

Security Printing and Minting Corporation of India Ltd.



भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण निगम लिमिटेड (एसपीएमसीआईएल) भारत सरकार के पूर्ण स्वामित्वाधीन अनुसूवी 'ए' कंपनी है। इसका निगमीकरण 13 जनवरी 2006 को किया गया। इसका पंजीकृत कार्यालय नई दिल्ली में स्थित है। यह भारत सरकार तथा भारतीय संघ की सभी राज्य सरकारों को बैंक नोट, सिक्के तथा प्रतिभूति दस्तावेजों की आपूर्ति करती है।

Security Printing and Minting Corporation of India Limited (SMPCIL) is a wholly owned Schedule 'A' company of Government of India, incorporated on 13th January 2006 with its registered office at New Delhi. It supplies bank notes, coins and security documents to Government of India and all the state Governments of Union of India. एसपीएमसीआईएल बैंक नोटों, परिचालन तथा स्मारक सिक्कों, प्रतिभूति कागज, गैर-न्यायिक स्टांप पेपर, डाक टिकटों तथा स्टेशनरी, यात्रा दस्तावेजों जैसे पासपोर्ट एवं वीजा, प्रतिभूति प्रमाण-पत्र, चेक, बाँड, वारंट, प्रमाण-पत्र, प्रतिभूति स्याही, मेडल तथा मेडालियनों, सोने, चाँदी के परिष्करण तथा बहुमूल्य धातुओं आदि की परख संबंधी कार्यों में संलग्न है।

SPMCIL is engaged in the manufacturing/production of Bank Notes, Circulating & Commemorative Coins, Security Paper, Non-judicial Stamp Papers, Postal Stamps & Stationery, Travel Documents viz. Passport and Visa, Security Certificates, Cheques, Bonds, Warrants, Certificates, Security Inks, Medals & Medallions, Refining of Gold, Silver and Assaying of Precious Metals etc.

## विश्वास ही कुंजी है TRUST IS THE KEY

एसपीएमसीआईएल अपनी पहचान के अनुसार ग्राहक संतुष्टि सुनिश्चित करते हुए अत्यधिक सुरक्षित तथा अत्याधुनिक सुविधाओं के अंतर्गत अभिनव तथा अनुकूलित गुणवत्ता के उत्पादों का उत्पादन करता है। एसपीएमसीआईएल की इकाइयों ने प्रतिभूति मुद्रण के अभिजात वर्ग के बाजार में लगभग 100 वर्षों से अपनी साख बना रखी है। सिक्कों के निर्माण में एसपीएमसीआईएल की इकाइयाँ पिछले दो शताब्दियों से प्रचालन कर रही हैं। भारत के विभिन्न भागों में स्थित एसपीएमसीआईएल की नौ इकाइयों में 9000 से अधिक समर्पित कर्मचारी इसे विश्व स्तर का संगठन बनाते हैं।

Innovative and customized quality products are produced under highly secure, state-of-the-art facilities, ensuring customer satisfaction, which is the hallmark of SPMCIL. SPMCIL units have built credibility in the elite market of security printing for almost 100 years. In the field of minting, SPMCIL units have been operating for the last two centuries. Dedicated workforce of 9000 plus employees in 9 units, located in different parts of India, make SPMCIL a world class organization.

## उत्पत्ति

एसपीएमसीआईएल तकनीकी रूप से एक नई संस्था है जिसका प्रतिभूति मुद्रण तथा सिक्कों की ढ़लाई में शताब्दियों पुराना अनुभव है। सभी नौ उत्पादन इकाइयों का प्रबंधन, नियंत्रण, रख-रखाव तथा प्रचालन करेंसी एवं क्वाइन डिवीजन, आर्थिक कार्य विभाग, वित्त मंत्रालय, भारत सरकार के अधीन था जिसे एसपीएमसीआईएल को 10 फरवरी, 2006 को स्थानांतरित किया गया। वित्त मंत्रालय बोर्ड निदेशकों के माध्यम से एसपीएमसीआईएल पर प्रशासनिक नियंत्रण रखता है। नौ उत्पादन इकाइयों में चार भारत सरकार टकसालें, दो चलार्थ पत्र मुद्रणालय, दो प्रतिभूति मुद्रणालय तथा एक प्रतिभूति कागज कारखाना है।

### **GENESIS**

SPMCIL, technically a new entity, has centuries old experience in Security Printing and Minting. The management, control, maintenance and operation of the erstwhile nine production units under Currency and Coinage Division, Department of Economics Affairs, Ministry of Finance, Government of India, was transferred to SPMCIL w.e.f February 10, 2006. The Ministry of Finance exercises its administrative control over SPMCIL through Board of Directors. The nine production units comprise four India Government Mints, two Currency Note Presses, two Security Printing Presses and one Security Paper Mill.

कोलकाता टकसाल में सिक्कों की ढलाई प्रारंभ Century Minting of coins started at Kolkata Mint भारत सरकार टकसाल, मुम्बई भारत सरकार टकसाल, हैदराबाद भारत प्रतिभूति मुद्रणालय, नासिक में उत्पादन प्रारंभ में सिक्कों की ढलाई प्रारंभ की स्थापना India Security Press, India Government Mint, India Government Mint, Mumbai started production Hyderabad started Minting of Nashik was established Coins 1928 1952 प्रतिभूति कागज कारखाना, होशंगाबाद भारत प्रतिभूति मुद्रणालय, नासिक कोलकाता की वर्तमान टकसाल में उच्च गुणवता के प्रतिभूति कागज में करेंसी मुद्रण प्रारंभ का आधुनिकीकरण का उत्पादन प्रारंभे Security Paper Mill, India Security Press, Nashik Hoshangabad started commenced Currency Present mint at Kolkata production of high quality Printing modernised Security Paper बैंक नोट मुद्रणालय, देवास में प्रतिभूति मुद्रणालय, हैदराबाद में भारत सरकार टकसाल, नोएडा में करेंसी मुद्रण प्रारंभ सिक्कों की ढलाई प्रारंभ उत्पादन प्रारंभ Bank Note Press, Dewas Security Printing press, India Government Mint. commenced Currency Hyderabad commenced Noida commenced Minting of Coins Printing production



# CONTENTS

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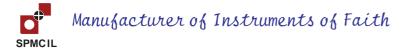
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ENDA

	Visio	on and Mission	4
	Leade	rship at SPMCIL	5
	Letter to	o Shareholders	7
	Performa	ance at a Glance	11
Α	bout SPI	MCIL	15
Di	rectors' F	Profile	23
Dir	ectors' R	eport	28
Fina	ancial St	atement	94-221
(a)	Standalo	ne	94-159
	(i)	Independent Auditor's Report	95
	(ii)	Balance Sheet	124
	(iii)	Statement of Profit and Loss	125
	(iv)	Cash Flow Statement	126
	(v)	Notes to Financial Statement	128
(Ľ	) Consol	lidated	160-221
	(i)	Independent Auditor's Report	161
	(ii)	Balance Sheet	176
	(iii)	Statement of Profit and Loss	177
	(iv)	Cash Flow Statement	178
	(v)	Notes to Financial Statement	180
	C	Glossary	222
-		Notice of AGM	223







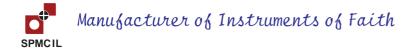
### VISION

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

### MISSION

Achieve market leadership by:

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





### **LEADERSHIP AT SPMCIL**

**Board of Directors** 

(As on 31.07.2018)

**FUNCTIONAL DIRECTORS -**



Ms. TRIPTI P. GHOSH Chairman and Managing Director



SHRI AJAI KUMAR SRIVASTAV Director (Technical)



SHRI S.K. SINHA Director (HR) **GOVERNMENT NOMINEE DIRECTORS** 

SHRI AJAY AGARWAL Director (Finance)



**Ms. MEERA SWARUP** JS & FA, Ministry of Finance



SHRI PRASHANT GOYAL JS (C&C), DEA, Ministry of Finance

#### **END-USER REPRESENTATIVES**



SHRI S.C.L. DAS JS (IS-I), Ministry of Home Affairs



SHRI AJAY MICHYARI CGM, DCM, Reserve Bank of India

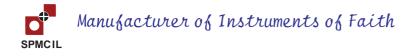


SHRI ARUN K. CHATTERJEE JS (PSP) & CPO, Ministry of External Affairs

#### **INDEPENDENT DIRECTOR**



Ex-IA & AS Officer





### **LEADERSHIP AT SPMCIL**

### Management Team

(As on 31.07.2018)



Ms. TRIPTI P. GHOSH Chairman and Managing Director



SHRI AJAI KUMAR SRIVASTAV Director (Technical)



SHRI RAMAKANT DIXIT General Manager, SPP, Hyderabad



SHRI SANDEEP JAIN General Manager, IGM, Hyderabad



SHRI S.K. SINHA Director (HR)



SHRI SUDHIR KUMAR SAHU General Manager, ISP, Nashik



SHRI G.P. AGARWAL General Manager, IGM, Noida



SHRI RAJESH BANSAL General Manager, BNP, Dewas

SHRI AJAY AGARWAL Director (Finance)



SHRI T.R. GOWDA General Manager, SPM, Hoshangabad



SHRI R. HARIPANTH General Manager, IGM, Mumbai



SHRI BOLEWAR BABU General Manager (Designated)

### **AUDITORS** -

SECRETARIAL AUDITOR M/s. Amit Agrawal & Associates

Company Secretaries Delhi



M/s. R.M. Bansal & Company Cost Accountants Delhi



Ms. MAMTA SINGH Chief Vigilance Officer



SHRI S.P. VERMA General Manager, CNP, Nashik



SHRI N.C. MAJUMDAR General Manager, IGM, Kolkata

6 Annual Report 2017-18

**STATUTORY AUDITOR** 

M/s. Bhatia & Bhatia

Chartered Accountants

New Delhi





### **LETTER TO SHAREHOLDERS**



#### Dear Shareholders,

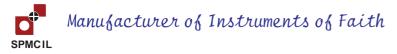
It gives me immense pleasure to welcome you all to the 13<sup>th</sup> Annual General Meeting of the Company. Your Company has achieved the targets in the production of Banknotes, Security Paper, Passports, Security Inks and other Security Products during the year 2017-18. While achieving the production targets the Company has also increased productivity per employee considerably.

Your Company has produced 9219 million pieces of Bank Notes and supplied 8594 million pieces of Bank Notes to Reserve Bank of India (RBI) during the year 2017-18. This is 4.94% higher than the production of 8785 million pieces of the Bank Notes during the last year i.e. 2016-17. Production of the Bank Notes per Employee has increased to 2.72 million pieces in 2017-18 as against 2.48 million pieces achieved during the year 2016-17. Your Company has produced 6703 million pieces of the Circulating Coins and supplied 5571 million pieces of the Circulating Coins to RBI during the year 2017-18. This is 30.76% lower than the production of 9681 million pieces of Circulating Coins achieved during the year 2016-17. Production of Coins per Employee has also decreased to 2.55 million pieces in 2017-18 as against 3.37 million pieces achieved in the year 2016-17. The decrease in the production/productivity of Circulating Coins in the year 2017-18 is due to huge reduction in the indent of Circulating Coins by RBI in the month of July, 2017.

Your Company has produced 5779 Metric Ton (MT) of Security Paper and supplied 4657 MT of Security Paper to the printing presses during the year 2017-18. This is 80.59% higher than the production of 3200 MT of Security Paper during the year 2016-17. Production of Security Paper per Employee has increased to 5.16 MT in 2017-18 as against 2.74 MT achieved during the previous year. Your Company has produced 579 Metric Tonnes (MT) of the Security Inks in the year 2017-18 at Ink Factory, Dewas.

#### FINANCIAL PERFORMANCE

The Revenue from Operations of your Company has decreased to ₹4445.16 crores in 2017-18 from ₹5966.02 crores during the previous year 2016-17.





The main reason for drop in the revenues is decrease in the sales of Circulating Coins to ₹1426.43 crores in the year 2017-18 as against ₹2707.25 crores in the year 2016-17. Total expenditure for the year 2017-18 is ₹4015.89 crores as compared to ₹5189.50 crores for the year 2016-17. Profit before Tax (PBT) from continuing operations for the year 2017-18 is ₹629.94 crores as compared to ₹914.44 crores for the year 2016-17. The company has achieved a Total Comprehensive Income of ₹663.77 crores in the year 2017-18 as compared to ₹615.68 crores in the year 2016-17.

During the year 2017-18, in accordance with the guidelines on Capital Restructuring of CPSEs issued by the Department of Investment and Public Asset Management (DIPAM), your Company had bought back 11,82,49,000 Equity Shares of face value of ₹10/- each at the book value of ₹38.50 per share from Government of India. The total outgo on account of buyback was ₹533.01 crores inclusive of applicable tax. The free reserves of the Company had been utilized for the purpose of aforesaid buyback of shares. The consideration against the aforesaid buyback was paid on 05.01.2018 to the Government of India.

#### 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 2017-18 aggregating to ₹204.87 crores plus applicable Dividend Distribution Tax.

#### **MoU PERFORMANCE**

Your Company has been granted the 'Good' rating by the Department of Public Enterprises (DPE) for its MoU for the year 2016-17. For the year 2017-18, the self-evaluation report of MoU duly approved by Board shall be submitted to DPE through the Administrative Ministry. As per Self-Evaluation report of MoU 2017-18, the Company is poised to achieve 'Very Good' rating.

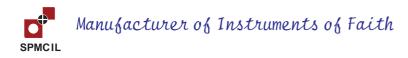
#### **MODERNISATION**

During the year 2017-18, your Company has takenup many modernization and capacity augmentation initiatives. CNP, Nashik has installed two numbers of Computerised Random Numbering (CRN) systems on Numerota Machine. BNP, Dewas has commissioned PlastiRota III CD machine, Plasimix PM11-Mixer & Special Finishing Machine. Five numbers of TRMs with press-out devices and two numbers of heavy duty twin shaft mixers have been installed and commissioned at Ink Factory, Dewas.

The technical team of IGM, Mumbai has modified all the 10 barelles of Pickling & Polishing Lines (PPL) to make it suitable for using satellite balls. All the processes required for this modification and necessary automation were done in-house by the technical team of IGM, Mumbai. IGM, Noida has upgraded conventional Counting & Packaging line (Bosch Line-I & II) to automate feeding of coins to counters and to pack in small/big sachet bags automatically. Installation, commissioning and testing of Weighing Bridge and Digital Hardness Tester has been done at IGM, Noida.

ISP, Nashik has modernised Booklet Transport System on Final Finishing Machine No. 4 in APMS Section. The complete system was designed, manufactured and implemented in-house. ISP, Nashik has also modernised Full Book Perforation (except first 4 pages) in UNO e-Passport Machine and APMS Passport Machine No.4. The complete mechanism was designed, manufactured and implemented inhouse, thus saving huge modification cost which might have been charged by OEM. ISP, Nashik has upgraded and modified Numbering Boxes of Rapida machine to seven digits numbering from existing six digits numbering. SPP, Hyderabad has completed the redesign and reassembling work of Old Grapha Machine delivery unit.

In SPM, Hoshangabad, in-house modifications have been done in reject line at paper machine approach





flow system to bring reduction in effluents load at ETP and extra recovery of security items (like M-feature & security fibre) and other chemicals. New Guillotine machine has been installed to recover fibre from spoil sheets, which will reduce raw material cost per MT of paper.

