PRAVEEN GARG)
Chairman and Managing Director



ANNEXURE-V

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH, 2017

The preparation of financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are 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 Modified Audit Report dated 26 September 2017.

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 financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2017. 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. In view of the modified Auditors' Report submitted by the Statutory Auditors, as result of my audit observations highlighted during supplementary audit as indicated in Annexure I to the Auditors' Report, I have no further comments to offer upon or supplement to Statutory Auditors' Report under section 143(6)(b) of the Act.

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

Sd/-

(Neelesh Kumar Sah)

Director General of Commercial Audit & Ex-Officio Member, Audit Board-II, New Delhi

Place: New Delhi Date: 27.09.2017



ANNEXURE-VI

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 31ST MARCH, 2017

The preparation of consolidated financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditors 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 Modified Audit Report dated 26 September 2017.

I, on 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 2017. We conducted a supplementary audit of the financial statements of Security Printing and Minting Corporation of India Limited and Bank Note Paper Mill India Private Limited (Joint Venture) for the year ended on that date. 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.

In view of modified Auditors' Report submitted by the Statutory Auditors, as result of my audit observations highlighted during supplementary audit as indicated in the Annexure I to the Auditors Report, I have no further comments to offer upon or supplement to statutory auditors' report under section I 43(6)(b) read with section 129(4) of the Act.

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

Sd/-

(Neelesh Kumar Sah)

Director General of Commercial Audit & Ex-Officio Member. Audit Board-II. New Delhi

Place: New Delhi Date: 27.09.2017



ARORA JITENDER & CO.

COMPANY SECRETARIES

J-1/2-B, Krishna Nagar, Delhi-110051 Mobile-9811505059 Telephone No. - 011-43041659

Ref No	Dated:

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017

[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, Jawahar Vyapar Bhawan, 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 (SPMCIL) (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 (SPMCIL) 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, 2017, complied with the statutory provisions listed hereunder except the following which is mentioned in Annexure 'A' 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 (SPMCIL) for the financial year ended on 31st March, 2017 according to the provisions of following laws (as applicable):

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (iii)
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder (iv) to the extent of RCMC activities, Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- The following Regulations and Guidelines prescribed under the Securities and Exchange (v)



Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (Not applicable to the Company during the Audit Period).
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; (Not applicable to the Company during the Audit Period)
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the Company during the Audit Period)
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and EmployeeStock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the Audit Period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the Audit Period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the Audit Period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)
- (vi) The other laws as may be applicable specifically in case of the Company on the basis of documents/information produced before us:

List of other major applicable Acts:-

Tax & Revenue Related

- a) Service Tax Act
- b) VAT Act of (Delhi, Maharashtra, MP, Andhra Pradesh, West Bengal, U.P.)
- c) Income Tax Act, 1961;
- d) Indian Stamp Act, 1999;

Women's Safety Related

e) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;

Factory & Labour Laws Related

- f) Contract Labour (Regulation and Abolition) Act, 1970.
- g) Factories Act, 1948
- h) Industrial Dispute Act, 1947
- i) Payment of Wages, 1936
- j) Minimum Wages Act, 1948
- k) The Payment of Bonus Act, 1965
- I) The Payment of Gratuity Act, 1972



- m) Employees Provident Fund & Miscellaneous Provisions Act, 1952
- n) Employees State Insurance Act, 1948 and rules thereunder
- o) Indian Trust Act, 1882 created for PF purposes for its employees

Environmental Related

- p) The Water (Prevention & Control of Pollution) Act, 1974
- q) The Air (Prevention & Control of Pollution) Act, 1981
- r) The Explosive Act & Rules for storing fuel /Petrol and Diesel for Generators.
- s) The Environmental Protection Act, 1980 read with various rules for Handling Air, Solid, Liquid, Electronic waste.

DPE Guidelines (As applicable on Govt. Companies)

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable (Not Applicable as the Company is Unlisted Company)

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except observations as stated in the "Annexure-A" of this report:

We further report that:-

The Board of Directors of the Company was not duly constituted with proper balance of Independent Directors till 15.02.2017. However, the Department of Economic Affairs, Ministry of Finance has appointed two Independent Directors on the Board of the Company vide Order dated 16.02.2017. 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 is given 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 provision 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 is a need to strengthen the compliance management system and processes across 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 **ANNEXURE-B** of even date which are annexed and forms an integral part of this report

For Arora Jitender & Co.

Sd/-

(Jitender Arora) M. No. 4822

CoP No. 5900

Place: New Delhi Date: 22.09.2017



'ANNEXURE A'

Compliance of provisions of the applicable Act:

- The Board of Directors of the Company was not duly constituted with proper balance of Independent Directors till 15.02.2017. However, the Department of Economic Affairs, Ministry of Finance has appointed two Independent Directors on the Board of the Company vide Order dated 16.02.2017.
- 2. The Company has not convened any meeting of Independent Director as required under para VII of Code for Independent Directors mentioned in Schedule IV the Companies Act, 2013.
- Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit)
 Rules, 2015 provides for appointment of Cost Auditors within 180 days from the close of
 financial year. The Company has appointed the Cost Auditors on 21st December 2016 causing
 the delay of 84 days

For Arora Jitender & Co.

Sd/-

(Jitender Arora)

M. No. 4822

CoP No. 5900

Place: New Delhi Date: 22.09.2017



'ANNEXURE B'

To,

Place: New Delhi

Date: 22.09.2017

The Members,

Security Printing and Minting Corporation of India Limited

16th Floor, JawaharVyaparBhawan,

Janpath, New Delhi-110 001

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 presume that the correctness and appropriateness of financial records and Books of Accounts of the company has been ascertained by the Statutory Auditors of the Company.
- 4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- 5. 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.
- 6. 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 Arora Jitender & Co.

Sd/-

(Jitender Arora)

M. No. 4822

CoP No. 5900

Annual Report 2016-17

REPLY TO THE OBSERVATIONS OF SECRETARIAL AUDITORS

SI.No.	Auditor's Observations	Company's Reply
01.	The Board of Directors of the Company was not duly constituted with proper balance of Independent Directors till 15.02.2017.	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. In compliance of the provisions of Companies Act, 2013, the Administrative Ministry i.e. Ministry of Finance vide letter no. 12/1/2007-SPMC (Pt) dated 16.02.2017, appointed two Independent Directors namely Shri Upendra Tripathy, Ex-Secretary to Govt. of India and Shri P.J. Mathew, Ex-Indian Audit and Accounts Services officer on the Board of SPMCIL for a period of three years w.e.f. 16.02.2017
02.	The Company has not convened any meeting of Independent Director as required under para VII of Code of Independent Directors mentioned in Schedule IV of the Companies Act, 2013.	The Ministry of Finance appointed two Independent Directors on the Board of the Company. As per provision Clause VI(1) of Schedule IV of the Companies Act, 2013, the independent directors of the company shall hold at least one meeting in a year, without the attendance of non-independent directors and members of management. Since, the Independent Directors on the Board was appointed on 16.02.2017 by the Ministry, the meeting of Independent Directors shall take place within this year i.e. by 31.12.2017.
03.	Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2015 provides for appointment of Cost Auditors within 180 days from the close of financial year. The Company has appointed the Cost Auditors on 21st December, 2016 causing the delay of 84 days.	Due to tendering process, the appointment of Cost Auditor for the financial year 2016-17 was delayed. However, the appointment of Cost Auditor was approved by the Board and ratified in the 11th AGM of the Company held on 21.12.2016.

For and on behalf of the Board of Directors

Date: 27th September, 2017

Place: New Delhi

(PRAVEEN GARG) **Chairman and Managing Director**



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 economy witnessed slow pace of growth and uncertainties in the year 2016. The current year is showing signs of revival of investment climate as investment across the economies has improved, global demand for goods & services has risen leading to improvements in manufacturing and trade. Alongside the pickup in economic activity, prices of commodities like crude oil and metals have also strengthened leading to renewed investments in extraction industry. Performance across emerging economies has remained mixed. Advanced economies are expected to make small step-ups while growth in emerging economies continues to drive the global growth projections.

OVERVIEW OF THE INDIAN ECONOMY

Growth in 2016-17 was propelled by a buoyant private consumption, monsoons which boosted rural incomes, upturn in exports and robust scale-up in government consumption. The country registered GDP growth of 7.1% in 2016-17 compared to 8.0% in previous year. The sluggish investment growth, low capacity utilisation and stressed bank assets acted as growth limiting factors. Declining inflation, improvement in Current Account Deficit as well as Government's fiscal position and resumption of capital inflows which has allowed a significant build-up in foreign reserves are signs of domestic economy preparing ground for next phase of growth. India continues to shine bright in global economy in the midst of domestic structural reforms like GST and others with a backing of strong political will.

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 circulating 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 of Government of India 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. For passports the indents 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

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms. SPMCIL sees growth picking up significantly. To diversify its business, your Company shall explore new business opportunities for designing and manufacturing of security products for other Countries/Governments outside India.

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 operationalized 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 26.12% to ₹5966.02 crores during financial year 2016-17 from ₹4730.58 crores in financial year 2015-16. The Sales Turnover of your Company has increased to ₹5835.91 crores in 2016-17 from ₹4646.59 crores in 2015-16 registering a growth of 25.60% over the previous year primarily due to increase in the production during 2016-17. The Sales per Employee during 2016-17 has increased by 34.06% to ₹56.36 lacs from ₹42.04 lacs during the year 2015-16. The company has reported a net profit of ₹615.68 crores in the year 2016-17 as compared to a net profit of ₹358.96 crores in the year 2016-17. Net profit enhanced to ₹745 crores after incorporation of 50% profit of JV Company, Bank Note Paper Mill India Pvt. Ltd.

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. Your Company made prepayment of aforesaid Term Loan of ₹1135.14 crores to Govt. of India in FY 2016-17 thus become Debt-Free.

As per Clause 5.2 of Office Memorandum 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 read with Department of Public Enterprises O.M. No. PP/14(0005)/2016 dated 20.06.2016, 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.

In view of the above, the Board of Directors has recommended a Final Dividend @ 5% of the Networth of the Company for the year 2016-17 aggregating to ₹227.64 crores plus applicable Dividend Distribution Tax. This final dividend for the financial year 2016-17 shall be paid by the Company after approval of shareholders in the forthcoming 12th 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. 2015-16, the Employees strength has come down from 11052 to 10354 as on 31.03.2017 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

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE 1.

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.

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 General 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. Ministry of Finance vide office order dated 16.02.2017, appointed two Independent Directors on the Board of SPMCIL for a period of three years w.e.f. 16.02.2017.

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 2016-17 are as under:-

Name	Meeting held during respective tenures of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 21.12.2016)	No. of other directorship held as on 31.03.2017
(a) Functional Directors				
Shri Praveen Garg ¹ Chairman & Managing Director DIN – 00208604	4	4	Yes	2
Shri M. S. Rana ¹ Chairman & Managing Director DIN – 01174242	2	2	N.A.	N.A.
Shri Ajai Kumar Srivastav ² Director (Technical) DIN – 07571219	4	4	Yes	1
Shri P.N. Radkar ² Director (Technical) DIN – 03261212	2	2	N.A.	N.A.
Shri S.K. Sinha³ Director (HR) DIN – 07585095	4	4	Yes	1
Dr. Manoranjan Dash³ Director (HR) DIN – 02071641	2	2	N.A.	N.A.
(b) Govt. Nominees	1		1	
Dr. Saurabh Garg Joint Secretary (I&C), Dept. of Economic Affairs, Ministry of Finance DIN – 02603725	6	6	Yes	4
Ms. Meera Swarup Joint Secretary & FA, Ministry of Finance, DIN – 07459493	6	6	Yes	1
Shri Sudhir Kumar Saxena ⁴ Joint Secretary (IS-I), Ministry of Home Affairs, DIN – 07617586	4	0	No	Nil
Shri M.A. Ganapathy ⁴ Additional Secretary (IS-I), Ministry of Home Affairs, DIN – 07239958	1	0	N.A.	N.A.



Name	Meeting held during respective tenures of Directors	No. of Board Meetings attended	Attendance at the last AGM (held on 21.12.2016)	No. of other directorship held as on 31.03.2017
(c) Independent Directors				
Shri Arun Kumar Chatterjee ⁵ Joint Secretary (PSP) & CPO, Ministry of External Affairs, DIN – 07532401	4	2	Yes	Nil
Shri Muktesh K. Pardeshi ⁵ Joint Secretary (PSP) & CPO, Ministry of External Affairs, DIN – 03366751	2	0	N.A.	N.A.
Shri P. Vijaya Kumar Chief General Manager, Deptt. of Currency Management, Reserve Bank of India DIN – 07492149	6	3	No	Nil
Shri Niraj Kumar ⁶ DDG (Philately), Department of Posts, DIN – 03622825	2	1	Yes	Nil
Smt. Anula Kumar ⁶ DDG (Philately), Department of Posts, DIN – 06862034	4	1	N.A.	N.A.
Shri Upendra Tripathy ⁷ Independent Director, Ex-Secretary to Govt. of India DIN – 02942700	1	1	N.A.	Nil
Shri P.J. Mathew ⁷ Independent Director, Ex-IA & AS Officer, DIN – 06431096	1	1	N.A.	2

- 1. Shri Praveen Garg, JS (FM), DEA, Ministry of Finance assumed the additional charge of CMD, SPMCIL w.e.f. 12.07.2016 in place of Shri M.S. Rana who vacated the office on 12.07.2016.
- 2. Shri Ajai Kumar Srivastav appointed as Director (Tech) w.e.f. 29.08.2016 in place of Shri P.N. Radkar who vacated the office on 31.05.2016 due to his retirement.
- 3. Shri S.K. Sinha appointed as Director (HR) w.e.f. 01.09.2016 in place of Dr. Manoranjan Dash who vacated the office on 31.08.2016 due to his retirement.
- 4. Shri Sudhir Kumar Saxena has been appointed w.e.f. 17.09.2016 in place Shri M.A. Ganapathy who vacated the office on 13/04/2016.
- 5. Shri Arun Kumar Chatterjee has been appointed w.e.f. 01.06.2016 in place of Shri Muktesh K. Pardeshi who vacated the office on 01.06.2016.
- 6. Shri Niraj Kumar has been appointed w.e.f. 16.12.2016 in place Smt. Anula Kumar who vacated the office on 02.11.16.
- 7. Shri Upendra Tripathy and Shri P.J. Mathew appointed as Independent Director w.e.f. 16.02.2017...



Number of Board Meetings & Dates: The Board of Directors met six (6) times during the year 2016-17 (12.04.2016, 26.05.2016, 20.09.2016, 30.09.2016, 21.12.2016 & 16.03.2017) 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 2016-17, 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 and Shri Ajai Kumar Srivastav appointed 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 and Shri S.K. Sinha appointed as Director (HR) of the Company who has assumed the charge on 1st September, 2016. Shri M.A. Ganapathy (Govt. Nominee) vacated the office of Director of SPMCIL Board on relinquishment of charge of Joint Secretary (IS-I), Ministry of Home Affairs w.e.f. 13th September, 2016 and Shri Sudhir Kumar Saxena, Joint Secretary (IS-I), Ministry of Home Affairs joined the Board of SPMCIL in place of Shri M.A. Ganapathy w.e.f. 17th September, 2016. Shri Muktesh K. Pardeshi (MEA Nominee) vacated the office of Director of SPMCIL on relinquishment of charge of Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs w.e.f. 1st June, 2016 and Shri Arun K. Chatterjee, Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs joined the Board of SPMCIL in place Shri Muktesh K. Pardesh w.e.f. 1st June, 2016. Smt. Anula Kumar (DoP Nominee) vacated the office of Director SPMCIL on relinquishment of charge of DDG (Philately), Dept. of Posts w.e.f. 2nd November, 2016 and Shri Niraj Kumar, DDG (Philately), Dept. of Posts jointed the Board of SPMCIL in place of Smt. Anula Kumar w.e.f. 16th December, 2016. Shri Upendra Tripathy, Ex-Secretary to Govt. of India and Shri P.J. Mathew, Ex-IA&AS Officer has been appointed as Independent Director w.e.f. 16.02.2017 on the Board of the Company.

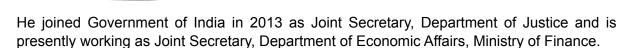
A brief profile of the Directors on Board of SPMCIL as on date of this report is furnished hereunder:

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 and Modern School, Barakhamba Road, 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 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. He is also Chairman of the Bank Note Paper Mill India Pvt. Ltd. (BNPMIPL) and Director on the Board of IDBI Bank.

Shri Ajai Kumar Srivastav, Director (Technical)

Shri Ajai Kumar Srivastav, aged 56 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, 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.

Earlier, 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. He is also Director on the Board of BNPMIPL, Mysuru, which is a 50:50 JV Company of SPMCIL and BRBNMPL (Subsidiary of RBI).

• 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. She is also a Director on the Board of GSTN.

• 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 (Nominee, Ministry of External Affairs)

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 (Nominee, Reserve Bank of India)

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 32 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 (Nominee, Department of Posts)

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.

Shri Upendra Tripathy (Independent Director)

Shri Upendra Tripathy is an Ex-Secretary, Government of India. Mr Tripathy is an Indian Administrative Service (IAS) officer of Karnataka Cadre. He has worked with local, provincial and union governments in India over the last about 38 years.

He held the post of Secretary Ministry of Renewable Energy, Advisor (Trade) in Indian Embassy in Brussels, Additional Secretary, Cabinet Secretariat; Joint Secretary, Minority Affairs and Deputy Secretary, Ministry of Petroleum & Natural Gas in the Central Government.

In the State of Karnataka, he has worked in several areas—Revenue Administration, Agriculture & Horticulture, Rural Development, Environment & Transportation.

He has done his Master's Degree both in Political Science from Jawaharlal Nehru University, New Delhi and Public Administration from Carleton University, Ottawa, Canada. He has undergone various training programmes in areas of programme implementation, financial management, sustainable development, quantitative methods and operational research for public policy and management and e-governance. He has also undergone a six weeks SIDA training programme in Sweden in areas of environmental management.

Mr Tripathy was awarded Prime Minister's Award for Excellence in Public Administration in individual category during 2009.

Presently, he is serving as the Interim Director General (IDG) of the International Solar Alliance (ISA) on a full time basis. He has been appointed as Independent Director on the Board of Security Printing and Minting Corporation of India Limited (SPMCIL) w.e.f. 16.02.2017.

Shri P.J. Mathew (Independent Director)

SMr. P.J. Mathew, after obtaining his masters in Business Administration (MBA) from Bangalore University, joined the Indian Audit and Accounts Service (I.A&A.S) in 1983. In a career spanning more than three decades, he has worked in various capacities in his parent department as well as with the Govt of India on deputation. He has wide-ranging experience in the areas of Financial Management, Auditing and General Administration in addition to



exposure to Space, Port and Power sectors.

Some of the senior positions held by him are Accountant General, Kerala during 2001-03 and Accountant General, Andhra Pradesh during 2007-09. Thereafter, he was posted as Principal Accountant General, Karnataka. He also had a posting in the office of the CAG of India, New Delhi as Principal Director (Staff) during 2003-05. Mr. Mathew was Joint Secretary to Govt. of India in the Department of Space/ISRO for five years from 2009.

His assignments abroad include a posting as Minister (Audit) in the Embassy of India; Washington D.C during 2005-07. His office was entrusted with the audit of all Indian Missions located in USA, Canada, Central and South American countries.

Mr. Mathew's UN assignments comprise of audit of the Office of the Human Resources Management (OHRM) of UN Head Quarters, New York in 1997 and audit of the Procurement division of the UN HQ NY in 1998. During 2002, he was the team leader for the Audit of FAO Regional office in Chile and country offices in Peru and Columbia.

He was Board Member (Finance) in the Kerala State Electricity Board during 1999-2001. He has also worked in the Port sector as Financial Advisor & CAO of Cochin Port during 1992-95.

Mr. Mathew retired in September 2014 as Director General of Audit.

Currently he is Independent Director on the Board of L&T Special Steels and Heavy Forgings Private Limited (LTSSHF), Mumbai. He was also Independent Director on the Board of Gujarat Urja Vikas Nigam Limited (GUVNL), Vadodara from 08.05.2015 to 31.05.2017.

Mr. Mathew is a Permanent Trustee of GRATE Bangalore which is a nonprofit organization working in the areas of good governance and anti-corruption. He is also a member in the Audit Advisory Boards of the Principal Accountant General, Karnataka and the Principal Director of Audit (Central Revenues) Bangalore.

Mr. Mathew has been appointed as Independent Director on the Board of Security Printing and Minting Corporation of India Limited (SPMCIL) w.e.f. 16th February, 2017.

3. AUDIT COMMITTEE

Brief description of Terms of Reference

- 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



- 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 31.03.2017: 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
Shri P. Vijaya Kumar (Upto 16.03.2017)	Chairman	Independent	3/5
Shri P.J. Mathew (From 16.03.2017)	Chairman	Independent	0/0
Ms. Meera Swarup (Upto 16.03.2017)	Member	Govt. Nominee, JS & FA, Ministry of Finance	5/5
Shri Arun K. Chatterjee	Member	Independent	3/5
Smt. Anula Kumar (Upto 02.11.2016)	Member	Independent	2/3
Shri Niraj Kumar (From 21.12.2016 to 16.03.2017)	Member	Independent	0/1
Shri Upendra Tripathy (From 16.03.2017)	Member	Independent	0/0

Meetings and Date of Meetings: The five meetings of the Audit Committee in the financial year 2016-17 have been held on 21.07.2016, 20.09.2016, 26.09.2016, 21.12.2016 & 16.03.2017.

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 31.03.2017, the committee comprises of the following Directors:

Name	Designation	Category
Shri Upendra Tripathy	Chairman	Independent
Shri P.J. Mathew	Member	Independent
Shri Arun K. Chatterjee	Member	Independent

Meetings and Attendance: During the year 2016-17, no meeting of Remuneration Committee was held.

The details of gross remuneration paid to the Functional Directors of the Company during the year 2016-17 and 2015-16 are as follows:

(Amount in ₹ Lacs)

Particulars	2016-17	2015-16
Salary and Allowances	115.84	85.85
Contribution to PF/ Pensionery Charges	7.81	7.98
Leave Encashment	31.07	3.65
Lease Rent & Other Perks	47.68	63.27
Gratuity	10.00	3.82
Total	212.40	164.57

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 31.03.2017, the committee comprises of the following Directors:

Name	Designation	Category
Dr. Saurabh Garg	Member	Govt. Nominee, JS (I&C) DEA, MoF
Shri Upendra Tripathy	Member	Independent Director
Shri S.K. Sinha	Member	Director (HR)

Meetings and Attendance: During the year 2016-17, two meeting of CSR Committee were held on 29.06.2016 & 29.08.2016.



6. GENERAL BODY MEETINGS

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

Particulars	2013-14	2014-15	2015-16
Date	November 11, 2014	December 08, 2015	December 21, 2016
Time	1:30 PM	1:30 PM	1:30 PM
Venue	16 th Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110 001	Vyapar Bhawan, Vyapar Bhaw Janpath, Janpath,	
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
20	016-17	September 27, 2017 at 1:00 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 31st March, 2017.
- (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 2016-17, no expenditure is debited to the books and accounts which are not for the purpose of business expenditure.
- (vii) During the year 2016-17, 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 7.41% and financial expenses as a percentage of total expenses is 2.29%.

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, 2017 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 2016-17. 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 2016-17.

'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 2016-17.'

Date: 27th September, 2017

Place: New Delhi

(Praveen Garg)
Chairman & Managing Director

DIN - 00208604



ARORA JITENDER & CO.

COMPANY SECRETARIES

J-1/2-B, Krishna Nagar, Delhi-110051 Mobile-9811505059 Telephone No. - 011-43041659

Ref No	Da	ated:

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, (herewith referred as 'the Company') for the year ended on 31st March, 2017 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 annexure 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 above mentioned guidelines. It is neither an audit nor an expression of opinion on the financial statement 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 abovementioned guidelin Place: New Delhi es subject to the following observation:

The Board of Directors of the Company was not duly constituted with proper balance of Independent Directors till 15.02.2017. However, the Department of Economic Affairs, Ministry of Finance has appointed two Independent Directors on the Board of the Company vide Order dated 16.02.2017.

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 Arora Jitender & Co.

Sd/-

(Jitender Arora) M. No. 4822

CoP No. 5900

Date: 22.09.2017 Place: New Delhi

ANNEXURE-X

FORM NO. MGT - 9

Extract of Annual Return as on the Financial Year ended on March 31, 2017

[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.

SI. 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	37%	
2.	Manufacture of Coins	32114	47%	

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate		Applicable Section
	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		Associate	50%	2(6)



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

Category-wise Share Holding (i)

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

•	
SPMCIL	

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

(ii) Shareholding of Promoters

SI. No.	Shareholder's Name		Shares hel		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	1182490000	100%	-	1182490000	100%	-	-	
	Total	1182490000	100%	-	1182490000	100%	-	-	

(iii) Change in Promoters' Shareholding

SI. No.	Description	Sharehol beginning	ding at the of the year	Cumulative Shareholding during the year		
	Description	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	1182490000	100%	1182490000	100%	
2.	At the End of the year	1182490000	100%	1182490000	100%	



SI.	For Fook of the Ton 40 Shareholders		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
No.	For Each of the Top 10 Shareholders	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	ı	-	ı	-	
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

SI.	For Each of the Directors		olding at the ng of the year	Cumulative Shareholding during the year		
No.	and KMP	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	ı	-	-	-	
	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	-	-	-	-	

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	1	1182.44
(ii) Interest due but not paid	-	-	-	-
(iii) Interest accrued but not due	-	-	1	-
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

SI.	Particulars of			Whole Time	Director		
No.	Remuneration	CMD	Director (Tech)	Director (HR)	Director (Tech)	Director (HR)	Total Amount
1.	Gross Salary	Sh M.S. Rana	Sh P.N. Radkar	Dr.Manoranjan Dash	Sh. A.K. Srivastav	Shri S.K. Sinha	(₹)
	(a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961;	28,23,658	7,99,627	25,00,602	16,21,050	11,50,650	88,95,587
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		8,12,419	34,90,861	9,05,265	7,88,008	81,79,556
	(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	87,272.00	40,562	1,21,653	1,38,555	1,38,078	5,26,120
	Total (A)	50,93,933	16,52,608	61,13,116	26,64,870	20,76,736	1,76,01,263

B. Remuneration to other Directors:

SI. No.	Particulars of Remuneration	Shri Upendra Tripathy, Independent Director	Shri P.J. Mathew, Independent Director	-	Total Amount
1.	Independent Directors				
	Fee for attending Board / Committee meetings	15,000	15,000	-	30,000
	Commission	-	-	-	-
	Others, specify	-	-	-	-
	Total (1)	15,000	15,000	-	30,000
2.	Other Non-Executive Directors				
	Fee for attending Board / Committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, specify	-	-	-	-
	Total (2)			-	-
	Total (1+2)	15,000	15,000	-	30,000



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

SI.		Key M	Key Managerial Personnel				
No.	Particulars of Remuneration	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;		7,93,748	26,88,210			
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	5,44,903	1,50,792	6,95,695			
	(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	1,79,709	75,157	2,54,866			
	Total	26,19,074	10,19,697	36,38,771			

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Туре	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 2016-17



BHATIA & BHATIA CHARTERED ACCOUNTANTS



81, HEMKUNT COLONY, LEVEL-1, Opp. NEHRU PLACE NEW DELHI-110 048

TEL: 2646-5599, 2647-5599

FAX: 2642-5599

e-mail: taxauditor@bnbindia.org website: www.bnbindia.org.in

MODIFIED INDEPENDENT AUDITORS' REPORT

(Based on C&AG observations we have modified the 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 Ind AS Financial Statements

We have audited the accompanying standalone Ind AS Financial Statements of **Security Printing** and **Minting Corporation of India Limited** ("The Company") which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and a summary of the Significant Accounting Policies and other Explanatory Information (herein after referred to as "Standalone Ind AS Financial Statements").

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS financial statements.

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

As a result of observation of CAG, the audit report have been modified and para "In Respect of Corporate Office" in Annexure-1, Basis for qualified opinion clause 1 & 2 have been revised/ modified.

Basis for Qualified Opinion

The Matters are 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 Annexure-I "BASIS FOR QUALIFIED OPINION" paragraph, the aforesaid standalone Ind AS 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 Indian Accounting Standards, of the state of affairs of the company as at 31st March, 2017 and its profit and its cash flows for the year ended on that date.