#### **RESEARCH & DEVELOPMENT (R&D)**

The state-of-the-art Corporate R&D Centre has been setup at Currency Note Press (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.

A new R&D setup has been created at ISP, Nashik and various equipment viz. Digital Tear Resistance Tester, Cobb Tester, Digital Tensile Strength Tester, Digital Roughness/Porosity Tester, Digital Folding Endurance Tester, Brightness/ Opacity & Colour Tester, Crumpling Instrument and Digital Bursting Strength Tester have been installed and commissioned during the year 2017-18.

A full-fledged R&D centre for Paper, Pulp etc. has been established at Security Paper Mill (SPM), Hoshangabad. Latest testing equipment & machinery have been procured and installed successfully in the R&D centre.

At IGM, Mumbai, Gold Reference Standard i.e. Bharatiya Nirdeshak Dravya (BND), Gold Certified Reference Standard of 999.99 fineness (gold that is 99.99% pure) was developed under the 'Make in India' programme of Govt. of India.

IGM, Hyderabad has also taken an important initiative i.e. development of Pickling and Polishing Compound for improving Coin Quality and controlling pollution. It led to development of indigenous formulations as replacement of imported chemical KH-50. The patent has been registered for the same with NITW (Patent No. CHE No. 201741036100). IGM, Hyderabad has also signed MoU with International Advanced Research Centre for Powder Metallurgy and New Materials for PVD coating on tools.

BNP, Dewas has brought down the consumption rate of OVI Ink by doing indigenous modification i.e. application of OVI from direct to indirect method on Intaglio machine no. 9. It led to saving of OVI ink of about 0.5 kg/mpcs. Ink Factory, Dewas has developed improved version of QSI ink. It has also developed wide number of Pantone shade inks for designing currency notes.

#### **HUMAN RESOURCE**

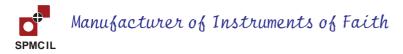
The Manpower Strength in your Company has come down to 9638 as on 31.03.2018 which includes 349 Executives, 1100 Supervisors and 8189 Workers working in 9 Units and Corporate office in comparison to previous year's employee strength of 10,354. Training and retraining of employees to upgrade their functional skills and expertise along with development of their soft skills and group dynamics are thrust areas for the Company.

#### **VIGILANCE SETUP**

The objective of Vigilance is to facilitate an environment enabling people to work with integrity, efficiency and in a transparent manner, upholding highest ethical standards for the organization. To achieve this objective, the Vigilance Department of SPMCIL carries out preventive, proactive and punitive actions with greater emphasis in the preventive and proactive functions. Due to systematic institutional improvements, there has been reduction in complaints and increased observance of rules & procedures resulting into transparency, economy and efficiency in SPMCIL's operations.

#### **CORPORATE GOVERNANCE**

A Report on Corporate Governance and certificate from practicing Company Secretary thereon form part of the Annual Report. The Board has laid down a Code of Conduct for all Board Members and Senior



Management of the Company. The Code of Conduct has been posted on the website of the Company. All the Board Members and Senior Management Personnel have affirmed compliance with the Code.

#### 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 & Employment, various State Governments, etc. 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, Statutory Auditor, Secretarial Auditor and Cost Auditor. Lastly, I would also like to place on record my sincere appreciation for the devotion and commitment of all Executives and Employees of the Company.

Jai Hind!

Tripti P. Ghosh Chairman and Managing Director

Place: New Delhi Date: 31<sup>st</sup> July 2018





### **PERFORMANCE AT A GLANCE**

Amount in ₹ crores

I. FINANCIAL	2017-18 (IndAS)	2016-17 (IndAS)	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Turnover	4347.29	5842.15	4648.57	4408.38	3797.62	3625.17	3422.67	3164.49	3037.98	2339.03
Revenue from Operations	4445.16	5966.02	4774.24	3803.34	3897.53	3712.94	3494.80	3164.49	3037.98	2339.03
Add : Other Income	200.68	137.92	101.36	108.14	139.64	143.10	167.65	252.10	168.07	218.15
Less : Expenditure	4015.89	5189.50	4830.81	4187.79	3700.65	3282.26	2788.08	2574.03	2408.89	1912.44
Profit Before Exceptional Items & Tax	629.94	914.44	44.79	(276.31)	336.52	573.78	874.37	842.56	797.16	644.74
Profit Before Tax	629.94	914.44	54.70	(281.77)	346.72	578.72	874.87	816.94	816.69	659.52
Profit After Tax	631.46	652.41	203.08	(352.07)	214.63	423.49	582.47	577.19	542.25	433.83
Dividend Distribution	204.87	227.64	60.92	-	42.93	84.70	116.49	115.44	-	-
Assets										
Net Fixed Assets	1296.84	1316.82	1312.44	970.95	1042.91	1046.63	902.42	895.20	884.68	814.31
Capital Work in Progress (CWIP)	75.49	63.65	84.34	417.49	448.95	105.79	166.02	230.80	96.48	24.24
Investments	490.09	501.08	500.92	399.45	371.60	400.06	200.10	101.83	99.19	90.97
Deferred Tax Asset	841.52	686.86	371.57	223.19	293.49	259.30	73.39	93.47	69.88	50.14
Loans and Advances & other non- current Assets	61.03	61.58	149.59	155.12	242.86	448.36	437.31	-	-	-
Current Assets	4336.14	4731.40	5165.84	4806.72	4932.31	4548.29	5220.86	5234.07	4886.43	4506.01
Total	7101.11	7361.39	7584.70	6972.92	7332.12	6808.43	7000.10	6555.37	6036.66	5485.67
Liabilities										
Equity										
- Share Capital	1064.24	1182.49	1182.49	0.05	0.05	0.05	0.05	0.05	0.05	0.05
- Other Equity	3033.19	3142.70	2936.21	2472.46	2859.79	2695.38	2370.34	1923.27	1480.69	938.44
Total	4097.43	4325.19	4118.70	2472.51	2859.84	2695.44	2370.39	1923.32	1480.74	938.49
Funds from Govt. of India (Adjustable)	-	-	179.77	2878.65	2878.65	2879.49		2879.77	2877.70	2960.91
Current Liabilities	2376.74	2444.67	1775.42	1303.05	1316.58	930.61	1462.68	1577.28	1328.22	1061.27
Borrowings	-	-	1182.44	-	-	-	-	175.00	350.00	525.00
Other Long term liabilities & provisions	626.94	591.52	328.37	318.71	277.05	302.89	287.36	-	-	-
Total	7101.11	7361.39	7584.70	6972.92	7332.12	6808.43	7000.10	6555.37	6036.66	5485.67
Net Worth (as per Companies Act)	4097.43	4325.19	4118.70	2472.51	2859.84	2695.44	2370.39	1923.32	1480.74	938.49
Ratios										
Earnings Per Share*	5.75	5.21	62.76	(70415)	42926	84698	116494	115438	108450	86766
Book Value Per Share*	38.50	38.50	34.83	494502	571968	539088	474078	384664	296148	187689
Debt Equity Ratio										
- Total Debt To Equity	0.73	0.70	0.80	0.66	0.56	0.46	0.74	0.91	1.13	1.69
- Long Term Debt to Equity	0.15	0.13	0.37	0.13	0.10	0.11	0.12	0.09	0.24	0.56
Return on Net Worth (%)	16.20%	14.23%	4.93%	(14.24%)	7.50%	15.71%	24.57%	30%	36.62%	46.23%
PBT/Turnover (%)	14.49%	15.65%	1.18%	(6.39%)	9.13%	15.96%	25.56%	25.82%	26.88%	28.20%
PAT/Turnover (%)	14.52%	11.17%	4.37%	(7.99%)	5.65%	11.68%	17.02%	18.24%	17.85%	18.55%



### Manufacturer of Instruments of Faith



- 1. Turnover
- 2. Investments
- 3. Borrowings (Total Debt)
- 4. Book Value Per Equity Share
- 5. Total Debt to Equity
- 6. Long Term Debt to Equity
- 7. Return on Net Worth (%)
- 8. PBT / Turnover (%)
- 9. PAT / Turnover (%)

- Sale of Products + Sale of Services
- Non-current Investments + Current Investments
- Short Term Borrowing + Long Term Borrowing + Current Maturities of Long Term Debt + Interest Accrued and due on Loans.
- Equity / Number of Equity Shares
- Long Term Liabilities + Current Liabilities / Equity
- Long Term Liabilities / Equity
- Profit after Tax / Net Worth (as per Companies Act)
- Profit before Exceptional Items & Tax / Turnover
- Profit after Exceptional Items & Tax / Turnover

II. OPERATIONAL PERFORMANCE		2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Bank Notes	Production (mpcs)	9219	8785	7150	8358	8018	7421	6539	5472	7083	5628
	Supply (mpcs)	8594	9265	6785	8141	7941	7391	6602	5639	6784	6194
	Productivity per Employee (mpcs)	2.72	2.48	1.93	2.12	1.98	1.80	1.61	1.31	1.45	1.08
Circulating Coins	Production (mpcs)	6703	9681	9254	7929	7650	6708	6282	6070	5833	4456
	Supply (mpcs)	5571	9691	9257	7907	7676	6878	6094	6140	6285	4448
	Productivity per Employee (mpcs)	2.55	3.37	3.07	2.49	2.26	1.87	1.69	1.57	1.41	1.03
	Production (MT)	5779	3200	3816	3266	3240	2925	2925	2858	1946	2032
Security Paper	Supply (MT)	4657	3540	2949	3110	3106	3021	3108	2715	1986	1977
	Productivity per Employee (MT)	5.16	2.74	3.07	2.44	2.51	2.52	2.74	2.52	1.70	1.68
Security	Production (MT)	579	825	809	525	604	484	273	298	242	228
	Productivity per Employee (MT)	8.04	11.00	10.93	5.83	8.75	6.45	4.96	5.42	4.84	3.45

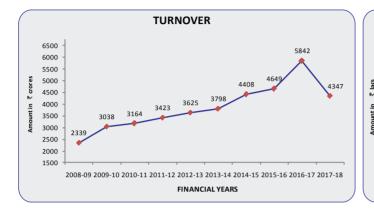
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III. MANPOWER	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Currency Presses	3386	3546	3714	3941	4054	4116	4050	4177	4901	5233
Mints	2633	2876	3013	3188	3390	3591	3707	3855	4144	4324
Security Printing Presses	2428	2695	3012	3252	3453	3673	3927	4255	4713	5084
Security Paper Mill	1121	1170	1244	1337	1290	1161	1068	1132	1143	1207
Corporate Office	70	67	69	66	70	65	66	64	52	0
Total	9638	10354	11052	11784	12257	12606	12818	13483	14953	15848





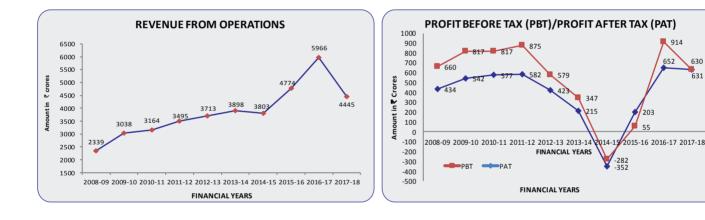
### **PERFORMANCE AT A GLANCE**

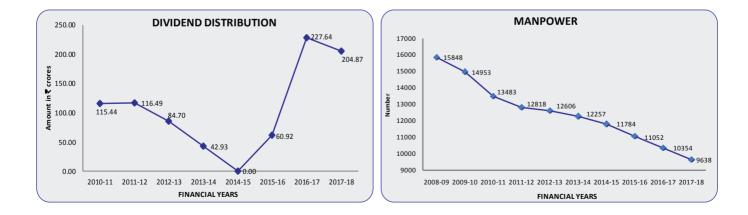




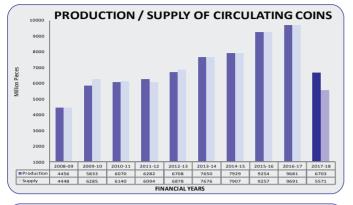
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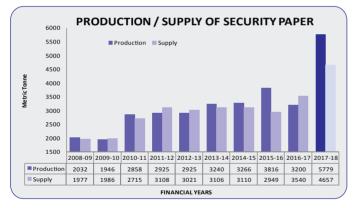


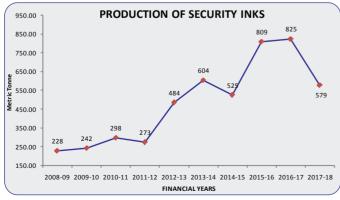


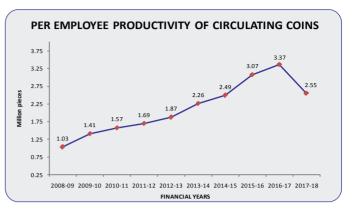


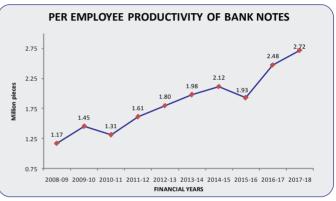


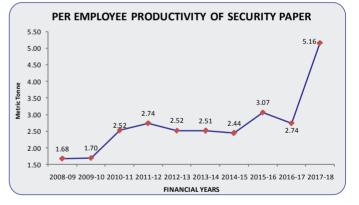


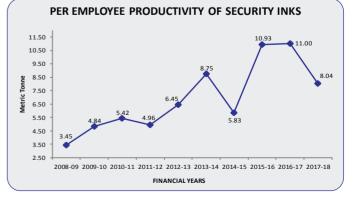
















### ABOUT SPMCIL Production Verticals

#### **CURRENCY PRINTING**

Printing of Bank Notes of ₹500, ₹200, ₹100, ₹50, ₹20, ₹100 Denominations



### MINTS

Minting of Circulating Coins of ₹10, ₹5, ₹2, ₹1 Denominations, Commemorative Coins, Gold Coins, Gold & Silver refining, Fire Assay of Gold and Silver, Medals & Medallions

#### **SECURITY PAPER**

Manufacturing of Paper for Bank Notes of ₹500, ₹200, ₹100, ₹50, ₹10 Denominations, Non-Judicial Stamp Papers & Passports etc.







#### **SECURITY PRINTING**

Printing of Passports, Visa Stickers, Postal Stationery, Non-Judicial Stamp Papers & other Security Documents

#### **SECURITY INKS**

Manufacturing of Offset Ink, UV Ink & Quickset Intaglio Ink





### **A BRIEF PROFILE OF UNITS OF SPMCIL**

#### **CURRENCY PRESSES**

There are two Currency Printing Presses i.e. Currency Note Press, Nashik and Bank Note Press, Dewas under SPMCIL which are engaged in production of Currency/Bank Notes. About 40% of Currency/Bank Notes circulated in India are printed by SPMCIL. These units are equipped with designing, engraving, complete preprinting and offset printing facilities, intaglio printing machines, numbering & finishing machines etc. These units have captive railway treasury wagons/carriages for transporting the treasury consignments.

#### **Currency Note Press (CNP), Nashik**

Currency Note Press is situated at Nashik Road, Maharashtra. Production facility was initially established here in the year 1928 and since then this unit has been printing high quality banknotes with special security features. It has also printed banknotes for other countries like Nepal, Burma, Bangladesh, Bhutan and Iraq etc. This unit is equipped with designing, engraving, complete Pre-printing and Offset Printing facilities, Intaglio Printing machines, Numbering & Finishing machines etc. This unit is having fool-proof accounting of security items, stringent security systems, micro tints, interlock designs, see through designs, latent image and is using fluorescent & optically variable inks etc. to impede forgery.



#### Bank Note Press (BNP), Dewas

Bank Note Press, Dewas was established in 1974 to print world class high quality bank notes of different denominations. This unit is engaged in printing of bank notes incorporating higher security features like Intaglio / Orlof printing, micro tints, inter-lock designs, see through designs, latent image, use of fluorescent & optically variable inks etc. to impede forgery. Presently, this unit is printing all denominations of bank notes in circulation. It has its own security ink manufacturing plant which produces offset, numbering and intaglio inks. The requirement of Security Inks of SPMCIL are being met in-house from this Ink manufacturing plant.







#### **MINTS**

SPMCIL's four Mints at Mumbai, Kolkata, Hyderabad and Noida have rich minting heritage and legacy of producing quality products. These mints are carrying out minting of all coins circulated in the country. India Government Mints (IGMs) are engaged in wide range of activities covering every stage of minting process from blanking to the finished products. The advanced technology, innovation, quality and reliable delivery mechanism are some of the strengths of these mints. IGMs have made a niche in the minting world – with excellence in design, expertise in minting precious metals, and above all, a long tradition of craftsmanship.

#### India Government Mint, Mumbai

Mumbai Mint is one of the oldest mints of India. The present Mumbai Mint was established in the year 1829. It's evolution over the centuries is identical to that of the rupee. Since 1958, this Mint has been supplying Reference, Secondary and Working Standards sets against accurate standards authenticated, calibrated and approved by NPL, New Delhi. During the Gold



Control Act, Mumbai Mint was the only authorized mint to process the gold in



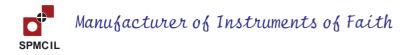
any form other than jewellery. With the setting up of the new Aqua Regia Gold/Silver refining plant, this Mint has the facility to process gold up to a fineness of 999.99. Apart from having coin blanks manufacturing

facility, this unit produces circulating coins and commemorative coins which are issued to celebrate special occasions/events or as a mark of respect towards distinguished individuals or monuments.

#### India Government Mint, Kolkata

This Mint produces circulating and commemorative coins. It has been bestowed the honour of producing the prestigious civilian and military medals such as Bharat Ratna, Padma Vibhushan, Padma Bhushan, Padma Shri, Param Veer Chakra, Mahavir Chakra etc. It also produces Medals for International Film Festival of India, National Film Award, World Philatelic Exhibition, National and International Sports events and various Academic and Social Institutions of National repute. It has built credibility and trust for itself in the minting world for decades.







#### India Government Mint, Hyderabad

This Mint was originally started in the year 1903 under the rule of Nizam. After integration of the erstwhile Hyderabad State with the Union of India, this Mint was taken over by Government of India. This Mint came to be known as India Government Mint, Hyderabad. In the year 1997 the new Mint at Cherlapalli was established. This Mint is equipped with modern machinery supplied by world's leading manufacturers of coining machines. It manufactures coins of ₹10, ₹5, ₹2 and ₹1 denominations. It is engaged in end-to-end processes for coin production i.e. blanking, annealing, pickling & polishing and stamping.

#### India Government Mint, Noida

It is the only Mint established in post-independence era. This is the fourth Mint in the country. This Mint started regular production from 1988. It was the first mint in the country to produce stainless steel coins. It has facilities for conversion of blanks into coins. This is one of the most modern mints in the country.





#### **SECURITY PRINTING PRESSES**

The two Security Printing Presses i.e. India Security Press, Nashik and Security Printing Press, Hyderabad use specialised technology and multiple printing processes to produce security products under secure operating procedures and manufacturing protocols. These presses have the latest technological facilities for designing, pre-printing and post-printing and have the capability of incorporating security features like chemically reactive elements, various guilloche patterns, micro lettering, designs with UV & bi-fluorescent inks, micro perforation, adhesive/glue, embossing, die-cutting and personalization etc.

#### India Security Press (ISP), Nashik

India Security Press, Nashik Road is more than 93 years old establishment. It was set up by British during colonial rule for printing of court fee, fiscal, postal, non-postal stamps and postal stationery items in the year 1925. ISP prints and supplies judicial/ non-judicial stamp papers, all types of postal & non postal stamps & stationery, passports, visa & other travel documents, MICR Cheques in continuous stationery & booklet form, Identity Cards of Indian Army, Railway Warrants, Income Tax Return Order Forms, Saving Instruments, Commemorative Stamps etc. A Specialized Forgery Detection Cell caters to the demand of various law enforcement agencies and RBI.







#### Security Printing Press (SPP), Hyderabad

Security Printing Press, Hyderabad is equipped with latest Pre-press, Press and Post-press machinery for printing of high value security documents. This Press also has inhouse laboratory to ensure the quality, conformance to high printing standards and reliability of security features of the products. It is equipped with modern pre-press plate-making systems and post-printing techniques with processing facility for Perforation, Numbering, UV Print Technology, Online envelope, Inland Letters, Aerogram, Postal Stationery making etc.



#### **SECURITY PAPER MILL**

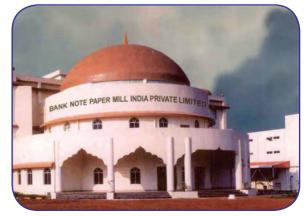
#### Security Paper Mill, Hoshangabad

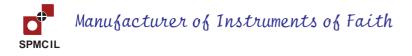
Security Paper Mill (SPM), Hoshangabad was established in the year 1968. It manufactures different types of Security Papers for Bank Notes, Non-Judicial Stamp Papers & Passports. Security Paper manufactured by this unit is used by other SPMCIL units for printing of Currency/Bank Notes, Non-Judicial Stamps and Passports. SPM, Hoshangabad has the distinction of incorporating numerous security features in security paper viz. Fluorescent Fibres, Multi-tonal three Dimensional Watermark, Electrotype Watermark, various types of Security Threads, Taggants etc.



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

BNPMIPL was setup by SPMCIL as a 50:50 Joint Venture with Bhartiya Reserve Bank Note Mudran Private Limited (BRBNMPL) in October, 2010. It is a Green-Field project for manufacturing of Bank Note paper from two state-of-art technology paper lines of capacity of 6000 MT per annum each. i.e. total capacity of 12000 MT per annum. The commercial production from both the lines started in the year 2016. Now, the requirement of Bank Note paper is met domestically.



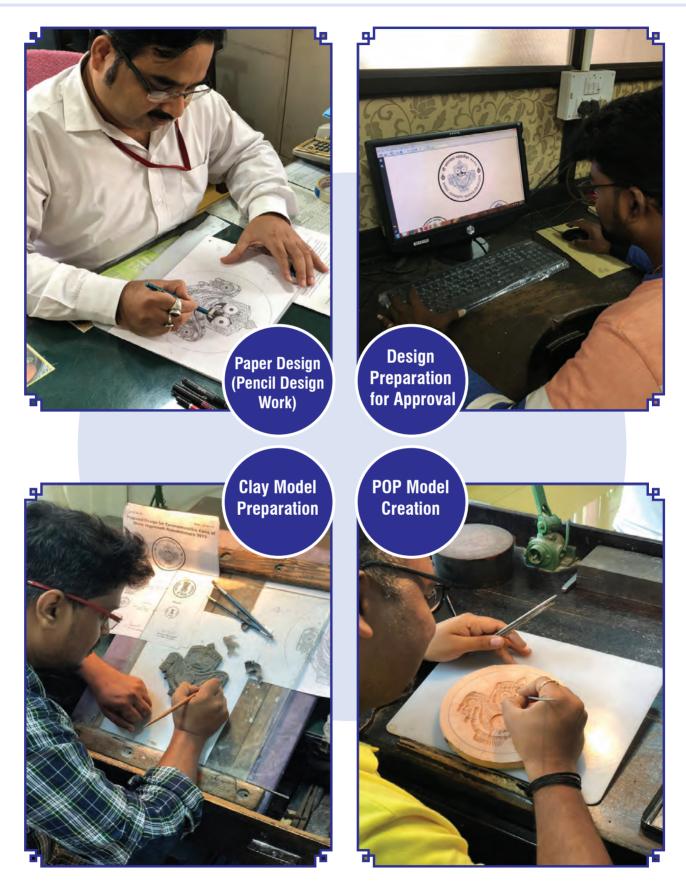






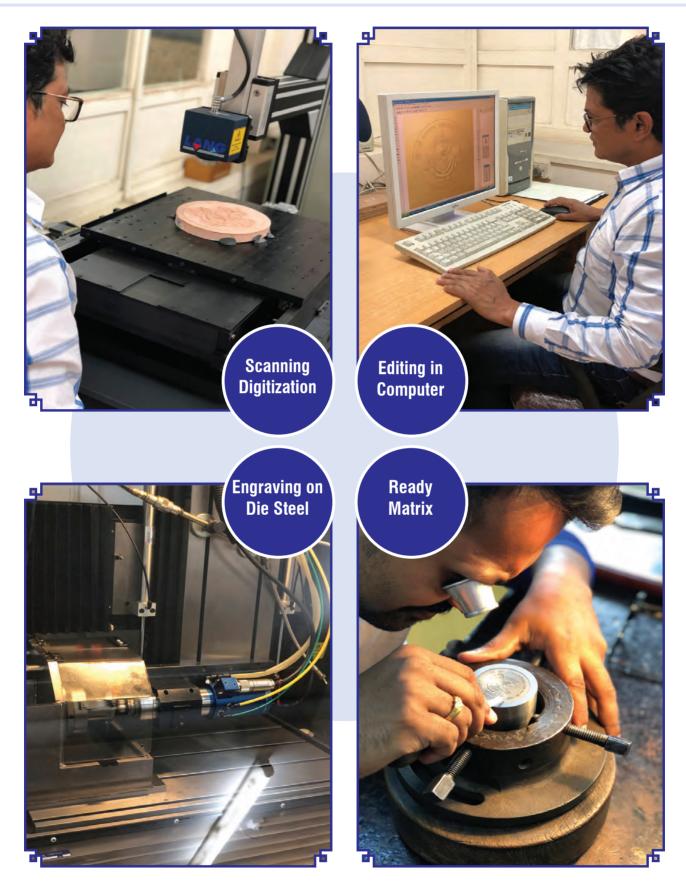
















### **DIRECTORS' PROFILE**

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

#### Ms. TRIPTI P. GHOSH, Chairman and Managing Director (CMD)



Ms. Tripti P. Ghosh is a Post Graduate in Economics from Delhi University. She belongs to 1994 batch of ICAS. She has wide experience of working in the various Ministries of Government of India. She also held the position of Director (Finance) of NIFT an autonomous organization under Ministry of Textiles. She was on Central Deputation from 2010 to 2015 and was posted as Director (Pension Policy). She was involved in policy formulation for the Central Government Pensioners. As Joint Controller General of Accounts, she was inter alia responsible for presenting the monthly status of the fiscal position of Government to Ministry of Finance.

Ms. Ghosh took over as CMD, SPMCIL w.e.f. 1<sup>st</sup> May, 2018. Ms. Ghosh is also Chairman of Bank Note Paper Mill India Pvt. Ltd. (BNPMIPL), a JV between SPMCIL & BRBNMPL.

#### SHRI AJAI KUMAR SRIVASTAV, Director (Technical)

Shri Ajai Kumar Srivastav, aged 57 years, is a graduate in Mechanical Engineering, 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 joining as Director (Technical), SPMCIL on 29.08.2016, Shri Srivastav has held



various positions like Dy. General Manager & HoD, SPP, Hyderabad, General Manager, India Government Mint, Hyderabad and General Manager, India Government Mint, Mumbai.

Shri Srivastav has been conferred the Business Leadership Award-2013 for 'Manufacturing Excellence for Coins & Medals'. He has also been conferred the award of 'Fellow' by the Institution of Engineers, Kolkata. Under his direction and supervision, India Government 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 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.

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.

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 was instrumental in providing consultancy for manpower planning, benchmarking, productivity and capacity building of a number of 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 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).

#### SHRI AJAY AGARWAL, Director (Finance)

Shri Ajay Agarwal joined SPMCIL as Director (Finance) w.e.f. 23<sup>rd</sup> November, 2017. He is a Gold Medalist Commerce Graduate, Cost & Management Accountant and Masters in Business Administration (HR). He joined Indian Cost Accounts Service in the year 1992 and has served various Ministries & field organizations in various capacities. He has served Ministry of Food Processing Industries, Ministry of Finance, Ministry of Health & Family Welfare, Ministry of Commerce. He looked after around 110 subordinate offices spread across India during his tenure with Ministry of Health & Family Welfare as Director Administration & Vigilance. He was instrumental in bringing systemic improvements in the functioning of various offices of Ministry of Health like Central Government Health Scheme (CGHS), Port Health Offices (PHO), Airport Health Offices (APHO), Regional

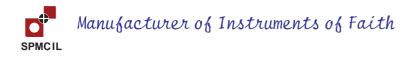


Offices and other health institutes of national prominence through numerous innovative measures.

He has also worked as Chief Vigilance Officer (CVO), IREDA under Ministry of New & Renewable Energy. He has served as Director (Finance), Delhi State Industrial and Infrastructure Development Corporation Limited (DSIIDC) for more than four years. Prior to joining SPMCIL, he served Office of Chief Advisor Cost, Department of Expenditure, Ministry of Finance as Advisor (Cost) for a short duration.

Shri Ajay Agarwal has travelled widely during his assignment with various Central Government Ministries and PSUs. He has attended various training programmes in India and abroad including short term course in Financial Analytical skills at London School of Economics (LSE) and in Public Private Partnership (PPP) at the Institute of Public Private Partnerships (IP3), Washington, a renowned institute of USA.

Shri Ajay Agarwal has more than 25 years of experience and expertise in corporate finance, corporate governance, capital structuring, equity and debt funding, strategic business planning, projects funding, treasury and financial management, financial and internal control, supply chain management, budgetary and cost control, process improvement, compliance, statutory and management reporting.





#### Ms. MEERA SWARUP, Director (Govt. Nominee, Ministry of Finance)



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

Prior to joining Ministry of Finance 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 from 2010 to 2012. While on deputation with Government 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. 10<sup>th</sup> March, 2016. She is also a Director on the Board of GSTN.

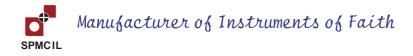
#### SHRI PRASHANT GOYAL, Director (Govt. Nominee, Ministry of Finance)

Shri Prashant Goyal (IAS:1993) has been appointed as a Government Nominee Director vide order dated 26.04.2018 of DEA, Ministry of Finance and acting as part-time Director on the Board of SPMCIL w.e.f. 02.05.2018. Shri Goyal has done B.E. (Electrical Engineering) from NIT Jaipur and PG Diploma in Public Policy and Management from IIM, Bangalore. He holds certificates from University of California, Irvine in Macro Economics & Micro Economics Policy.

He has worked in various Government Departments including Finance, Commerce, Taxation and Infrastructure at various positions. He has been serving as Joint Secretary, Department of Economic Affairs, Ministry of Finance since 07.09.2015. His current



charges include UN, Multilateral Institutions and Coin & Currency. He has attended various training programmes (both in India and abroad) w.r.t. areas relating to Finance, Commerce, Taxation and Infrastructure.