Emphasis of Matters

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

Other Matter

We did not audit the financial statements /information of Eight units/branches included in the standalone financial statements of the Company, (IGM, Noida was audited by us) whose financial statements / financial information reflect Total Assets of ₹4,96,735 lacs as at 31st March,2017 and Total Revenue of ₹4,92,069.59 lacs 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 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 (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
- 2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion, proper books of account as required by law have been kept by the Company



- so far as it appears from our examination of those books.
- (c) the reports on the accounts of the unit offices of the Company audited under section 143(8) of the Act by the 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 dealt with by this Report are in agreement with the books of account.
- (e) Except for the matters as stated in "Annexure-1, Basis for Qualified Opinion" paragraph, as stated above, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder.
- (f) As per notification no. GSR 463(E) dated 05.06.2015 "exemptions to government companies by virtue of section 462 of the Companies Act, 2013", sub-section 2 of section 164 is not applicable to the Government Company.
- (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (h) The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act,2013, the compliance of which is set out in "**Annexure C**"
- (i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements— (Refer note no 27 of the Standalone Ind As Financial Statements).
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material 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.
 - iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company (Refer Note No. 48 to the Standalone Ind AS Financial Statements).

For BHATIA & BHATIA

Chartered Accountants FRN- 003202N OF ICAI

Sd/-

(R. BHATIA), F.C.A.

Partner

Membership No.:17572

Date: 26th September, 2017

Place: New Delhi



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED ANNEXURE-I TO THE AUDITORS REPORT AS AT 31ST MARCH, 2017

BASIS FOR QUALIFIED OPINION

In respect of IGM, Noida

- TDS TDS on Perquisites for Rent free accommodation provided to employees of the unit: According to the information and explanation provided, no TDS was deducted on the value of perquisite on the accommodation provided to some employees on concessional rates. However as per section 17(2), Rule 3(i) the value of perquisite shall be 7.5% of salary in respect of the period during which the said accommodation was occupied by the employee as reduced by the concessional rent charged (if any) by the employer. (Where the accommodation is owned by the employer). Tax liability may arise on the unit for non-deduction of TDS as per the above rule along with interest.
- Expense without supporting documents and explanation: According to the information available with us and after examination of books of accounts and records, it was observed that the unit has incurred expenses amounting to ₹193.17 lacs for which no explanation and supporting documents could be provided by the unit. The same is booked under the head "other expenses".

In respect of SPM, Hoshangabad

• The value of inventory includes unused Bank Note Paper & other related inventory to the tune of ₹4,717.25 lacs pertaining to withdrawn "Specified Bank Notes" of ₹1000 & ₹500 denomination. There is no reasonable assurance from Customer (RBI) regarding the recovery of the said amount. The unit has valued the same at cost and not made any provision for such non/moving /obsolete inventory. Consequently the profit of the unit is overstated by ₹4,717.25 lacs and the inventories are overstated to that extent.

In respect of CNP, Nashik

- Ind AS 109 "Financial Instruments: Recognition and Measurement": An amount of ₹19,243.83 lacs in respect of stocks lying with the unit for ₹1000 and ₹500 denomination notes has been shown as Receivable from RBI. The same has not been confirmed by RBI in their balance confirmation received on 4th July, 2017. To that extent Profits and Trade Receivables have been overstated and the financial statements do not reflect true and fair view.
- Ownership of the Inventory has been transferred to RBI during the financial year 2016-17 as reflected from the Books of accounts. Confirmation from RBI has not been obtained.

In respect of BNP, Dewas

 Stock Amounting to ₹6,678.74 lacs represents the raw material, WIP and finished stock of demonetized currency of ₹500 and ₹1000. This amount has been shown as recoverable from RBI however no confirmation is received from RBI.

In respect of IGM, Hyderabad

 The Commercial Tax Department had raised a demand for ₹24,400.64 lacs for the period, April, 2006 to November, 2013, on account of sale of circulation coins, difference in sales tax on sale of other items, interest and penalty. The unit has not made a provision for the said



liability. No appeal is filed with the First Appellate Authority against the demand raised and only correspondence with the state VAT department is carried out. The liabilities therefore are understated and the profits are overstated to the extent of ₹24,400.64 lacs.

In respect of Corporate Office, New Delhi

- **Provision for Pension :** During the course of Audit it was observed that, a provision for pension liability amounting to ₹22,768.25 lacs was not created during the year. The same is in contravention of Ind AS-19. The profits are overstated to the tune of ₹22,768.25 lacs.
- The sale of coin for the year 2014-15 was booked on the basis of fair selling price of the year 2012-13 being only finalised available fair selling price at the time of booking of sales for the year 2014-15 further fair selling price for the year 2014-15 has been finzalized by CAC/MoF and well communicated to Company in June 2017.
 - Fair selling Price finalized for the year 2014-15 is lower than fair selling price of year 2012-13 which has resulted an amount of ₹44.85 crore payable to Ministry of Finance but company has not booked liability for the same. Thus the profit are overstated to the tune of ₹44.85 Crores.
- The Schedule of fixed assets has been adjusted during consolidation to reconcile the effects of Fixed assets schedule of branches.
- The provision/allowance for Doubtful debts created during the year exceeds the amount of doubtful debts as shown by the company in its financial statements "Note no. 5(ii) Trade Receivables

 — Current".



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED ANNEXURE-II TO THE AUDITORS REPORT AS AT 31ST MARCH, 2017

EMPHASIS OF MATTER PARAGRAPH

- In respect of India Government Mint (IGM), Hyderabad and IGM, Noida: Accounts with RBI are not reconciled regarding High Secure Storage facility provided by Mints to RBI.
- In case of IGM, Noida: GR/IR, SR/IR & Freight clearing account are not reconciled on regular basis and manual entries are posted at the end of the year.
- In case of IGM, Noida: Balance confirmations as received from suppliers namely M/s. Mittal Appliances and M/s. Indaid Engineers Pvt. Ltd are not reconciled with Books of accounts. Balance confirmation from other Debtors, Creditors, Advances Recoverable, Advance to Staff are not obtained as a matter of practice upto the finalization of audit and all these balances are unconfirmed and unreconciled.
- In respect of Corporate Office, New Delhi: Balances due from Ministry of Finance are subject to confirmation and reconciliation.
- In respect of Corporate Office, New Delhi: Balances with Creditors, Debtors and for deposits made with the Suppliers are subject to confirmation and reconciliation.
- In respect of Currency Note Press, Nashik: Balances in Receivables from PAO, Pension Trust, Combine Pension Trust, Recoverable from Govt of India are lying outstanding for more than one year without any confirmation and reconciliation.
- SAP MM, CO and PP Module Automatic entries are not checked and reconciled on periodic basis. CO Module is not fully operational.
- In case of IGM Hyderabad: Job Work in respect of Melting and manufacture of medals was undertaken by the unit. The said act amounts to manufacture under the Central Excise Act, 1944. The duty (if any) on the product so manufactured is recoverable from the customers and subsequently needs to be remitted to the Excise Department. The unit has not complied with the provisions as stated under the respective law. Job work service amounting to manufacture or production is an item appearing in the negative list of services, hence no service tax liability arises on such services. However, the unit has wrongfully charged and collected service tax on such jobs undertaken. The unit has not reported the value of services and the tax so collected during the period February 2017 in the service tax returns with respect to melting job works. Penalty may be imposed for such violations by the competent authority.
- In respect of India Security Press, Nashik: According to the information and explanations provided, the unit has been charging price for printing postal stationery on suo-moto basis. This practice is followed over a period of years. The sales price charged against the sale of postal stationery has not yet been confirmed by the Office of Chief Adviser Cost (earlier known as CAB) for the year 2014-15, 2015-16 & 2016-17. (Cost Accounts Branch Ministry of Finance Department of Expenditure & the Postal Authorities). This has resulted into incorrect revenue recognition over a number of years. The basic principle of revenue recognition is violated as the realization of the amount is not certain. During the period under audit, billing was made on the basis of price list of the company and the difference in price as stated in the price list and CAB approved rates for FY 2014-15 has now been provided to the tune of ₹5.19 lacs.



- In respect of SPM, Hoshangabad: The Unit is recognizing revenue on "Budgeted Cost" as determined on the basis of budget. This is in contravention of Ind AS-8.
- In respect of India Government Mint, Noida (IGM, Noida): Valuation of Blanks / Raw Material, W.I.P and Finished Goods has not been done automatically by SAP and adjustment entries have been posted at the end of the year to reconcile the value with the Manual Records. Moreover, the Damaged/Rejected/Wastage/loss occurred during the production process are clubbed with the adjustment entries. It is difficult to ascertain the true picture of Damaged/Rejected/Wastage/loss occurred during the production process. The adjustments should be made after technical evaluation of the same by a Committee.
- In respect of India Government Mint, Hyderabad: Inventory carried by the unit includes silver weighing 293.645 kgs and the same is reflected in its books at NIL value as no cost was incurred in acquiring it.
- In respect of India Security Press, Nasik: Long outstanding advances doubtful of recovery amounting to ₹3,373.24 lacs not provided for: The amount is shown as outstanding for more than four years on account of leave encashment of past and present employees, recoverable from Government of India. No documentary evidence was produced for any follow-up or any possible recovery of these amounts. In absence of documentary evidence, recovery appears to be doubtful and hence provision should be provided for. Leave encashment amount recoverable from GOI: ₹3,373.24 lacs. This has resulted in over statement of profits and assets to that extent.
- In case of Corporate Office, New Delhi: According to the information and explanation provided it was observed that a Provision for Tax Payable (GI No.15500049) was standing in the books of accounts amounting to ₹655.38 lacs since FY 2012-13. The said excess provision was provided for during the FY 2012-13. The same is written back in P&L account during the FY 2016-17. (Being excess provision written back). Emphasis should be made to compute provisions on reasonable basis.

• Actuarial Valuation of Pension:

According to the information and explanation provided and on the basis of Actuarial Report, it was observed that the Actuarial gains/losses on account of pension were not accounted for in the report provided. Hence, the effect/impact of the same was not incorporated in books of account.



COMPANIES AUDIT REPORT ORDER, 2016 (CARO)

Annexure "A" referred to in Independent Auditors' Report on Other Legal and Regulatory requirements, clause 1, to the members of the Security Printing and Minting Corporation of India Limited ("the Company") on the Standalone Ind AS financial statements for the year ended 31st March 2017, we report that.

Sub Sub				
Clause	Sub Clause	Matters	Auditors View	
3(i)	A	maintaining proper records showing full particulars,	The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets; except in case of following units: In case of IGM, Noida- The location of 600 fixed assets could not be ascertained from the fixed assets register out of total of 4,258 assets,. In case of CNP, Nashik—The details of land amounting to ₹59.55 lacs & ₹17.03 lacs are not available. Further out of the gross block of Building of ₹3,767 lacs details of building amounting to ₹1691.31 lacs are not available. In case of SPM, Honshangabad— The fixed asset register generated by SAP does not contain details regarding situation of fixed assets.	
	В	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	Company has a regular Programme of Physical verification of assets under which fixed assets are verified in the Financial year 2016-17 as per corporate guidelines except: In case of IGM, Noida— According to the information and explanations made available, the unit has formed a committee to conduct Physical Verification of Fixed Assets, However no report could be produced by the management regarding Verification conducted during the Financial year to corroborate the stance. The management needs to emphasize on ways to strengthen the systems having regard to size and nature of the business. Failing to do so may result in serious issues in future. Material discrepancies if any cannot be commented upon. In respect of corporate office—The Corporate office has not formed a committee to conduct Physical Verification of Fixed Assets, no report could be produced by the management regarding Verification conducted during the Financial year.	
	С	immovable properties are held	According to the information and explanations given, following immovable properties have not been transferred in favour of Company. In some cases the documents / title deeds could not be produced by the unit. 1. In case of IGM, Noida: Sector -1, Pocket D2, Noida, U.P-201301 (Title deed not provided). Sector-27, Noida, U.P-201301 (Deed not executed in favour of Company).	



Clause	Sub Clause	Matters	Auditors View
			 A-33, Sector 23, Noida, U.P-201301-According to the information and explanations given, the immovable property was transferred in favour of SPMCIL vide order dated 24.11.2015. However No Stamp duty / transfer duty was paid in this regard, hence it is difficult to ascertain whether the formalities required to get the title transferred in favour of IGM, NOIDA have been completed or not. The Management should pay the Tax / Duty and obtain clear title in the property. The unit should make serious efforts to clear the title and get the same transferred in its favour on priority basis. 2. In case of CNP, Nasik: Title deeds of Land amounting to ₹17.03 lacs and Building amounting to ₹1691.31 lacs in the name of the unit were not produced for verification. 3. In case of IGM, Kolkata: The title deeds of land (lease hold) and factory building are not held in the name of the company. 4. In case of IGM, Mumbai: The title deeds of land (lease hold), Non-factory building and Plant & Machinery are not held in the name of the company. 5. In case of ISP, Nasik: The title deed of land are not held in the name of the company. 6. In case of Corporate Office: Land at Jail Road, "CNP Nashik" amounting to ₹1 in the Books of Accounts, the title deed for the same is not transferred in the name of the Company. 7. In case of IGM, Hyderabad: The title deed of land are not held in the name of the company at IDA Phase-II Chernapally, Hyderabad: 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.
3(ii)	A	of the inventory has been	According to the information and explanations given physical verification of Inventories has been conducted during the year by the management. In case of IGM, Noida: Physical Verification of stock was conducted by the stock verification committee. A certificate for the verification of inventory by the stock
			verification committee duly certified by the management is provided.
			In case of BNP, Dewas: Physical verification of inventory in relation to security items (papers, ink etc.) has not been carried out since long time in spite of branch auditor's observation in previous year.
			In case of CNP, Nasik: The Inventories lying at the Unit have been physically verified by the management during the year.

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SPMCIL	

Clause	Sub Clause	Matters	Auditors View
	В	verification if any material Discrepancies were noticed	In case of IGM, Noida: The SAP module is under compilation and the Adjustment entries are posted in SAP manually to bring the value of inventory in parity with the physical verification report. The Wastage, Loss and Rejections occurred during the production process along with other adjustments are clubbed under a single head "Adjustments" while computing the Inventory Value and Quantity at the Balance Sheet date. A technical report to support such "Adjustments" made could not be provided by the unit.
3(iii)	A	granted any loans(secured or unsecured) to companies, firms, Limited Liability Partnership	According to the information and explanations given to us, the unit has not granted any loans (secured or unsecured) to companies, firms, Limited Liability Partnership (LLP) or other parties covered under the sec 189 of the Companies Act. 2013.
	В	Whether the terms and conditions of the grant of loans are not prejudicial to the interest of the company.	
	С	Whether the repayments are regular and within the stipulation.	N.A
	D	Whether the amount that is overdue for more than 90 days has been reported and reasonable steps have been taken by the company to recover the amount.	
3(iv)		investments and guarantee, whether provision of sec 185 and 186 have been compiled	In our opinion and according to the information and explanations given to us, the unit has not given any loans, made any investments and provided any securities or guarantee. Accordingly the provision of sec 185 and 186 of Companies Act, 2013 are not applicable.
3(v)		In case the company has accepted any deposits from the public, whether following points have been taken care of.	
	A	Directives issued by the Reserve Bank of India (RBI).	N.A
	В	Provisions under sections 73 to 76.	N.A
	С	Orders passed by CLB, NCLT, RBI or any other court or tribunal.	



Clause	Sub Clause	Matters	Auditors View
3(vi)		under sec 148(I) of the Companies Act, 2013 have	According to the information and explanation given to us, the company is under compilation of cost records required pursuant to the rules prescribed under section 148(1) of the act for maintenance of cost records. However no cost records could be made available by the unit and any of its division to corroborate the same. Cost records should be maintained by each division separately. The same should be carried out in SAP. Compilation of all cost records should be done to get fair view and value.
3(vii)	A	is regular in depositing	According to the information and explanations given the unit is generally regular in depositing statutory dues such as TDS, P.F, U.P VAT, and Service Tax etc. with the appropriate authorities. A statement of deviation for dues unpaid for more than Six months on the date of Balance Sheet are enclosed in "Schedule-1" of CARO (forming part of CARO)
			In respect of IGM Noida
			 (i) According to the information and explanations given to us during the course of audit it was observed that Advance payments were made by IGM Noida to CPWD for Electrical Repair and Repair and Maintenance of Township, Factory Building, Non Factory Building etc. However no Service Tax under Reverse Charge Mechanism was levied and paid by the unit. The unit needs to obtain a legal opinion on the same to avoid any future liabilities at a later date (ii) Delay in filing of Returns under U.P VAT Act, 2008 & Central Sales Tax Act, 1956: According to the explanation provided & Information apparent on records it was observed that IGM Noida has not filed the returns in due course of time as defined under the U.P VAT Act, 2008. The returns were filed on quarterly basis instead of monthly basis. Non filing of Returns in due course of time attracts penalty. (iii) Discrepancies in filing of VAT & CST Returns: During the course of Audit it was observed that lot of errors were made while filing VAT and CST returns. (including error of omission). The same needs to be rectified in Annual Return to be filed by the Unit.
			In respect of Corporate office, New Delhi
			According to the explanation provided and on the basis of information apparent on records it was observed that Service Tax was generally not deposited within the time frame as specified in law. It is generally deposited after the due date along with the interest. Emphasis should be made to book the bills on timely basis and to pay the due tax within the limit / time frame as specified under the respective law

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Clause	Sub Clause	Matters	Auditors View
	В	or Sales Tax, value added tax, services tax has not been	According to the information and explanation given to us there are few disputes. The detail of disputes as mentioned in clause 3(vii)(b) are enclosed in "Schedule 2" of CARO (forming part of CARO).
3(viii)		defaulted in repayment of loans or borrowings to	According to the information and explanation given to us and in our opinion, the company had not defaulted in repayment of loans or borrowing to a financial institution, bank, government or dues to debenture holders.
3(ix)	A	company through IPO or any other public offer(including debt instruments) were applied	According to the information and explanation given to us and on the basis of records provided during the course of audit, in our opinion the unit has not raised monies by way of IPO or further public offer including debt instruments and term loans. Hence, this clause is Not Applicable
	В	if not details altogether with the default should be stated.	N.A
3(x)	A	company or any frauds on	No fraud by the company or any frauds on the company by its officers or employees have been noticed or reported during the financial year.
	В	If yes amount and nature of such fraud should be stated	N.A
3(xi)		eration has been paid or	
3(xii)			· ·



Clause	Sub Clause	Matters	Auditors View
3(xiii)		with the related parties are in compliance with section 177 and 188 of the companies' act 2013 and details have been disclosed in the financial	In our opinion and according to the information and explanation given to us the transactions with the related parties are in compliance with section 177 of Companies Act, 2013. The details have been disclosed in financial statements. The detail of transactions entered with the Related parties are also provided in Notes to Accounts, (Note no. 35)
3(xiv)	A	has made any preferential allotment or private placement	In our opinion and according to the information and explanation given to us by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
	В	if so whether the requirement of sec 42 have been complied with and amount raised has been used for the purpose for which it was raised. If not state the deviations.	
3(xv)	A	entered into any non-cash transactions with the directors	In our opinion and according to the information and explanation given to us by the management, the company has not entered into non-cash transactions with the directors or the persons connected with them.
	В	if so whether they are in the compliance with the sec 192, of the Companies Act 2013. If not state the non-compliance.	
3(xvi)	A	required to be registered under	In our opinion and according to the information and explanation given to us by the management, the company is not required to be registered under sec 45-IA of the Reserve Bank of India Act 1934.
	В	if yes whether the registration has been obtained or not	N.A

For BHATIA & BHATIA

Chartered Accountants FRN- 003202N OF ICAI

Sd/-

(R. BHATIA), F.C.A.

Partner

Membership No.:17572

Date: 26th September, 2017

Place: New Delhi



Schedules Forming part of Annexure- "A"

Schedule "1"

Clause 3(vii)(A) of CARO (Undisputed Liability standing for more than six months). Indirect Taxes:

i. Value Added Tax (VAT)

IGM, Noida

(Amount in ₹)

SI. No.	Period	Tax Collected	Tax Deposited	Short/ Delay Deposit	Due Date of Deposit	Date of Deposit
1	March, 2016	6,99,920	5,07,003 (Deposit) + 43,320 (Reversed)	1,49,597	25.03.2016 & 20.04.2016	Unpaid unto the completion of Statutory Audit.
2	April, 2016	14,005	-	14,005	20.05.2016	Unpaid unto the completion of Statutory Audit.
3	May, 2016	17,441	-	17,441	20.06.2016	Unpaid unto the completion of Statutory Audit.
4	July, 2016	74,336	-	74,336	20.08.2016	Unpaid unto the completion of Statutory Audit.
5	October, 2016	16,835	10,560	6,275	20.11.2016	On 30.11.2016, ₹10,560 and the balance amount unpaid unto the completion of Statutory Audit.
6	December, 2016	45,491	39,595	5,896	20.01.2017	On 06.01.2017, ₹39,595 deposited and the balance amount of ₹5,896 unpaid unto the completion of Statutory Audit.

ii. Service Tax

IGM, Noida

(Amount in ₹)

SI. No.	Period	Tax Collected	Tax Deposited	Short/ Delay Deposit	Due Date of Deposit	Date of Deposit
1	March, 2016	611,613	-	6,11,613	31st March,	-
		(under Reverse			2016	
		Charge Mechanism)				

In respect of IGM, Noida:

Custom Duty on Import of Goods: According to the explanation provided and information apparent on records it was observed that, the custom duty paid on import of Machinery was wrongly assessed on the basis of payment made to the vendor instead of the total value of the Goods Imported. (Details as hereunder). The Cost of Machinery is understated to the extent of shortfall. The same is required to be paid.



SI. No.	Particulars	Amount
1.	Import value of	EURO 120,189.35
2.	Value assessed (on the basis of payment made)	EURO 96,151.48
	Difference (on which duty payable)	EURO 24,037.87

- Discrepancies noticed in Deposition of Taxes (VAT & CST): During the course of Audit it was observed that IGM, Noida has not deposited taxes in due course of time as prescribed under U.P VAT Act, 2008. The instances are guoted in hereunder.
- VAT/CST was collected on Sale of scrap, metal and fixed assets however, the same was not/ short deposited. The details are as follows:-

(Amount in ₹)

SI. No.	Period	Tax Collected	Tax Deposited	Short/ Delay Deposit	Due Date of Deposit	Date of Deposit	Delay in days
1	April, 2016	14,005	-	14,005	20-05-2016	-	421 days
2	May, 2016	17,441	-	17,441	20-06-2016	-	390 days
3	June, 2016	39,185	41,240	(2,055)	20-07-2016	20.07.2016	-
4	July, 2016	74,336	-	74,336	20-08-2016	-	-
5	August, 2016	17,569	17,569	-	20-09-2016	15-09-2016	-
6	September, 2016	3,747	3,747	-	20-10-2016	05-10-2016	-
7	October, 2016	16,835	10,560	6,275	20-11-2016	30-11-2016	10 days
8	November, 2016	22,492	22,492	ı	20-12-2016	07.12.2016	-
9	December, 2016	45,491	39,595	5,896	20-01-2017	06-01.2017	-
10	January, 2017	13,603	13,603	-	20-02-2017	06.02.2017	-
11	Feburary, 2017	18,230	18,230	-	20-03-2017	08-03-2017	-
	Total			1,15,898			

Note: VAT for the month of March, 2016 (FY: 2015-16) amounting to ₹6,99,920 was due on 20.04.2016 however only ₹5,07,003 was deposited against the dues and ₹43,320 was reversed on account of rectification. The Balance Tax amounting to ₹1,49,597 (FY: 2015-16) and ₹1,15,898 (FY: 2016-17). Total ₹2,65,495 due was pending upto the finalization of Audit.

Currency Note Press, Nashik

(Amount in ₹)

SI. No.	Period	Tax Collected	Tax Deposited	Short/ Delay Deposit	Due Date of Deposit	Date of Deposit
	April to September, 2015	983,922 (Including Interest)	l ''	-		25 th May, 2017

Service Tax amounts paid to CPWD: India Security Press, Nashik

(Amount in ₹)

SI. No.	Period	Tax Collected	Tax Deposited	Short/ Delay Deposit	Due Date of Deposit	Date of Deposit
1	-	4,474,267 (Under RCM)	-	-	2012-13, 2013-2014 (Period for which it relates)	-
2	-	1,133,841 (Under RCM)	-	-	2014-15 (Period for which it relates)	-
3	-	1,319,869 (Under RCM)	-	-	2014-15 (Period for which it relates)	-



Schedule "2"

Clause 3(vii)(B) of CARO (Disputed Liability).

In Respect of India Government Mint, Noida

SI. No.	Name of Court & Case No.	Title of the Case	Issue involved in Brief	Estimated Financial Liability	Remarks
1	Delhi High Court, New Delhi WP (C) No. 7757/2010	Akhilesh Bajpai Vs UOI	Payment of OTA		Counter reply filed. This case is listed in year-wise seniority. To be listed in due course.
2	Delhi High Court, New Delhi WP No.656/2011	Ms.RajniKanta Minj Vs. Union of India & others Respondents	Non-payment of HRA	₹0.89 lacs (Appx.) (₹79,000+₹10,560)**	Counter reply filed. This case is listed in year-wise seniority. To be listed in due course.
3	C.G.I.TII Karkarduma, New Delhi, I.D23/2014	G.S., N.M.S.S. Vs G.M., IGM, Noida	SPMCIL Medical Policy-2012		Reply & Rejoinder filed. Matter is being heard for disposal.
4	C.G.I.TII, Karkarduma, New Delhi, I.D77/2014	Shri M. P. Tyagi, Ex. Tech. Vs IGMN	Against termination from service	₹16.81 Lakh Appx. (for 36 Months)	Final hearing held & judgment reserved on 11.04.2017.
5	Allahabad High Court, UP CMWP NO. 11946/2015	Sunil Tyagi Vs UOI & Ors.	Against internal transfer/posting order	Pertains to inter section transfer. No liability.	Counter reply filed. To be heard.
6	Allahabad High Court, UP CMWP No. 42995/2015	Noida Mint Employees Union & Others Vs UOI & Others	Against de-merger of the post of Astt. GrI & JT w.e.f. 01.11.2008	Pertains to upgradation of post. No liability involved.	Disposed off during April, 2017.
7	Allahabad High Court, UP CMWP No. 43895/2015	Noida Mint Employees Union & Others Vs UOI &Others	Against six day/48 hours per week working of SPMCIL recruits	Pertains to working days. No liability.	Counter reply filed. NDH-to be listed for hearing.
8	Allahabad High Court, UP CMWP No. 52152/2015	Jayan A & Others Vs UOI & Others	Against non- implementing of pay fixation in Review MACP cases due to rationalisation	arrear for 24	Counter reply filed. PDH- 12.04.2016 NDH-To be listed.
9	CAT, PB. New Delhi OA No. 4443/2015	Jayan A & Ors. Vs UOI &Ors.	Payment of Transport Allowance at Delhi rate	₹0.94 lacs** (Appx.)	Counter Reply filed. PDH-08.07.2016. NDH: To be listed.
11	Allahabad High Court, UP CMWP No. 38487/2016	Anand Kumar & Others Vs UOI & Others	For grant of higher Grade Pay ₹1900 instead of ₹1800 for 2011 Assistant Grade-III appointee	₹9 lacs (Appx.)	Counter Reply to be filed. Fixed for hearing during August, 2017.
12	CAT, PB. New Delhi OA No.3863/2016	D. K. Tyagi & Other Vs UOI & Other	Extending the CAT, PB, New Delhi' order dt. 22.05.2006 in OA No.532/2005	₹4 lacs (Appx) for arrear payment of two employees	Counter reply filed. Matter is to be hearing during August, 2017.
13	CAT, PB, New Delhi OA No. 3669/2016	Sunil Tyagi & Others Vs UOI & Others	For grant of Transport Allowance at Delhi rate	₹ 8.40 Lakhs (Appx.) (Cal.140*2000*03) (for three months)	Court Stayedorder for recovery of excess TA. Counter reply to be filed after that matter to be heard in August, 2017.



SI. No.	Name of Court & Case No.	Title of the Case	Issue involved in Brief	Estimated Financial Liability	Remarks
14	CAT, PB, New Delhi OA No.3825 /2016	Jayan A & Others Vs UOI & Others	For grant of Transport Allowance at Delhi rate	₹6.30 Lakhs (Appx.) (Cal.105*2000*03) (for three months)	Court stayed order for recovery of excess TA. Counter reply to be filed after that matter to be heard in August, 2017.
15	Conciliation Proceeding before Dy. CLC, Dehradun	NMEU & MSSN	Against order of three shift/Six Day Working to enemas transferred employees	Pertains to working days/shift. No liability.	Against Six day working (Notice 9-A)- Reply of both Unions are awaited. Thereafter date of Jt. Discussion held. Order awaited.
16	Conciliation Proceeding before Dy. CLC, Dehradun	NMEU & MSSN	Against Notice (9-A) of Six Day Working to enemas transferred employees	Pertains to working days. No liability.	Against three Shifts working for Industrial Employees-Reply given and Jt. Discussion held. Order awaited.
17	UP VAT & CST Act	Reopened with the assessing authority U/s 32	Tax Demand against sale of Coins for the period 2013-14	₹90.97 Cr	The next hearing of case is given on 31.08.2017.
18	UP VAT & CST ACT	Reopened with the assessing authority U/s 32	TAX Demand on sale of Scrap for the period 2013-14	₹7.00 lacs	The next hearing of case is given on 31.08.2017.
19	TDS Defaults on TRA CES site for FY: 2007-08 to 2016-17.	TDS	-	Total Demand for 2007-08 to 2016-17 is ₹2,031,060.	Revision is under process.
20	Deputy Commissioner, Service Tax Division-I	Service Tax	Service tax Demand on Non- Monetary Portion of Considerations given to CISF	₹1,29,530 and Penalty of ₹10,000	A show Cause Notice has been received from the department and company is under process of taking legal action.