#### SHRI S.C.L. Das, Director (Govt. Nominee, Ministry of Home Affairs)



Shri S.C.L. Das belongs to the Indian Administrative Service. He has professional experience in general administration, financial management, transport, power environment, health and allied sectors. He has served with the Chandigarh Administration and the Govt. of Arunachal Pradesh before coming to Delhi where he has served in the office of the Lt. Governor, Delhi, Ministry of Home Affairs, Govt. of India; the Prime Minister's Office and the United Nations Office for Project Services, New Delhi. He also served as the Secretary, Dept. of Health & Family Welfare in the Govt of NCT of Delhi. He is currently working as Joint Secretary (IS-I), Ministry of Home Affairs, Govt. of India.

Shri Das has degree in basic sciences and in law and has received training in publicprivate partnership, disaster management and e-governance. He also holds a PRINCE-2 Practioner's certificate in project management from U.K. He has worked in the health sector for more than five years and is committed to the national goals and priorities in the social sectors.

Shri Das has professional interests in development planning, participative governance and health policy and related issue. He also pursues his interest in issues concerning science and philosophy.

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. 3<sup>rd</sup> July, 2018.

#### SHRI ARUN K. CHATTERJEE, Director (Nominee, Ministry of External Affairs)

Shri Arun Kumar Chatterjee has been appointed as Customer Nominee Director by Ministry of External Affairs and acting as part-time Director on the Board of SPMCIL w.e.f. 1<sup>st</sup> June, 2016.

Born on 17<sup>th</sup> 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 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, 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 Third / Second Secretary in Embassy of India, Almaty, 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), Director / Joint Secretary (CNV & I) and Chief Vigilance Officer.





#### SHRI AJAY MICHYARI, Director (Nominee, Reserve Bank of India)



Shri Ajay Michyari is Chief General Manager, Department of Currency Management, Reserve Bank of India (RBI). Before this assignment, he was Regional Director of Bhopal. He has also served as Banking Lokpal/Chief General Manager in the State of Madhya Pradesh & Chhattisgarh. He completed his schooling from Bishop Westcott Boys' School, Ranchi and graduated from St.Xaviers College, Ranchi.

He joined the Reserve Bank of India (RBI) in the year 1991 as a Grade 'B' officer. He has worked in the Regional Offices at Kolkata and Patna in various capacities in the areas of payment & settlement systems and supervision of banks. He served as General Manager in the Department of Currency Management at Central Office in Mumbai for five years before

moving out to head the Belapur Regional Office in 2013. Recently, he was a part of an IMF mission to Bhutan on Currency Issues.

He has been an additional director in the RBL Bank Limited (erstwhile Ratnakar Bank Ltd.). He has also been a RBI Nominee Director on the Board of State Bank of Hyderabad. He has been appointed as RBI Nominee Director and acting as part-time Director on the Board of SPMCIL w.e.f. 21<sup>st</sup> March 2018.

#### SHRI P.J. MATHEW, Independent Director



Mr. 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.

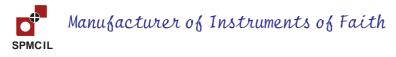
Some of the senior positions held by him are Accountant General, Kerala during 2001-03 and Accountant General, Andhra Pradesh during 2007-09. Thereafter, he was posted as Principal Accountant General, Karnataka. He also had a posting in the office of the CAG of India, New Delhi

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 in 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 SPMCIL w.e.f. 16<sup>th</sup> February, 2017.





### **DIRECTORS' REPORT**

#### **TO THE MEMBERS**

On behalf of the Board of Directors of your Company, I am pleased to share with you the achievements and highlights of your Company during the financial year ended March 31, 2018 and to present the 13<sup>th</sup> Annual Report on the business and operations of Security Printing and Minting Corporation of India Limited (SPMCIL) and its Audited Financial Statements with the Auditor's Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India and reply of the management thereto.

#### PHYSICAL PERFORMANCE

Your Company has achieved the targets in the production of Bank Notes, Security Paper, Passports, Security Inks and other Security Products during the year 2017-18. While achieving the production targets, the Company has also increased productivity per employee considerably.

Your Company has produced 9219 million pieces of the Bank Notes and supplied 8594 million pieces of Bank Notes to Reserve Bank of India (RBI) during the year 2017-18. This is 4.94% higher than the production of 8785 million pieces of the Bank Notes during the last year i.e. 2016-17. Production of the Bank Notes per employee has increased to 2.72 million pieces in 2017-18 as against 2.48 million pieces achieved during the year 2016-17.

Your Company has produced 6703 million pieces of the Circulating Coins and supplied 5571 million pieces of the Circulating Coins during the year 2017-18. This is 30.76% lower than the production of 9681 million pieces of Circulating Coins achieved during the year 2016-17. Production of Coins per Employee has also decreased to 2.55 million pieces in 2017-18 as against 3.37 million pieces achieved in 2016-17. The decrease in the production/productivity of Circulating Coins in the year 2017-18 is due to huge reduction in the indent of Circulating Coins by RBI in the month of July, 2017.

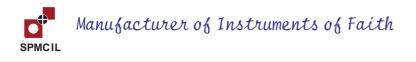
Your Company has produced 5779 Metric Ton (MT) Security Paper and supplied 4657 MT of Security Paper to the printing presses during the year 2017-18. This is 80.59% higher than the production of 3200 MT of Security Paper during the year 2016-17. Production of Security Paper per Employee has increased to 5.16 MT in 2017-18 as against 2.74 MT achieved during the previous year.

Your Company has produced 579 Metric Tonnes (MT) of Security Inks in 2017-18 at Ink Factory, Dewas. This production includes the complete requirement of all four SPMCIL presses, which was around 500 MT and the excess ink was supplied to the currency presses of Bharatiya Reserve Bank Note Mudran Private Limited (BRBNMPL) at Mysuru and Salboni.

#### **FINANCIAL RESULTS**

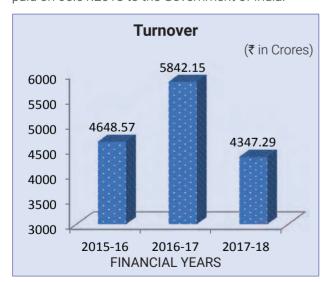
The Financial Statements of your Company for the year 2017-18 along with the comparative Financial Statements of 2016-17 have been prepared in accordance with Ind AS. During the year 2017-18, the Sales Turnover of your Company is ₹4347.29 crores as compared to ₹5842.15 crores during the last year 2016-17 showing a decrease of 25.59% over the previous year. The Sales per Employee during 2017-18 has decreased by 20.05% to ₹45.11 lacs from ₹56.42 lacs during the year 2016-17. The Revenue from Operations of your Company decreased to ₹4445.16 crores in 2017-18 from ₹5966.02 crores during the previous year 2016-17. The main reason for decline in the sales and other revenues is the decline in the sales of circulating coins during the year 2017-18 to ₹1426.43 crores as against ₹2707.25 crores in the year 2016-17. Total expenditure for the year 2017-18 is ₹4015.89 crores as compared to ₹5189.50 crores for the year 2016-17 showing a decrease of 22.62% over the previous period due to decline in cost of consumption of material on account of reduction in production of Circulating Coins as per revised indent of RBI.

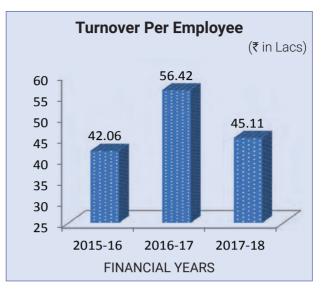
Profit before Tax (PBT) from continuing operations for the year 2017-18 is ₹629.94 crores as compared to ₹914.44 crores for the year 2016-17, a decrease of 31.11% mainly on account of reduction in sales



of Circulating Coins in 2017-18. The company has achieved a Total Comprehensive Income (TCI) of ₹663.77 crores in the year 2017-18 as compared to a TCI of ₹615.68 crores in the year 2016-17. The consolidated TCI has increased to ₹779.65 crores in the year 2017-18 i.e. after taking into account the 50% share of Joint Venture Company, Bank Note Paper Mill India Pvt. Ltd (BNPMIPL) as compared to the Consolidated TCI of ₹745.80 crores in the year 2016-17. There had been a huge saving in financial costs during the year 2017-18 due to prudent decision of pre-payment of balance Term Loan of ₹1135 crores from DEA, Ministry of Finance carrying interest @ 11.50% p.a. in February, 2017.

During the year 2017-18, in accordance with the guidelines on Capital Restructuring of CPSEs issued by the Department of Investment and Public Asset Management (DIPAM), your Company had bought back 11,82,49,000 Equity Shares of face value of ₹10/- each at the book value of ₹38.50 per share from Government of India. The total outgo on account of aforesaid buyback of shares was ₹455.26 crores plus applicable tax of ₹77.75 crores. The free reserves of the Company had been utilized for the purpose of aforesaid buyback of shares. The consideration against the aforesaid buyback was paid on 05.01.2018 to the Government of India.





The summary of audited financial results of the Company on standalone basis for the financial year 2017-18 vis-à-vis 2016-17 is given hereunder:

		(₹ in Lacs)
Particulars	F.Y. 2017-18	F.Y. 2016-17
Revenue from Operations	4,44,515.59	5,96,602.09
Other Income	20,068.17	13,792.12
Total Income	4,64,583.76	6,10,394.21
Total Expenses	4,01,589.39	5,18,950.09
Profit Before Tax (PBT)	62,994.37	91,444.12
Taxation	(151.13)	26,203.62
Profit for the year	63,145.50	65,240.50
Other Comprehensive Income	3,231.96	(3,672.21)
Total Comprehensive Income	66,377.46	61,568.29
Reserves & Surplus	3,03,318.98	3,14,269.90
Net Worth	4,09,743.08	4,32,518.90
Borrowings	-	-
Dividend and Dividend Tax	24,774.05	27,398.28

#### **MOU PERFORMANCE**

As per the Self Evaluation Report of MoU 2016-17, your Company was eligible for 'Excellent' rating. However, the Department of Public Enterprises (DPE) had, while evaluating the MoU 2016-17, made adjustments in the profits of the Company in view of the qualifications of Statutory Auditors on Annual Accounts for the year 2016-17, thus reducing MoU score and downgrading the MoU rating of the Company to 'Good'. Manufacturer of Instruments of Faith



For the year 2017-18, inspite of substantial reduction in revenue from circulating coins, the Company is poised to achieve 'Very Good' rating.

#### **ACTIVITIES AT A GLANCE**

Your company is operating through nine units of five production verticals i.e. India Government Mints, Currency Printing Presses, Ink Factory, Security Printing Presses and Security Paper Mill. A brief introduction of these verticals along with review of operational activities during the year 2017-18 is as follows:

#### 1. MINTS

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

During the year 2017-18, the four mints have produced Circulating Coins of 6703 million pieces as against 9681 million pieces produced during the year 2016-17. The production per employee during the year 2017-18 has decreased to 2.55 million pieces from 3.37 million pieces during the year 2016-17. During the year 2017-18, the Mints have also produced 3892 million pieces coin blanks as against 6006 million pieces produced during the year 2016-17.





During the year 2017-18, IGM, Noida has produced 2405 million pieces of circulating coins as against 3922 million pieces produced in the year 2016-17. IGM, Mumbai has produced 1630 million pieces of circulating coins in the year 2017-18 as against 2201 million pieces produced in the year 2016-17. IGM, Hyderabad has produced 1349 million pieces of circulating coins in the year 2017-18 vis-à-vis 1513 million pieces produced in the year 2016-17. IGM, Kolkata has produced 1319 million pieces of circulating coins in the year 2017-18 vis-à-vis 1513 million pieces produced 1319 million pieces of circulating coins in the year 2017-18 as against 2045 million pieces produced in the year 2016-17.

IGM, Mumbai has obtained the NABL accreditation certificate for Fire Assay of Gold and Assaying of Silver. IGM, Mumbai and IGM, Kolkata have also obtained BIS Licence to use the standard mark for Gold Coins. IGM, Mumbai has the facility of gold refining and can process gold upto a fineness of 999.99g/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.





During the year 2017-18, the following commemorative coins have been released:

 Nabakalebara Festival in connection with Puri Jagannath Temple : IGM, Mumbai has manufactured the Commemorative Coins of ₹1,000 and ₹10 on Nabakalebara festival in connection with Puri Jagannath Temple which was released by the Hon'ble President of India, Shri Ram Nath Kovind on the occasion of Nabakalebar festival at Puri, Odisha on 18<sup>th</sup> March, 2018.



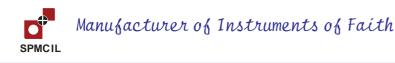
150<sup>th</sup> Birth Anniversary of Shrimad Rajchandra: IGM, Kolkata has manufactured the Commemorative Coins of ₹150 and ₹10 to mark the 150<sup>th</sup> birth anniversary of the Jain poet-thinker, Shrimad Rajchandra, which has coincided with the Sabarmati Ashram's centenary celebrations and the same was released by the Hon'ble Prime Minister of India, Shri Narendra Modi on 29th June, 2017 at Sabarmati Ashram in Ahmedabad. The Hon'ble Prime Minister also released a commemorative first-day cover and a stamp of ₹5 on the same.



 Birth Centenary of Dr. M.S. Subbulakshmi: IGM, Mumbai has also manufactured the Commemorative Coins of ₹100 and ₹10 on the birth centenary of noted musician M.S. Subbulakshmi which was unveiled by the Hon'ble Vice President of India, Shri Venkaiah Naidu on Tuesday, the 19<sup>th</sup> day of September, 2017 at Indira Gandhi National Centre for the Arts, New Delhi.







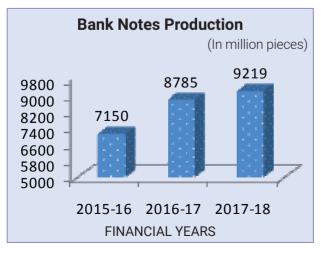


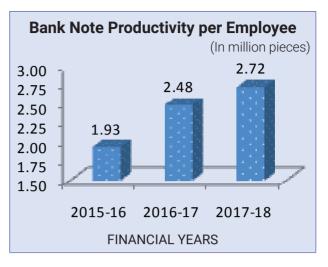
 Birth Centenary of Pandit Deendayal Upadhyay: IGM, Kolkata has also manufactured the Commemorative Coins of ₹100 and ₹5 on Birth Centenary of Pandit Deendayal Upadhyay which was released by the Hon'ble Finance Minister of India, Shri Arun Jaitley on 24<sup>th</sup> September, 2017 at Deendayal Research Institute, New Delhi.



#### 2. CURRENCY PRINTING PRESSES

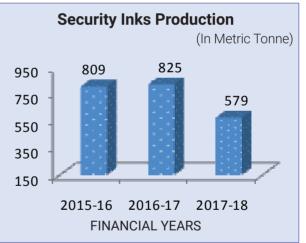
There are two Currency Printing Presses i.e. Currency Note Press (CNP), Nashik and Bank Note Press (BNP), Dewas. CNP, Nashik has produced 5486 million pieces of Bank Notes in the year 2017-18 as against 4872 million pieces produced in the year 2016-17. CNP, Nashik has supplied 5024 million pieces of banknotes to RBI during the year 2017-18 as against 5177 million pieces of Bank Notes supplied during the last financial year, 2016-17. BNP, Dewas has produced 3733 million pieces of Bank Notes in 2017-18 as against 3913 million pieces in the previous year 2016-17. BNP, Dewas has supplied 3570 million pieces of Bank Notes to RBI during the year 2017-18 as against 4088 million pieces of Bank Notes during the last financial year, 2016-17.

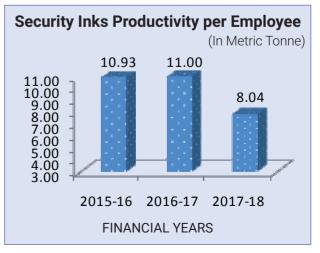


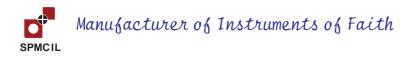


#### 3. INK FACTORY AT DEWAS

Ink Factory is manufacturing Offset Ink, UV Ink and Quickset Intaglio Ink. During the year 2017-18, Ink Factory has manufactured 579 MT of Inks as against 825 MT of inks produced during the previous year 2016-17.









#### 4. SECURITY PRINTING PRESSES

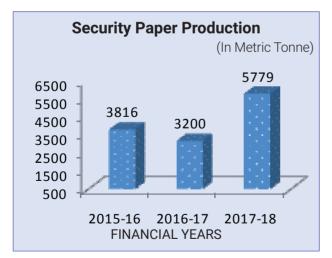
There are two Security Presses, i.e. India Security Press (ISP), Nashik and Security Printing Press (SPP), Hyderabad which are involved in the printing of various security products like Passport booklets, International Visa Stickers, Non-Judicial Stamp Papers (NJSPs), Postal Stamps & Stationery, MICR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

During the year 2017-18, your company has printed 11.61 million pieces of travel documents/ passport booklets as against 15.58 million pieces in the previous year. The decrease in the production of travel documents/passports is due to decreased indent from Ministry of External Affairs. During the year 2017-18, your Company has printed 259.05 million pieces of NJSPs as against 258.99 million pieces printed during the year 2016-17.

#### 5. SECURITY PAPER MILL

#### (a) Security Paper Mill, Hoshangabad

Security Paper Mill (SPM), Hoshangabad is manufacturing different types of Security Papers. Security Paper manufactured by this unit is used for printing of Bank Notes and other security documents by the Printing Presses of the Company.



One integrated new Cylinder Watermarked Bank Note (CWBN) paper making machine with state of art technology with capacity of 6000 MT per annum has been commissioned at SPM, Hoshangabad. During the year 2017-18, your company has produced 5779 MT of Security Paper and supplied 4657 MT Security Paper to the presses. This is 80.59% higher than the production of 3200 MT of Security Paper during the year 2016-17.

### (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), a Green-Field project for manufacturing of CWBN Paper with a total capacity of 12000 MT per annum consisting of two state of the art technology paper lines of capacity of 6000 MT each per annum. The JV Company, BNPMIPL has reported a Net Profit of ₹235.90 crores in the year 2017-18 as compared to Net Profit of ₹266.05 crores in the year 2016-17.

#### MODERNISATION AND CAPACITY AUGMENTATION

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

#### **Currency Presses**

- CNP, Nashik has installed two numbers of Computerised Random Numbering (CRN) systems on Numerota Machine. 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.
- BNP, Dewas has done commissioning of PlastiRota III CD machine, Plasimix PM11-Mixer & Special Finishing Machine.
- Five number of TRMs with press-out devices and two number of heavy duty twin shaft mixers have been installed and commissioned at Ink Factory, Dewas. After installation of these machines, the capacity of Ink Factory will increase to 1500 MT/ annum.





#### Mints

- Modifications of BAK make Pickling & Polishing Lines: BAK make Pickling & Polishing Lines (PPL) were procured in the year 1993. These lines were not suitable for using satellite balls which adds surface finish to the coin blanks. In the absence of satellite balls, washing cycle was kept at 20 minutes. The technical team of IGM, Mumbai modified all the 10 barelles of PPL to make it suitable for using satellite balls. At the output, next to the dryer where finished blanks come out, in-house developed vibro-separator was added to separate satellite balls from finished blanks. Separated satellite balls were then automatically fed to the in-feed vibrating tray to use them with the next batch of blanks. With this, the washing cycle had been reduced to 10 minutes only from earlier 20 minutes. Surface shine of blanks had also improved. This was an innovative idea to improve Polishing process. All the processes required for this modification and necessary automation were done in-house by the technical team of IGM, Mumbai.
- IGM, Noida has upgraded conventional Counting & Packaging line (Bosch Line-I & II) to automate feeding of coins to counters and to pack in small/ big sachet bags automatically.
- The overhauling & up-gradation of MRV Coining presses with complete change of major spares, drive and control panel by OEM are under process. Overhauling of coin counting and packaging machine has been done at IGM, Noida.
- Installation, commissioning and testing of Weighing Bridge and Digital Hardness Tester have been done at IGM, Noida.



#### **Security Presses**

- ISP, Nashik has modernised Booklet Transport System on Final Finishing Machine No. 4 in APMS Section. The complete system has been designed, manufactured and implemented inhouse.
- ISP, Nashik has also modernised Full Book Perforation (except first 4 pages) in UNO e-Passport Machine and APMS Passport Machine No. 4. The complete mechanism has been designed, manufactured and implemented in-house. It saved huge modification cost which would otherwise have been charged by OEM. ISP, Nashik has upgraded and modified Numbering Boxes of Rapida machine to seven digits numbering from existing six digits numbering.
- SPP, Hyderabad has completed the redesign and reassembling work of Old Grapha Machine delivery unit.

#### Security Paper Mill

- In-house modifications were done in reject line at paper machine approach flow system. It will help in reduction in effluents load at ETP and extra recovery of security items (like M-Feature & Security Fibre) and other chemicals. New Guillotine machine was installed to recover fibre from spoil sheets, which will reduce raw material cost per MT of paper.
- DPR was finalized for installation of double head counting machine in-line with existing PASABAN cross cutter for double surety for counting of each reams produced to avoid counting error in presses.

#### HUMAN RESOURCE MANAGEMENT

#### Learning and Development

 Training of employees for Capacity Building is an important priority in SPMCIL. Supervisors and Workers are trained in core functional areas so as to equip them to achieve enhanced production and increased productivity. The development of soft skill of Executives and Supervisors constitute an integral part of Employees training.



# Manufacturer of Instruments of Faith

 Building organizational & leadership capabilities and succession planning is also one of the top priorities of your Company. Accordingly, 8 Senior level Executives were sent to IIM, Lucknow for attending MDP on the theme "Leadership Communication and Image Management" in the month of February, 2018



 A batch of 29 Executives also attended Management Development Program in IIM Lucknow for a period of one week in the month of January, 2018.



#### **Right to Information**

In order to promote transparency and accountability, an appropriate mechanism has been set up across the Company in line with the Right to Information Act, 2005. Your Company has nominated CPIO/ACPIOs/ Appellate Authorities at its units/offices across the country to provide information to citizens under the provisions of RTI Act. Further, your Company has been made 'LIVE' on the GoI's Online RTI Portal from February, 2017 and ever since we are providing information online, apart from providing the requested information offline, through physical RTI applications. Quarterly report on the status of RTI application is submitted timely in compliance with Section 25 of the RTI Act, 2005.



SPMCIL has organised two training programs on "RTI Awareness". The first Program was organised in the month of August, 2017 at ISP Nashik on the theme "Awareness and role of CPIO and APIO under Right to Information Act, 2005" exclusively for all PIOs of all Units/ Corporate Office, wherein concerned officials were sensitised with updates regarding relevant provisions of the Act for effective discharge of their duties and responsibilities. Guest Faculties Shri Piyush Agrawal, Registrar, CIC New Delhi and Shri M.K. Sharma, Retd. Addl. Secretary (Law) were invited to share their knowledge and experience with the participants. The second program was organised in November, 2017 on the theme "Right to Information Act, 2005" at ISP, Nashik. The seminar was graced by Hon'ble Central Information Commissioner. Shri Bimal Julka, IAS (Retd.). The purpose of the seminar was to sensitize and educate the first Appellant Authorities and deemed CPIO's of all the nine units of SPMCIL so as to enable them to deal with the RTI cases & gueries effectively.



# **Industrial Relations**

• The Industrial Relations scenario in the various units remained harmonious and peaceful during the year 2017-18. No man-days were lost during the year.



• 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 January and December in the calender year 2017. The forum facilitates the discussions and deliberations on the employee related issues having ramification over multiple-Units and Company as a whole.

## Connecting with the Employees:

 In order to ensure employee wellbeing, engagement and for building sense of pride, sports events are organised in various Units where employees of all the nine Units and Corporate Office participate. Carrying forward this practice, Inter-Unit Badminton Tournament was organized in SPP, Hyderabad in October 2017 to connect with the Employees. ISP, Nashik had won the Team Championship.

## **Representation of Priority Section**

• Your Company has been complying with the Presidential Directives and other instructions/ guidelines issued from time to time pertaining to Policies and Procedures of Government of India in regard to reservation, relaxations, concessions etc. for Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and Persons with Disabilities (PWDs) in Direct Recruitment. Details with regard to group-wise total number of employees and the representation of Scheduled Castes, Scheduled Tribes, and Other Backward Classes amongst them in your Company as on March 31, 2018 have been given at **Annexure-I** to this report.

# IMPLEMENTATION OF OFFICIAL LANGUAGE

During the year 2017-18, Official Language Policy, Act, Rules etc. were complied with in the Corporate Office and in all the nine Units of the Company. All the documents required to be issued under Section 3(3) of Official Language Act, 1963 were issued in bilingual form invariably.

Quarterly meetings of the Official Language Implementation Committee are held regularly.



Unicode has been activated on computers to facilitate work in Hindi in Corporate Office. 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 the Company:

#### **Official Language Inspection**

 During the year 2017-18, inspections were carried out by the Corporate Office at Security Paper Mill, Hoshangabad on 20.12.2017, at India Security Press, Nashik and Currency Note Press, Nashik on 28.03.2018 and 29.03.2018 respectively.

#### **Official Language Training and Conference**

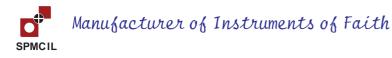
 One day Hindi Training and Conference for Officers and employees of Official Language of all the Units was held on 21.12.2017 at Security Paper Mill, Hoshangabad under the aegis of Corporate Office.



 One day joint Hindi Workshop was also conducted to create conducive environment for creating interest towards official language amongst officers and employees of all the Units and Corporate Office on 22.12.2017 at Security Paper Mill, Hoshangabad.

#### **Translation Work**

- Complete Hindi Translation of Annual Report was made available by Hindi Cell.
- Information required to be uploaded on the website of the Company was made available along with Hindi version.





# Hindi Week

Hindi Week was celebrated in the Corporate Office from 04.09.2017 to 08.09.2017. Total five competitions were held during the week and as per directions given by the Competent Authority, a special competition (essay writing) was held at P&T Senior Secondary School, Atul Grove Road, New Delhi. Participants were awarded with cash prizes. Hindi fortnight was organised in all the nine units of the Company.

# **VIGILANCE ACTIVITIES**

- Vigilance set up: The Board of Directors of SPMCIL had approved the creation of 25 posts for the Vigilance Department of SPMCIL. 20 officers/staff are working in Corporate Office and Units to perform Vigilance Work. Other posts are being filled.
- 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. Complaints are being processed in a time bound manner. Action has been initiated against those found indulging in wrongful practices. Various initiatives have been taken in this period to undertake effective Vigilance work and these are summarized below.

# • Impact/Achievement of Vigilance functions:

- (i) There has been discernible improvement in following of rules, procedures and guidelines relating to procurement, tendering and other vigilance activities. Important circulars from Central Vigilance Commission (CVC) have been compiled and explained to senior staff in the units by Vigilance Department.
- (ii) There has been significant capacity building amongst staff working in vigilance, procurement work and finance functions.
- (iii) Leveraging of information technology has been extensively used by uploading of tenders in downloadable form and post

award details on websites, increasing e-payment and the facility of registering complaints online.

- (iv) The revision of Procurement manual due to new Guidelines etc. was necessary as the version 1.0 was released in the year 2011. The comments of Vigilance Department on revised draft of procurement manual being prepared by IRLIMM have already been conveyed to the Technical Department.
- (v) Vigilance Manual of SPMCIL will be prepared on the basis of revised version of Vigilance Manual of CVC.
- (vi) Details have been sought to check delays in refund of EMD/SD/bills through a special drive initiated by the Vigilance Department as a proactive measure. This has resulted in clearing of backlog of pending EMD/SD/ bills.
- (vii) Vigilance Department insisted on having Standard Operating Procedure (SOP) for all the processes. SOPs have now been formulated through National Productivity Council.
- (viii) Vigilance officials posted in units have been directed to check that the quality of the materials is being tested in the units with the specifications mentioned in Purchase Orders before using the same by the user section. Further, they have also been directed to make surprise checks on the quality of the raw material and confirm whether the material is as per tender specifications or not.
- (ix) Advisories were issued to nine executives on the basis of observations made in the monthly inspection reports conducted by Vigilance Department in various units
- Dissemination of information pertaining to important CVC guidelines: In order to ensure greater transparency in award of contracts and to check whether the laid down systems



& procedures are being followed, the Vigilance Department collects monthly information on the following:-

(i) Negotiations with L-1 (ii) where samples are called along with tenders (iii) uploading of tenders in downloadable form on websites (iv) publishing of post award details on websites, (v) implementation of e-payments (vi) status of receipt of complaints in Corporate Office and in units etc.

- Integrity Pact: Initiative has 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 interaction meetings with the procurement staff/officers of the units periodically to clarify the procurement issues including applicable SPMCIL/CVC guidelines.
- Training to vigilance officials: During the year, Dy. CVO was nominated for one week training programme on 'Vigilance Administration' organized by CVC at ISTM, New Delhi. In all, training for five man-days was imparted during the period.
- Conduct of CTE type inspections by CVO: Twelve 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 so as to remove deficiencies noticed in the system. Advisories were issued to twelve executives and a supervisor based on the observations of CTE Type Inspection. An amount of ₹16,35,723.52 was recovered from supplier on account of LD.
- Activities during Vigilance Awareness Week: The Vigilance Awareness Week was observed

during 30<sup>th</sup> October 2017 to 4<sup>th</sup> November 2017 highlighting the main focus of the week viz. 'My vision - Corruption free India'. 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 organised for increasing transparency and awareness amongst the stakeholders & school children. A Newsletter was released by Shri S. K. Sinha, Director (HR) during the Vigilance Awareness Week. The glimpses of various activities & presentations during the Vigilance Awareness Week were uploaded on the website of the company along with the Newsletter.