In respect of Bank Note Press, Dewas

SI. No.	Name of Court & Case No.	Title of the Case	Issue involved in Brief	Estimated Financial Liability	Remarks
1	Supreme Court of India	Commercial Tax	-	₹34,57,77,632	-

In respect of Currency Note Press, Nashik

SI. No.	Name of Court & Case No.	Title of the Case	Issue involved in Brief	Estimated Financial Liability	Remarks
	Commissioner (Appeals), Central Excise and Customs, Nagpur	Service Tax		₹5,81,431 (Out of which amount of ₹2,76,975 has been paid)	Order dated 31/03/2017, Paid on 15/5/2017
_	Commissioner (Appeals), Central Excise and Customs, Nagpur	Service Tax		₹5,12,925 (Out of Which amount of ₹2,46,204 has been paid)	Order dated 31/03/2017 Paid on 15/5/2017

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SI. No.	Name of Court & Case No.	Title of the Case	Issue involved in Brief	Estimated Financial Liability	Remarks
3	Commissioner (Appeals), Central Excise and Customs, Nagpur	Service Tax	-	₹18,45,173 (Out of which amount of ₹ 11,38,105 has been paid)	Order dated 31/03/2017 Paid on 15/5/2017
4	Commissioner (Appeals), Central Excise and Customs, Nagpur	Service Tax	-	₹5,80,604 (Out of Which amount of ₹ 43,505 has been paid	Order dated 4/03/2017 Paid on 28 th April 2017
5	Commissioner (Appeals), Central Excise and Customs, Nagpur	Service Tax	-	₹3,917,418 (Out of which amount of ₹ 293,806)	Order dated 4/03/206 Paid on 22/4/2016

In respect of Security Printing Press, Hyderabad

SI. No.	Name of Court & Case No.	Issue involved in Brief	Estimated Financial Liability	Remarks
1	2005	M/s. Gateway Speciality Papers Limited, New Delhi. The firm failed to supply the security paper to the SPP, Hyderabad when the SPP was functioning under the Ministry, hence the purchase order placed them was cancelled. The firm's security deposit was forfeited and also recovered liquidated damages for delayed supplies. The firm filed the above case in Hon'ble Delhi High Court on false allegations and claming for refund of Security Deposit and other amounts deducted by the SPP, Hyderabad. The total value of the case is about ₹44.73 lacs.	is under hearing stage)	Hearing Stage
2	& W.A. No. 440 of 2017 and W.A. No. 446 of 2017 (both W.As. are	Case was filed by Shri Mohd. Abdul Waheed, Ex- Deputy Technical Officer and other Deputy Technical Officers, (erstwhile Group-C) of SPP, Hyderabad (Govt. Optees/Corpn. Optees). The case was filed for resolving Pay Scale anomaly between the posts of A.T.O./D.T.O. vis-à-vis Foreman (Ptg.) in 5 th CPC.	estimation basis, in the event of win the case.	Case is under hearing stage

In respect of Security Paper Mill, Hoshangabad

SI. No.	Name of Court & Case No.	Title of the Case	Issue involved in Brief	Estimated Financial Liability	Remarks
1	Appellate Tribunal (Commercial Tax)	VAT, CST and Entry Tax	-	₹40,16,10,610	-
2	Additional Commissioner, Commercial Tax, Bhopal	Entry Tax	•	₹1,44,04,647	-
3	Commissioner (appeals), Service Tax, Bhopal	VAT, CST and Entry Tax	-	₹12,26,49,744	-
4	Commissioner (appeals), Service Tax, Bhopal	Service Tax	-	₹1,02,48,723	-
5	CMO, Nagar Palika, Hoshangabad	Municipal Tax	-	₹3,02,13,908	-



In respect of India Government Mint, Kolkata

SI. No.	Title of the Case	Name of Court & Case No.	Issue involved in Brief	Estimated Financial Liability	Remarks
1	VAT/CST	-	-	₹16,78,955	Demand raised by Bureau of Investigation, Govt of West Bengal stating that the mint had made the sales without including excise duty on invoice value during the period 2006-2010. Afterwards, differential excise duty already paid by Mint and thus, differential sales tax also need to be paid as per bureau. The letter has been sent to Bureau of Investigation and bureau of investigation has referred the case to sales tax deptt. for assessment.
2	VAT		-	₹ 4,24,48,265	Appeal filed before the West Bengal Commercial Taxes, Appellate &
3	VAT	West Bengal Commercial Tax	-	₹ 16,73,39,793	Revisional Board on 12 Dec. 2012 and matter has been raised before West
4	CST	Commercial lax	-	₹ 58,44,540	Bengal Taxation Tribunal also for VAT in compliance with High Court order dated 04/08/2014.
5	CST	West Bengal Taxation Tribunal	-	₹ 2,40,576	Garnishee notice u/s 57 of WB Sales Tax Act 1994 and matter is pending with West Bengal Taxation Tribunal.
6	CST	West Bengal Taxation Tribunal	-	₹ 84,738	The appeal filed against the ex-parte order of Sr Joint Commissioner (appeals) with West Bengal Taxation Tribunal & High Court. The tribunal has set aside the Sr. Joint Commissioner (Appeals) order pertaining to VAT and sent back the case for rehearing. The matter of CST is still pending.
7	CST	High Court	-	₹ 80,803	* *
8	VAT	High Court	-	₹ 3,93,191	Hon'ble High Court against the order of Sr. Joint Commissioner and final order is awaited.

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SPMCIL

SI. No.	Title of the Case	Name of Court & Case No.	Issue involved in Brief	Estimated Financial Liability	Remarks
9	CST	Sr. JCT	-	₹ 31,60,601	Appeal No. 76116 filed
10	VAT	Sr. JCT	-	₹ 4,37,01,769	before the Customs Excise Service Tax Appellate Tribunal, Eastern Zonal bench, (CESTCT) Kolkata against order of commissioner.
11	Excise		-	₹ 96,91,603	Appeal No. 76116 Filed
12	Excise	Customs Excise	-	₹ 8,13,515	before the Customs Excise Service Tax Appellate
13	Excise	Service Tax Appellate	-	₹ 17,94,061	Tribunal, Eastern Zonal bench, (CESTCT)
14	Excise		-	₹ 76,36,295	Kolkata against order of commissioner.

In respect of India Government Mint, Mumbai

SI. No.	Title of the Case	Name of Court & Case No.	Issue involved in Brief	Estimated Financial Liability	Remarks
1	VAT & CST	Commissioner of Appeal, Mumbai	-	₹ 2,22,062 (out of which amount of ₹74,231 has been paid)	
2	VAT & CST	Commissioner of Appeal, Mumbai	-	₹ 7,80,57,704	•
3	VAT & CST	Commissioner of Appeal, Mumbai	-	₹ 9,94,40,782	-
4	VAT	Commissioner of Appeal, Mumbai	-	₹ 40,85,404	-

In respect of India Security Press, Nashik

SI. No.	Title of the Case	Name of Court & Case No.	Issue involved in Brief	Estimated Financial Liability	Remarks
1	BST/CST		-	₹ 92,11,68,009	-
2	MVAT/CST		-	₹ 4,95,65,466	-
3	MVAT/CST		-	₹ 1,98,88,82,332	-
4	MVAT/CST	High court and various Authorities	-	₹ 80,67,99,055	-
5	MVAT/CST	various / tatriorities	-	₹ 29,06,52,748	-
6	Nashi Municipal Corporation property Tax		-	₹ 65,21,134	-

In respect of Corporate Office, New Delhi

SI. No.	Name of Court & Case No.	I ISSUE INVOIVED IN BRIET	Estimated Financial Liability	Remarks
1		Total Demand for 2007-08 to 2016-17 is ₹8.76 Lakhs.	Revision is under process.	-



SI. No.	Title of the Case	Name of Court & Case No.	Issue involved in Brief	Estimated Financial Liability	Remarks
2	Income Tax		Total Demand for the AY: 2011-12 is ₹ 588.172	-	SPMCIL had claimed refund in the returns filed for the AY 2011-2012. The Assessing authority assessed SPMCIL u/s 143(3) of Income Tax Act,1961. Total Demand raised by assessing authority vide order dated 19/12/2016 for the AY: 2011-12 was ₹588.172
3	Income Tax	Income Tax Demand for the AY: 2013-14	Total Demand for the AY: 2013-14 is ₹ 149.508	-	Income declared by SPMCIL in returns was ₹10,06,21.899 lacs, Income Assessed by assessing authority was ₹1,01,208.345 lacs. Appeal for the same is filed with the Income tax appellate Tribunal.
4	Income Tax	Income Tax Demand for the AY: 2014-2015		-	Income declared by SPMCIL was ₹51,253.016 Expenses disallowed by assessing authority ₹588.92 Income assessed by assessing authority ₹51,841.941. The order for the same was passed by the assessing authority on 19.12.2016. The refund as per order stands NIL. Appeal for the same was filed on 25.01.2017.
5	T.D.S	Income Tax Department for A.Y 2009-10	The refund is not reflected in books of accounts. The same might have been dishonored due to some reasons not recorded in Tax files. The amount of refund amounting to ₹19,72,91,447 was acknowledged by the Assessing authority vide order dated 16-09-2015, The refund is still pending due to nonsubmission of Indemnity Bond by SPMCIL and outstanding TDS demand. SPMCIL is required to file a Bond indemnifying the Tax Authorities that "SPMCIL has not Utilized the TDS in subsequent years"		A notice u/s 143(2) of Income Tax Act,1961 was issued on 18.08.2010. Another notice u/s 142(1) of Income Tax Act,1961 was issued. The Assessment was completed u/s 143(3) of Income Tax Act,1961 and order was issued on 29.10.2011. A partial refund amounting to ₹7,89,91,820 was given on 09.12.2013. The refund is not reflected in books of accounts. The same might have been dishonored due to some reasons not recorded in Tax files. The amount of refund amounting to ₹19,72,91,447 was acknowledged by the Assessing Authority vide order dated 16.09.2015.

In respect of India Government Mint, Hyderabad

SI. No.	Title of the Case	Name of Court & Case No.	Issue involved in Brief	Estimated Financial Liability	Remarks
1	VAT On coins	-	-	₹24,400.64 lakhs	The Unit made representations before the State and Central Governments. However, no appeal was preferred by the unit with appropriate authorities.



ANNEXURE-B

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 31st March, 2017 in conjunction with our audit of the Standalone Ind AS 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 ('ICAI'). 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 (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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

1. In case of Corporate Office, New Delhi & IGM, Noida:

Statutory Dues:

According to the information and explanations provided during the course of audit it was observed that, the statutory compliances were not fulfilled within the time limits as specified under various laws. The statutory duties and taxes are at times paid after the due dates with interest. There should be adequate controls /framework to ensure timely compliance of law and regulations.

According to the information and explanations provided, it was observed that safeguard measures adopted for movement, storage, loss-theft etc. of assets were not effective.

Risk mitigation committee:

According to the information and explanations provided, it is observed that no risk mitigation committee was formed to identify the areas of risk, assessment of risk, formulate measures to control or reduce the risk and steps to have effective control. Risk committee should be formed to overcome such issues.

2. In case of IGM, Noida:

Finance & Accounts:

According to the information and explanations provided it is observed that financial controls with regard to Imprest payments, Vendor payments and other cash payments were not satisfactory /effective. It was observed that same person is performing both the activities namely, parking and posting This increases the risk of misappropriation of funds. Steps should be taken to overcome such lapse.

Inventory:

According to information and explanations provided, it is observed that controls with regard to inventory are not satisfactory. Inventory is not physically verified at regular intervals rather It is verified at the end of the year. Wastages occurred during the process of manufacturing are not supported by technical evaluation. Adjustment entries are posted in SAP manually (for WIP and raw material/blanks) to bring the inventory in parity with the physical verification report. SAP module is under compilation. The MM module & the cost module in SAP are not fully integrated as per the requirements of Financial reporting.

Purchases:

According to the information and explanations provided it was observed that the goods purchased are booked under GR/IR account which is a routing account. The said account is not squared off resulting in piles of pending entries. The creditors are booked without this routing account. Unexplained credits and debits stand due to such system failure. Purchases should be allowed /routed only through the GR/IR account in order to have good control. This would integrate the placement, procurement and the financial process /activities and bring effectiveness in the system. Similar integration is required for services.

3. In case of CNP, Nashik:

The unit did not have an appropriate internal control 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 implications.

- SPMCIL TODAY TO TANAY TODAY TO
 - ii. The internal control system for fixed assets was not operating effectively in respect of controls pertaining to calculation of depreciation.
 - iii. In cases of transfer of Raw material from other units, Raw material cost in SAP system does not include the transportation costs for which manual entry is done at the end of the year.
 - iv. Other areas where internal financial controls were found inadequate during the course of our verification, it was observed that proper documentation of the internal financial controls was not available.

4. In case of ISP, Nashik:

i. Stores:

- · Completeness and accuracy for issuance of material,
- · Accuracy in material accounting, &
- Recording of Scrap Material.

ii. Purchase Oder and Work order/ Contracts:

- · Controlling the process of creation & approval of Purchase Order
- Ensuring the timely procurement of Material.

iii. Human Resource and payroll:

- · Ensuring authorized access to employee master &
- · Incorrect recording of attendance in the SAP.

5. In case of IGM, Hyderabad

- i. Finance Module of the ERP software allows the users of a profit center to pass manual entries affecting other profit center's leading to unintended errors (tagging wrong profit center's). This indicates inappropriate assignment of user rights and controls in the ERP software.
- ii. The following improvements are suggested to enhance the current control mechanism:
 - Introduction of dual control/authentication mechanism for additions and updating of employee master data.
 - Introduce a periodic review mechanism of Vendor and product masters to eliminate duplications and redundancy.
 - Extend the biometric attendance management system to all classes of employees, including workmen.
 - Introduction of a leave management system and integrate the same to SAP.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, 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.

Basis of Qualified Opinion

As per our observations and based upon the evidences obtained during the course of audit, the unit has been lacking in abovementioned general financial controls as designed by the management as the standard operating procedures.

For BHATIA & BHATIA Chartered Accountants FRN- 003202N OF ICAI

> Sd/-(R. BHATIA), F.C.A. Partner

Membership No.:17572

Date: 26th September, 2017

Place: New Delhi



Statement on the Directions / Sub Directions issued by the CA&G under subsection 5 of section 143 of the Companies Act, 2013, examined by the Statutory Auditors during the course of audit of annual accounts of SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED ("The Company) for the year ending 31st March, 2017.

Part-1 DIRECTIONS:

SI. No.	Particulars	Auditor's Comments
	Whether there are any cases of waiver / write off of debts /loans/interest etc, if yes, the reasons thereof and the amount involved.	
	for inventories lying with third parties and	No cases have been identified for inventory lying with third parties, moreover SPMCIL has not received any gift from the Govt. or other authorities. Hence the said clause is not applicable. <i>Annexure C(2)</i>
	information/inputs furnished to Actuary, viz. number of employees, average salary, retirement age and assumption made by the Actuary regarding discount rate, future cost, increase, mortality rate etc for arriving	The provision for the leave encashment, gratuity, pension, post retirement medical benefits has been made on the basis of actuarial valuation for the SPMCIL as whole. We have verified the data furnished by the unit for actuarial valuation on the test check basis and no major variations, which could have any impact on valuation, were observed. • Actuarial Valuation of Pension: According to the information and explanation provided and on the basis of Actuarial Report, it was observed that the Actuarial gains/losses on account of pension were not accounted for in the report provided. Hence, the effect/impact of the same was not incorporated in books of account.

For BHATIA & BHATIA Chartered Accountants

FRN-003202N OF ICAI

Sd/-(R. BHATIA), F.C.A. Partner

Membership No.:17572

Date: 26th September, 2017

Place: New Delhi



Annexure-C(1)

Clause-1 of Statement on the Directions/Sub Directions issued by the CA&G under Sub-section 5 of Section 143 of the Companies Act, 2013.

The detail of Immovable properties along with the status of their title

SI. No.	Name of the Branch	Opinion		
1	In case of IGM, Noida	 Sector-1, Pocket D2, Noida, U.P-201301 (Title deed not provided) Sector-27, Noida, U.P-201301 (Deed not executed in favour of SPMCIL). A-33, Sector 23, Noida, U.P-201301- According to the information and explanations given, the immovable property was transferred in favour of SPMCIL vide order dated 24.11.2015. However, no stamp duty / transfer duty was paid in this regard, hence it is difficult to ascertain whether the formalities required to get the title transferred in favour of IGM, Noida have been completed or not. 		
2	In case of CNP, Nasik	case of CNP, Nasik The details of land amounting to ₹59.55 lacs & ₹17.03 lacs are available. Further out of the gross block of Building of ₹3,767 l details of building amounting to ₹1691.31 lacs are not available.		
3	In case of IGM, Kolkata	The title deeds of land (lease hold) and factory building are not held in the name of the company. It is held in the name of Kolkata Port Trust.		
4	In case of IGM, Mumbai	The title deeds of land (lease hold), Non-factory building and Plant & Machinery are not held in the name of the company. It is held in the name of IGM, Mumbai (Govt. of India), since Pre-Incorporation of SPMCIL.		
5	In case of ISP, Nasik	The title deed of land are not held in the name of the company. It is held in the name of ISP, Nasik (Govt. of India), since Pre-Incorporation of SPMCIL.		
6	In case of Corporate Office	Land at Jail Road, "CNP Nashik" amounting to ₹1 in the Books of Accounts, the title deed for the same is not transferred in the name of the Company.		
7	In case of IGM, Hyderabad	The title deed of land are not held in the name of the company at IDA Phase-II Chernapally, Hyderabad, Telngana		
8	In case of SPP, Hyderabad	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 (SPMCIL).		



Annexure-C(2)

Gold Lying with RBI

Gold weighing 85,555 gms was lying with RBI. Out of the said gold 10,336 gms was already accounted by SPMCIL in 2006-07 under the head Gold with RBI. The balance of 75,219 gms is held by IGM, Mumbai on behalf of RBI in pursuant to intimation by RBI vide letter dated 06.06.2008 Ref No By. Cy. No. 5047/01.11.044/2007-2008. Hence, the same is not reflected in Books of Accounts of SPMCIL.



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Balance Sheet as at 31.03.2017

(Amount in ₹ Lacs)

SI. No.	Particulars	Note No.	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
I.	ASSETS				
(1)	Non-current Assets	Assets			
(',	(a) Property, Plant and Equipment	3	1,31,350.56	1,29,378.15	96,038.72
	(b) Capital Work-in-Progress	3	6,364.76	8,433.90	41,749.26
	(c) Other Intangible Assets	4	331.99	454.59	649.88
	(d) Financial Assets	·	001.00	101.00	0.10.00
	(i) Investments	5 (i)	40,000.00	40,000.00	30,000.00
	(ii) Trade Receivables	5 (ii)		-	-
	(iii) Loans	5 (iii)	1,428.86	1,783.16	2,450.82
	(iv) Others	5 (iv)	4,451.43	4,568.42	4,064.71
	(e) Deferred Tax Assets (Net)	6	68,685.95	46,992.39	39,865.93
	(f) Other Non-current Assets	7	120.85	149.79	156.70
(0)	1 27	,	120.00	110.70	100.70
(2)	Current Assent		4 70 700 45	4.00.405.00	4 50 500 40
	(a) Inventories	8	1,79,786.45	1,96,425.86	1,58,593.42
	(b) Financial Assets	5 (1)	10 100 55	40,000,40	0.044.05
	(i) Investments	5(i)	10,108.55	10,092.42	9,944.65
	(ii) Trade Receivables	5(ii)	1,80,221.31	91,874.96	1,04,226.70
	(iii) Cash and Cash Equivalents	5(v) (a)	75,853.88	30,707.68	26,301.05
	(iv) Bank balances other than (iii) above	5(v) (b)	26,803.70	1,42,000.00	1,02,800.00
	(v) Loans	5 (iii)	338.18	514.82	488.52
	(vi) Others	5 (iv)	6,955.71	9,030.15	10,684.98
	(c) Current tax Assets (Net)	9 (a)	-	26,581.71	26,969.01
	(d) Other current Assets	10	24,196.32	24,428.80	14,546.59
	Total Assets		7,56,998.50	7,63,416.79	6,69,530.95
II.	EQUITY AND LIABILITIES				
(1)	Equity	44	4 40 040 00	4 40 040 00	5 0
	(a) Equity Share Capital	11	1,18,249.00	1,18,249.00	5.0
	(b) Other equity	40			
	- Reserve & Surplus	12	3,37,038.20	2,82,134.05	2,12,968.29
(0)	- Funds from GOI		_	_	-
(2)	Liabilities -		_	_	
	Non-current Liabilities	_	_	_	
	(a) Financial Liabilities	40 (1)	_	- 4 40 544 04	_
	(i) Borrowings	13 (i)	_	1,13,514.24	400.00
	(ii) Trade Payables	13 (ii)	47.070.70	100.10	109.08
	(iii) Other Financial Liabilities	13(iii)	17,976.76	17,976.76	2,87,864.76
	(b) Provisions	14 (i)	50.00		- 04 700 05
	(c) Employees Benefit Obligations	15 (i)	40,915.49	32,960.50	31,768.65
	(d) Deferred Tax Liabilities (Net)	6		- 00.40	- 04.00
	(e) Other Non-current Liabilities	16	30.10	30.10	34.23
	Current liabilities				
	(a) Financial Liabilities	40 (1)			
	(i) Borrowings	13 (i)	40,000,07		20.544.40
	(ii) Trade Payables	13 (ii)	42,099.07	36,930.00	32,544.42
	(iii) Other Financial Liabilities	13 (iii)	14,809.64	24,915.16	12,759.81
	(b) Other Current Liabilities	17	37,286.09	32,854.93	29,184.84
	(c) Provisions	14 (ii)	71,689.96	46,137.54	204.25
	(d) Employees Benefit Obligations	15 (ii)	64,655.81	57,614.41	62,087.63
	(e) Current Tax Liabilities (Net of Advance Tax)	9 (b)	12,198.38	-	-
	Total Equity and Liabilities		7,56,998.50	7,63,416.79	6,69,530.95

See accompanying notes to the Financial Statements.

As per our report of even date.

For M/s. BHATIA & BHATIA **Chartered Accountants** F.R.No. 003202N OF ICAI

Sd/-R. BHATIA, (F.C.A) (M.No. 17572) Partner

Date: 17.08.2017 Place: New Delhi On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-

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

Sachin Agarwal Company Secretary

Sd/-Ajai Kumar Srivastav Director (Technical)

Sanjai Maheshwari Chief Financial Officer



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Statement of Profit and Loss for the year ended 31.03.2017

(Amount in ₹ Lacs)

SI. No.	Particulars	Note No.	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
l.	Revenue From Operations	18	5,96,602.08	4,73,058.46
II.	Other Income	19	13,787.98	14,942.92
III.	Total Income (I+II)		6,10,390.06	4,88,001.38
IV.	EXPENSES			
	Cost of Materials Consumed	20	2,88,884.29	2,59,902.01
	Purchases of Stock-in-Trade		-	-
	Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	21	12,503.49	(30,890.84)
	Employee Benefits Expense	22	1,17,543.38	1,01,857.63
	Finance Costs	23	11,872.71	13,598.06
	Depreciation and Amortization Expense	3 & 4	12,079.64	14,316.90
	Other Expenses	24	76,062.44	98,057.89
	Total expenses (IV)		5,18,945.95	4,56,841.65
V.	Profit/(loss) before Exceptional Items and Tax (III- IV)		91,444.11	31,159.73
VI.	Exceptional Items		-	
VII.	Profit/(Loss) Before Tax and (V-VI)		91,444.11	31,159.73
VIII.	Tax Expense:			
	(1) Current Tax		45,954.38	2,891.21
	(2) Deferred Tax		(19,750.78)	(6,299.64)
IV	(3) MAT Credit Entitlement		-	(2,891.21)
IX.	Profit / (Loss) for the Year from Continuing Operations (VII-VIII)		65,240.50	37,459.37
X.	Profit/(Loss) from Discontinued Operations		-	-
XI.	Tax expense of Discontinued Operations		-	-
XII.	Profit/(loss) from Discontinued Operations (after tax) (X-XI)		-	-
XIII.	Profit/(Loss) for the Year (IX+XII)		65,240.50	37,459.37
XIV.	Other Comprehensive Income		(5.070.40)	- (0.000.00)
	A.(i) Items that will not be Reclassified to Profit or Loss		(5,676.42)	(2,389.66)
	(ii) Income Tax Relating to Items that will not be Reclassified to Profit or Loss		1,964.04	826.82
			(3,712.38)	(1,562.84)
	B.(i) Items that will be Reclassified to Profit or Loss		61.41	-
	(ii) Income Tax Relating to Items that will be Reclassified to Profit or Loss		21.25	-
			40.16	-
XV.	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the Year)		61,568.29	35,896.53
XVI.	Earnings per Share			
(i)	Basic Earnings per Share of ₹10 Each (₹)		5.21	3.04
(ii)	Diluted Earnings per Share of ₹10 Each (₹)		5.21	3.04

See accompanying notes to the Financial Statements.

As per our report of even date.

For M/s. BHATIA & BHATIA **Chartered Accountants** F.R.No. 003202N OF ICAI

R. BHATIA, (F.C.A) (M.No. 17572) Partner

Date: 17.08.2017 Place: New Delhi On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-

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

Sachin Agarwal Company Secretary

Sd/-Ajai Kumar Srivastav

Director (Technical)

Sd/-

Sanjai Maheshwari Chief Financial Officer



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Cash Flow Statement for the year ended 31st March, 2017

(Amount in ₹ Lacs)

	Particulars	March 31, 2017	March 31, 2016
Α.	Cash Flow from Operating Activities		
2 4.	Profit Before Tax	91,444.11	31,159.73
	Add	.,	21,100110
	Adjustment to Reconcile Profit Before Tax to Net Cash Flows		
	Depreciation and Amortisations of Property Plant and Equipment	12,079.64	14,316.90
	Interest Expenses	11,872.71	13,598.06
	Loss /Profit on Sale of Property Plant and Equipment	(23.25)	(18.13)
	Interest Income	(7,366.96)	(8,703.87)
	Dividend from Mutual Funds	(303.71)	(397.77)
	Other Adjustments	12.63	(130.77)
	Total	16,271.06	18,664.42
	Operating Profit Before Working Capital Changes Adjustment for	1,07,715.17	49,824.15
	(Increase)/ Decrease in Current Investments	(16.13)	(147.77)
	(Increase)/ Decrease in Trade Receivables	(88,346.35)	12,351.75
	(Increase)/ Decrease in Inventories	16,639.41	(37,832.43)
	(Increase)/ Decrease in Loans & Advances	530.94	641.36
	(Increase)/ Decrease in Other Assets	2,191.43	1,151.12
	Increase/ (Decrease) in Trade Payable	5,068.98	4,376.59
	Increase/ (Decrease) in Other Current liabilities	(5,674.36)	(2,54,066.68)
	Increase/(Decrease) in Long Term Provisions	8,004.99	1,191.86
	Increase/ (Decrease) in Short Term Provisions	32,593.82	41,460.07
	Increase/ (Decrease) in Other Non-Current Liabilities	-	(9,875.30)
	(Increase)/ Decrease in other Non-Current Assets	261.42	-
	Total	(28,745.85)	(2,40,749.44)
	Cash Generated from Operations	78,969.31	(1,90,925.28)
	Less: Tax Paid	(19,539.08)	(2,501.03)
	Net Cash Flow from Operating Activities	59,430.23	(1,93,426.31)
B.	Cash Flow from Investing Activities		
	Interest Income	7,366.96	8,703.87
	Dividend Income	303.71	397.77
	Sale, Purchase and Adjustment in Property, Plant and Equipment (Including CWIP)	(4,431.31)	(13,628.87)
	(Increase)/ Decrease in Investments	-	(10,000.00)
	Increase/(Decrease) in Long Term Liabilities	-	-
	Net Cash Flow From Investing Activities	3,239.36	(14,527.24)
C.	Cash Flow from Financing Activities		
	Issuance of Share Capital	-	1,18,244.00
	Dividend Paid to Equity Shareholders	(6,092.43)	-
	Dividend Distribution Tax	(1,240.30)	-
	Increase/(Decrease) in Fund from Govt of India	-	-
	Increase/ (Decrease) in Long Term Borrowings	(1,13,514.24)	1,13,514.24
	Change in Capital Reserve		33,400.00
	Interest Paid	(11,872.71)	(13,598.06)
	Net Cash Flow From Financing Activities	(1,32,719.68)	2,51,560.18
	Cash & Cash Equivalent at the Beginning of the Year	1,72,707.68	1,29,101.05
	Increase/ (Decrease) in Cash or Cash Equivalent	(70,050.09)	43,606.63
	Net Increase/(Decrease) in Cash or Cash Equivalent	1,02,657.59	1,72,707.68
	Cash & Cash Equivalent at the end of the Year	1,02,657.58	1,72,707.68

As per our report of even date. For M/s. BHATIA & BHATIA **Chartered Accountants** F.R.No. 003202N OF ICAI

Sd/-**R. BHATIA, (F.C.A)** (M.No. 17572) **Partner**

Date: 17.08.2017 Place: New Delhi On behalf of Security Printing and Minting Corporation of India Ltd.

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

Sachin Agarwal Company Secretary

Sd/-Ajai Kumar Srivastav Director (Technical)

Sd/-Sanjai Maheshwari Chief Financial Officer



Note 1 Company Overview

Security Printing and Minting Corporation of India Limited ('the Company') was incorporated in India on January 13th, 2006 under the Companies Act, 1956 with its Registered Office at New Delhi. The Company took over nine units including four mints, four presses and one paper mill which were earlier functioning under the Ministry of Finance.

This company is engaged in manufacture of security paper, minting of coins, printing of currency notes, non-judicial stamp papers, postage stamps, travel documents etc. The Company is a wholly owned schedule 'A' company of the Government of India. The Company has the following units/branches.

- India Government Mint, Noida
- ii) India Government Mint, Mumbai
- iii) India Government Mint, Kolkata
- iv) India Government Mint, Hyderabad
- Security Printing Press, Hyderabad V)
- vi) India Security Press, Nashik
- Bank Note Press, Dewas vii)
- viii) Currency Note Press, Nashik
- ix) Security Paper Mill, Hoshangabad

Note 2 Significant Accounting Policies

2.1 Basis of preparation and presentation of Financial Statements

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

The Company has adopted Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition have been summarized in note to accounts.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Upto the year ended 31st March, 2016, the company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".

These financial statements are the Company's first Ind AS standalone financial statements.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed at appropriate places.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

2.3 Current versus Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- > Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- > Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as Non-current.

Trade receivables which are expected to be realised within 12 months from the reporting date shall be classified as current. Outstanding more than 12 months shall be shown as noncurrent 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 units in this regard.

A liability is Current when:

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

A payable shall be classified as Trade Payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade payables which are expected to be settled within 12 months from the reporting date shall be shown as current.

The Company classifies all other liabilities as Non-current.

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

2.4 Summary of Significant Accounting Policies

a) Revenue Recognition

The Company earns revenue mainly from printing of notes, non-judicial stamp papers, postal stamps, travel documents and minting of coins for Govt. of India.

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of goods have been passed to the buyer, usually on delivery of the goods. Revenue is measured at the fair value of consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of value added taxes.



In case of coins and bank notes, revenue is recognized on the basis of rates as considered in the MoU as approved by the Ministry of Finance as on year to year basis.

The differences, if any, between the MoU rates of Coins and bank Notes and the rates finalized by Chief Advisor Cost, Ministry of Finance and Government of India are accounted for in the financial year in which such rates are approved by Ministry of Finance.

Revenue from other products (Postal Stationary, Pass Part and Non Judicial Stamp Paper) is accounted for on the basis of sales invoices raised by the company.

Revenue from rendering of services is recognized when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity. Revenue from job work is recognized in the same period in which services are rendered.

Interest income is recognized using the effective interest rate method.

Dividend income is recognized when the shareholder's right to receive the payment is established which is generally after the shareholder approve the dividend.

Liquidated damages recovered from the vendors are appropriated towards the income on completion of the contract.

b) **Employee Benefits**

i. Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Other Long-term Employee Benefit Obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment Obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity, pension, post-employment medical plans; and
- (b) defined contribution plans such as provident fund.

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 benefits that employee have earned in return for their services 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. In case of any contribution by Govt to the company under rule 37 -A of Central Civil Services (Pension) Rules in subsequent years, the same will be accounted by the company in the Financial Year.

iv. 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. Obligation for contributions to defined contribution plans are recognised as employees benefit expenses in the statement of Profit and Loss when they are due.

v. Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date. The Company's liability is actuarially determined at the end of each year. Actuarial gains/ losses through remeasurement are recognised in other comprehensive income.

vi. Pension and Gratuity Obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other



comprehensive income.

They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

vii. Post-employment Medical Obligations

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 other comprehensive income.

viii. Bonus plans

The company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

c) **Taxes**

Current Tax

The current tax expense for the period is determined as the amount of tax payable in respect of taxable income for the period, based on the applicable income tax rates.

Current tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity, respectively.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted at the reporting date.

Deferred tax relating to items recognised in other comprehensive income or equity is recognised in other comprehensive income or equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

Property, Plant and Equipment: d)

Freehold land is carried at historical cost. All other items of Property, plant and equipment are stated at historical cost less depreciation and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items until they are ready for use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss.



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

e) Depreciation Methods / Estimated Useful Lives and Residual Value

Depreciation is provided on pro rata basis on Straight Line Method over the estimated useful life of the assets as prescribed in Schedule II of the Companies Act, 2013 except in respect of the assets where the useful life is different based upon the technical evaluation done by the management. The estimates of the useful life of assets are as follows:

Assets	Useful life
Leasehold Land	Over the period of lease
Building	60 Years
Factory Building	30 Years
Plant & Machinery	15 Years (Single Shift), 10 Years (Double Shift)
Furniture & Fixture	10 Years
Office Equipment	5 Years
Vehicles	8 Years
Computes	3 Years
Others	10 Years

The assets residual values and useful life are reviewed by the management at the end of each reporting period. The asset carrying amount is written down to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives in the manner as prescribed in Schedule II of the Companies Act 2013 except in respect of the following assets, where useful life is different than those prescribed in Schedule II of the Companies Act 2013 are used:

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

f) Inventories

Inventories are valued at the lower of Cost or Net Realisable Value. Cost incurred in bringing each product to its present location & conditions are accounted as follow:-

- a) Raw Material, Work in Progress and Consumable Stores are valued at cost (Weighted average cost basis).
- b) Finished goods are valued at lower of the cost or net realizable value.
- Scraps are valued at net realizable value.
- d) Slow moving/obsolete inventories have been valued at the Cost or at net realizable



value and this amount has been shown as expense.

g) **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognized if, as a result of a past event, the company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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 recognised 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.

A contingent asset is generally neither recognised nor disclosed.

h) **Foreign Currency Transactions**

Foreign currency denominated monetary transactions is recorded at the exchange rates prevailing on the date of respective transactions. Realized gains and losses on foreign currency transactions during the year are recognised in Profit and Loss Account.

Foreign-currency denominated monetary assets and liabilities remaining unsettled at the Balance Sheet date are translated at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss.

i) **Financial Instruments**

Components of Financial Instruments

- (i) Financial Assets includes, in particulars, cash and cash equivalents, trade receivables, other current receivables and callable security deposits.
- (ii) Financial Liabilities includes, in particulars, borrowings, trade payables and other current payables.

Initial Recognition:

The company recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instruments. All the financial assets and financial liabilities are recognised at fair value, which represents the transaction cost at the date of transaction.

Subsequent recognition & impairment

Subsequent recognition of financial assets and financial liabilities are at fair value, if the carrying amount is a reasonable approximation of the fair value it is maintained at that value. Any diminution / impairment in value is recognised in statement of profit and loss as impairment gain /loss.

Derecognition of financial assets and financial liabilities

A financial assets is derecognised when the contractual rights to the cash flow is realised or forfeited. The financial liability is derecognised when the underlying obligation relating to the liability is fulfilled, terminated or extinguishede

Investments j)

In Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control



of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The investment in joint venture is recognised at Cost.

Other Investments

Investments in mutual funds are classified at fair value through the Statement of Profit & Loss account.

k) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

I) **Cash and Cash Equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Cash Flow Statement m)

Cash Flow is reported using the indirect method as per Ind AS 07, Statement of Cash Flow.

Cash Dividend to Equity Holders n)

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

O) **Earnings per Share**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares

p) Leases

Lease payments under an operating lease are recognised as an expense in the profit and loss account on accrual basis.

q) **Non-Current Assets held for Sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and



fair value less costs to sell.

Non-current assets classified as held for sale and their related liabilities are presented separately in the balance sheet, if any. Non-current assets are not depreciated or amortized while they are classified as held for sale.

r) Impairment of Assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

2.5 First-time Adoption of Ind AS

These standalone financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1st, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to IND AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is explained by way of reconciliation between previous GAAP and Ind AS.

Exemptions Availed on First Time Adoption

- Deemed Cost: Ind AS 101 provides an option under Ind AS 16 "Property, Plant and Equipment", to continue with the carrying value of all its property, plant and equipment as recognised in financial statements as on transition date, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments for de-commissioning liabilities instead of measuring at fair value on the transition date.
- Investment in Subsidiaries, Joint Ventures and Associates: Ind AS 101 provides an option under Ind AS 27 "Separate Financial Statements", to continue with the previous GAAP carrying amount in respect of an entity's investment in subsidiaries, joint ventures and associates in the entity's separate financial statements.

The company has accordingly elected to measure such investments in joint ventures as on the transition date at their previous GAAP carrying value.

2.6 Reconciliations between previous GAAP and Ind AS

The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101:-

- a) Equity as at 1st April, 2015 and as at 31st March, 2016
- b) Net Profit for the year ended 31st March, 2016

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SPMCIL	

Note 3 Fixed Assets

Tangible Assets (2016-17)

Tangible Assets (2016-17)	17)									(Amo	(Amount in ₹ lacs)
		Gross Block	Block			_	Depreciation			Total Net Carrying Amount	ying Amount
Particulars	Balance as on 01.04.2016	Additions	Disposals	Balance as on 31.03.2017	Balance as on 01.04.2016	Depreciation for the year	Adjustments	Disposal	Balance as on 31.03.2017	Balance as on 31.03.2017	Balance as on 31.03.2016
Property Plant & Equipment											
Land	475.70	1	1	475.70	1		1	1	1	475.70	475.70
Lease Hold Land	190.47	1	1	190.47	2.78	2.78	1	1	5.56	184.91	187.70
Buildings	7,419.74	136.69	10.84	7,545.59	140.62	400.59	1	1	541.21	7,004.38	7,279.11
Factory Building	10,848.32	196.48	(213.73)	11,258.53	508.63	524.09	-	-	1,032.72	10,225.81	10,339.69
Plant and Equipment	1,17,403.28	13,048.30	(3,423.06)	1,33,874.64	11,662.26	10,225.54	(304.97)	(3,063.67)	25,256.44	1,08,618.20	1,05,741.02
Furniture and Fixtures	547.23	145.74	21.43	671.54	90.18	105.72	1	69.0	195.21	476.33	457.05
Vehicles	221.36	27.05	(38.70)	287.11	43.20	39.35	•	1	82.55	204.56	178.15
Office Equipment	458.53	197.58	6.33	649.78	91.47	183.00	18.67	92.9	249.24	400.54	367.06
Other Equipment											
- Computers and Printers	1,193.21	187.42	(77.62)	1,458.25	569.51	299.91	(20.12)	0.19	889.35	268.90	623.69
- Railway Siding	24.67	200.30	24.67	200.30	2.97	10.25	-	•	13.22	187.08	21.70
- Electrical Installations	4,013.79	129.76	141.25	4,002.30	646.00	460.98	(23.27)	1	1,130.25	2,872.05	3,367.79
- S&D Assets	29.53	•	10.27	19.26	90.6	•	1	1	80.6	10.18	20.45
- R&D Assets	347.57	1.80	208.33	141.04	29.57	18.51	-	0.77	47.31	93.73	318.00
- Lab Equipment	1.02	2.28	(26.61)	29.91	0.02	4.61	=	2.89	1.74	28.17	1.00
Total (A)	1,43,174.42	14,273.40	(3,356.60)	1,60,804.42	13,796.29	12,275.33	(329.69)	(3,052.57)	29,453.88	1,31,350.56	1,29,378.15
Capital Work In Progress	8,433.90	3,751.97	5,821.11	6,364.76	•	-	-	-	-	6,364.76	8,433.90
Total (B)	8,433.90	3,751.97	5,821.11	6,364.76	•	-		-	-	6,364.76	8,433.90

		Gross Block	Block			_	Depreciation			Total Net Carr	Total Net Carrying Amount
Particulars	Balance as on 01.04.2015	Additions	Disposals	Balance as on 31.03.2016	Balance as on 01.04.2015	Depreciation for the year	Adjustments	Disposal	Balance as on 31.03.2016	Balance as on 31.03.2016	Balance as on 31.03.2015
Property Plant & Equipment											
Land	475.70	•	1	475.70	•	-	1	•	1	475.70	475.70
Lease Hold Land	190.47	1	1	190.47	1	2.78	1	-	2.78	187.69	190.47
Buildings	6,610.62	830.81	21.69	7,419.74	1	157.96	1	17.34	140.62	7,279.12	6,610.62
Factory Building	10,174.30	724.57	50.55	10,848.32	1	551.24	1	42.62	508.62	10,339.70	10,174.30
Plant and Equipment	72,550.83	45,036.84	184.39	1,17,403.28	1	11,553.10	286.30	177.15	11,662.25	1,05,741.03	72,550.83
Furniture and Fixtures	477.14	71.92	1.84	547.22	-	91.82	•	1.65	90.17	457.05	477.14
Vehicles	182.80	39.81	1.25	221.36	•	44.43	•	1.23	43.20	178.16	182.80
Office Equipment	254.13	208.25	3.84	458.54	-	95.52	-	4.04	91.48	90'298	254.13
Other Equipment											
 Computers and Printers 	1,110.76	147.07	64.63	1,193.20	-	613.82	20.12	64.43	569.51	623.69	1,110.76
- Railway Siding	22.36	2.31	-	24.67	-	2.97	1	-	2.97	21.70	22.36
- Electrical Installations	3,640.01	373.78	1	4,013.79	1	622.73	23.27	-	646.00	3,367.79	3,640.01
- S&D Assets	29.53	-	-	29.53	1	80.6	•	•	80.6	20.45	29.53
- R&D Assets	320.07	27.50	-	347.57	•	28.78	•	(0.79)	29.57	318.01	320.07
- Lab Equipment	-	1.02	-	1.02	•	0.02	1	•	0.02	1.00	'
Total (A)	96,038.72	47,463.88	328.19	1,43,174.41	•	13,774.25	329.69	307.67	13,796.27	1,29,378.15	96,038.72
Capital Work In Progress	41,749.26	41,749.26 (32,539.58)	775.77	8,433.91	•	•		•	•	8,433.90	41,749.26
Total (B)	41,749.26	41,749.26 (32,539.58)	115.77	8,433.91	•	-		•	•	8,433.90	41,749.26

Note 4

Intangible Assets (2016-17)

	Balance as on 1.03.2016	454.59	45.4 EQ
Total Net Carrying Amount	Balance Balance Balance as on as on as on 31.03.2017 31.03.2017 31.03.2016	331.99	224 00
•	Balance as on 31.03.2017	346.54	246 54
	Disposal	0.41	77
Depreciation	Adjustments	-	1
_	Depreciation Adjustments Disposal for the year	134.00	124 00
	Balance as on 01.04.2016	212.95	24.2 OF
	Balance as Balance on as on 31.03.2017 01.04.2016	678.53	679 63
Block	Disposals	0.43	0.42
Gross Block	Additions Disposals	11.41	77 77
	Balance as on 01.04.2016	667.55	R67 55
	Particulars	Computer Software	Total

(Amount in ₹ lacs)

Intangible Assets (2015-16)

Intangible Assets (2015-16)	5-16)									(Amon	(Amount in ₹ lacs)
		Gross Block	Block				Depreciation			Total Net Carrying Amount	ying Amount
Particulars	Balance as on 01.04.2015	Additions Disposa	Disposals	Balance as on 31.03.2016	Balance as on 01.04.2015	Depreciation for the year	Depreciation Adjustments Disposal	Disposal	Balance as on 31.03.2016	Balance Balance Balance as on as on as on 31.03.2016 31.03.2015	Balance as on 31.03.2015
Computer Software	649.88	17.67	1	667.55	-	212.95	-	-	212.95	454.59	649.88
Total	649.88	17.67	-	667.55	-	212.95	-	-	212.95	454.59	649.88

Note 3 & 4 (Combined) Depreciation and Amortisation Expense

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Depreciation on Property Plant and Equipment	11,945.65	14,103.94
Amortisation of Intagible Assets	134.00	212.95
Total	12,079.64	14,316.90



Note 5(i) (Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1. Non-Current Investments			
Investment in Equity Instruments in Joint Venture at Cost (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]})	40,000.00	40,000.00	30,000.00
Total Investment	40,000.00	40,000.00	30,000.00
2. Current Investments			
Investment in Mutual Funds - Quoted "UTI Treasury Advantages Fund" (Valued at Fair value) (CY:450,809.12 Units / PY: 1006872.111 Units)	10,108.55	10,092.42	9,944.65
Total Investment	10,108.55	10,092.42	9,944.65

Note 5(ii) (Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1.	Trade Receivables-Non Current			
(i) -	Trade Receivables	-	-	-
((a) Secured, Considered Good	-	-	-
	(b) Unsecured, Considered Good	-	-	-
((c) Doubtful	3,048.14	2,210.88	994.00
	TOTAL (A)	3,048.14	2,210.88	994.00
(ii)	Allowance for Bad Debts	3,048.14	2,210.88	994.00
	TOTAL (B)	3,048.14	2,210.88	994.00
Net Ti	rade Receivables (C) i.e. (A-B)	-	-	_
(iii) I	Debts due from Directors / Related Parties	-	-	-
	TOTAL (D)	-	-	_
	Total Trade Receivables (C+D)	-	-	-
2.	Trade Receivables - Current			
(i) -	Trade Receivables	-	-	-
((a) Secured, Considered Good	-	-	-
((b) Unsecured, Considered Good	2,19,314.38	99,345.42	1,36,745.67
((c) Doubtful	18,685.54	20,089.81	17,333.99
	TOTAL (A)	2,37,999.92	1,19,435.23	1,54,079.67
(ii)	Allowance for Bad Debts	46,031.75	32,357.53	24,788.49
(iii) I	Provision for Rate Differences	21,055.42	(4,797.25)	25,064.47
	TOTAL (B)	67,087.17	27,560.28	49,852.96
Trade	Receivables (C) i.e. (A-B)	1,80,221.31	91,874.96	1,04,226.70
(iv) I	Debts due by Directors / Related Parties	-	-	-
	TOTAL (D)	-	-	-
	Total Trade Receivables (C+D)	1,80,221.31	91,874.96	1,04,226.70



Note 5(iii) (Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1.	Loans - Non-Current			
(i)	Security Deposits			
	(a) Secured, Considered Good	-	-	
	(b) Unsecured, Considered Good	410.81	38.68	40.52
	(c) Doubtful	-	-	-
	Total (A)	410.81	38.68	40.52
(ii)	Loans due from Directors/Related Parties	-	-	-
	(a) Secured, Considered Good	-	-	-
	(b) Unsecured, Considered Good	-	-	-
	(c) Doubtful	-	-	-
	Total (B)	-	-	-
(iii)	Other loans			
	(a) Secured, Considered Good	-	-	-
	- Loan due from Employees	787.12	1,284.11	1,688.93
	(b) Unsecured, Considered Good	-	-	-
	- Loan due from Employees	230.93	460.37	721.37
	(c) Doubtful	-	-	-
	Total (C)	1,018.05	1,744.48	2,410.30
(iv)	Allowance for Bad and Doubtful Loans	-	-	-
	Total (D)	-	-	-
	Loans Due (E) i.e. (A+B+C-D)	1,428.86	1,783.16	2,450.82
(v)	Loans due from Directors	-	-	-
	Total (F)	-	-	-
	Total Loans (E+F)	1,428.86	1,783.16	2,450.82
2.	Loans - Current		·	·
(i)	Security Deposit	-	-	-
	(a) Secured, Considered Good	-	-	-
	(b) Unsecured, Considered Good	-	-	-
	(c) Doubtful	-	-	-
	Total (A)	-	-	-
(ii)	Loans to Related Parties	-	-	-
	(a) Secured, Considered Good	-	-	-
	(b) Unsecured, Considered Good	-	-	-
	(c) Doubtful	-	-	-
	Total (B)	-	-	_
(iii)	Other Loans	-	-	-
, ,	(a) Secured, Considered Good	-	-	-
	(b) Unsecured, Considered Good	_	_	-
	- Loans to Employees	338.18	514.82	488.52
	(c) Doubtful		017.02	100.02
	Total (C)	338.18	514.82	488.52
(iv)	Allowance for Bad and Doubtful Loans	000.10	017.02	700.02
(iv)	Total (D)			
Loo	ns Due (E) i.e. (A+B+C-D)	338.18	514.82	488.52
	, , , , ,	330.10	314.02	400.32
(v)	Loans due by Directors / Related Parties			
	Total (F)	-	- -	400.50
	Total Loans (E+F)	338.18	514.82	488.52



Note 5(iv) (Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1.	Others- Non-Current			
(i)	Capital Advance	-	-	-
	- Unsecured, Considered Good	-	0.33	0.33
(ii)	Advances other than Capital Advances	-	-	-
	(a) Security Deposit	-	-	-
	- Deposit with CISF	406.80	340.19	194.68
	- Deposit with Electricity Board	763.21	914.02	869.97
	- Deposit with Tax Authorities/other	3,159.85	3,192.35	2,799.13
	(b) Advances to Related Parties	-	-	-
	(c) Other Advances	-	-	-
(iii)	Advances to Directors	-	-	-
(iv)	Other Advances	121.57	121.54	200.61
	Total	4,451.43	4,568.42	4,064.71
2.	Others - Current			
(i)	Capital Advance	-	-	-
(ii)	Advances other than Capital Advances	-	-	-
	(a) Security Deposit	-	-	-
	- Deposoits with other Department	0.74	0.74	1.78
	(b) Advances to Related Parties	-	-	-
	(c) Other Advances	-	-	-
(iii)	Advances to Directors	-	-	-
(iv)	Other Advances	11.49	-	-
	- Other Advances Receivables	1,164.85	2,442.95	1,826.19
(v)	Interest Receivables on FDR	16.51	785.95	28.63
(vi)	Assets held for Sales	5,762.12	5,800.52	8,828.38
	Total	6,955.71	9,030.15	10,684.98

Note 5(v) Cash & Cash Equivalents

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
a)	Cash & Cash Equivalents			
	Balances with Banks	69,481.30	30,699.10	26,289.70
	Cheques, Draft on hand	6,367.07	-	0.96
	Cash on hand	2.94	5.43	7.16
	Others			
	- Postage on hand	2.57	3.15	3.23
	Total Cash & Cash Equivalents	75,853.88	30,707.68	26,301.05
b)	Bank Balances			
	Bank balances other than above	26,803.70	1,42,000.00	1,02,800.00
	-FDR (maturity period more than 3 months)	-	-	-
	Total Bank Balances	26,803.70	1,42,000.00	1,02,800.00



Note 6 Deferred Tax Asset & Liabilities : The tax effects of the significant temporary differences that resulted in deferred tax assets/liabilities are as follows:

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Deferred Tax Assets / (Liabilities)			
Property, Plant and Equipment	(16,588.68)	(10,519.76)	(9,318.70)
Current Liabilities, Trade Receivables and Provisions	85,274.62	57,512.15	49,184.63
Net Deferred Tax Assets	68,685.95	46,992.39	39,865.93

Note 7 Other Non-current Assets

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Other Receivables	85.12	85.12	92.16
- Advance to PAO	34.91	63.85	63.85
- Advance to others	0.82	0.82	0.69
- Non Moving Inventory	444.47	111.68	99.95
Less: Provision for Non-moving Inventory	(444.47)	(111.68)	(99.95)
Total	120.85	149.79	156.70

Note 8 Inventories (At lower of Cost or Net Realisable Value)

(Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(a)	Raw Materials	-	-	-
	- Raw Materials	88,359.65	82,032.74	79,296.04
	- Raw Material in Transit	771.26	3,487.36	3,292.22
	- Goods in Transit	2,856.44	3,094.36	3,772.04
(b)	Work-in-Progress	62,424.31	63,576.13	36,406.52
(c)	Finished Goods	6,545.91	15,785.48	12,743.67
(d)	Traded Goods	1	-	-
(e)	Stores and Spares	10,539.46	12,117.24	7,273.80
(f)	Others	-	-	-
	- Scrap	7,774.59	7,529.78	6,637.75
·	- Other Inventory	514.83	8,802.77	9,171.39
	Total Inventories	1,79,786.45	1,96,425.86	1,58,593.42

Note 9(a) Current Tax Assets (Net)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Balance with Income Tax Authority	-	-	-
Advance tax including TDS	-	30,128.30	27,624.40
Less: Provision of income tax	-	3,546.59	655.38
Current Tax Assets - Net	-	26,581.71	26,969.01

Note 9(b) Current Tax Liabilities (Net of Advance Tax)

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for Income Tax	45,954.38	-	-
Less: Advance Tax / TDS	33,756.00	-	-
Current Tax Liablities (Net of Advance Tax)	12,198.38	-	-

Note 10 Other Current Assets

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Prepaid Expenses	423.20	115.53	153.89
Balance with Excise Authorities	22.92	13.85	4.44
Balance with Sales Tax Authorities	1,870.24	1,672.69	1,502.90
Balance with Income Tax Authorities	1	1	-
Interest Receivables on FDR	-	1	-
Assets held for Disposal	0.07	0.07	0.07
PAO/C&C DEA Ministry of Finance (EPF)	901.98	901.98	901.98
PAO/C&C DEA Ministry of Finance (GPF)	369.50	369.50	811.95
Commemorative Coins	5.63	5.44	1.84
MAT Credit Entitlement	-	2,891.21	-
Other Receivables	98.50	271.41	358.18
Advances to Suppliers	20,477.06	18,116.08	9,903.35
Advances to CPWD	8.03	51.87	884.06
Advances to BSNL	19.19	19.19	23.94
Total	24,196.32	24,428.80	14,546.59

Note 11 Issued Share Capital

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Authorised Capital			
2,50,00,00,000 Equity Shares of ₹10/- Each	2,50,000.00	2,50,000.00	2,50,000.00
Issued and Subscribed Capital			
1,18,24,90,000 Equity Shares of ₹10/- Each	1,18,249.00	1,18,249.00	5.00
	1,18,249.00	1,18,249.00	5.00
Paid up Capital			
1,18,24,90,000 Equity Shares of ₹10/- Each	1,18,249.00	1,18,249.00	5.00
Total	1,18,249.00	1,18,249.00	5.00



Particulars	Number of Equity Shares	Amount in ₹ Lacs
As on 1 st April, 2015		
Equity Shares at the Beginning of the Year	50,000.00	5.00
Add: Shares Issued during the Year	1,18,24,40,000.00	1,18,244.00
Equity Shares Outstanding at the End of the Year	1,18,24,90,000.00	1,18,249.00
As on 31 st March, 2016		
Equity Shares at the Beginning of the Year	1,18,24,90,000.00	1,18,249.00
Add: Shares Issued during the Year	-	1
Equity Shares Outstanding at the end of the Year i.e. as on 31 st March, 2017	1,18,24,90,000.00	1,18,249.00

Note 11B Details of shares held by the holding company, their subsidiaries and associates: Nil

Note 11C Details of Shareholders holding more than 5% of the Equity Share Capital of the Company (Figures in lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
a)	President of India <i>through</i> Dr. Saurabh Garg, JS (I&C), DEA, MoF			
	Number of equity shares	11,824.90	11,824.90	0.50
	99.99 % of equity shares			

Note 11D Terms and rights attached to the equity shares of the Company.