- Work relating to the Annual Physical Verification (APV) of stocks: As per the decision of Department of Economic Affairs, Ministry of Finance, the work of Annual Physical Verification (APV) of stocks is now being done by the Vigilance Department of SPMCIL w.e.f. 01.04.2010. During the year 2017-18, 12 such APVs were conducted in the units of SPMCIL. Based on the observations of the APV reports, advisories were issued to two executives and two non-executives of the company.
- 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 posts are



being transferred periodically. Preparation of Agreed list and the list of officers of Doubtful Integrity were complied under 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.
- Disposal of Complaints: During the period, 77 new complaints have been received in the Vigilance Department and 55 numbers of new complaints have been disposed off/closed and remaining 36 complaints (22 new complaints & 14 old complaints) are in process and under various stages of investigation. Based on the findings of investigation done by the Vigilance Department, Major Penalty to seven officials and advisory to six executives were advised. Further, an recovery of ₹1,76,62,846/- was made in various cases.
- **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. During the year, efforts were made for development of utility products departmentally. The following major activities were done by IT department:

- a. The SAP-ERP system has been successfully upgraded and GST was subsequently implemented successfully.
- BI module has been made live and required MIS reports have been created and tested successfully.
- c. Earlier, the Vigilance Clearance used to be handled manually by HR/ Vigilance Department.



IT Department studied the system and has developed an online Vigilance Clearance module departmentally to handle the said activity online.

- d. The online recruitment portal was developed departmentally and applications for recruitment of Young Professionals were called and collected online successfully.
- e. Successful integration of 7<sup>th</sup> CPC in SAP-ERP HR module has been done consolidating the necessary up-gradations. Moreover, implementation of the allowances under 7<sup>th</sup> CPC has also been done successfully.

# SWACHHATA PAKHWARA

SPMCIL celebrated the 'Swachhta Pakhwara' in accordance with the initiatives of Government 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**

 Independence Day and Republic Day were celebrated with high enthusiasm across all the units of the Company. On these occasions, various programme viz. Flag hoisting, CISF Drill, Drawing and Essay Writing Competitions for Children etc. were organised by the Units.







 Inter-Unit Badminton Tournament was organized at SPP, Hyderabad from 12.10.2017 to 14.10.2017. All the units and SPMCIL had participated in the tournament and the event was a great success.



- The International Women's Day was celebrated in the Units and Corporate Office of your Company to felicitate and recognize the women employees working in the Company.
- Your company has signed a growth oriented Memorandum of Understanding (MoU) with Department of Economic Affairs (DEA), Ministry of Finance for the year 2018-19. The MoU was exchanged between Secretary, Department of Economic Affairs, Ministry of Finance, Shri Subhash Chandra Garg and CMD, SPMCIL, Ms. Tripti P. Ghosh on 09.05.2018 at North Block, New Delhi. The MoU is based on the premise of growth in a globally competitive environment and incorporates various parameters and weightages for evaluation of performance with focus on Turnover, Operating Profit, Capacity Utilization, R&D, Innovation and Technology up-gradation including issues related to Human Resource Management (HRM), etc.

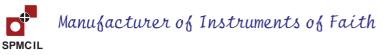


# AWARDS

On the occasion of the 2<sup>nd</sup> meeting and Prize distribution ceremony of the Town Official Language Implementation Committee (PSUs-2), Delhi held on 2<sup>nd</sup> February, 2018, Corporate Office of SPMCIL has been conferred with "Running Shield" for the best performance in official language works.



- Your Company has won the National Award for Excellence in Training & Development organised by World HRD Congress in the Category "Best Development Program in Public Sector for Workers" on 6<sup>th</sup> July 2017.
- CNP, Nashik has been awarded with the First Prize for Excellent Performance in Implementation of Official Language Policy for the year 2016-17 by Official Language Department, Ministry of Home Affairs, Government of India in the 'B' Region of Western Zone. The shield and certificate were received by Shri S.P. Verma, General Manager, CNP, Nashik from Hon'ble Governor of Maharashtra, Shri C.V. Rao in the Award Distribution Ceremony and Rajbhasha Seminar held at Mumbai on 12<sup>th</sup> January, 2018.









- Town Official Language Implementation Committee, Nashik has awarded First Prize to 9<sup>th</sup> Edition of "Mudra Bharati" published by CNP, Nashik for the year 2016-17.
- BNP, Dewas has received 'National Safety Award' as a Runner up based on lowest average frequency rate for the performance year 2015 from Ministry of Labour & Employment on 17.09.2017.
- IGM, Noida has been awarded the Second Prize for Excellent Performance in Implementation of Official Language Policy for the year 2016-17 by Official Language Department, Ministry of Home Affairs, Government of India in the 'A' Region of North Zone. The Shield and Certificate were received by Shri G.P. Agarwal, General Manager, IGM, Noida from Hon'ble Governor of Uttar Pradesh, Shri Ram Naik in the Award Distribution

Ceremony and Rajbhasha Seminar held at Varanasi on 9<sup>th</sup> February, 2018.



Town Official Language Implementation Committee (TOLIC), Noida awarded First Prize to IGM, Noida for Implementation of Official Language for the second consecutive year i.e. in 2016 and 2017. The Official Language Running Shield was received by Shri G.P. Agarwal, General Manager, IGM, Noida from Smt. Nutan Guha Vishwas, Chairman, TOLIC, Noida in the Award Distribution Ceremony held at Indian Oil Corporation Limited, Pipeline Division, Sector-1, Noida on 15<sup>th</sup> February, 2018.



# HIGH SECURITY MANAGEMENT SYSTEMS

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-theclock 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 the units. Intelligence Bureau (IB) personnel under Ministry of Home Affairs are posted in the currency/security presses.



# SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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 2017-18, 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 Net worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions.

In view of above, the Board of Directors has recommended a Final Dividend @ 5% of the Net-worth of the Company for the year 2017-18 aggregating to ₹204.87 crores plus applicable Dividend Distribution Tax. This final dividend for the financial year 2017-18 shall be paid by the Company after approval of shareholders in the forthcoming 13<sup>th</sup> Annual General Meeting of the Company.

# 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-II** to the report.

## **BOARD OF DIRECTORS**

Being a Government Company, the power of appointment of Directors on the Board of the Company is vested with the President of India acting through the Ministry of Finance, Government of India. The remuneration of Directors and employees of the Company is fixed as per extant guidelines issued by Department of Public Enterprises (DPE), from time to time. Further, the part-time Non-Official Independent Directors are paid sitting fees, as decided by the Board of Directors from time to time within the limits prescribed under the Companies Act, 2013 for attending the meetings of Board of Directors and committees thereof. As per the norms of Government of India, the Government Nominee Director is not entitled to receive any remuneration/sitting fee from the Company. The details of remuneration/sitting fees paid to the Directors are given in the Corporate Governance Report annexed to this report.

During the year 2017-18, Dr. Saurabh Garg, former Joint Secretary (C&C), DEA, Ministry of Finance had ceased to be part-time Government Nominee Director on the Board of the Company w.e.f. 3<sup>rd</sup> August, 2017 on relinquishment of charge.

Further, Shri Praveen Garg, former Joint Secretary (FM), DEA, Ministry of Finance was relieved from the additional charge of Chairman and Managing Director (CMD), SPMCIL and Shri Anurag Agarwal, then Joint Secretary (ACC), DEA, Ministry of Finance was given the additional charge of CMD, SPMCIL by DEA, Ministry of Finance w.e.f. 5<sup>th</sup> October, 2017. In terms of order dated 31<sup>st</sup> October, 2017 issued by Ministry of Finance, Government of India, Shri Ajay Agarwal assumed the charge as Director (Finance) of the Company with effect from 23<sup>rd</sup> November, 2017 for the tenure of five years.

Further, Shri Upendra Tripathy had resigned from the position of Independent Director of the Company effective from 3<sup>rd</sup> January, 2018 due to personal reasons. Shri Kumar Alok, Joint Secretary (P-I), Ministry of Home Affairs had been appointed as



part-time Government Nominee Director w.e.f. 16<sup>th</sup> January, 2018 in place of Shri Sudhir Kumar Saxena, then Joint Secretary (IS-I), Ministry of Home Affairs.

Further, Shri Anurag Agarwal, then Joint Secretary (ACC), DEA, Ministry of Finance was relieved from the additional charge of CMD, SPMCIL and Shri S. Selvakumar, Joint Secretary (BC), DEA, Ministry of Finance was given the additional charge of CMD, SPMCIL w.e.f. 16<sup>th</sup> January, 2018. Shri Anurag Agarwal, then Joint Secretary (ACC), DEA, Ministry of Finance was appointed as part-time Government Nominee Director on the Board of SPMCIL w.e.f. 1<sup>st</sup> February, 2018. Shri Ajay Michyari, Chief General Manager In-charge, Department of Currency Management, Reserve Bank of India had been appointed as parttime Director on the Board of SPMCIL w.e.f. 21<sup>st</sup> March, 2018 in place of Shri P. Vijaya Kumar.

Inline with the statutory requirements, the Independent Directors had given the requisite declaration that they meet the criteria of independence and none of the Directors are related inter-se. Further, the Ministry of Corporate Affairs has exempted the Government Companies from the requirement of obtaining approval of shareholders for appointment of Wholetime Director(s) and Independent Director(s) vide Notifications dated 5<sup>th</sup> June, 2016 and 5<sup>th</sup> July, 2017, respectively. Accordingly, the appointment of Functional Directors and Independent Director(s) on the Board of the Company is not required to be approved by the shareholders.

During the year, seven 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.

# 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 31<sup>st</sup> March, 2018 and of profit and loss account for the year ended 31<sup>st</sup> March, 2018;

- (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.

# **AUDITOR & AUDITOR'S REPORTS**

M/s. Bhatia & Bhatia, Chartered Accountants, New Delhi were appointed as Statutory Auditors of your company for the financial year 2017-18 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 2017-18. The Statutory Auditors have audited the annual accounts (standalone and consolidated) for the year ended 31<sup>st</sup> March, 2018 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-III.** 

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 31<sup>st</sup> March 2018 are given at **Annexure-IV & V** respectively. The Management's Replies to the aforesaid comments/observations of Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 are given at **Annexure-VI**.





# **COST AUDIT**

As prescribed under the Companies (Cost Records and Audit) Rules, 2014, the Cost Accounting records are being maintained by the units of the Company. Pursuant to the provisions of Section 148(3) of Companies Act, 2013, the Board of Directors of your Company had appointed M/s. R.M. Bansal & Co., Cost Accountants, Delhi as the Cost Auditors for the financial year 2017-18 to conduct the Cost Audit of products of your Company under the ambit of Cost Audit in accordance with the aforesaid rules and other relevant orders/clarification issued by Ministry of Corporate Affairs, Government 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 had appointed M/s. Amit Agrawal & Associates, Practicing Company Secretaries, Delhi for conducting Secretarial Audit of the Company for the year 2017-18. The report, duly certified by a practising Company Secretary and reply to their observations are attached at **Annexure-VII** to this 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 for the year 2017-18.

# **RISK MANAGEMENT**

Enterprise Risk Management (ERM) is a strategic business discipline that supports the organization's objectives by addressing full spectrum of its risks and managing the combined impact of those risks as an inter-related risk portfolio. The development and implementation of Risk Management Policy for the Company including identification therein of elements of risks, if any, is in process. The Company's Management is committed to further strengthen its risk management capabilities in order to protect and enhance shareholders value. Considering the sophisticated systems, procedures and planned efforts 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. The report issued thereon has been attached along with the Financial Statements.

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

The Government of India has notified a Public Procurement Policy for Micro and Small Enterprises (MSEs). The policy targets 20% of procurement from MSEs with a sub target of 4% from MSEs owned by the Scheduled Caste or the Scheduled Tribe entrepreneurs for the Goods and Services rendered by such organizations. 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 per the Companies (Amendment) Act, 2017, the requirement of attaching Form MGT-9 (Annual Return) with the Board's Report has been done away. The said Form MGT-9 (Annual Return) has been uploaded on SPMCIL's website: www.spmcil.com.

#### STATUTORY DISCLOSURES

- (a) There was no change in the nature of business of the Company during the financial year 2017-18.
- (b) The Company has not accepted any public deposits during the financial year 2017-18.
- (c) No significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.
- (d) The Company maintains an adequate system of Internal Controls including suitable monitoring procedures, which ensure accurate and timely financial reporting of various transactions, efficiency of operations and compliance with statutory regulations and Company policies.
- (e) The Company has not made any loan, given guarantee or provided any security pursuant to

the provisions of Section 186 of the Companies Act, 2013.

- (f) Since the provisions of Section 197 of the Companies Act, 2013 and Rules made thereunder, related to Managerial Remuneration, are not applicable to Government Companies, no disclosure is required to be made.
- (g) Being a Government Company, SPMCIL is exempt from the statutory provisions relating to performance evaluation of Directors and disclosure in respect of evaluation mechanism in the Board's Report.
- (h) There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year i.e. 31<sup>st</sup> March 2018 and the date of this report.

# PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In compliance of the provisions of the Companies Act, 2013, the particulars of contracts or arrangements entered into by the Company with its related parties are disclosed in Form AOC-2, annexed to this report at **Annexure-X**.

# ACKNOWLEDGEMENTS

The Board of Directors acknowledges with deep sense of appreciation the cooperation received from the Government 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 Comptroller & Auditor General of India, Statutory Auditor, Secretarial Auditor and Cost Auditor. The Board of Directors also place on record its sincere appreciation for the devotion and commitment of all employees of the Company.

#### For and on behalf of the Board of Directors

(Tripti P. Ghosh) Chairman and Managing Director







**ANNEXURE-I** 

# SC/ST/OBC REPORT

# Annual Statement showing the representation of SCs, STs and OBCs as on 31<sup>st</sup> March, 2018 and number of appointments made during the preceding year.

	Representation of SCs, STs, and OBCs													
	Nu	mber of E	Employe	es		Number of appointments made during the FY 2017-18								
Group					Ву	Direct R	ecruitme	ent	Ву	Promoti	on	By C	ther Met	hods
	Total	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	349	57	18	61	0	0	0	0	40	7	1	9	3	0
Group B	1100	155	89	150	45	6	1	22	106	8	8	6	0	1
Group C	6351	1204	597	639	35	4	2	20	547	62	27	1	0	0
Group D (Excluding Safai Karmachari)	1735	376	109	372	0	0	0	0	0	0	0	0	0	0
Group D (Safai Karmachari)	103	75	9	3	0	0	0	0	0	0	0	0	0	0
TOTAL	9638	1867	822	1225	80	10	3	42	693	77	36	16	3	1

# **PWD REPORT**

# Representation of P.W.D. as on 31st March, 2018

				Repres	entatio	n of Per	son with	Disabili	ties (F	PWD)								
	Number of appointments made during FY 2017-18																	
			Employe			B	y Direct	Recruit	ment					F	romotio	on		
Group	By Direct Recruitment			of Vaca Reserve		No. of appointment made		No. of Vacancies Reserved			No. of Appointment ma		made					
	Total	VH	HH	ОН	VH	нн	ОН	Total	VH	HH	ОН	VH	HH	ОН	Total	VH	HH	ОН
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Group A	349	0	1	3	0	0	0	0	0	0	0	0	0	0	10	0	0	0
Group B	1100	1	0	16	0	0	1	28	0	0	0	0	0	0	49	0	0	0
Group C	6351	21	32	105	3	3	4	32	0	0	1	0	0	8	431	0	0	3
Group D (Excluding Safai Karmachari)	1735	13	42	75	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Group D (Safai Karmachari)	103	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	9638	35	75	200	3	3	5	60	0	0	1	0	0	8	490	0	0	3

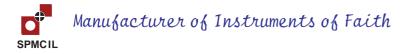
(i) VH stands for Visually Handicapped (persons suffering from blindness or low vision).

(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).

(iv) PWD stands for Persons with Disability.