Note 12 Reserve & Surplus

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(a) Capital Reserve	33,819.95	33,819.95	419.95
(b) General Reserve	20,008.52	20,008.52	17,977.71
(c) Retained Earnings (Surplus)	2,83,209.73	2,28,305.58	1,94,570.63
Total Reserve & Surplus	3,37,038.20	2,82,134.05	2,12,968.29
(a) Capital Reserve			
As per last Statement of Financial Position	33,819.95	419.95	419.95
Add: Current Year Transfer	-	33,400.00	-
Less: Written back in current year	-	1	-
Total Capital Reserve	33,819.95	33,819.95	419.95
(b) General Reserve			
As per last Statement of Financial Position	20,008.52	17,977.71	17,977.71
Add : Current year transfer	-	2,030.81	-
Less: Written back in current year	_		-
Total General Reserve	20,008.52	20,008.52	17,977.71

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Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(c) Retained Earnings			
As per last Statement of Financial Position	2,28,305.58	1,94,570.63	2,21,921.69
Add : Net Profit/(Loss) for the Current Year	65,240.50	37,459.37	6,926.55
Add : Items of other comprensive income recognized directly in reatined earnings	(3,672.22)	(1,562.84)	-
: Remeasurement of Employees Defined Benefit Plans	-	1	-
: Prior period items	12.63	1	321.62
: Bonus	-	(130.77)	(541.60)
: Depreciation	-	-	674.37
: Adjustment on Fixed assets	-	1	(872.76)
: Adjustment on Pension	-	1	(51,198.20)
: Adjustment on Deferred tax	-	1	17,547.11
Add : Transfer from Reserves	-	1	-
Less: Transfer to Reserves	-	(2,030.81)	(208.15)
Less: Dividend paid for the previous Year	(6,092.43)	-	-
Less: Dividend Distribution Tax	(1,240.30)	-	-
Add: Provision for Disputed Claims	-	-	-
Less: Income Tax Adjustments for Earlier Years	655.96	-	-
Total Retained Earnings	2,83,209.73	2,28,305.58	1,94,570.63

Note 13(i) Financial Liabilities - Non-Current Borrowings

(Amount in ₹ lacs)

•			•
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Loans & Borrowings from :			
(a) Banks	-	ı	1
(b) Others	-	-	-
 Unsecured Term Loan from Ministry of Finance 	-	1,18,244.00	-
Total Borrowings	-	1,18,244.00	-
Less: Current Portion of Long-term Borrowings	-	4,729.76	1
Total Non-Current Borrowings	-	1,13,514.24	-

Note 13(ii) Trade Payables

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(a)	Non Current			
	- Trade Payables	-	100.10	109.08
	- Trade Payables to Related Parties	-	1	-
	Total Non Current Trade Payable	-	100.10	109.08
(b)	Current			
	- Trade Payables	42,099.07	36,930.00	32,544.41
	- Trade Payables to Related Parties	-	1	-
	Total Current Trade Payable	42,099.07	36,930.00	32,544.41
	Total Trade Payables	42,099.07	37,030.09	32,653.49



Note 13(iii) Other Financial Liabilities

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Other Financial Liabilities - Non Current			
Opening Balance of Funds from GOI	17,976.76	2,87,864.76	2,87,864.76
Adjustment during the year	-	(2,69,888.00)	-
Transfer to Corporate Office	-	ı	-
Funds Adjustable from Govt of India - Total (a)	17,976.76	17,976.76	2,87,864.76
Other Financial Liabilities - Current			
Earnest Money Deposit (EMD)	484.07	592.65	395.60
Security Deposit of Supplier/Vendors	649.12	793.10	834.80
Salaries and Wages and other Employee Beneft Payable	6,447.85	3,815.55	2,740.76
Recovery from Salary Payable to concerned Authorities	542.12	587.74	464.80
Expenses Payable	5,912.49	4,377.59	6,678.68
Bank Book Overdraft	773.99	1,150.47	1,645.17
Interest Payable on Long Term Loan from GOI	-	13,598.06	-
Gratuity Payable	-		
Total (b)	14,809.64	24,915.16	12,759.81

Note 14 Provisions

(Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(i)	Non-Current Provisions			
	Other Provision			
	- Provision for Disputed Claims	50.00	-	-
	Total Non Current Provisions	50.00	-	-
(ii)	Current Provisions			
	Other Provisions	-	-	-
	- Other Short Term Provisions	520.31	190.27	204.25
	- Provision for Disputed Claims	71,169.65	45,947.27	-
	Total Current Provisions	71,689.96	46,137.54	204.25

Note 15 Employees Benefit Obligations

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(i)	Non-Current Provisions			
(a)	Provision for employee benefits	-	-	-
	- Provision for Gratuity	12,627.50	8,927.70	7,272.88
	- Provision for Leave Encashment	25,909.70	20,901.15	19,820.55
	- Provision for Pensionary Charges Contribution	-	-	4,619.91
	- Provision for Leave Salary Contribution	-	-	-

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	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
	- Provision for Ex-Gratia	26.49	29.29	55.31
	 Provision for Post Retirement Medical benefits 	2,351.80	3,102.37	-
To	otal Non Employees Benefit Obligations	40,915.49	32,960.50	31,768.65
(ii)	Current Provisions			
(a)	Provision for employee benefits			
	 Provision for Leave Salary and Pensionary Charges 	29.75	23.61	4,594.93
	- Provision for Gratuity	1,581.47	1,060.78	959.20
	- Provision for Ex-Gratia /Bonus	426.21	579.97	573.15
	- Provision for Leave Encashment	3,338.93	3,759.70	3,694.40
	- Provision for Compensation in Lieu of Compassionate	489.43	626.70	888.84
	- Provision for ACP Arrear Payable	3,142.05	68.89	97.81
	- Provision for Pension Trust Liability	51,198.20	51,198.20	51,198.20
	 Provision for Post Retirement Medical Benefits 	2,156.01	209.70	-
	- Other Employees Benefits Short-term Provisions	1,573.76	86.86	81.09
	- PRP Payable	500.00	i	-
	- Arrears 3 rd PRC	220.00	1	-
	Total Current Employees Benefit Obligations	64,655.81	57,614.41	62,087.63

Note 16 Other Non-Current Liabilities

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Capital Goods Creditors	30.10	30.10	34.23
Total Non Current Liabilities	30.10	30.10	34.23

Note 17 Other Current Liabilities

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advances to Employees	19.08	7.04	21.40
Advances from Customer	27,293.32	21,672.38	16,894.16
Current Portion Long Term Borrowings	-	4,729.76	-
Security Deposit of Supplier/Vendors	-	-	-
Payable to PAO	76.29	55.01	60.20
Statutory Dues Payable	2,889.07	2,303.87	1,222.11
Octroi Payable	-	-	-



Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Salaries and Wages and other Employee Beneft Payable	507.05	-	-
Recovery from Salary Payable to Concerned Authorities	-	-	-
Expenses Payable	-		27.96
Contribution to SPMCIL Pension Trust Payable	1.40	0.92	4,200.34
Pensionary Charges Payable	33.51	29.38	3,038.70
Bank Book Overdraft	205.09	-	-
Other Current Liabilities	6,181.56	3,971.28	3,630.91
Capital Goods Creditors	79.72	85.30	89.05
Total other Current Liabilities	37,286.09	32,854.93	29,184.84

Note 18 Revenues

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Sale of Products		
- Sale of Notes	2,13,926.19	1,31,402.50
- Sale of Coins	2,70,724.96	2,24,456.95
- Sale of Medals and Commemorative Coins	4,313.06	3,954.22
- Sale of INK	-	-
- Sale of Passport & Allied	46,058.16	47,557.88
- Sale of Postal Items	2,339.83	3,129.85
- Sale of Non Postal Items	15,733.13	10,926.51
- Sale of NJSP	23,791.20	31,415.87
- Sale -Others	6,704.15	11,815.42
Total (A)	5,83,590.68	4,64,659.21
(b) Sale of Services		
- Job Work	602.91	313.44
- Other Service	21.23	29.14
Total (B)	624.14	342.58
(c) Other Operating Revenues		
- Sale of scrap	11,939.42	7,960.43
- Other operating activities	447.84	96.24
Total (C)	12,387.26	8,056.67
Total Revenue from Continuing Operations (A+B+C)	5,96,602.08	4,73,058.46

Note 19 Other Income

(Amount in ₹ lacs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Interest Income		
- Interest Income	7,366.96	8,703.87
Total (A)	7,366.96	8,703.87
(b) Dividend Income		
- Dividend Income from Mutual Fund	303.71	397.77
Total (B)	303.71	397.77
(c) Other Non-operating Income(Net of Expense Directly Attributable to such Income)		
- Foreign Exchange Fluctuation Gains/ (Loss)	490.84	202.93
- Profit on Sale of Fixed Assets	28.84	28.74
- Other Non-operating Income (Net of Expense Directly Attributable to such Income)	3,589.23	1,000.22
- Provisions/Liabilities Written Back	1,816.39	460.88
- Rate Difference Postal Items	-	-
- Rate Difference Circulating Coins	-	4,297.71
- Rate difference	192.01	(149.19)
Total (C)	6,117.31	5,841.29
Total Other Income (A+B+C)	13,787.98	14,942.92

Note 20 Cost of Materials Consumed

(Amount in ₹ lacs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cost of Material Consumed	2,88,884.29	2,59,902.01
Total Cost of Materials Consumed	2,88,884.29	2,59,902.01

Note 21 Changes in Inventories of Finished Goods, Stock in Trade and Work in **Progress** (Amount in ₹ lacs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening Balance		
Work in Progress	65,435.90	38,321.78
Finished Goods	15,785.49	12,743.67
Goods in Transit	3,094.36	3,251.47
Scrap	7,788.99	6,896.96
Total Opening Balance (A)	92,104.74	61,213.88



Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Closing Balance		
Work in Progress	62,424.31	65,435.90
Finished Goods	6,545.91	15,785.49
Goods in Transit	2,856.44	3,094.36
Scrap	7,774.59	7,788.99
Total Closing Balance (B)	79,601.25	92,104.74
Total Changes in Inventories of Finished Goods, Stock in Trade and Work in Progress (A-B)	12,503.49	(30,890.84)

Note 22 Employee Benefit Expense

(Amount in ₹ lacs)

Particulars	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
Salaries, Wages and Allowances	67,245.50	56,274.82
Overtime	15,443.33	14,701.59
Incentive	14,890.75	14,073.12
LTC	210.03	321.34
Medical	2,632.17	1,788.83
Employer Contribution to EPF	3,334.38	3,266.48
Leave Salary & Pensionary Charges Contribution	671.12	(1,304.30)
Cotribution to SPMCIL Pension Trust	954.45	899.09
Leave Encashment	5,669.89	4,860.32
Gratutity	3,044.95	2,028.51
Staff Welfare Expenses	65.85	53.35
Other Employee Benefits	2,280.31	1,329.32
Post Retirement Medical Benefits	1,100.65	3,565.17
Pension Trsut Liability	-	
Total Employee Benefit Expenses	1,17,543.38	1,01,857.63

Note 23 Finance Cost

Particulars	For the year ended 31 st March, 2017	For the year ended 31st March, 2016
Interest Cost on Loan from Ministry of Finance	11,872.71	13,598.06
Total	11,872.71	13,598.06



Note 24 Other Expenses

		(Amount m \ racs)
Particulars	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
(a) Other Manufacturing Expenses		
- Consumption of Stores, Spare and Components	10,735.52	7,944.13
- Power, Fuel and Water	7,400.59	6,822.45
- Repairs & Maintenance to Machinery	776.25	509.02
- Repairs & Maintenance to Factory Building	737.25	929.94
- Packing Expenses	1,664.48	1,519.77
- Other Manufacturing Costs	852.06	1,093.82
Total (A)	22,166.15	18,819.13
(b) Administrative Expenses	-	-
- Advertisement	250.02	368.61
- Commission (Auction & Other)	373.67	236.72
- Audit Fees	69.62	47.89
- Bank Charges	6.40	7.49
- Bad Debts Written Off / Provision for Bad Debts	1,407.71	8,344.09
- Canteen Expenses(Net of Receipts)	226.13	223.61
- Dispensary Expenses	336.72	337.60
- Environmental Charges	70.60	28.78
- Fees & Honorarium	34.94	15.41
- Freight Outward	1,259.71	1,112.87
- Foreign Exchange Fluctuation Loss	86.24	859.32
- Grants in Aid Expenses	3.95	4.68
- Loss on Sale/Discard of Assets	5.59	10.61
- Guest House Expense (Net of Receipts)	60.46	39.05
- Hiring of Staff	1,321.46	767.96
- Horticulture Expense	29.73	56.78
- Hospitality & Entertainment Expenses	70.86	73.71
- Legal & Professional Charges	641.32	613.57
- Meeting Expenses	17.97	13.24
- Misc Expenses	60.20	49.55
- Office Expenses	188.62	188.20
- Postage & Courier Expenses	41.25	60.48
- Printing & Stationery Expenses	69.46	72.08
- Reasearch & Development Expenses	94.27	52.35
- Repair & Maintenance- Building	1,718.27	1,257.67
- Repair & Maintenance- Computers	451.69	494.49
- Repair & Maintenance- Others	582.86	499.18
- Rent	776.04	697.53
- Insurance	331.32	204.56
- Rates & Taxes	368.52	120.74
- Security Charges	14,617.39	12,120.23



Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
- Seminar & Training Expenses	71.55	83.70
- Service Tax / Sales Tax Paid	217.24	135.54
- Subsription, Newspaper, Books & Periodicals	32.32	16.60
- Sustainable Development	-	-
- Telephone & Internet Charges	250.17	213.04
- Travelling & Conveyance Expenses	634.71	477.70
- Travelling Expenses - Foreign	49.64	82.53
- Uniform & Liveries	59.04	18.56
- Corporate Social Responsibility Expense (CSR)	137.54	481.84
- Vechile Hiring/Maintenance Charges	262.46	225.04
- Water & Electricity Charges	402.25	395.57
- Other Expenditure	599.69	260.66
- Excise Duty Paid	283.38	253.19
- Prior Period Expenses	-	-
- Loss on Impairment	-	-
 Expense for Obsolute/ Non-Moving Inventory / Shortage 	23.55	-
- Expense for Disputed Claims	9,857.69	-
Total (B)	38,454.22	31,623.01
(C) Provisons created during the year		
- Provision for Trade Receivables	87.47	447.58
 Provision for Obsolute / Non-Moving Inventory / Shortage 	350.06	66.45
- Provision for Rate Differences Postals	-	185.71
- Provision for Rate Differences of Bank Notes	-	3,042.63
- Pension for Pension Trust Liability	-	-
- Provision for Disputed Claims	15,004.54	45,090.27
Total (C)	15,442.07	47,615.76
Total Other Expenses (A+B+C)	76,062.44	98,057.89

Note 24(a) Details of Payments to Auditors

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Payment to Auditors		
(a) Auditor	27.31	28.07
(b) For Taxation Matters	22.87	19.37
(c) For Company Law Matters	-	-
(d) For Other Services	-	-
(e) For Reimbursement of Expenses	19.44	0.45
Total Payments to Auditors	69.62	47.89

SPMCIL

Note 25 Statement of Changes in Equity for the period ended 31st March, 2017 A. Equity Share Capital

(Amount in ₹ lacs)

Particulars	Balance as at 1 April, 2015	Changes in equity share capital during the year	Balance as at 1 April, 2016	Changes in equity share capital during the year	Balance as at 31 March, 2017
Authorised Capital					
2,50,00,00,000 Equity Shares of ₹10/- Each	2,50,000.00	1	2,50,000.00	-	2,50,000.00
Issued and Subscribed Capital					
1,18,24,90,000 Equity Shares of ₹10/- Each	5.00	1,18,244.00	1,18,249.00	-	1,18,249.00

B. Other Equity

	Share	Equity		Re	Reserves and Surplus	rrplus		
Particulars	application money pending allotment	component of compound financial instruments	Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings	Other comprehensive income	Total
Balance as at 01.04.2015	-	_	419.95	-	17,977.71	1,94,570.63	-	2,12,968.29
Profit for the year	-	_	_	_	-	37,459.37	(1,562.84)	35,896.53
Restated Balance at the beginning of the Reporting Period	-	-	-	-	-	-	_	-
Total Comprehensive Income for the year	1	-	-	-	-	-	-	ı
Dividends Paid and Tax thereon	-	_	_	_	-	-	-	1
Transfer From funds from CG	-	_	33,400.00	_	-	-	_	33,400.00
Transfer From Retained Earnings Reserves	-	-	-	-	2,030.81	(2,030.81)	_	-
Income Tax Adjustment of Earlier Years	1	_	_	_	1	1	_	1
Bonus	-					(130.77)	_	(130.77)
Balance as at 31.03.2016	_	_	33,819.95	_	20,008.52	2,29,868.42	(1,562.84)	2,82,134.05
Balance as at 01.04.2016	ı	1	33,819.95	ı	20,008.52	2,29,868.42	(1,562.84)	2,82,134.05
Profit for the Year	-	_		_	ı	65,240.49	(3,672.22)	61,568.28
Prior Period Items						12.63	-	12.63
Dividends Paid and Tax thereon						(7,332.73)	1	(7,332.73)
Income Tax Adjustment of earlier Years	1	1	1	1	1	655.96	1	655.96
Balance as at 31.03.2017	•	-	33,819.95	•	20,008.52	2,88,444.77	(5,235.05)	3,37,038.19



Note 26 Reconciliation of Equity as previously reported under previous GAAP and Ind AS (Amount in ₹ lacs)

Particulars	As at 01.04.2015	As at 31.03.2016
Equity as per previous GAAP	2,47,250.91	4,11,870.27
Adjustments		
De-recognition of Liability for proposed Dividend and Tax for 31.03.2016 (including Dividend Tax)	-	7,332.73
Impact on Deferred Tax Asset	17,547.11	9,835.51
Adjustment in Property, Plant and Equipment due to prior period Adjustments	(406.60)	(1,410.57)
Employee Benefit Obligations (Pension)	(51,198.20)	(41,131.80)
Prior Period Adjustments of Provision for Disputed Claims	-	14,402.82
Others Adjustments	(219.93)	(515.90)
Equity as per Ind AS Financial Statements	2,12,973.29	4,00,383.05
Equity as per Ind AS Financial Statements	2,12,973.29	4,00,383.05

Proposed Dividend (i)

Under the INDIAN GAAP, Proposed Dividends including DDT are recognised as liability in the period which it relates irrespective of when they are declared. Under Ind AS, proposed dividend is recognised as liability in the period in which it is declared by the company (usually when approved by shareholders in a general meeting) or paid. Therefore, the liability of ₹7,332.73 lacs for the year ended on 31.03.2016 recorded for dividend has been derecognised against retained earnings on 31.03.2016.

(ii) Deferred Tax

INDIAN GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accountinf profits for the period. Ind AS-12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset and liability in the balance sheet and its tax base.

The application of Ind AS-12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under INDIAN GAAP.

(iii) Employee Benefit (Pension)

A sum of ₹51,198.20 Lacs (as per acturial report) was not provided in the financial statements for the year ended 31.03.2015 prepared under INDIAN GAAP. Further out of this liability, a of ₹10,066.40 Lacs was provided in the FY: 2014-15. Now to make complaince with Ind AS -19, this liability of ₹51,198.20 Lakhs on account of employees pension has been adjusted on 01.04.2015 and consequial effect in the FY: 2015-16.

(iv) Adjustment in Property, Plant and Equipment

The figures relating to property, plant and equipment have been recasted as on 01.04.2015 to make compliance with Ind AS-16.

(v) Prior Period Adjusments

Balance sheet as on 01.04.2015 and financial statements for the FY: 2015-16 have been recasted to adjust the errors which have been adjusted in the subsquent years as prior period adjustments. This amount is on accouunt of provision for disputed claims accounted for twice.

Reconciliation Between Financial Results as Previously Reported under Previous GAAP and Ind AS for the year ended 31st March, 2016

Particulars	Amount in ₹ Lacs
Profit for the year under previous GAAP	20,308.09
Difference in Employee Benefit Expenses	2,537.68
Difference in Depreciation	(329.68)
Impact on Current and Deferred Taxes	8,538.42
Others (including Adjustments Transfer to Retained Earnings as at 01.04.2015)	6,404.86
Profit as per IND AS Financial Statements	37,459.37
Profit as per IND AS Financial Statements	37,459.37

Note 27 Contingent Liabilities and Commitments

(I) Contingent Liabilities (i) Claims against the Company not Acknowledged as Debt (Excluding Legal Cases where amounts are Unascertainable) 438.78 18207.3 (a) Cases filed by Employees/Workers 438.78 18207.3 (b) Cases filed by Suppliers 76.89 481.8 (c) Octroi Penalty 24,022.51 24,022.5 (d) Demand of VAT on Currency, Coins, Misc Sales & Misc. 24,400.64 24,400.6 (e) Sales Tax Dispute 15,004.54 45,831.6 (f) Excise Duty - 673.5 (g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0	_		
(i) Claims against the Company not Acknowledged as Debt (Excluding Legal Cases where amounts are Unascertainable) 438.78 18207.3 (a) Cases filed by Employees/Workers 438.78 18207.3 (b) Cases filed by Suppliers 76.89 481.8 (c) Octroi Penalty 24,022.51 24,022.5 (d) Demand of VAT on Currency, Coins, Misc Sales & Misc. 24,400.64 24,400.6 (e) Sales Tax Dispute 15,004.54 45,831.6 (f) Excise Duty - 673.5 673.5 (g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments 6,232.00 2,500.0 (ii) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0			As at 31 st March 2016
Debt (Excluding Legal Cases where amounts are Unascertainable) (a) Cases filed by Employees/Workers	(I) Contingent Liabilities		
(b) Cases filed by Suppliers 76.89 481.8 (c) Octroi Penalty 24,022.51 24,022.5. (d) Demand of VAT on Currency, Coins, Misc Sales & 24,400.64 24,400.6 Misc. (e) Sales Tax Dispute 15,004.54 45,831.6 (f) Excise Duty - 673.5 (g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 70tal (II) 6,232.00 2,500.0	Debt (Excluding Legal Cases where amounts are		
(c) Octroi Penalty 24,022.51 24,022.51 24,022.51 (d) Demand of VAT on Currency, Coins, Misc Sales & Misc. 24,400.64 24,400.64 (e) Sales Tax Dispute 15,004.54 45,831.6 (f) Excise Duty - 673.5 (g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0 Total (II) 6,232.00 2,500.0	(a) Cases filed by Employees/Workers	438.78	18207.38
(d) Demand of VAT on Currency, Coins, Misc Sales & Misc. 24,400.64 24,400.64 (e) Sales Tax Dispute 15,004.54 45,831.6 (f) Excise Duty - 673.5 (g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments 6,232.00 2,500.0 (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0	(b) Cases filed by Suppliers	76.89	481.88
Misc. (e) Sales Tax Dispute 15,004.54 45,831.6 (f) Excise Duty - 673.5 (g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 (vi) Others 65.22 2,099.3 (vi) Others 65.22 2,099.3 (vi) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0 (vi) Others (vi) Other	(c) Octroi Penalty	24,022.51	24,022.52
(f) Excise Duty - 673.5 (g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments 6,232.00 2,500.0 (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0 Total (II) 6,232.00 2,500.0		24,400.64	24,400.64
(g) Service Tax 239.23 39.1 (ii) Commercial Tax (Entry Tax) 7,643.44 7,844.3 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for Total (II) 6,232.00 2,500.0	(e) Sales Tax Dispute	15,004.54	45,831.68
(ii) Commercial Tax (Entry Tax) 7,643.44 7,844.34 (iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments 6,232.00 2,500.0 (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0	(f) Excise Duty	-	673.54
(iii) Bank Guarantee - 159.8 (iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0 Total (II) 6,232.00 2,500.0	(g) Service Tax	239.23	39.17
(iv) Letter of Credit issued by Banks 6,030.44 3,062.4 (v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0 Total (II) 6,232.00 2,500.0	(ii) Commercial Tax (Entry Tax)	7,643.44	7,844.34
(v) Income Tax 841.00 20.5 (vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0 Total (II) 6,232.00 2,500.0	(iii) Bank Guarantee	-	159.88
(vi) Others 65.22 2,099.3 Total (I) 78,762.69 1,26,843.3 (II) Commitments 6,232.00 2,500.0 (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for 6,232.00 2,500.0 Total (II) 6,232.00 2,500.0	(iv) Letter of Credit issued by Banks	6,030.44	3,062.42
Total (I) 78,762.69 1,26,843.3 (II) Commitments (i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for Total (II) 6,232.00 2,500.0	(v) Income Tax	841.00	20.52
(i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for Total (II) 6,232.00 2,500.0	(vi) Others	65.22	2,099.36
(i) Estimated Amount of Contracts remaining to be executed on Capital Account and not provided for Total (II) 6,232.00 2,500.0	Total (I)	78,762.69	1,26,843.33
on Capital Account and not provided for Total (II) 6,232.00 2,500.0	(II) Commitments		
		6,232.00	2,500.07
Grant Total (I-III) 94 004 60 4 20 242 4	Total (II)	6,232.00	2,500.07
Giant Iotal (1+11) 04,334.03 1,23,343.4	Grant Total (I+II)	84,994.69	1,29,343.40
Less : Provisions made	Less : Provisions made		
(i) Cases filed by Employees/Workers 5.00 18,207.3	(i) Cases filed by Employees/Workers	5.00	18,207.38
(ii) Cases filed by Suppliers 45.00 481.8	(ii) Cases filed by Suppliers	45.00	481.88
(iii) Disputed Sales Tax Liabilities 15,004.54 38,704.6	(iii) Disputed Sales Tax Liabilities	15,004.54	38,704.62
(iv) Others Cases 65.21 2,099.3	(iv) Others Cases	65.21	2,099.36
Total (III) 15,119.75 59,493.2	Total (III)	15,119.75	59,493.24
Not Continuent Liabilities not provided for (LILLIII) CO 974 04 CO 950 4	Net Contingent Liabilities not provided for (I+II+III)	69,874.94	69,850.16



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.

IGM Kolkata has filed a writ petition with Hon'ble High Court at Calcutta challenging the levy of entry tax as per West Bengal Entry Tax Act, 2012. The Hon'ble single bench adjourns the case sine die. On the same levy of entry tax in another case, The single Bench of the Hon'ble High Court at Calcutta vide judgment and order dated June 24, 2013 has declared that The West Bengal Entry Tax Act, 2012 is ultra vires. The unit has sought a legal opinion and as per the opinion received by the unit dated May 17, 2014 & further on May 30, 2017, the unit has not paid / provided for entry tax from June 01, 2013.

Note 28 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 29 Disclosure pertaining to Micro, Small and Medium Enterprises

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 2017 has been made in the financial statements on the basis of information received and available with the company.

In CNP Nashik, a provision amounting to ₹2.90 Lacs towards interest for delays in payments to MSME during Financial Year 2016-17 has been made Disclosers pertaining to Micro Small & Medium Enterprises (As per Information available with the Unit) is as follows:

SI. No.	Particulars	Amount in ₹ Lacs
1	Principal Amount Due Outstanding as at 31.03.2017	Nil
2	Interest Due on (1) Above & Unpaid as at 31.03.2017	Nil
3	Interest Paid to the Supplier	Nil
4	Payment Made to the Supplier beyond the Appointed Day During the Year.	80.63
5	Interest Due & Payable for the Period of Delay	2.90
6	Total Interest Accrued & Remaining unpaid as at 31st March, 2017	2.90
7	Amount of the further Interest Remaining Due & Payable in the Succeeding	Nil
	Year.	

Note 30 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 2016-17 has been carried out at all the units including Corporate Office.

Note 31 Precious Metals at Mints

Mints at Mumbai, Kolkata and Hyderabad have huge stocks of gold, silver and other precious metals which are 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 materials in current production, company has initiated steps to dispose of these metals lying at units.

Note 32 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.

- Gratuity: The Company has a defined benefit gratuity plan in accordance with Payment c) 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.
- Earned and Half-Pay Leave: The Company provides for earned leave benefit and half pay d) 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 encash 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.
- Post-Retirement Medical Benefits: The Company has Post-Retirement Medical Scheme e) 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.
- As per Indian Accounting Standard 19 "Employee Benefits", the disclosure as defined f) are given below: (₹ in Lacs)

		01	! 4	1.00		- DD	MD
SI.	Particulars Gratuity Leave		PR				
No.		31.03.17	31.03.16	31.03.17	31.03.16	31.03.17	31.03.16
Defi	ned Contribution Plans						
Defi	ned Benefit Plans						
A.	Contribution to Defined Contributio	n Plans, R	ecognized	as Exper	se for the	e year is a	s under:
	Defined Benefit Obligation at Beginning of the Year	9,988.47	8,232.08	24,660.84	23,514.95	3,312.00	-
	Current Service Cost	1,778.45	1,411.10	1,818.65	1,164.04	-	3,565.00
	Interest Cost	749.14	617.41	1,849.56	1,763.62	-	-
	Actuarial (Gain)/Loss	3,029.72	470.36	4,825.85	1,919.30	-	-
	Benefits Paid	(1,336.81)	(742.48)	(3,906.29)	(3,701.06)	-	(253.00)
	Defined Benefit Obligation at the year end	14,208.97	9,988.47	29,248.61	24,660.85	4,510.50	3,312.00
B.	Reconciliation of Opening and Clos	ing Baland	es of Fair	r Value of	Plan Ass	ets	
	Fair value of plan assets at the beginning of the period	1	-	-	-	-	1
	Actual return on plan assets	-	-	-	-	-	-
	Employer contribution	-	-	-	-	-	-
	Benefits paid	-	-	-	-	-	-
	Fair value of plan assets at the end of the period	-	-	-	-	-	-
C.	Actuarial assumptions						
	Discount Rate (per annum)	7.36	7.50	7.36	7.50	7.36	-
	Expected rate of return on Plan Assets (per annum)	-	_	-	-	-	_
	Future Salary/cost Increase (per annum)	6.50	6.50	6.50	6.50	5.00	-

D.	Sensitivity Analysis	Gratuity 31.03.2017	Leave 31.03.2017	PRMB 31.03.2017
	Present Value of Obligation at the end of the period	14,208.97	29,248.62	-
	Impact due to increase of 0.50 %	(413.00)	(849.24)	-
	Impact due to decrease of 0.50 %	439.62	900.24	-
	Present Value of Obligation at the end of the period	14,208.97	29,248.62	-
	Impact due to increase of 0.50 %	440.83	903.36	-
	Impact due to decrease of 0.50 %	(417.86)	(859.81)	-

Note 33 Segment Reporting

In the opinion of management segment reporting as envisaged in Ind AS-108 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 34 Provisions

During the Financial Year 2016-17, the following provisions have been made:

Particulars	Amount in ₹ Lacs
Provision for Disputed Claims	
(a) Cases filed by Employees/Workers	5.00
(b) Cases filed by Suppliers	45.00
(c) Disputed Sales Tax Liabilities	15,004.54
(d) Additional Provisional for Interest on Sales Tax Cases of ISP, Nas	shik 9,857.69
(e) Other Liabilities	65.21
Total	24,977.44

Note 35 Related Party Transaction

List and Transactions of related parties as per Ind AS - 24 '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 Company has contributed a sum of ₹40,000 lacs towards 50% capital contribution. Company has been allotted 40,00,00,000 equity shares of ₹10/- each aggregating to ₹40,000 lacs till 31.03.2017.

(₹ in Lacs)

Transaction	2016-17	2015-16
Capital Contribution	Nil	10,000



Proportion of ownership in Joint Venture as per audited accounts for the Financial Year 2016-17 is as under (50%):-

Particulars	As on 31.03.2017 (Audited) (₹ in lacs)	As on 31.03.2016 (Audited) (₹ in lacs)
a) Contribution towards Equity	40,000.00	40,000.00
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. 2016-17 is as under (50%):-

Particulars	As on 31.03.2017 (Audited) (₹ in Lacs)	As on 31.03.2016 (Audited) (₹ in Lacs)
Equity Share Capital	40,000	40,000
Reserve and Surplus	12,359	-944
Non-Current Liabilities	40,131	39,870
Current Liabilities	13,411	6,791
Non-Current Assets	70,723	70,670
Current Assets	35,178	15,047
Revenue	49,064	-
Cost of Material Consumed	17,694	-
Depreciation of Plant and Machinery	4,631	36
Employee Benefit Expenses	1,270	80
Finance Cost	3,552	-
Other Expenses	3,228	526
Profit Before Tax	18,689	-642
Income Tax Expenses	5,383	
Profit After Tax	13,306	-642

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

(Amount in ₹ Lacs)

Particulars	As on 31.03.2017	As on 31.03.2016
Estimated Value of Contracts	544	1,153

Contingent Liability in Joint Venture Company (50%) - ₹1822 lacs

Transactions carried out with Bank Note Paper Mill India Private Ltd.:-

Particulars	As on 31.03.2017	As on 31.03.2016
Purchase of CWBN Paper	12,639.96	-

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 Srivastav, 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 Sanjai Maheshwari, Chief Financial Officer (from 20.09.2016)
- Shri Sachin Agarwal, Company Secretary

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 Ind AS-24.

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

(Amount in ₹ Lacs)

Particulars	2016-17	2015-16
Salary and Allowances	115.84	85.85
Contribution to PF / Pensionary Charges	7.81	7.98
Leave Encashment	31.07	3.65
Lease Rent & Other Perks	47.68	63.27
Gratuity	10.00	3.82
Total	212.40	164.57

Note 36 Rate Difference on Postal Items

The rate difference of Rs. 192.01 Lacs booked during the F.Y. 2016-17 represents rate difference of Postal Items for the F.Y. 2014-15.

Note 37 Earnings Per Share

Particulars	2016-17	2015-16
Profit After Tax (In ₹ Lacs)	61,568.29	35,896.53
Weighted average numbers of equity shares used as denominator	1,18,24,90,000	1,18,24,90,000
Basic/Diluted Earnings per Share (₹)	5.21	3.04



The significant components and classification of deferred tax Asset and Liabilities on account of temporary difference during the financial year 2016-17 are:

Particulars	(Amount in ₹ Lacs)
Opening Balance of Deferred Tax Assets	46,992.39
Add: Deferred Tax Assets (Net) created During the Year	21,693.56
Closing Balance of Deferred Tax Assets	68,685.95

Note 39 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 40 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 41 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 42 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 43 Discontinued operations at Saifabad unit (Discontinued IG Mint)

IGM, Hyderabad has discontinued minting operations of its Saifabad Unit, Hyderabad with effect form 01.11.2009. After review of the Fixed assets register and physical verification of the assets, a number of items fully depreciated and having no realizable value have been removed from FAR. Other items not further usable have been identified for disposal and disclosed as assets held for disposal under current assets. Remaining useful items have been transferred to Cherlapally location except land and building.

Note 44 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 45 Expenditure incurred towards Corporate Social Responsibility & Sustainable Development

CSR amount required to be spent as per section 135 of the Company's Act, 2013 read with Schedule VII, thereof, by the Company during the year is ₹79.80 Lacs (Previous year ₹4.81 Crore).

During the year the company has incurred an amount of ₹137.53 Lacs on CSR. CSR activities include expenses incurred for the purpose of repair of school building, construction of toilets in the school, providing Bus, furniture and connection for drinking water at schools and other basic amenities. The details are as follows:

SI.No.	Particulars	2016-17 (Amount in ₹ lacs)	2015-16 (Amount in ₹ lacs)
1	Swatchh Bharat Abhiyan	0	150.00
2	Clean Ganga Mission	0	150.00
3	Toilet at school	25.94	35.00
4	Street Light	0	25.40
5	Water purifier in school	0	43.00
6	Drinking Water at school	7.14	15.25
7	Primary school building	19.79	30.00
8	School bus	17.95	-
9	School Furniture	5.61	-
10	Other misc. projects	61.10	33.18
	Total	137.53	481.83

The previous year's figures have been re-casted / restated / reclassified, wherever necessary, to confirm to current year's classification.

Note 46 Revenue

Sale of major products has been recognized in the books of accounts in Financial Year 2016-17 as follows:

- a) The sale of Circulating Coins has been accounted for at CAC Rate (14-15) duly approved by Ministry of Finance.
- The sale of Bank Notes has been accounted for at MOU Rate (16-17) 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 c) Advisor Cost, Ministry of Finance, and Government of India (CAC) for the year 2014-15.

The difference if any between rates of Coins, Bank Notes & Postal Stationery accounted 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/ RBI shall be accounted for in the year of approval.

Note 47 Pension Fund Trust Liability

For financial year 2016-17, company has got done the actuarial valuation of liabilities of retirement benefits of all its combined optees as on 31.03.2017 by a registered actuary and it was noticed that there is a shortfall of ₹76,966.46 lacs 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. Actuarial valuation of liabilities of pension trust was also calculated as on 31st March, 2015. The amount of liability as on 31.03.2015 was ₹51,198.20 lacs and a provision amounting to ₹10,066.40 lacs was made in the books of accounts and it was decided by the Board of SPMCIL that balance amount of ₹41,131.80 lacs shall be amortized by charging ₹10,066.40 lacs annually to Profit & Loss A/c till FY 2019-20.

However, subsequent to application of Ind AS from F.Y 2016-17 onwards to SPMCIL and as per applicable Ind AS balance liability of ₹41,131.80 Lacs should not be amortized in future and should be adjusted against reserves and surplus of the SPMCIL as on 01.04.2015. Accordingly the liability of ₹41,131.80 lacs has been charged to reserve and surplus in the reinstated Financial statements as on 01.04.2015 in compliance of Ind AS.

Details as on 31.03.2017 are as under:

SI.No.	Particulars	Amount in ₹ Lacs
1	Obligation of Pension and Death-cum-Retirement Gratuity as on 31.03.2017	1,01,554.63
2	Less: Total Corpus of Pension Fund as on 31.03.2017	27,588.17
3	Shortfall as on 31.03.2017 [(1)- (2)]	73,966.46
4	Liability provided for in earlier years	51,198.20
5	Shortfall as on 31.03.2017	22,768.26

Regarding amount of ₹22,768.26 lacs which represents the shortfall as on 31.03.2017, matter has been taken up with Ministry of Finance in terms of Rule 37-A of Central Civil services (Pension) Rules and amount has been shown as recoverable from Ministry of Finance.

Note 48 Details of Specified Bank Notes

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:-

Particulars	SBNs*	Other Denomination Notes	Total (Amount in ₹ Lacs)
Closing Cash in Hand as on November 8, 2016	5,90,000.00	26,85,690.00	32,75,690.00
(+) Permitted receipts / withdrawal from Banks	63,000.00	9,58,80,126.00	9,59,43,126.00
(-) Permitted payments	81,500.00	8,01,79,780.00	8,02,61,280.00
(-) Amount deposited in Banks	5,71,500.00	1,53,65,617.00	1,59,37,117.00
Closing cash in hand as on December 30, 2016	-	30,20,419.00	30,20,419.00

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.



A provision of ₹232 lacs and ₹19,244 lacs has been made in the financial statement of Bank Note Press Dewas and Currency Note Press, Nashik respectively against obsolete stock of MG 2005 series of ₹500 & ₹1000 Notes for Raw material- paper, ink, WIP & Finished goods. The provision is made due to demonetization of the above denominations and shown as receivable from RBI in the books of Accounts.

At SPM Hoshangabad, the value of inventory includes value of Bank Note Paper & other inventory in respect of SBNs (₹1000 & ₹500 denominations) amounting to ₹4,717.25 lacs, the claim of which is pending with RBI.

Note 50 Outstanding balances of Debtors - RBI as the year end as on 31.03.2017 includes ₹6,76,83,360 for airlifting of Bank Notes during demonetization.

Provision for Pay Revision of board level and below board level executives Note 51 and non-unionized supervisors of CPSE.

As per DPE OM dated 3rd August 2017, pay revision of board level and below board level executives and non-unionized supervisors of CPSE is due w.e.f. 01.01.2017.

As per above said OM the Board of Directors of each CPSE would be required to consider the proposal of pay revision based on their affordability to pay and submit the same to the administrative ministry for approval. The administrative ministry concerned will issue the presidential directive to implement the pay revision.

Therefore in view of the above, in the absence of presidential directives from Ministry of Finance, a provision of ₹220 lacs on the basis of estimated liability for the period 01.01.2017 to 31.03.2017 has been made in books of accounts.

Note 52 Events after the Report Period

The Board of Directors have recommended dividend of ₹22,764.36 lacs excluding Dividend distribution tax for the financial year 2016-17, which is based on relevant share capital as on March 31, 2017.

For M/s. BHATIA & BHATIA **Chartered Accountants**

Firm Regn. No. FRN003202N of ICAI

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

Sd/-(R. BHATIA, F.C.A.) (M.No. 17572)

Partner

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

Date: 17.08.2017 Place: New Delhi

Consolidated Financial Statements 2016-17





81, HEMKUNT COLONY, LEVEL-1, Opp. NEHRU PLACE NEW DELHI-110 048

TEL: 2646-5599, 2647-5599

FAX: 2642-5599

e-mail: taxauditor@bnbindia.org website: www.bnbindia.org.in

MODIFIED INDEPENDENT AUDITORS' REPORT

(Based on C&AG observations we have modified the 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 Ind AS financial statements of **Security Printing and Minting Corporation of India Limited and its Joint Venture "Bank Note Paper Mill India Pvt. Ltd." ("The Company")** which comprise the Consolidated Balance Sheet as at 31st March, 2017, the consolidated statement of Profit and Loss, the Consolidated Cash Flow Statement (including other comprehensive income) and a summary of the Significant Accounting Policies and other Explanatory Information (herein after referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding 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 Consolidated Ind AS Financial Statements that give a true and fair view of the Consolidated financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Group Company and its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS 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 Consolidated 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS 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 Ind AS 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 Ind AS financial statements.

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

As a result of observation of CAG, the audit report have been modified and para "In Respect of Corporate Office" in Annexure -1, Basis for qualified opinion clause 1 and 2 have been revised/ modified.

Basis for Qualified Opinion

The Matters are 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 Annexure-I "BASIS FOR QUALIFIED OPINION" paragraph, the aforesaid Consolidated IND AS financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with Indian Accounting Standards, of the state of affairs of the Group Company, its Associates and Jointly controlled entities as at 31st March, 2017 and their Consolidated profit and their Consolidated cash flows for the year ended on that date.

Emphasis of Matters

The Matters are 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 Pvt. Ltd." ("the Company"), whose financial statement reflect Total Assets of ₹2,11,802.37 lacs as at 31st March, 2017 and Total Revenue as ₹98,128.85 lacs, Cash Flow of ₹29,751.86 lacs for the year on that date, as considered in the Consolidated Financial Statements.

The Consolidated financial statement also include the share of Net profit of ₹13,306.19 lacs for the year ended 31st March, 2017 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 is related to the amounts and disclosures included in respect of 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.

We also did not audit the financial statements /information of Eight units/branches included in the standalone financial statements of "SPMCIL", (IGM, Noida was audited by us) whose financial statements /financial information reflect Total Assets of ₹4,96,735 lacs as at 31st March, 2017 and Total Revenue of ₹4,92,069.59 lacs for the year ended on that date, as considered in the standalone financial statements of SPMCIL. The financial statements /information of these branches of SPMCIL have been audited by 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.

Our opinion on the Consolidated Financial Statements, and our Report on Other Legal and Regulatory Requirements 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 information and explanations which to the best of our knowledge and belief which were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The reports on the accounts of the Branch/unit offices of SPMCIL and its Joint Venture audited under section 143(8) of the Act by the unit 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 books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (e) Except for the matters as stated in "Annexure-1, Basis for Qualified Opinion" paragraph, as stated above, in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder.
 - (f) As per notification no. GSR 463(E) dated 05.06.2015 "Exemptions to Government Companies by virtue of Section 462 of the Companies Act, 2013", sub-section 2 of section 164 is not applicable to the Government Company.
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"
 - (h) The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure-B"
 - (i) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements— (Refer Note No. 27 of the Standalone Ind AS Financial Statements).
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material 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.
 - iv. The Company has provided requisite disclosures in its Consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company- (Refer Note No. 48 to the Standalone Ind AS Financial Statements).

For BHATIA & BHATIA Chartered Accountants FRN- 003202N OF ICAI

> Sd/-(R. BHATIA), F.C.A. Partner

Membership No.:17572

Date: 26th September, 2017

Place: New Delhi



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED ANNEXURE-I TO THE AUDITORS REPORT AS AT 31ST MARCH, 2017

BASIS FOR QUALIFIED OPINION

In respect of IGM, Noida

- TDS TDS on Perquisites for Rent free accommodation provided to employees of the unit: According to the information and explanation provided, no TDS was deducted on the value of perquisite on the accommodation provided to some employees on concessional rates. However as per section 17(2), Rule 3(i) the value of perguisite shall be 7.5% of salary in respect of the period during which the said accommodation was occupied by the employee as reduced by the concessional rent charged (if any) by the employer. (Where the accommodation is owned by the employer). Tax liability may arise on the unit for non-deduction of TDS as per the above rule along with interest.
- Expense without supporting document and explanation: According to the information available with us and after examination of books of accounts and records, it was observed that the unit has incurred expenses amounting to ₹193.17 lacs for which no explanation and supporting documents could be provided by the unit. The same is booked under the head "other expenses".

In respect of SPM, Hoshangabad

The value of inventory includes unused Bank Note Paper & other related inventory to the tune of ₹4,717.25 Lacs pertaining to withdrawn "Specified Bank Notes" of ₹1000 & ₹500 denomination. There is no reasonable assurance from Customer (RBI) regarding the recovery of the said amount. The unit has valued the same at cost and not made any provision for such non/ moving /obsolete inventory. Consequently the profit of the unit is overstated by ₹4,717.25 Lacs and the inventories are overstated to that extent.

In respect of CNP, Nashik

- Ind AS 109 "Financial Instruments: Recognition and Measurement": An amount of ₹19,243.83 lacs in respect of stocks lying with the unit for ₹1000 and ₹500 denomination notes has been shown as Receivable from RBI. The same has not been confirmed by RBI in their balance confirmation received on 4th July, 2017. To that extent Profits and Trade Receivables have been overstated and the financial statements do not reflect true and fair view.
- Ownership of the Inventory has been transferred to RBI during the financial year 2016-17 as reflected from the Books of accounts. Confirmation from RBI has not been obtained.

In respect of BNP, Dewas

Stock Amounting to ₹6,678.74 lacs represents the raw material, WIP and finished stock of demonetized currency of ₹500 and ₹1000. This amount has been shown as recoverable from RBI however no confirmation is received from RBI.

In respect of IGM, Hyderabad

The Commercial Tax Department had raised a demand for ₹24,400.64 lacs for the period, April, 2006 to November, 2013, on account of sale of circulation coins, difference in sales tax on sale of other items, interest and penalty. The unit has not made a provision for the said

SPMCIL 1500 BIRGS 1500

liability. No appeal is filed with the First Appellate Authority against the demand raised and only correspondence with the state VAT department is carried out. The liabilities therefore are understated and the profits are overstated to the extent of ₹24,400.64 lacs.

In respect of Corporate Office, New Delhi

- **Provision for Pension**: During the course of Audit it was observed that, a provision for pension liability amounting to ₹22,768.25 lacs was not created during the year. The same is in contravention of Ind AS-19. The profits are overstated to the tune of ₹22,768.25 lacs.
- The sale of coin for the year 2014-15 was booked on the basis of fair selling price of the year 2012-13 being only finalised available fair selling price at the time of booking of sales for the year 2014-15 further fair selling price for the year 2014-15 has been finzalized by CAC/MoF and well communicated to Company in June 2017.
 - Fair selling Price finalized for the year 2014-15 is lower than fair selling price of year 2012-13 which has resulted an amount of ₹44.85 crore payable to Ministry of Finance but company has not booked liability for the same. Thus the profit are overstated to the tune of ₹44.85 crores.
- The Schedule of fixed assets has been adjusted during consolidation to reconcile the effects of Fixed assets schedule of branches.
- The provision/allowance for Doubtful debts created during the year exceeds the amount of doubtful debts as shown by the company in its financial statements "Note no. 5(ii) Trade Receivables –Current".



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED ANNEXURE-II TO THE AUDITORS REPORT

EMPHASIS OF MATTER PARAGRAPH

- In respect of India Government Mint (IGM), Hyderabad and IGM, Noida: Accounts with RBI are not reconciled regarding High Secure Storage facility provided by Mints to RBI.
- In case of IGM, Noida: GR/IR, SR/IR & Freight clearing account are not reconciled on regular basis and manual entries are posted at the end of the year.
- In case of IGM, Noida: Balance confirmations as received from suppliers namely M/s. Mittal Appliances and M/s. Indaid Engineers Pvt. Ltd are not reconciled with Books of accounts. Balance confirmation from other Debtors, Creditors, Advances Recoverable, Advance to Staff are not obtained as a matter of practice upto the finalization of audit and all these balances are unconfirmed and unreconciled.
- In respect of Corporate Office, New Delhi: Balances due from Ministry of Finance are subject to confirmation and reconciliation.
- In respect of Corporate Office, New Delhi: Balances with Creditors, Debtors and for deposits made with the Suppliers are subject to confirmation and reconciliation.
- In respect of Currency Note Press, Nasik: Balances in Receivables from PAO, Pension Trust, Combine Pension Trust, Recoverable from Govt of India are lying outstanding for more than one year without any confirmation and reconciliation.
- SAP MM, CO and PP Module automatic entries are not checked and reconciled on periodic basis. CO Module is not fully operational.
- In case of IGM Hyderabad: Job Work in respect of Melting and manufacture of medals was undertaken by the unit. The said act amounts to manufacture under the Central Excise Act, 1944. The duty (if any) on the product so manufactured is recoverable from the customers and subsequently needs to be remitted to the Excise Department. The unit has not complied with the provisions as stated under the respective law. Job work service amounting to manufacture or production is an item appearing in the negative list of services, hence no service tax liability arises on such services. However, the unit has wrongfully charged and collected service tax on such jobs undertaken. The unit has not reported the value of services and the tax so collected during the period February 2017 in the service tax returns with respect to melting job works. Penalty may be imposed for such violations by the competent authority.
- In respect of Indian Security Press, Nasik: According to the information and explanations provided, the unit has been charging price for printing postal stationery on suo-moto basis. This practice is followed over a period of years. The sales price charged against the sale of postal stationery has not yet been confirmed by the Office of Chief Adviser Cost (earlier known as CAB) for the year 2014-15, 2015-16 & 2016-17. (Cost Accounts Branch Ministry of Finance Department of Expenditure & the Postal Authorities). This has resulted into incorrect revenue recognition over a period of years. The basic principle of revenue recognition is violated as the realization of the amount is not certain. During the period under audit, billing was made on the basis of price list of the company and the difference in price as stated in the price list and CAB approved rates for FY 2014-15 has now been provided to the tune of ₹5.19 lacs.

- In respect of SPM, Hoshangabad: The Unit is recognizing revenue on "Budgeted Cost" as determined on the basis of budget. This is in contravention of Ind AS-8.
- In respect of India Government Mint, Noida (IGM, Noida): Valuation of Blanks / Raw Material, W.I.P and Finished Goods has not been done automatically by SAP and adjustment entries have been posted at the end of the year to reconcile the value with the Manual Records. Moreover the Damaged / Rejected / Wastage / loss occurred during the production process are clubbed with the adjustment entries. It is difficult to ascertain the true picture of damaged /Rejected/Wastage/loss occurred during the production process. The adjustments should be made after technical evaluation of the same by a Committee.
- In respect of India Government Mint, Hyderabad: Inventory carried by the unit includes silver weighing 293.645 kgs and the same is reflected in its books at NIL value as no cost was incurred in acquiring it.
- In respect of India Security Press, Nasik: Long outstanding advances doubtful of recovery amounting to ₹3,373.24 lacs not provided for: The amount is shown as outstanding for more than four years on account of leave encashment of past and present employees, recoverable from Government of India. No documentary evidence was produced for any follow-up or any possible recovery of these amounts. In absence of documentary evidence, recovery appears to be doubtful and hence provision should be provided for. Leave encashment amount recoverable from GOI: ₹3,373.24 lacs. This has resulted in over statement of profits and assets to that extent.
- In case of Corporate Office, New Delhi: According to the information and explanation provided it was observed that a Provision for Tax Payable (GI No.15500049) was standing in the books of accounts amounting to ₹655.38 lacs since FY 2012-13. The said excess provision was provided for during the FY 2012-13. The same is written back in P&L account during the FY 2016-17. (Being excess provision written back). Emphasis should be made to compute provisions on reasonable basis.

Actuarial Valuation of Pension:

According to the information and explanation provided and on the basis of Actuarial Report, it was observed that the Actuarial gains/losses on account of pension were not accounted for in the report provided. Hence, the effect/impact of the same was not incorporated in books of account.



Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act").

In conjunction with our audit of the Consolidated financial statements of Security Printing and Minting Corporation of India Limited and its Joint Venture "Bank Note Paper Mill India Pvt. Ltd." ("The Company"), as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of Security Printing and Minting Corporation of India Limited and its Joint Venture "Bank Note Paper Mill India Pvt. Ltd." ("The Company"), as of that date.

Management's Responsibility for Internal Financial Controls

The Group Company's Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 ('ICAI'). 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 (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Other Matter

We did not audit the internal financial controls over financial reporting of Joint Venture "Bank Note Paper Mill India Pvt. Ltd. ("the Company"). The internal financial controls over financial reporting of Joint Venture "Bank Note Paper Mill India Pvt. Ltd." ("the Company") have been audited by other Auditors whose report have been furnished to us by the Management and our opinion on the same, in so far as it is related to the Joint Venture, is based solely on the reports of the other Auditors.

1. In case of Corporate Office, New Delhi & IGM, Noida:

• Statutory Dues:

According to the information and explanations provided during the course of audit it was observed that, the statutory compliances were not fulfilled within the time limits as specified under various laws. The statutory duties and taxes are at times paid after the due dates with interest. There should be adequate controls /framework to ensure timely compliance of law and regulations.

Assets:

According to the information and explanations provided, it was observed that safeguard measures adopted for movement, storage, loss-theft etc. of assets were not effective.

Risk mitigation committee:

According to the information and explanations provided, it is observed that no risk mitigation committee was formed to identify the areas of risk, assessment of risk, formulate measures to control or reduce the risk and steps to have effective control. Risk committee should be formed to overcome such issues.

2. In case of IGM, Noida:

• Finance & Accounts:

According to the information and explanations provided it is observed that financial controls with regard to Imprest payments, Vendor payments and other cash payments were not satisfactory /effective. It was observed that same person is performing both the activities namely, parking and posting This increases the risk of misappropriation of funds. Steps should be taken to overcome such lapse.



Inventory:

According to information and explanations provided, it is observed that controls with regard to inventory are not satisfactory. Inventory is not physically verified at regular intervals rather It is verified at the end of the year. Wastages occurred during the process of manufacturing are not supported by technical evaluation. Adjustment entries are posted in SAP manually (for WIP and raw material/blanks) to bring the inventory in parity with the physical verification report. SAP module is under compilation. The MM module & the cost module in SAP are not fully integrated as per the requirements of Financial reporting.

Purchases:

According to the information and explanations provided it was observed that the goods purchased are booked under GR/IR account which is a routing account. The said account is not squared off resulting in piles of pending entries. The creditors are booked without this routing account. Unexplained credits and debits stand due to such system failure. Purchases should be allowed /routed only through the GR /IR account in order to have good control. This would integrate the placement, procurement and the financial process / activities and bring effectiveness in the system. Similar integration is required for services.

3. In case of CNP, Nashik:

- The unit did not have an appropriate internal control 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 implications.
- ii. The internal control system for fixed assets was not operating effectively in respect of controls pertaining to calculation of depreciation.
- iii. In cases of transfer of Raw material from other units, Raw material cost in SAP system does not include the transportation costs for which manual entry is done at the end of the year.
- iv. Other areas where internal financial controls were found inadequate during the course of our verification, it was observed that proper documentation of the internal financial controls was not available..

In case of ISP, Nashik:

i. Stores:

- Completeness and accuracy for issuance of material,
- Accuracy in material accounting, &
- Recording of Scrap Material.

ii. Purchase Oder and Work order/ Contracts:

- Controlling the process of creation & approval of Purchase Order
- Ensuring the timely procurement of Material.

iii. Human Resource and payroll:

- Ensuring authorized access to employee master &
- Incorrect recording of attendance in the SAP.

5. In case of IGM, Hyderabad

Finance Module of the ERP software allows the users of a profit center to pass manual

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entries affecting other profit center's leading to unintended errors (tagging wrong profit center's). This indicates inappropriate assignment of user rights and controls in the ERP software.

- ii. The following improvements are suggested to enhance the current control mechanism:
 - Introduction of dual control/authentication mechanism for additions and updating of employee master data.
 - Introduce a periodic review mechanism of Vendor and product masters to eliminate duplications and redundancy.
 - Extend the biometric attendance management system to all classes of employees, including workmen.
 - Introduction of a leave management system and integrate the same to SAP.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, 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

Basis of Qualified Opinion

As per our observations and based upon the evidences obtained during the course of audit, the unit has been lacking in abovementioned the general financial controls as designed by the management as the standard operating procedures.

For BHATIA & BHATIA Chartered Accountants FRN- 003202N OF ICAI

> Sd/-(R. BHATIA), F.C.A. Partner

Membership No.:17572

Date: 26th September, 2017

Place: New Delhi



Statement on the Directions / Sub Directions issued by the CA&G under Sub-section 5 of Section 143 of the Companies Act, 2013, examined by the Statutory Auditors during the course of audit of annual accounts of SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED and its Joint Venture "Bank Note Paper Mill India Pvt. Ltd." ("The Company") for the year ending 31st March,2017.

Part-1 DIRECTIONS:

SI. No.	Particulars	Auditor's Comments
1		The detail of Immovable properties along with the status of their title are stated in "Annexure-B(1)"
2	Whether there are any cases of waiver / write off of debts /loans/interest etc, if yes, the reasons thereof and the amount involved.	
3	for inventories lying with third parties and	No cases have been identified for inventory lying with third parties, moreover SPMCIL has not received any gift from the Govt. or other authorities. Hence the said clause is not applicable. <i>Annexure B(2)</i>
4	information/inputs furnished to Actuary, viz number of employees, average salary, retirement age and assumption made by the Actuary regarding discount rate, future cost, increase, mortality rate etc for arriving	The provision for the leave encashment, gratuity, pension, post retirement medical benefits has been made on the basis of actuarial valuation for the SPMCIL as whole. We have verified the data furnished by the unit for actuarial valuation on the test check basis and no major variations, which could have any impact on valuation, were observed. • Actuarial Valuation of Pension: According to the information and explanation provided and on the basis of Actuarial Report, it was observed that the Actuarial gains/losses on account of pension were not accounted for in the report provided. Hence, the effect/impact of the same was not incorporated in books of account.