Note :





REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, R&D AND FOREIGN EXCHANGE EARNINGS AND OUTGO 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 2017-18 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, 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 has set-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

Enhancing content of indigenisation, increasing operational efficiencies, utilising the available resources effectively, process re-engineering etc.

# 4. Expenditure on R & D

During the financial year 2017-18, the Company has incurred ₹1.38 crores towards Research & Development.

# D) FOREIGN EXCHANGE EARNING AND OUTGO

SI. No.	Foreign Exchange Earnings/Outgo	2017-18 (₹ in Cr)	2016-17 (₹ in Cr)
1.	Foreign Exchange Earnings	NIL	NIL
2.	Foreign Exchange Outgo	479.18	1099.49

# For and on behalf of the Board of Directors

(Tripti P. Ghosh) Chairman and Managing Director

Date: 31<sup>st</sup> July, 2018 Place: New Delhi





ANNEXURE-III

# EXPLANATIONS TO COMMENTS / QUALIFICATIONS IN STANDALONE AND CONSOLIDATED STATUTORY AUDITOR'S REPORT DATED 26.07.2018

# **ANNEXURE TO THE AUDITOR'S REPORT**

#### **EMPHASIS OF MATTER PARAGRAPH**

#### AUDIT OBSERVATIONS TO THE AUDITOR'S REPORT

**<u>GST Observations</u>**: Various issues have been identified in the different units as stated below pertaining to the compliance of the GST return filing and computation:

Corporate Office, Delhi : During the course of audit, it has been noticed that Head office had taken the GST Registration in the month of October, which was due to be taken on 01st July, 2017, due to which the Head Office did not comply with the provisions of GST and did not file the GST Returns for the months of July, August and September-2017. The Corporate Office has submitted a letter with the department which states that Corporate Office was allotted a provisional GST Registration Number, however no user ID and password was issued to Corporate Office. As per the ACES website, the provisional ID and password were issued against the registration number of Bank Note Press, Dewas (MP). The Corporate Office circulated the provisional registration number to its vendors and request for the user ID and password was made to ACES and GST Helpline, but no results were achieved. Meanwhile, the Corporate office applied for the fresh registration no, and filed the combined return for all months in October, 2017.

**Management Reply :** The issue has been resolved by taking a fresh registration and all applicable returns have been filed.

• SPP, Hyderabad : Significant variances are observed in the taxable GST Turnover reported in the GSTR-1 (returns) and the books of accounts. Variances are also observed in the GST input tax credit as per books of accounts and as per the GST Electronic credit ledger. These variances are yet to be rectified. In respect of transitionary provisions of the GST Act, 2017 the claim of Input Tax Credit (ITC) of ₹7.95 lacs is pending with the GST Authorities.

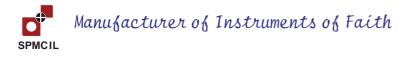
**Management Reply :** The variances have been rectified. Regarding transitional credit, kindly refer to note 44 of Financial Statements. The Company has taken up the matter with GST Authorities to accept the Trans-1 form manually and to allow the input credit.

SPM, Hoshangabad : In respect of transitionary provisions of the GST Act, 2017, the claim of Input Tax Credit (ITC) of ₹64.58 lacs has not been filed with the GST Authority. SPM has requested the jurisdictional commissioner GST to accept the Trans-1 form manually and allow the credit due to SPM. Pending final decision of the GST Authority, the transitional stock as on 30<sup>th</sup> June, 2017 is not recognized in the financial statements.

**Management Reply :** Kindly refer to note 44 of Financial Statements. The company has taken up the matter with GST Authorities to accept the Trans-1 form manually and to allow the input credit.

India Government Mint, Hyderabad : After Introduction of GST, the unit, for the period 1<sup>st</sup> July, 2017 till 30<sup>th</sup> September, 2017 considered supply of coins as not liable to GST. However, as per the guidelines received from head office, the unit has considered supplies made as taxable from 1<sup>st</sup> July, 2017 onwards. Consequently, the unit created requisite tax liability and claimed input credit on inward supplies.

*Management Reply*: Kindly refer to note 44 of Financial Statements.





**Revenue Recognition :** Various issues have been identified in different units as stated below pertaining to the recognition of revenue and applicability of the Chief Advisor Cost (CAC) rates:

Security Printing Press, Hyderabad : The unit has accounted the sale of postal stationery for the year 2017-18, at the rates recommended by the Chief Advisor Cost, MOF, Government of India for the year 2013-14 for the period April, 2017 to February, 2018 and for March, 2018 as per CAC rates for the year 2014-15. If the CAC recommends different rates than those recommended for the year 2013-14 and 2014-15, sales account and profit for the year will affect to that extent and accordingly the trade receivables. The amount could not be ascertained.

**Management Reply :** The revenue recognition is done by the company for the differences in the year in which the rates are finalized by CAC, MoF consistently as per accounting policy. The rates for the above years are so far not finalized and therefore impact is not known.

India Security Press, Nashik : The sale 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 2015-16, 2016-17 and 2017-18 resulting into uncertainty of the revenue recognized. The practice followed by the unit in this regard has been in deviation to the Ind AS 18 with a minor significance when compared to the total turnover of the company.

At present, billing is being made as per latest CAC rate for F.Y. 2014-15 approved by the CAC Authorities. The details of difference between the CAC approved rates and actual billing rates are as below:

			(Amount in ₹)
Year	Bill Amount	Amount as per CAC rates 2014-2015	Rate difference
2015-16	11,61,88,462	11,01,75,852	(60,12,610)
2016-17	10,37,10,178	8,84,07,552	(1,53,02,626)
2017-18	11,35,66,297	11,37,90,493	2,24,196
Total	33,34,64,937	31,23,73,897	(2,10,91,040)

**Management Reply :** The revenue recognition is done by the Company for the differences in the year in which the rates are finalized by CAC, MoF consistently as per accounting policy. The rates for the years 2015-16, 2016-17 & 2017-18 are so far not finalized and, therefore, the billing is being done at the latest approved CAC rates.

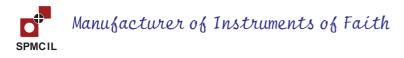
**<u>Retained Earnings</u>**: The Company has adjusted the prior period items, disputed claim and depreciation from the current year retained earnings during the year as below:

SI. No.	Particulars	Amount (Lacs)	Remarks
1	Prior Period Items	106.34	BNP, Dewas (Income); SPP, Hyderabad (Expense) have been adjusted in the year ended 31 <sup>st</sup> March, 2018
2	Disputed Claims	(9533.97)	ISP, Nashik – VAT for differential liability pertaining to 1 <sup>st</sup> April, 2005 till 31 <sup>st</sup> March, 2017 have been provided in the current year.
3	Depreciation	974.25	ISP, Nashik – Depreciation write back pertaining to FY 2015-16 on account of reinstatement of Plant and Machinery items during the year ended 31 <sup>st</sup> March, 2018.

**Management Reply :** The above said amounts are pertaining to previous years and, therefore, do not affect the profit of the current year. As such, these are recognized through retained earnings.

#### In respect of Corporate Office, Delhi

SI. No.	Matter of Emphasis	Observation				
1	Direct tax matters	According to the information & explanation provided and in accordance to the books of accounts, some matters need urgent emphasis by the management. The matters are stated in <b>Annexure 1.2.</b>				



SI. No.	Matter of Emphasis	Observation
2	Appointment of Independent Director as per Section 149 of Companies Act, 2013	According to Section 149, of Companies Act, 2013, a company must have a minimum two Independent Directors. But according to explanation and information available the post of one Independent Director is vacant since 03.01.2018, which contravenes the provisions of Companies Act.

## Management Reply :

- (i) Regarding Income tax, matters are being taken up at appropriate forums of Income tax authorities.
- (ii) 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 acting through Ministry of Finance, Government of India. Consequent upon the resignation of Shri Upendra Tripathi, Independent Director w.e.f. 03.01.2018, the post of one Independent Director is vacant and the Ministry of Finance, Government of India has been requested to fillup the said vacancy and the matter is under consideration of the Administrative Ministry.
- According to the information and explanation provided to us, the below ledgers pertains to balances due from Ministry of Finance (MoF) towards liability transferred to SPMCIL on account of Employee Benefits. The amount standing in the books of SPMCIL could not be verified in absence of data and computation for the outstanding amount. No reconciliation for the same could be provided by the unit and hence, the correctness of the same cannot be commented upon.

SI. No	GL Code	Particulars	Outstanding Since	Amount (₹)
1.	13500080	Other Current Liabilities	31.03.2015	69,599,523

|--|--|--|--|--|--|

SI. No	GL Code	Particulars	Outstanding Since	Amount (₹)
2.	14000038	PAO/C&C M.O.F (PENS)	31.03.2011	2,948,025
3.	24500077	PAO/C&C DEA M.O.F EPF	31.03.2012	90,197,571
4.	24500078	PAO/C&C DEA M.O.F GPF	31.03.2012	36,950,078
5.	24500071	Other Receivables	31.03.2014	808,659

**Management Reply :** Matter is being taken up to reconcile the balances.

## In respect of IGM, Hyderabad

Commercial Tax Department, Hyderabad, has • raised demand of ₹24,400.64 lacs for the sale of circulation coins, for the period April, 2006 to November, 2013 for difference in sales tax on other items, Interest and penalty. The Company did not file an appeal before the Appellate Authority as required under VAT law till last year (FY: 2016-17). However, the Company has filed a writ petition in the High Court against the said demand and stay order have been granted on 19th April, 2018. The stay petition has been stayed subject to the condition that the petitioner deposits 10% of the demand amount within 16 weeks of the order passed. The amount is yet to be deposited and no provision is made for the same in the books of accounts

**Management Reply :** The Company has obtained an interim stay from the Hon'ble High court. Therefore, the provision has not been made.

For the period 1<sup>st</sup> April, 2017 to 30<sup>th</sup> June, 2017 job work of melting and manufacture of medals undertaken by the unit to the tune of ₹31.08 lacs amounted to manufacture under the Central Excise Act, 1944 and the duty, if any, on the product so manufactured is recoverable from the customers and had to be remitted to excise department. No such recovery has been made from the customers for the service



tax amounting to ₹4.66 lacs and has not been deposited with the service tax department.

**Management Reply :** The company is seeking advice of tax consultant and shall take suitable action as per the advice.

# In respect of Currency Note Press, Nashik:

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

**Management Reply :** The matter cited is sub-judice and under conciliation proceedings before ALC. On finalisation of the proceedings, matter shall be suitably addressed.

• **N A Taxes Payable :** The unit has not quantified and provided for NA tax payable on Land for the financial year 2017-18 and earlier years.

**Management Reply :** The Company has not received any demand towards N A tax. Therefore, in absence of any quantification of amounts, the same could not be considered.

• **Insurance Policy :** The unit has not obtained transit insurance on dispatching Bank Notes to RBI.

**Management Reply :** The product of the company is Bank Notes. In insurance, two types of values are to be considered – invoice value & face value. There is a big difference in the two values & therefore opinion is being taken for the type of value to be considered for insurance premium.

 IND AS 109 "Financial Instruments: Recognition and Measurement": The company has accounted for CISF Deposit of ₹46.21 lacs and Employee House Building Advance (HBA) and other employee Loans of ₹207.60 lacs on historical cost basis instead of amortized cost. This is in contradiction with the Ind AS 109 -Financial Instruments. The management is of the view, that since the amount is immaterial, hence will not impact the financials.

**Management Reply :** The deposit with CISF is Interest free. Similarly, the advances to employees are long term with fairly long maturity period. As the balances are reducing each year, the impact on the accounts is not material.

 IND AS-19 "Employee Benefits": In respect of Employee House Building Advance (HBA) Loans and other employee loans, amounting to ₹207.60 lacs where the sanctioned interest rate is lower than the market rate, the unit has not expensed out the benefit in the Profit and Loss Account. To this extent it is contrary to the provisions of Ind AS-19. The management is of the view, that since the amount is immaterial, hence will not impact the financials.

**Management Reply :** These advances carry a large maturity period and with the reducing balances of advances, the impact on accounts is not material.

 Trade Receivables - Provision for rate Differences: The outstanding debtors as on 31st March, 2018 includes ₹5084.98 lacs on account of short payment received from RBI against the Selling rates for the F.Y.2016-17 against ₹10, 50, 100 & 1000 denomination & F.Y. 2017-18 against ₹10, 50 & 100 denomination. The provision for doubtful debts for the same is not made in the Financials. The management is of the view, since advances have been received from RBI



without any specific direction for appropriation of payment against bills, so in the financials the debtor balance is set off against the advance received from RBI.

**Management Reply:** Against the rates charged by the Company for printing of bank notes, in some denominations, the payment by RBI is higher than billed rate. The differential advance is higher than the pending debtors and, thus, no provision is warranted.

#### In respect of SPM, Hoshangabad

 The unit is recognizing revenue on "Budgeted Cost" as provided by management in Note no. 2.4 (a).Our opinion is not qualified in this regard.

**Management Reply:** The budgeted cost concept is used only for stock transfers to other units. Action is being taken to use transfer pricing on the basis of actual purchases or sales method.

#### In respect of IGM, Kolkata

 Note 1 (B) (III) to the financial statement, describes the uncertainty related to the outcome of the writ petition filed by the Company at Calcutta High Court, challenging "West Bengal Entry Tax-2012" and non-payment of Entry Tax form 1<sup>st</sup> June, 2013.

Management Reply : The Single Bench of the Hon'ble High Court at Calcutta vide judgment and order dated 24.06.2013 has declared that the West Bengal Entry Tax Act 2012 is ultra vires. This office has also filed a writ petition at Calcutta High Court and by an order dated 13.01.2014, the aforesaid Writ application was adjourned sine die till the disposal of the pending matter before the Hon'ble Division Bench. As per Legal opinion received by this office, IGM, Kolkata should not pay/deposit Entry Tax to the authority as amount collected by department in this regard will not be refunded to the assessee. However, as per recent Legal opinion received from our lawyer, it is noted that 'since the matter is Sub-judice touching the issue whether provision of Section 4 of the West Bengal Tax on Entry of Goods into Local Area Act, 2012 is ultra vires and Writ Application W.P No. 38152 (W) of 2013 is pending for adjudication before the Hon'ble

High Court, SPMCIL should file an application in the pending matter before the Hon'ble Division Bench inter alia praying for leave to intervene in the pending appeal as SPMCIL is vitally interested in the subject matter of the appeal and its outcome. It may incorporate the subsequent state of affairs including the present demand raised towards the Assessment Year 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 by the Deputy Commissioner, Commercial Taxes, Alipore, Kolkata. The company is preparing to file an application before the Division Bench.

## In respect of India Government Mint, Noida

Goods and Service Tax : According to the information and explanation given to us during the course of audit it was observed that advance payments were made by IGM Noida to CPWD (Vendor code 102247) for Repair and Maintenance of Township, Factory Building, Non-Factory Building etc. However, no Goods and Service Tax under Reverse Charge Mechanism was levied and paid on the Advance amount, since in the meeting held with the CPWD, the rates quoted by them are said to be inclusive of the GST.

**Management Reply :** As per the contract with CPWD, the amounts billed by them are inclusive of GST. Therefore, no tax under reverse charge mechanism was levied as it would have resulted in double taxation. However, matter is being examined in consultation with legal experts.