For BHATIA & BHATIA Chartered Accountants FRN- 003202N OF ICAI

Sd/-(R. BHATIA), F.C.A. Partner Membership No.:17572

Date: 26th September, 2017 Place: New Delhi



Annexure-B(1)

Clause -1 of Statement on the Directions/Sub Directions issued by the CA&G under subsection 5 of section143 of the Companies Act, 2013.

The detail of Immovable properties along with the status of their title

SI. No.	Name of the Branch	Opinion
1	In case of IGM, Noida	 Sector -1, Pocket D2, Noida, U.P-201301 (Title deed not provided) Sector-27, Noida, U.P-201301 (Deed not executed in favour of SPMCIL). A-33, Sector 23, Noida, U.P-201301- According to the information and explanations given, the immovable property was transferred in favour of SPMCIL vide order dated 24.11.2015. However No Stamp duty / transfer duty was paid in this regard, hence it is difficult to ascertain whether the formalities required to get the title transferred in favour of IGM NOIDA have been completed or not.
2	In case of CNP, Nasik	The details of land amounting to ₹59.55 lacs & ₹17.03 lacs are not available. Further out of the gross block of Building of ₹3,767 lacs details of building amounting to ₹1691.31 lacs are not available.
3	In case of IGM, Kolkata	The title deeds of land (lease hold) and factory building are not held in the name of the company. It is held in the name of Kolkata Port Trust.
4	In case of IGM, Mumbai	The title deeds of land (lease hold), Non-factory building and Plant & Machinery are not held in the name of the company. It is held in the name of IGM, Mumbai (Govt. of India), since Pre-Incorporation of SPMCIL.
5	In case of ISP, Nasik	The title deed of land are not held in the name of the company. It is held in the name of ISP, Nasik (Govt. of India), since Pre-Incorporation of SPMCIL.
6	In case of Corporate Office	Land at Jail Road, "CNP Nashik" amounting to ₹1 in the Books of Accounts, the title deed for the same is not transferred in the name of the Company.
7	In case of IGM, Hyderabad	The title deed of land are not held in the name of the company at IDA Phase-II Chernapally, Hyderabad, Telngana
8	In case of SPP, Hyderabad	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 (SPMCIL).



Gold Lying with RBI

Gold weighing 85,555 gms was lying with RBI. Out of the said gold 10,336 gms was already accounted by SPMCIL in 2006-07 under the head Gold with RBI. The balance of 75,219 gms is held by IGM, Mumbai on behalf of RBI in pursuant to intimation by RBI vide letter dated 06.06.2008 Ref No By. Cy. No. 5047/01.11.044/2007-2008. Hence, the same is not reflected in Books of Accounts of SPMCIL.



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Consolidated Balance Sheet as at 31st March, 2017

(Amount in ₹ Lacs)

SI. No.	Particulars	Note No.	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
I.	ASSETS				
(1)	Non-current Assets				
	(a) Property, Plant and Equipment	3	1,31,350.56	1,29,378.15	96,038.72
	(b) Capital Work-in-Progress		6,364.76	8,433.90	41,749.26
	(c) Other Intangible Assets	4	331.99	454.59	649.88
	(d) Financial Assets				
	(i) Investments	5 (i)	52,067.60	39,056.02	29,698.45
	(ii) Trade Receivables	5 (ii)	_	_	_
	(iii) Loans	5 (iii)	1,428.86	1,783.16	2,450.82
	(iv) Others	5 (iv)	4,451.43	4,568.42	4,064.71
	(e) Deferred Tax Assets (Net)	6	68,685.95	46,992.39	39,865.93
	(f) Other Non-current Assets	7	120.85	149.79	156.70
(2)	Current Assent				
` '	(a) Inventories	8	1,79,786.45	1,96,425.86	1,58,593.42
	(b) Financial Assets		, ,	, ,	, ,
	(i) Investments	5(i)	10,108.55	10,092.42	9,944.65
	(ii) Trade Receivables	5(ii)	1,80,221.31	91,874.96	1,04,226.70
	(iii) Cash and Cash Equivalents	5(v)(a)	75,853.88	30,707.68	26,301.05
	(iv) Bank Balances other than (iii) above	5(v)(b)	26,803.70	1,42,000.00	1,02,800.00
	(v) Loans	5(iii)	338.18	514.82	488.52
	(vi) Others	5(iv)	6,955.71	9,030.15	10,684.98
	(c) Current Tax Assets (Net)	9(a)	-	26,581.71	26,969.01
	(d) Other Current Assets	10	24,196.32	24,428.80	14,546.59
	Total Assets		7,69,066.10	7,62,472.81	6,69,229.40
II.	EQUITY AND LIABILITIES		, ,	, ,	, ,
(1)	Equity				
	(a) Equity Share Capital	11	1,18,249.00	1,18,249.00	5.00
	(b) Other Equity				
	- Reserve & Surplus	12	3,49,105.79	2,81,190.07	2,12,666.74
	- Funds from GOI		_		_,:_,;;;::
(2)	Liabilities	_	_	_	_
(-,	Non-current Liabilities	_	_	_	_
	(a) Financial Liabilities		_	_	_
	(i) Borrowings	13(i)	_	1,13,514.24	_
	(ii) Trade Payables	13(ii)	_	100.10	109.08
	(iii) Other Financial Liabilities	13(iii)	17,976.76	17,976.76	2,87,864.76
	(b) Provisions	14(i)	50.00		
	(c) Employees Benefit Obligations	15(i)	40,915.49	32,960.50	31,768.65
	(d) Deferred Tax Liabilities (Net)	6	_	_	_
	(e) Other Non-current Liabilities	16	30.10	30.10	34.23
	Current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	13(i)	_	_	_
	(ii) Trade Payables	13(ii)	42,099.08	36,930.00	32,544.42
	(iii) Other Financial Liabilities	13(iii)	14,809.64	24,915.16	12,759.81
	(b) Other Current Liabilities	17	37,286.09	32,854.93	29,184.84
	(c) Provisions	14(ii)	71,689.96	46,137.54	204.25
	(d) Employees Benefit Obligations	15(ii)	64,655.81	57,614.41	62,087.63
	(e) Current Tax Liabilities (Net of Advance Tax)	9(b)	12,198.38	-	-
	Total Equity and Liabilities	-\~/	7,69,066.10	7,62,472.81	6,69,229.40
500.00	ccompanying notes to the Financial Statemer		. , . , ,	, , , ,	

See accompanying notes to the Financial Statements.

As per our report of even date. For M/s. BHATIA & BHATIA **Chartered Accountants** F.R.No. 003202N OF ICAI

Sd/-**R. BHATIA, (F.C.A)** (M.No. 17572) **Partner**

Date: 17.08.2017 Place: New Delhi On behalf of Security Printing and Minting Corporation of India Ltd.

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

Company Secretary

Sd/-Ajai Kumar Srivastav Director (Technical)

Sd/-Sanjai Maheshwari Chief Financial Officer



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

(Amount in ₹ Lacs)

SI. No.	Particulars	Note No.	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
I.	Revenue From Operations	18	5,96,602.08	4,73,058.46
II.	Other Income	19	13,787.98	14,942.92
III.	Total Income (I+II)		6,10,390.06	4,88,001.38
IV.	EXPENSES			
	Cost of Materials Consumed	20	2,88,884.29	2,59,902.01
	Purchases of Stock-in-Trade		-	-
	Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	21	12,503.49	(30,890.84)
	Employee Benefits Expense	22	1,17,543.38	1,01,857.63
	Finance Costs	23	11,872.71	13,598.06
	Depreciation and Amortization Expense	3 & 4	12,079.64	14,316.90
	Other Expenses	24	76,062.44	98,057.89
	Total expenses (IV)		5,18,945.95	4,56,841.65
V.	Profit/(loss) before Exceptional Items and Tax (III-IV)		91,444.11	31,159.73
VI.	Exceptional Items		-	-
VII.	Profit/(Loss) Before Tax and (V-VI)		91,444.11	31,159.73
VIII.	Tax Expense:			
	(1) Current Tax		45,954.38	2,891.21
	(2) Deferred Tax		(19,750.77)	(6,299.64)
	(3) MAT Credit Entitlement		-	(2,891.21)
IX.	Profit / (Loss) for the Year from Continuing Operations (VII-VIII)		65,240.49	37,459.37
X.	Profit/(Loss) from Discontinued Operations		-	-
XI.	Tax Expense of Discontinued Operations		-	-
XII.	Profit/(Loss) from Discontinued Operations (After Tax) (X-XI)		-	- (0.40, 40)
XIII.	Share of Profit from Joint Venture (Net of Tax)		13,011.58	(642.43)
XIV. XV.	Profit/(Loss) for the Year (IX+XIII)		78,252.07	36,816.94
AV.	Other Comprehensive Income A.(i) Items that will not be Reclassified to Profit or Loss		(5,676.42)	(2,389.66)
	(ii) Income Tax Relating to Items that will not be		1,964.04	826.82
	Reclassified to Profit or Loss		1,001.01	020.02
			(3,712.38)	(1,562.84)
	B.(i) Items that will be Reclassified to Profit or Loss		61.41	-
	(ii) Income Tax Relating to Items that will be Reclassified to Profit or Loss		21.25	-
			40.16	-
XVI.	Total Comprehensive Income for the period (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the Year)		74,579.86	35,254.10
XVI.	Earnings per Share			
(i)	Basic Earnings per Share of ₹10 Each (₹)		6.31	2.98
(ii)	Diluted Earnings per Share of ₹10 Each (₹)		6.31	2.98

See accompanying notes to the Financial Statements.

As per our report of even date.

For M/s. BHATIA & BHATIA **Chartered Accountants** F.R.No. 003202N OF ICAI

R. BHATIA, (F.C.A) (M.No. 17572) Partner

Date: 17.08.2017 Place: New Delhi On behalf of Security Printing and Minting Corporation of India Ltd.

Sd/-

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

Sachin Agarwal Company Secretary

Sd/-Ajai Kumar Srivastav

Director (Technical)

Sd/-

Sanjai Maheshwari Chief Financial Officer



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED

Consolidated Cash Flow Statement for the year ended 31st March, 2017

(Amount in ₹ Lacs)

	Particulars	March 31, 2017	March 31, 2016
Α.	Cash Flow from Operating Activities	141011 31, 2017	Water 31, 2010
Α.	Profit Before Tax (Including Share of Profit of Joint Venture)	1,04,455.69	30,517.30
	Add	1,04,455.65	30,317.30
	Adjustment to Reconcile Profit Before Tax to Net Cash Flows		
	Depreciation and Amortisations of Property Plant and Equipment	12,079.64	14,316.90
	Interest Expenses	11,872.71	13,598.06
	Loss /Profit on Sale of Property Plant and Equipment	(23.25)	(18.13)
	Interest Income	(7,366.96)	(8,703.87)
	Dividend from Mutual Funds	(303.71)	(397.77)
	Other Adjustments	12.63	(130.77)
	Total	16,271.06	18,664.42
		1,20,726.75	49,181.72
	Operating Profit Before Working Capital Changes	1,20,726.75	49,161.72
	Adjustment for (Increase)/ Decrease in Current Investments	(16.13)	(117 77)
	(Increase)/ Decrease in Current investments (Increase)/ Decrease in Trade Receivables	(88,346.35)	(147.77) 12,351.75
	(Increase)/ Decrease in Indee Necelvables (Increase)/ Decrease in Inventories	16,639.41	(37,832.43)
	(Increase)/ Decrease in Loans & Advances	530.94	(37,632.43)
	(Increase)/ Decrease in Other Assets	2,191.43	1,151.12
	Increase/ (Decrease) in Trade Payable	5,068.98	4,376.59
	Increase/ (Decrease) in Trade Payable Increase/ (Decrease) in Other Current Liabilities	(5,674.36)	(2,54,066.68)
	Increase/(Decrease) in Long Term Provisions	8,004.99	1,191.86
	Increase/ (Decrease) in Short Term Provisions	32,593.82	41,460.07
	Increase/ (Decrease) in Other Non-Current Liabilities	32,393.02	(9,875.30)
	(Increase)/ Decrease in other Non-Current Assets	261.42	(3,073.30)
	Total	(28,745.85)	(2,40,749.44)
	Cash Generated from Operations	91,980.89	(1,91,567.91)
	Less: Tax Paid	(19,539.08)	(2,501.03)
	Net Cash Flow from Operating Activities	72,441.81	(1,94,068.74)
	· •	12,441.01	(1,34,000.74)
B.	Cash Flow from Investing Activities	7 000 00	0.700.07
	Interest Income	7,366.96	8,703.87
	Dividend Income	303.71	397.77
	Sale, Purchase and Adjustment in Property, Plant and	(4,431.32)	(13,628.87)
	Equipment (Including CWIP)		, i
	(Increase)/ Decrease in Investments	(13,011.58)	(9,357.57)
	Increase/(Decrease) in Long Term Liabilities	(0.770.00)	(42.004.04)
_	Net Cash Flow From Investing Activities	(9,772.23)	(13,884.81)
C.	Cash Flow from Financing Activities		4 40 044 00
	Issuance of Share Capital	(0.000.40)	1,18,244.00
	Dividend Paid to Equity Shareholders	(6,092.43)	-
	Dividend Distribution Tax	(1,240.30)	-
	Increase/(Decrease) in Fund from Govt of India	(4.42.544.24)	1 10 514 04
	Increase/ (Decrease) in Long Term Borrowings	(1,13,514.24)	1,13,514.24
	Change in Capital Reserve Interest Paid	(11 070 71)	33,400.00
	Net Cash Flow From Financing Activities	(11,872.71) (1,32,719.68)	(13,598.06) 2,51,560.18
	Cash & Cash Equivalent at the Beginning of the Year		2,51,560.16 1,29,101.05
		1,72,707.68	
	Increase/ (Decrease) in Cash or Cash Equivalent	(70,050.09)	43,606.63
	Net Increase/(Decrease) in Cash or Cash Equivalent	1,02,657.59	1,72,707.68
	Cash & Cash Equivalent at the end of the Year	1,02,657.58	1,72,707.68

As per our report of even date. For M/s. BHATIA & BHATIA **Chartered Accountants** F.R.No. 003202N OF ICAI

Sd/-**R. BHATIA, (F.C.A)** (M.No. 17572) Partner

Date: 17.08.2017 Place: New Delhi On behalf of Security Printing and Minting Corporation of India Ltd.

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

Company Secretary

Ajai Kumar Srivastav Director (Technical) Sd/-Sanjai Maheshwari

Sd/-

Chief Financial Officer

Note 3 Fixed Assets Tangible Assets (2016-17)

Tangible Assets (2016-17)	17)									(Amou	(Amount in ₹ lacs)
		Gross	Gross Block				Depreciation			Total Carrying Amount	ng Amount
Particulars	Balance as on 01.04.2016	Additions	Disposals	Balance as on 31.03.2017	Balance as on 01.04.2016	Depreciation for the year	Adjustments	Disposal	Balance as on 31.03.2017	Balance as on 31.03.2017	Balance as on 31.03.2016
Property Plant & Equipment											
Land	475.70	1	1	475.70	1	1	'	1	1	475.70	475.70
Lease Hold Land	190.47	1	1	190.47	2.78	2.78	1	1	5.56	184.91	187.70
Buildings	7,419.74	136.69	10.84	7,545.59	140.62	400.59	1	-	541.21	7,004.38	7,279.11
Factory Building	10,848.32	196.48	(213.73)	11,258.53	508.63	524.09	1	-	1,032.72	10,225.81	10,339.69
Plant and Equipment	1,17,403.28	13,048.30	(3,423.06)	1,33,874.64	11,662.26	10,225.54	(304.97)	(3,063.67)	25,256.44	1,08,618.20	1,05,741.02
Furniture and Fixtures	547.23	145.74	21.43	671.54	90.18	105.72	1	69.0	195.21	476.33	457.05
Vehicles	221.36	27.05	(38.70)	287.11	43.20	39.35	1	1	82.55	204.56	178.15
Office Equipment	458.53	197.58	6.33	649.78	91.47	183.00	18.67	6.56	249.24	400.54	367.06
Other Equipment											
- Computers and Printers	1,193.21	187.42	(77.62)	1,458.25	569.51	299.91	(20.12)	0.19	889.35	268.90	623.69
- Railway Siding	24.67	200.30	24.67	200.30	2.97	10.25	-	-	13.22	187.08	21.70
- Electrical Installations	4,013.79	129.76	141.25	4,002.30	646.00	460.98	(23.27)	-	1,130.25	2,872.05	3,367.79
- S&D Assets	29.53	1	10.27	19.26	90.6	1	1	1	80.6	10.18	20.45
- R&D Assets	347.57	1.80	208.33	141.04	29.57	18.51	1	0.77	47.31	93.73	318.00
- Lab Equipment	1.02	2.28	(26.61)	29.91	0.02	19.4	-	2.89	1.74	28.17	1.00
Total (A)	1,43,174.42	14,273.40	(3,356.60)	1,60,804.42	13,796.29	12,275.33	(329.69)	(3,052.57)	29,453.88	1,31,350.56	1,29,378.15
Capital Work In Progress	8,433.90	3,751.97	5,821.11	6,364.76	-	=	-	=	-	6,364.76	8,433.90
Total (B)	8,433.90	3,751.97	5,821.11	6,364.76	-	-		-	-	6,364.76	8,433.90

Tangible Assets (2015-16)

		Gross Block	Block				Depreciation			Total Carryi	Total Carrying Amount
Particulars	Balance as on 01.04.2015	Additions	Disposals	Balance as on 31.03.2016	Balance as on 01.04.2015	Depreciation for the year	Adjustments	Disposal	Balance as on 31.03.2016	Balance as on 31.03.2016	Balance as on 31.03.2015
Property Plant & Equipment											
Land	475.70	1	1	475.70	1	1	1	•	1	475.70	475.70
Lease Hold Land	190.47	1	1	190.47	1	2.78	1	•	2.78	187.69	190.47
Buildings	6,610.62	830.81	21.69	7,419.74	1	157.96	1	17.34	140.62	7,279.12	6,610.62
Factory Building	10,174.30	724.57	20.55	10,848.32	'	551.24	1	42.62	508.62	10,339.70	10,174.30
Plant and Equipment	72,550.83	45,036.84	184.39	1,17,403.28	'	11,553.10	286.30	177.15	11,662.25	1,05,741.03	72,550.83
Furniture and Fixtures	477.14	71.92	1.84	547.22	1	91.82	1	1.65	90.17	457.05	477.14
Vehicles	182.80	39.81	1.25	221.36	1	44.43	1	1.23	43.20	178.16	182.80
Office Equipment	254.13	208.25	3.84	458.54	1	95.52	1	4.04	91.48	367.06	254.13
Other Equipment											
- Computers and Printers	1,110.76	147.07	64.63	1,193.20	1	613.82	20.12	64.43	569.51	623.69	1,110.76
- Railway Siding	22.36	2.31	-	24.67	•	2.97	1	•	2.97	21.70	22.36
- Electrical Installations	3,640.01	373.78	1	4,013.79	1	622.73	23.27	1	646.00	3,367.79	3,640.01
- S&D Assets	29.53	-	1	29.53	1	90.6	-	-	80.6	20.45	29.53
- R&D Assets	320.07	27.50	1	347.57	1	28.78	-	(0.79)	29.57	318.01	320.07
- Lab Equipment	-	1.02	-	1.02	-	0.02	•	•	0.02	1.00	
Total (A)	96,038.72	47,463.88	328.19	1,43,174.41	•	13,774.25	329.69	307.67	13,796.27	1,29,378.15	96,038.72
Capital Work In Progress	41,749.26	(32,539.58)	175.77	8,433.91	•	•		•	•	8,433.90	41,749.26
Total (B)	41.749.26	41.749.26 (32.539.58)	775.77	8,433.91	•				•	8,433.90	41.749.26

SPMCIL	

(Amount in ₹ lacs)

Note 4

Intangible Assets (2016-17)

		Gross Block	Block				Depreciation			Total Carrying Amount	ng Amount
Particulars	Balance as on 01.04.2016	Additions Dispose	Disposals	Balance as on 31.03.2017	Balance as Balance on as on 31.03.2017 01.04.2016	Depreciation for the year	Depreciation Adjustments Disposal for the year	Disposal	Balance as on 31.03.2017	Balance Balance Balance as on as on as on 31.03.2017 31.03.2016	Balance as on 31.03.2016
Computer Software	667.55	11.41	0.43	678.53	212.95	134.00	-	0.41	0.41 346.54	331.99	454.59
Total	667.55	11.41	0.43	678.53	212.95	134.00	1	0.41	346.54	331.99	454.59

Intangible Assets (2015-16)

ntangible Assets (2015-16)	5-16)									(Amon	(Amount in ₹ lacs)
		Gross Block	Slock				Depreciation			Total Carrying Amount	ng Amount
Particulars	Balance as on 01.04.2015	Additions Disposa	Disposals	Balance as Balance on as on 31.03.2016 01.04.2015		Depreciation for the year	Depreciation Adjustments Disposal	Disposal	Balance as on 31.03.2016	Balance Balance Balance as on as on as on 31.03.2016 31.03.2015	Balance as on 31.03.2015
Computer Software	649.88	17.67	1	667.55	-	212.95		1	212.95	454.59	649.88
Total	649.88	17.67	•	667.55	-	212.95		-	212.95	454.59	649.88

Note 3 & 4 (Combined) Depreciation and Amortisation Expense

Note 3 & 4 (Combined) Depreciation and Amortisation Expense		(Amount in ₹ lacs)	
Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016	
Depreciation on Property Plant and Equipment	11,945.65	14,103.94	
Amortisation of Intagible Assets	134.00	212.95	
Total	12,079.64	14,316.90	



Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1. Non-Current Investments			
Investment in Equity Instruments in Joint Venture at Cost (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]})	39,056.02	39,698.45	29,698.45
Add: Share of Profit/(Loss) After tax	13,011.58	(642.43)	-
Total Investment	52,067.60	39,056.02	29,698.45
2. Current Investments			
Investment in Mutual Funds - Quoted "UTI Treasury Advantages Fund" (Valued at Fair value) (CY:450,809.12 Units / PY: 1006872.111 Units)	10,108.55	10,092.42	9,944.65
Total Investment	10,108.55	10,092.42	9,944.65

Note 5(ii) (Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1. Trade Receivables-Non Current			
(i) Trade Receivables	-	-	-
(a) Secured, Considered Good	-	-	-
(b) Unsecured, Considered Good	-	-	-
(c) Doubtful	3,048.14	2,210.88	994.00
TOTAL (A)	3,048.14	2,210.88	994.00
(ii) Allowance for Bad Debts	3,048.14	2,210.88	994.00
TOTAL (B)	3,048.14	2,210.88	994.00
Net Trade Receivables (C) i.e. (A-B)	-	-	-
(iii) Debts due from Directors / Related Parties	-	-	-
TOTAL (D)	-	-	-
Total Trade Receivables (C+D)	-	-	-
2. Trade Receivables - Current			
(i) Trade Receivables	-	-	-
(a) Secured, Considered Good	-	-	-
(b) Unsecured, Considered Good	2,19,314.38	99,345.42	1,36,745.67
(c) Doubtful	18,685.54	20,089.81	17,333.99
TOTAL (A)	2,37,999.92	1,19,435.23	1,54,079.67
(ii) Allowance for Bad Debts	46,031.75	32,357.53	24,788.49
(iii) Provision for Rate Differences	21,055.42	(4,797.25)	25,064.47
TOTAL (B)	67,087.17	27,560.28	49,852.96
Trade Receivables (C) i.e. (A-B)	1,80,221.31	91,874.96	1,04,226.70
(iv) Debts due by Directors / Related Parties	-	-	-
TOTAL (D)	-	-	-
Total Trade Receivables (C+D)	1,80,221.31	91,874.96	1,04,226.70



Note 5(iii) (Amount in ₹ lacs)

L. Loans - Non-Current (i) Security Deposits (a) Secured, Considered Good		Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(a) Secured, Considered Good	1.	Loans - Non-Current	•		
(b) Unsecured, Considered Good (c) Doubtful Total (A) 410.81 38.68 40.52 (ii) Loans due from Directors/Related Parties (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (B) (iii) Other loans (a) Secured, Considered Good - Loan due from Employees (b) Unsecured, Considered Good - Loan due from Employees (c) Doubtful Total (B) (iv) Unsecured, Considered Good - Loan due from Employees (b) Unsecured, Considered Good - Loan due from Employees (c) Doubtful - Total (C) 1,018.05 1,744.48 2,410.30 (iv) Allowance for Bad and Doubtful Loans Total (C) Total (C) 1,428.86 1,783.16 2,450.82 (v) Loans Due (E) i.e. (A+B+C-D) 1,428.86 1,783.16 2,450.82 (v) Loans Current (i) Security Deposit (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful	(i)	Security Deposits			
Cc Doubtful		(a) Secured, Considered Good	-	-	-
Total (A)		(b) Unsecured, Considered Good	410.81	38.68	40.52
(ii) Loans due from Directors/Related Parties (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (B) (iii) Other loans (a) Secured, Considered Good - Loan due from Employees (b) Unsecured, Considered Good - Loan due from Employees (c) Doubtful Total (C) (iv) Allowance for Bad and Doubtful Loans Total (F) Total Loans (E+F) 1,428.86 1,783.16 2,450.82 2. Loans - Current (i) Security Deposit (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (A) (iii) Loans to Related Parties (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful (iii) Loans to Related Parties (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful (iii) Considered Good (c) Doubtful (c) Doubtful (d) Considered Good (e) Dunsecured, Considered Good (f) Unsecured, Considered Good (g) Dunsecured, Considered Good (h) Unsecured, Considered Good (c) Doubtful (iii) Cons to Related Parties (iii) Other Loans (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful (c) Doubtful (d) Considered Good (e) Doubtful (f) Considered Good (g) Unsecured, Considered Good (g) Unsecured, Considered Good (g) Unsecured, Considered Good (g) Unsecured, Considered Good (h) Unsecured		(c) Doubtful	-	-	-
(a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (B) (a) Secured, Considered Good (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful (d) Unsecured, Considered Good (e) Doubtful (f) Unsecured, Considered Good (f) Unsecured, Considered Good (g) Unsecured, Con		· ,	410.81	38.68	40.52
(b) Unsecured, Considered Good (c) Doubtful Total (B) (iii) Other loans (a) Secured, Considered Good - Loan due from Employees (b) Unsecured, Considered Good - Loan due from Employees (c) Doubtful Total (C) (iv) Allowance for Bad and Doubtful Loans Total (D) Loans Due (E) i.e. (A+B+C-D) Total Loans (E+F) Total Loans (E+F) Total Loans (C) (a) Security Deposit (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (A) (ii) Loans to Related Parties (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful - Considered Good (d) Unsecured, Considered Good (e) Doubtful - Considered Good (f) Unsecured, Considered Good (g) Secured, Considered	(ii)		-	-	-
Co Doubtful Total (B)		(a) Secured, Considered Good	-	-	-
Total (B)		. ,	-	-	_
(iii) Other loans (a) Secured, Considered Good - Loan due from Employees 787.12 1,284.11 1,688.93 (b) Unsecured, Considered Good - Loan due from Employees 230.93 460.37 721.37 (c) Doubtful		(c) Doubtful	-	-	-
(a) Secured, Considered Good - Loan due from Employees		` ,	-	-	-
Loan due from Employees	(iii)				
(b) Unsecured, Considered Good - Loan due from Employees 230.93 460.37 721.37 (c) Doubtful - Total (C) 1,018.05 1,744.48 2,410.30 (iv) Allowance for Bad and Doubtful Loans Total (D) - Loans Due (E) i.e. (A+B+C-D) 1,428.86 1,783.16 2,450.82 (v) Loans due from Directors - Total (F) Total Loans (E+F) 1,428.86 1,783.16 2,450.82 2. Loans - Current (i) Security Deposit			-	-	-
- Loan due from Employees 230.93 460.37 721.37 (c) Doubtful		' 7	787.12	1,284.11	1,688.93
Cc Doubtful Cc Total (C) Total (C) Total (D) Total (D) Cc Total (D) Cc Cc Cc Cc Cc Cc Cc C		,	-	-	-
Total (C)			230.93	460.37	721.37
(iv) Allowance for Bad and Doubtful Loans -		· /	-	-	-
Total (D)	41. \	, ,	1,018.05	1,744.48	2,410.30
Loans Due (E) i.e. (A+B+C-D)	(iv)		-	-	-
(v) Loans due from Directors - </td <td></td> <td>. ,</td> <td>- 4 400 00</td> <td>-</td> <td></td>		. ,	- 4 400 00	-	
Total (F)	()	. , , , ,	1,428.86	1,783.16	2,450.82
Total Loans (E+F)	(V)		-	-	-
2. Loans - Current (i) Security Deposit			4 400 00	4 700 40	- 0.450.00
(i) Security Deposit	2	,	1,428.86	1,783.16	2,450.82
(a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (A) (ii) Loans to Related Parties (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (B) (iii) Other Loans (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (B) (iii) Other Loans (a) Secured, Considered Good (b) Unsecured, Considered Good (c) Doubtful Total (C) 338.18 514.82 488.52 (iv) Allowance for Bad and Doubtful Loans Total (D) Loans Due (E) i.e. (A+B+C-D) 338.18 514.82 488.52 (v) Loans due by Directors / Related Parties					
(b) Unsecured, Considered Good	(1)	•	-	-	-
Co Doubtful Co Co Co			-	-	-
Total (A)		· /	_	-	-
(ii) Loans to Related Parties					
(a) Secured, Considered Good	/ii\	. ,	_	_	_
(b) Unsecured, Considered Good	(11)				-
(c) Doubtful - - - Total (B) - - - (iii) Other Loans - - - (a) Secured, Considered Good - - - - Loans to Employees 338.18 514.82 488.52 (c) Doubtful - - - Total (C) 338.18 514.82 488.52 (iv) Allowance for Bad and Doubtful Loans - - - Total (D) - - - Loans Due (E) i.e. (A+B+C-D) 338.18 514.82 488.52 (v) Loans due by Directors / Related Parties			_	-	<u> </u>
Total (B)			_	_	_
(iii) Other Loans - - - (a) Secured, Considered Good - - - (b) Unsecured, Considered Good - - - - Loans to Employees 338.18 514.82 488.52 (c) Doubtful - - - Total (C) 338.18 514.82 488.52 (iv) Allowance for Bad and Doubtful Loans - - - Total (D) - - - Loans Due (E) i.e. (A+B+C-D) 338.18 514.82 488.52 (v) Loans due by Directors / Related Parties		· /	_	_	
(a) Secured, Considered Good	(iii)	· · ·	_	_	_
(b) Unsecured, Considered Good	()		_	_	_
- Loans to Employees 338.18 514.82 488.52 (c) Doubtful			_	_	_
(c) Doubtful - <t< td=""><td></td><td></td><td>338 18</td><td>514 82</td><td>488 52</td></t<>			338 18	514 82	488 52
Total (C) 338.18 514.82 488.52 (iv) Allowance for Bad and Doubtful Loans Total (D) Loans Due (E) i.e. (A+B+C-D) 338.18 514.82 488.52 (v) Loans due by Directors / Related Parties				- 17.02	100.02
(iv) Allowance for Bad and Doubtful Loans Total (D) Loans Due (E) i.e. (A+B+C-D) (v) Loans due by Directors / Related Parties		\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	338.18	514.82	488.52
Total (D)	(iv)	`	2303		.30.02
Loans Due (E) i.e. (A+B+C-D) 338.18 514.82 488.52 (v) Loans due by Directors / Related Parties	(14)		_	_	_
(v) Loans due by Directors / Related Parties	Loa	` ,	338.18	514.82	488.52
· · · · · · · · · · · · · · · · · · ·			2303		.30.02
	(*)	•	_	_	_
Total Loans (E+F) 338.18 514.82 488.52		, ,	338.18	514.82	488.52



Note 5(iv) (Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
1.	Others- Non-Current			
(i)	Capital Advance	-	-	-
	- Unsecured, Considered Good	-	0.33	0.33
(ii)	Advances other than Capital Advances	-	-	-
	(a) Security Deposit	-	-	-
	- Deposit with CISF	406.80	340.19	194.68
	- Deposit with Electricity Board	763.21	914.02	869.97
	- Deposit with Tax Authorities/other	3,159.85	3,192.35	2,799.13
	(b) Advances to Related Parties	-	-	-
	(c) Other Advances	-	-	-
(iii)	Advances to Directors	-	-	-
(iv)	Other Advances	121.57	121.54	200.61
	Total	4,451.43	4,568.42	4,064.71
2.	Others - Current			
(i)	Capital Advance	-	-	-
(ii)	Advances other than Capital Advances	-	-	-
	(a) Security Deposit	-	-	-
	- Deposoits with other Department	0.74	0.74	1.78
	(b) Advances to Related Parties	-	-	-
	(c) Other Advances	-	-	-
(iii)	Advances to Directors	-	-	-
(iv)	Other Advances	11.49	-	-
	- Other Advances Receivables	1,164.85	2,442.95	1,826.19
(v)	Interest Receivables on FDR	16.51	785.95	28.63
(vi)	Assets held for Sales	5,762.12	5,800.52	8,828.38
	Total	6,955.71	9,030.15	10,684.98

Note 5(v) Cash & Cash Equivalents

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
a)	Cash & Cash Equivalents			
	Balances with Banks	69,481.30	30,699.10	26,289.70
	Cheques, Draft on hand	6,367.07	1	0.96
	Cash on hand	2.94	5.43	7.16
	Others			
	- Postage on hand	2.57	3.15	3.23
	Total Cash & Cash Equivalents	75,853.88	30,707.68	26,301.05
b)	Bank Balances			
	Bank balances other than above	26,803.70	1,42,000.00	1,02,800.00
	-FDR (maturity period more than 3 months)	-	-	-
	Total Bank Balances	26,803.70	1,42,000.00	1,02,800.00



Note 6 Deferred Tax Asset & Liabilities : The tax effects of the significant temporary differences that resulted in deferred tax assets/liabilities are as follows:

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Deferred Tax Assets / (Liabilities)			
Property, Plant and Equipment	(16,588.68)	(10,519.76)	(9,318.70)
Current Liabilities, Trade Receivables and Provisions	85,274.62	57,512.15	49,184.63
Net Deferred Tax Assets	68,685.95	46,992.39	39,865.93

Note 7 Other Non-current Assets

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Other Receivables	85.12	85.12	92.16
- Advance to PAO	34.91	63.85	63.85
- Advance to others	0.82	0.82	0.69
- Non Moving Inventory	444.47	111.68	99.95
Less: Provision for Non-moving Inventory	(444.47)	(111.68)	(99.95)
Total	120.85	149.79	156.70

Note 8 Inventories (At lower of Cost or Net Realisable Value)

(Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(a)	Raw Materials			
	- Raw Materials	88,359.65	82,032.74	79,296.04
	- Raw Material in Transit	771.26	3,487.36	3,292.22
	- Goods in Transit	2,856.44	3,094.36	3,772.04
(b)	Work-in-Progress	62,424.31	63,576.13	36,406.52
(c)	Finished Goods	6,545.91	15,785.48	12,743.67
(d)	Traded Goods	-	-	-
(e)	Stores and Spares	10,539.46	12,117.24	7,273.80
(f)	Others	-	-	-
	- Scrap	7,774.59	7,529.78	6,637.75
	- Other Inventory	514.83	8,802.77	9,171.39
	Total Inventories	1,79,786.45	1,96,425.86	1,58,593.42

Note 9(a) Current Tax Assets (Net)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Balance with Income Tax Authority	-	ı	-
Advance tax including TDS	-	30,128.30	27,624.40
Less: Provision of income tax	-	3,546.59	655.38
Current Tax Assets - Net	-	26,581.71	26,969.01



Note 9(b) Current Tax Liabilities (Net of Advance Tax)

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for Income Tax	45,954.38	1	-
Less: Advance Tax / TDS	33,756.00	-	-
Current Tax Liablities (Net of Advance Tax)	12,198.38	-	-

Note 10 Other Current Assets

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Prepaid Expenses	423.20	115.53	153.89
Balance with Excise Authorities	22.92	13.85	4.44
Balance with Sales Tax Authorities	1,870.24	1,672.69	1,502.90
Balance with Income Tax Authorities	-	-	-
Interest Receivables on FDR	-	-	-
Assets held for Disposal	0.07	0.07	0.07
PAO/C&C DEA Ministry of Finance (EPF)	901.98	901.98	901.98
PAO/C&C DEA Ministry of Finance (GPF)	369.50	369.50	811.95
Commemorative Coins	5.63	5.44	1.84
MAT Credit Entitlement	-	2,891.21	-
Other Receivables	98.50	271.41	358.18
Advances to Suppliers	20,477.06	18,116.08	9,903.35
Advances to CPWD	8.03	51.87	884.06
Advances to BSNL	19.19	19.19	23.94
Total	24,196.32	24,428.80	14,546.59

Note 11 Issued Share Capital

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Authorised Capital			
2,50,00,00,000 Equity Shares of ₹10/- Each	2,50,000.00	2,50,000.00	2,50,000.00
Issued and Subscribed Capital			
1,18,24,90,000 Equity Shares of ₹10/- Each	1,18,249.00	1,18,249.00	5.00
	1,18,249.00	1,18,249.00	5.00
Paid up Capital			
1,18,24,90,000 Equity Shares of ₹10/- Each	1,18,249.00	1,18,249.00	5.00
Total	1,18,249.00	1,18,249.00	5.00

Note 11A Reconciliation of Equity Shares Outstanding at the Beginning and at the end of Year.

Particulars	Number of Equity Shares	Amount in ₹ Lacs
As on 1 st April, 2015		
Equity Shares at the Beginning of the Year	50,000.00	5.00
Add: Shares Issued during the Year	1,18,24,40,000.00	1,18,244.00
Equity Shares Outstanding at the End of the Year	1,18,24,90,000.00	1,18,249.00
As on 1 st April, 2016		
Equity Shares at the Beginning of the Year	1,18,24,90,000.00	1,18,249.00
Add: Shares Issued during the Year	-	-
Equity Shares Outstanding at the end of the Year i.e. as on 31 st March, 2017	1,18,24,90,000.00	1,18,249.00

Note 11B Details of shares held by the holding company, their subsidiaries and associates: Nil

Note 11C Details of Shareholders holding more than 5% of the Equity Share Capital of the Company (Figures in lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
a)	President of India <i>through</i> Dr. Saurabh Garg, JS (I&C), DEA, MoF			
	Number of equity shares	11,824.90	11,824.90	0.50
	99.99% of equity shares			

Note 11D Terms and rights attached to the equity shares of the Company.

Note 12 Reserve & Surplus

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(a) Capital Reserve	33,819.95	33,819.95	419.95
(b) General Reserve	20,008.52	20,008.52	17,977.71
(c) Retained Earnings (Surplus)	2,95,277.32	2,27,361.60	1,94,269.08
Total Reserve & Surplus	3,49,105.79	2,81,190.07	2,12,666.74
(a) Capital Reserve			
As per last Statement of Financial Position	33,819.95	419.95	419.95
Add: Current Year Transfer	-	33,400.00	-
Less: Written back in current year	-	-	-
Total Capital Reserve	33,819.95	33,819.95	419.95
(b) General Reserve			
As per last Statement of Financial Position	20,008.52	17,977.71	17,977.71
Add : Current year transfer	-	2,030.81	-
Less: Written back in current year	-	-	-
Total General Reserve	20,008.52	20,008.52	17,977.71



Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(c) Retained Earnings			
As per last Statement of Financial Position	2,27,361.60	1,94,269.08	2,21,921.69
Add : Net Profit/(Loss) for the Current Year	78,252.07	36,816.94	6,926.55
Add : Items of other comprensive income recognized directly in reatined earnings	(3,672.22)	(1,562.84)	-
: Remeasurement of Employees Defined Benefit Plans	-	-	-
: Prior period items	12.63	-	321.62
: Bonus	-	(130.77)	(541.60)
: Depreciation	-	-	674.37
: Adjustment on Fixed assets	-	-	(872.76)
: Adjustment on Pension	-	-	(51,198.20)
: Adjustment on Deferred tax	-	-	17,547.11
Add : Transfer from Reserves	-	1	-
Less: Transfer to Reserves	-	(2,030.81)	(208.15)
Less: Dividend paid for the previous Year	(6,092.43)	-	-
Less: Dividend Distribution Tax	(1,240.30)	-	-
Add : Provision for Disputed Claims	-	_	-
Less: Income Tax Adjustments for Earlier Years	655.96	-	-
Total Retained Earnings	2,95,277.32	2,27,361.60	1,94,269.08

Note 13(i) Financial Liabilities - Non-Current Borrowings

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Loans & Borrowings from :			
(a) Banks	-	ı	-
(b) Others	-	ı	-
 Unsecured Term Loan from Ministry of Finance 	-	1,18,244.00	-
Total Borrowings	-	1,18,244.00	-
Less: Current Portion of Long-term Borrowings	-	4,729.76	-
Total Non-Current Borrowings	-	1,13,514.24	-

Note 13(ii) Trade Payables

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(a)	Non Current			
	- Trade Payables	-	100.10	109.08
	- Trade Payables to Related Parties	-	-	-
	Total Non Current Trade Payable	•	100.10	109.08
(b)	Current			
	- Trade Payables	42,099.07	36,930.00	32,544.41
	- Trade Payables to Related Parties	-	-	-
	Total Current Trade Payable	42,099.07	36,930.00	32,544.41
	Total Trade Payables	42,099.07	37,030.09	32,653.49

Note 13(iii) Other Financial Liabilities

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Other Financial Liabilities - Non Current			
Opening Balance of Funds from GOI	17,976.76	2,87,864.76	2,87,864.76
Adjustment during the year	-	(2,69,888.00)	-
Transfer to Corporate Office	-	1	-
Funds Adjustable from Govt of India - Total (a)	17,976.76	17,976.76	2,87,864.76
Other Financial Liabilities - Current			
Earnest Money Deposit (EMD)	484.07	592.65	395.60
Security Deposit of Supplier/Vendors	649.12	793.10	834.80
Salaries and Wages and other Employee Beneft Payable	6,447.85	3,815.55	2,740.76
Recovery from Salary Payable to concerned Authorities	542.12	587.74	464.80
Expenses Payable	5,912.49	4,377.59	6,678.68
Bank Book Overdraft	773.99	1,150.47	1,645.17
Interest Payable on Long Term Loan from GOI	-	13,598.06	_
Gratuity Payable	-	-	-
Total (b)	14,809.64	24,915.16	12,759.81

Note 14 Provisions

(Amount in ₹ lacs)

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(i)	Non-Current Provisions			
	Other Provision			
	- Provision for Disputed Claims	50.00	ı	-
	Total Non Current Provisions	50.00	-	-
(ii)	Current Provisions			
	Other Provisions	-	-	-
	- Other Short Term Provisions	520.31	190.27	204.25
	- Provision for Disputed Claims	71,169.65	45,947.27	-
	Total Current Provisions	71,689.96	46,137.54	204.25

Note 15 Employees Benefit Obligations

	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
(i)	Non-Current Provisions			
(a)	Provision for employee benefits	-	-	-
	- Provision for Gratuity	12,627.50	8,927.70	7,272.88
	- Provision for Leave Encashment	25,909.70	20,901.15	19,820.55
	- Provision for Pensionary Charges Contribution	-	-	4,619.91
	- Provision for Leave Salary Contribution	-	-	-



	Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
	- Provision for Ex-Gratia	26.49	29.29	55.31
	 Provision for Post Retirement Medical benefits 	2,351.80	3,102.37	-
To	otal Non Employees Benefit Obligations	40,915.49	32,960.50	31,768.65
(ii)	Current Provisions			
(a)	Provision for employee benefits			
	 Provision for Leave Salary and Pensionary Charges 	29.75	23.61	4,594.93
	- Provision for Gratuity	1,581.47	1,060.78	959.20
	- Provision for Ex-Gratia /Bonus	426.21	579.97	573.15
	- Provision for Leave Encashment	3,338.93	3,759.70	3,694.40
	 Provision for Compensation in Lieu of Compassionate 	489.43	626.70	888.84
	- Provision for ACP Arrear Payable	3,142.05	68.89	97.81
	- Provision for Pension Trust Liability	51,198.20	51,198.20	51,198.20
	- Provision for Post Retirement Medical Benefits	2,156.01	209.70	-
	 Other Employees Benefits Short-term Provisions 	1,573.76	86.86	81.09
	- PRP Payable	500.00	-	-
	- Arrears 3 rd PRC	220.00	-	-
	Total Current Employees Benefit Obligations	64,655.81	57,614.41	62,087.63

Note 16 Other Non-Current Liabilities

(Amount in ₹ lacs)

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Capital Goods Creditors	30.10	30.10	34.23
Total Non Current Liabilities	30.10	30.10	34.23

Note 17 Other Current Liabilities

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advances to Employees	19.08	7.04	21.40
Advances from Customer	27,293.32	21,672.38	16,894.16
Current Portion Long Term Borrowings	-	4,729.76	-
Security Deposit of Supplier/Vendors	-	-	-
Payable to PAO	76.29	55.01	60.20
Statutory Dues Payable	2,889.07	2,303.87	1,222.11
Octroi Payable	-	-	-

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Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Salaries and Wages and other Employee Beneft Payable	507.05	-	1
Recovery from Salary Payable to Concerned Authorities	-	-	-
Expenses Payable	-	-	27.96
Contribution to SPMCIL Pension Trust Payable	1.40	0.92	4,200.34
Pensionary Charges Payable	33.51	29.38	3,038.70
Bank Book Overdraft	205.09	-	-
Other Current Liabilities	6,181.56	3,971.28	3,630.91
Capital Goods Creditors	79.72	85.30	89.05
Total other Current Liabilities	37,286.09	32,854.93	29,184.84

Note 18 Revenues (Amount in ₹ lacs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Sale of Products		
- Sale of Notes	2,13,926.19	1,31,402.50
- Sale of Coins	2,70,724.96	2,24,456.95
- Sale of Medals and Commemorative Coins	4,313.06	3,954.22
- Sale of INK	-	-
- Sale of Passport & Allied	46,058.16	47,557.88
- Sale of Postal Items	2,339.83	3,129.85
- Sale of Non Postal Items	15,733.13	10,926.51
- Sale of NJSP	23,791.20	31,415.87
- Sale -Others	6,704.15	11,815.42
Total (A)	5,83,590.68	4,64,659.21
(b) Sale of Services		
- Job Work	602.91	313.44
- Other Service	21.23	29.14
Total (B)	624.14	342.58
(c) Other Operating Revenues		
- Sale of scrap	11,939.42	7,960.43
- Other operating activities	447.84	96.24
Total (C)	12,387.26	8,056.67
Total Revenue from Continuing Operations (A+B+C)	5,96,602.08	4,73,058.46



Note 19 Other Income

(Amount in ₹ lacs)

Particulars	For the year ended 31 st March, 2017	For the year ended 31st March, 2016
(a) Interest Income		
- Interest Income	7,366.96	8,703.87
Total (A)	7,366.96	8,703.87
(b) Dividend Income		
- Dividend Income from Mutual Fund	303.71	397.77
Total (B)	303.71	397.77
(c) Other Non-operating Income(Net of Expense Directly Attributable to such Income)		
- Foreign Exchange Fluctuation Gains/ (Loss)	490.84	202.93
- Profit on Sale of Fixed Assets	28.84	28.74
- Other Non-operating Income (Net of Expense Directly Attributable to such Income)	3,589.23	1,000.22
- Provisions/Liabilities Written Back	1,816.39	460.88
- Rate Difference Postal Items	-	-
- Rate Difference Circulating Coins	1	4,297.71
- Rate difference	192.01	(149.19)
Total (C)	6,117.31	5,841.29
Total Other Income (A+B+C)	13,787.98	14,942.92

Note 20 Cost of Materials Consumed

(Amount in ₹ lacs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Cost of Material Consumed	2,88,884.29	2,59,902.01
Total Cost of Materials Consumed	2,88,884.29	2,59,902.01

Note 21 Changes in Inventories of Finished Goods, Stock in Trade and Work in **Progress** (Amount in ₹ lacs)

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Opening Balance		
Work in Progress	65,435.90	38,321.78
Finished Goods	15,785.49	12,743.67
Goods in Transit	3,094.36	3,251.47
Scrap	7,788.99	6,896.96
Total Opening Balance (A)	92,104.74	61,213.88

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Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Closing Balance		
Work in Progress	62,424.31	65,435.90
Finished Goods	6,545.91	15,785.49
Goods in Transit	2,856.44	3,094.36
Scrap	7,774.59	7,788.99
Total Closing Balance (B)	79,601.25	92,104.74
Total Changes in Inventories of Finished Goods, Stock in Trade and Work in Progress (A-B)	12,503.49	(30,890.84)

Note 22 Employee Benefit Expense

(Amount in ₹ lacs)

Particulars	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
Salaries, Wages and Allowances	67,245.50	56,274.82
Overtime	15,443.33	14,701.59
Incentive	14,890.75	14,073.12
LTC	210.03	321.34
Medical	2,632.17	1,788.83
Employer Contribution to EPF	3,334.38	3,266.48
Leave Salary & Pensionary Charges Contribution	671.12	(1,304.30)
Cotribution to SPMCIL Pension Trust	954.45	899.09
Leave Encashment	5,669.89	4,860.32
Gratutity	3,044.95	2,028.51
Staff Welfare Expenses	65.85	53.35
Other Employee Benefits	2,280.31	1,329.32
Post Retirement Medical Benefits	1,100.65	3,565.17
Pension Trsut Liability	-	-
Total Employee Benefit Expenses	1,17,543.38	1,01,857.63

Note 23 Finance Cost

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest Cost on Loan from Ministry of Finance	11,872.71	13,598.06
Total	11,872.71	13,598.06

Note 24 Other Expenses

Note 24 Other Expenses (Amount in < lacs)			
	Particulars	For the year ended 31 st March, 2017	For the year ended 31st March, 2016
(a)	Other Manufacturing Expenses		
	- Consumption of Stores, Spare and Components	10,735.52	7,944.13
	- Power, Fuel and Water	7,400.59	6,822.45
	- Repairs & Maintenance to Machinery	776.25	509.02
	- Repairs & Maintenance to Factory Building	737.25	929.94
	- Packing Expenses	1,664.48	1,519.77
	- Other Manufacturing Costs	852.06	1,093.82
	Total (A)	22,166.15	18,819.13
(b)	Administrative Expenses	-	-
	- Advertisement	250.02	368.61
	- Commission (Auction & Other)	373.67	236.72
	- Audit Fees	69.62	47.89
	- Bank Charges	6.40	7.49
	- Bad Debts Written Off / Provision for Bad Debts	1,407.71	8,344.09
	- Canteen Expenses(Net of Receipts)	226.13	223.61
	- Dispensary Expenses	336.72	337.60
	- Environmental Charges	70.60	28.78
	- Fees & Honorarium	34.94	15.41
	- Freight Outward	1,259.71	1,112.87
	- Foreign Exchange Fluctuation Loss	86.24	859.32
	- Grants in Aid Expenses	3.95	4.68
	- Loss on Sale/Discard of Assets	5.59	10.61
	- Guest House Expense (Net of Receipts)	60.46	39.05
	- Hiring of Staff	1,321.46	767.96
	- Horticulture Expense	29.73	56.78
	- Hospitality & Entertainment Expenses	70.86	73.71
	- Legal & Professional Charges	641.32	613.57
	- Meeting Expenses	17.97	13.24
	- Misc Expenses	60.20	49.55
	- Office Expenses	188.62	188.20
	- Postage & Courier Expenses	41.25	60.48
	- Printing & Stationery Expenses	69.46	72.08
	- Reasearch & Development Expenses	94.27	52.35
	- Repair & Maintenance- Building	1,718.27	1,257.67
	- Repair & Maintenance- Computers	451.69	494.49
	- Repair & Maintenance- Others	582.86	499.18
	- Rent	776.04	697.53
	- Insurance	331.32	204.56
	- Rates & Taxes	368.52	120.74
	- Security Charges	14,617.39	12,120.23

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Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
- Seminar & Training Expenses	71.55	83.70
- Service Tax / Sales Tax Paid	217.24	135.54
 Subsription, Newspaper, Books & Periodicals 	32.32	16.60
- Sustainable Development	-	-
- Telephone & Internet Charges	250.17	213.04
- Travelling & Conveyance Expenses	634.71	477.70
- Travelling Expenses - Foreign	49.64	82.53
- Uniform & Liveries	59.04	18.56
- Corporate Social Responsibility Expense (CSR)	137.54	481.84
- Vechile Hiring/Maintenance Charges	262.46	225.04
- Water & Electricity Charges	402.25	395.57
- Other Expenditure	599.69	260.66
- Excise Duty Paid	283.38	253.19
- Prior Period Expenses	-	-
- Loss on Impairment	-	-
 Expense for Obsolute/ Non-Moving Inventory / Shortage 	23.55	-
- Expense for Disputed Claims	9,857.69	-
Total (B)	38,454.22	31,623.01
(C) Provisons created during the year		
- Provision for Trade Receivables	87.47	447.58
 Provision for Obsolute / Non-Moving Inventory / Shortage 	350.06	66.45
- Provision for Rate Differences Postals	-	185.71
- Provision for Rate Differences of Bank Notes	-	3,042.63
- Pension for Pension Trust Liability	-	-
- Provision for Disputed Claims	15,004.54	45,090.27
Total (C)	15,442.07	47,615.76
Total Other Expenses (A+B+C)	76,062.44	98,057.89

Note 24(a) Details of Payments to Auditors

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Payment to Auditors		
(a) Auditor	27.31	28.07
(b) For Taxation Matters	22.87	19.37
(c) For Company Law Matters	-	-
(d) For Other Services	-	-
(e) For Reimbursement of Expenses	19.44	0.45
Total Payments to Auditors	69.62	47.89

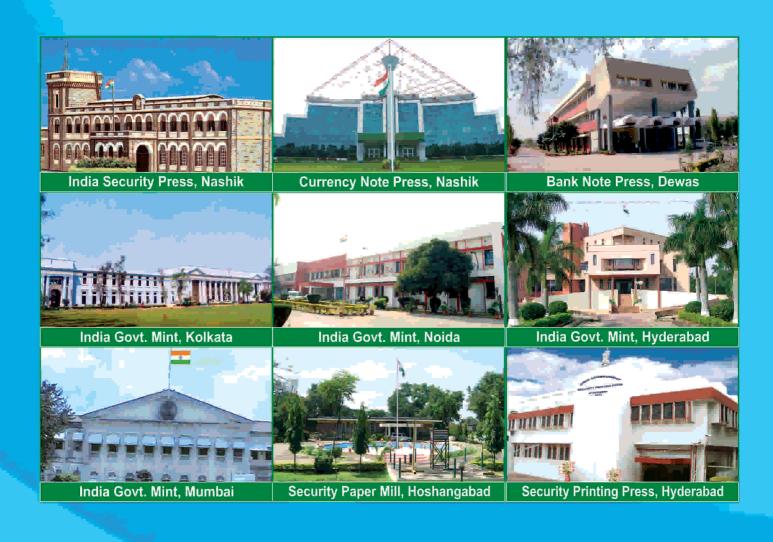
Note 25 Consolidated Statement of Changes in Equity for the period ended 31st March, 2017 A. Equity Share Capital

(Amount in ₹ lacs)

Particulars	Balance as at 1 April, 2015	Changes in equity share capital during the year	Balance as at 1 April, 2016	Changes in equity share capital during 31 March, 2017 the year	Balance as at 31 March, 2017
Authorised Capital					
2,50,00,00,000 Equity Shares of ₹10/- Each	2,50,000.00	1	2,50,000.00	ı	2,50,000.00
Issued and Subscribed Capital					
1,18,24,90,000 Equity Shares of ₹10/- Each	2.00	1,18,244.00	1,18,249.00	-	1,18,249.00

B. Other Equity

-				1				
	Choro	Equity		Re	Reserves and Surplus	rrplus		
Particulars	share application money pending allotment	component of compound financial instruments	Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings	Other comprehensive income	Total
Balance as at 01.04.2015	1	ı	419.95	1	17,977.71	1,94,269.08	1	2,12,666.74
Profit for the year	1	1	1	'	1	36,816.94	(1,562.84)	35,254.10
Restated Balance at the beginning of the Reporting Period	1	ı	-	ı	-	•	-	•
Total Comprehensive Income for the year	-	-	-	1	-	-	_	-
Dividends Paid and Tax thereon	1	-	-	-	-	1	-	1
Transfer From funds from CG	-	-	33,400.00	-	-	-	-	33,400.00
Transfer From Retained Earnings Reserves	ı	ı	-	ı	2,030.81	(2,030.81)	1	1
Income Tax Adjustment of Earlier Years	-	-	-	-	-	-	-	1
Bonus	-					(130.77)	_	(130.77)
Balance as at 31.03.2016	-	-	33,819.95	-	20,008.52	2,28,924.44	(1,562.84)	2,81,190.07
Balance as at 01.04.2016	-	-	33,819.95	-	20,008.52	2,28,924.44	(1,562.84)	2,81,190.07
Profit for the Year	-	1		-	_	78,252.07	(3,672.22)	74,579.86
Prior Period Items						12.63	_	12.63
Dividends Paid and Tax thereon						(7,332.73)	_	(7,332.73)
Income Tax Adjustment of earlier Years	ı	1	1	1	1	655.96	-	655.96
Balance as at 31.03.2017	•	•	33,819.95	•	20,008.52	3,00,512.37	(5,235.05)	3,49,105.79





भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण निगम लिमिटेड

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