Sales Tax: The unit has accepted for payment of sales tax on sales of coins made in the various years as per the order received from the Sales Tax Authority (Noida). The quantum of the interest and penalty is not specified in the orders received from the authority. In absence of same in the order, no provision is made in the Accounts for the impact of interest and penalty.

**Management Reply :** The Company has not received any demand in respect of interest or penalty from VAT Authority and therefore, no provision has been considered.



# In respect of India Security Press, Nashik

# • Non-Agricultural (NA) Tax ₹262.59 Lacs

The Maharashtra Revenue Department has raised the Non-Agricultural Land Tax on the ISP Unit. The demand along with the arrears of demand as on 15<sup>th</sup> December, 2017 raised by the circle officer aggregated to ₹262.59 lacs in respect of the various properties held by the ISP unit as on 31.03.2018. The unit has contested the demand on the pretext of it being a Government of India entity involved in execution of sovereign functions i.e. the printing of security documents. However, the demand has not been legally contested before an appropriate forum and as such not paid and settled by the ISP unit as on 31st March, 2018. At the instance of Audit, the unit has provided an appropriate amount of ₹262.59 lacs in the books on the basis of demand letter issued by the revenue department. The belated payment of these statutory dues may invite the interest implication and the expense claimed as NA tax although debited to profit and loss account shall not be eligible as an allowable deduction under the Income Tax Act 1961.

**Management Reply :** The company has not accepted the demand raised by the Department of Revenue, Govt. of Maharashtra, as the demand is based on the commercial rates. The Department of Revenue has been requested by the Company to revise the demand based on the bifurcation of residential & commercial area. On receipt of the revised demand from the Department of Revenue, the same will be considered by the Company for payment.

# Non-provision of liability on account of the outcome of legal matters pending disposal before appropriate legal forums.

ISP, Nashik has been filing various legal cases before the Courts of Judicature at various levels involving financial implications depending upon the final outcome of the matter before the judicatures. It was observed that while the unit has provided an amount of ₹2974.67 lacs towards the liability in the books in few number of cases. Where the quantum of financial implications could not be ascertained, the liability has not been quantified and as such no provision has been made in the books in absence of proper quantification.

**Management Reply :** In respect to legal cases filed, the company has made provisions where ever the amounts involved were quantified. In other cases, where it is not possible to assess the amounts, creation of provision shall be done on the outcome of the case.





# 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 31<sup>st</sup> March, 2018, we report that:

# Para 3(i)A

**Audit Observation :** 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 CNP, Nashik : The unit has maintained proper records of Fixed Assets so as to show full particulars, including quantitative details. However out of the total Land cost of ₹59.55 lacs, details of land amounting to ₹17.03 lacs such as area of land, exact location/boundaries are not available. Further out of the gross block of building of ₹3,767.21 lacs details of building amounting to ₹1,691.31 lacs such as area, building plan and completion certificate are not available.

**Management Reply :** The Company is taking action for obtaining the copy of land deeds from the local authorities. Thereafter, action will be initiated for registration of the premises in Company's name.

# Para3(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.

 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. 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, Nashik : 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 CS No.228 & 229 (Fort), CS No. 560,561,562 & 563 (Mahim), CS No. 108 (Parel), CS No 399 (Tardeo) were not in the name of the unit.
- 5. 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.
- 6. In case of IGM, Hyderabad : The title deed of land is not held in the name of the company at IDA Phase-II Cherapally, Hyderabad, Telangana
- 7. **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).
- 8. **In case of SPM, Hoshangabad :** 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 are being transferred in the name of the company. Action is being taken for ascertainment of stamp duty from the local registering authority for further action of registration of premises in the name of the Company, where ever applicable.



# **ANNEXURE-IV**

# 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 31 MARCH 2018

The preparation of the financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 26th July, 2018.

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 the Security Printing and Minting Corporation of India Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 143(6)(b) of the Act, which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related audit report:

# A. Comments on Profitability

A.1 Statement of Profit & Loss Account Deferred Tax Asset (Net) as at 31 March 2018 (Note No.6) - ₹841.52crore Deferred Tax Asset (Net) as at 31 March 2017 (Note No.6)-₹686.86crore

# Retained Earnings as at 31 March 2017: (Note 12-C)-₹2604.41 crore

A provision for shortfall in pension trust of ₹₹227.68 crore pertaining to previous year was adjusted against the retained earnings of previous year as a rectification of error but Deferred Tax Assets of ₹78.80 crore created on the aforesaid provision was credited in the profit and loss account of the current year instead of adjusting against retained earnings.

This has resulted into overstatement of profit and Deferred Tax Asset of the current year and understatement of retained earnings and Deferred Tax Asset of the previous year by ₹78.80 crore.

# A2. Statement of Profit & Loss Account Deferred Tax - (₹171.77 crore) Deferred Tax Asset (Net) (Note No.6)-₹841.52 crore

While calculating Deferred Tax Liabilities (DTL), Capital Work In Progress (CWIP) of ₹75.49 crore was wrongly included in the Written Down Value (WDV) of Fixed Asset calculated as per the Companies Act. As no depreciation is chargeable on CWIP as per provisions of the Companies Act as well as the Income Tax Act, CWIP does not create any taxable temporary difference qualifying for creation of Deferred Tax Liabilities. As the company's Deferred Tax Assets (DTA) is more than DTL net off has been appearing in Note No.6.

Incorrect inclusion of CWIP in WDV of fixed assets has resulted in understatement of Deferred Tax Asset as well as Profit for the year by ₹26.12 crore.

# A.3. Statement of Profit & Loss Account Other Income (Note.19)-₹200.68 crore Retained Earnings as at 31 March 2017: (Note 12-C)-₹2604.41 crore

Other Income includes a provision for doubtful debts of ₹12.31 crore written back during current year 2017-18



as the same was wrongly created during previous year. The aforesaid provision written back should have been adjusted against the retained earnings of the previous year instead of crediting the same in the profit and loss accounts of the current year-2017-18 as per the provisions of IndAS-08.

This has resulted in overstatement of profit for the year 2017-18 and understatement of retained earnings by ₹12.31 crore.

- B. Comments on Financial Position
- B.1 Balance Sheet as on 31 March 2018 Retained Earnings (Note No.12-C)
  -₹2576.74 crore Trade Payables-Current (Note No. 13(ii)-b)
  -₹236.36 crore

The Trade payables do not include a provision of ₹44.85 crore being Rate Difference due to booking of sales of coins for the year 2014-15 at the Fair Selling Prices (FSP) of the year 2012-13<sup>1</sup> which was higher than the FSP for the year 2014-15 finalized during 2016-17 by the Ministry of Finance (MoF).

Since the aforesaid provision for rate difference was omitted to be provided during the previous year, it should have been adjusted against the retained earnings in current year as required by IndAS-08 which is not done by the company.

Thus, non-provisioning for rate difference resulted in overstatement of retained earnings and understatement of Current Trade Payables of the company by₹44.85 crore.

Though the Statutory Auditor had qualified the matter in their previous year's report, the Statutory Auditor issued an unmodified report for the current year. Thus, the Statutory Auditors' report is also deficient to that extent.

# C. Comments on Cash Flow Statement

#### **C.1 Cash Flow Statement**

Cash flow statement is deficient up to the extent as mentioned below:

 Other adjustments of ₹84.53 crore being prior period items, disputed claims and depreciation were adjusted against the retained earnings but



the same should not have been deducted from the profit for the year in the cash flow statement while calculating cash generated from operating activities.

- II. Foreign exchange fluctuation gain of ₹4.71 crore was not reduced from the book profit before tax.
- III. Other non-operating income of ₹31.42 crore was not reduced from book profit before tax while calculating cash flow from operating activities.

## D. Comments on Statutory Auditor's Report

# D.1 Statutory Auditor's Report

Emphasis of Matter paragraph instatutory auditor's report includes the matters which are not disclosed in the Standalone Financial Statement of SPMCIL. Inclusion of these issues in Emphasis of Matter paragraph is not in compliance with the provisions of SA 706 which definesEmphasis of Matter paragraph as "a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importancethat it is fundamental to users' understanding of the financial statements."

Further as per the requirement of SA 706, the statement that "auditors opinion is not modified in respect of matter emphasized" has also not been included in Emphasis of Matter paragraph.

Thus auditor report on Standalone IndAS Financial Statements is deficient being not in compliance with SA 706.

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

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

New Delhi Date: 30.07.2018

1. Due to pending finalization of the FSP for the year 2014-15; sales for the year was booked in 2014-15 at the FSP for the year 2012-13 being only finalized FSP available at that time.



# **ANNEXURE-V**

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2018

The preparation of consolidated financial statements of Security Printing and Minting Corporation of India Limited for the year ended 31 March, 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139(5) read with Section 129(4) of the Act is 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 Revised Audit Report dated 26 July, 2018.

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 2018. 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<sup>1</sup> (Joint Venture). This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

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

1. Audit of Bank Note Paper Mill India Private Limited is in progress;

- A. Comments on Profitability
- A.1 Consolidated Statement of Profit & Loss Account; Deferred Tax Asset (Net) as at 31 March 2018-(Note No.6)-₹841.52 crore; Deferred Tax Asset (Net) as at 31 March 2017-(Note No.6)-₹686.86crore; Retained Earnings as at 31 March 2017-₹2725.09 crore

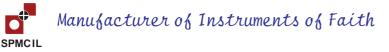
A provision for shortfall in pension trust of ₹227.68 crore pertaining to the previous year was adjusted against the retained earnings of previous year as a rectification of error but Deferred Tax Assets of ₹78.80 crore created on the aforesaid provision was credited in the profit and loss account of the current year instead of adjusting against retained earnings.

This has resulted into overstatement of Consolidated Profit and Deferred Tax Asset of the current year and understatement of retained earnings and Deferred Tax Asset of the previous year by ₹78.80 crore.

# A2. Consolidated Statement of Profit & Loss Account; Deferred Tax-(₹171.77 crore); Deferred Tax Asset (Net) (Note No.6)-₹841.52 crore

While calculating Deferred Tax Liabilities (DTL), Capital Work In Progress (CWIP) of ₹75.49 crore was wrongly included in the Written Down Value (WDV) of Fixed Asset calculated as per the Companies Act. As no depreciation is chargeable on CWIP as per provisions of the Companies Act as well as the Income Tax Act, CWIP does not create any taxable temporary difference qualifying for creation of Deferred Tax Liabilities. As the company's Deferred Tax Assets (DTA) is more than DTL net off has been appearing in Note No.6.

Incorrect inclusion of CWIP in WDV of fixed assets has resulted in understatement of Deferred Tax Asset as well as Consolidated Profit for the year by ₹26.12 crore.





A.3. Consolidated Statement of Profit & Loss Account; Other Income (Note.19)-₹200.68 crore; Retained Earnings as at 31 March 2017-₹2725.09 crore.

Other Income includes a provision for doubtful debts of ₹12.31 crore written back during current year 2017-18 as the same was wrongly created during previous year. The aforesaid provision written back should have been adjusted against the retained earnings of the previous year instead of crediting the same in the consolidated profit and loss accounts of the current year-2017-18 as per the provisions of IndAS-08.

This has resulted in overstatement of Consolidated Profit for the year 2017-18 and understatement of Retained Earnings by ₹12.31 crore.

- B. Comments on Financial Position
- B.1 Consolidated Balance Sheet; Retained Earnings (Note No.12-C)- ₹2813.29 crore;

# Trade Payables-Current (Note No. 13 (ii)-b) -₹236.36 crore

The Trade payables do not include a provision of ₹44.85 crore being Rate Difference due to booking of sales of coins for the year 2014-15 at the Fair Selling Prices (FSP) of the year 2012-13<sup>2</sup> which was higher than the FSP for the year 2014-15 finalized during 2016-17 by the Ministry of Finance (MoF).

Since the aforesaid provision for rate difference was omitted to be provided during the previous year, it should have been adjusted against the retained earnings in current year as required by IndAS-08 which is not done by the company.

Thus, non-provisioning for rate difference resulted in overstatement of Retained Earnings and understatement of Current Trade Payables of the company by ₹44.85 crore.

Though the Statutory Auditor had qualified the matter in their previous year's report, the Statutory Auditor issued an unmodified report for the current year. Thus, the Statutory Auditors' report is also deficient to that extent.

#### C. Comments on Cash Flow Statement

### C.1 Consolidated Cash Flow Statement

Consolidated Cash flow statement is deficient up to

the extent as mentioned below:

- Other adjustments of ₹84.53 crore being prior period items, disputed claims and depreciation were adjusted against the retained earnings but the same should not have been deducted from the profit for the year in the cash flow statement while calculating cash generated from operating activities.
- II. Foreign exchange fluctuation gain of ₹4.71 crore was not reduced from the book profit before tax.
- III. Other non-operating income of ₹31.42 crore was not reduced from the profit before tax while calculating cash flow from operating activities.

# D. Comments on Statutory Auditor's Report

## D.1 Statutory Auditor's Report

Emphasis of Matter paragraph in statutory auditor's report includes the matters which are not disclosed in the Consolidated Financial Statement of SPMCIL. Inclusion of these issues in Emphasis of Matter paragraph is not in compliance with the provisions of SA 706 which defines Emphasis of Matter paragraph as "a paragraph included in the auditor's report that refers to a matter appropriately presented or disclosed in the financial statements that, in the auditor's judgment, is of such importancethat it is fundamental to users' understanding of the financial statements."

Further as per the requirement of SA 706, the statement that "auditors opinion is not modified in respect of matter emphasized" has also not been included in Emphasis of Matter paragraph.

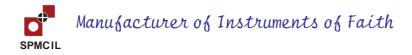
Thus auditor report on Consolidated IndAS Financial Statements is deficient being not in compliance with SA 706.

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

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

New Delhi Date: 30.07.2018

<sup>2.</sup> Due to pending finalization of the FSP for the year 2014-15; sales for the year was booked in 2014-15 at the FSP for the year 2012-13 being only finalized FSP available at that time.





# **ANNEXURE-VI**

# MANAGEMENT REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE COMPANIES ACT, 2013 ON THE STANDALONE AND CONSOLIDATED FINANCIAL STATMENTS OF THE SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

# Para A.1, A.3 :

It is submitted that observation of the audit regarding deferred tax and provisions written back arisen due to different interpretation of provisions of Ind AS by SPMCIL. Observation of the audit is noted for future compliance.

#### Para A.2:

As per Ind AS 12, Taxable temporary differences are those temporary differences that will result in taxable amounts in determining taxable profit/loss of future periods when the carrying amount of the assets/liabilities is recovered or settled. Based on the above definition, all assets including CWIP has been included for the purpose of determining deferred tax liabilities. However, since income tax act 1961 specifically excludes CWIP the same has not been considered in the tax base. However, observation of the audit is noted for future compliance.

## Para B.1:

It is submitted that there is no impact on profit during the year. Necessary accounting entries have been made during F.Y 2018-19. Observation of the audit is noted for future compliance.

#### Para C.1:

It is submitted that there is no impact on profit during the year. Observation of the audit is noted for future compliance.

#### Para D.1:

This observations pertains to Statutory Auditor's Report. Hence, there is no comment from management.

#### For and on behalf of the Board of Directors

Date: 31<sup>st</sup> July, 2018 Place: New Delhi (Tripti P. Ghosh) Chairman and Managing Director





**ANNEXURE-VII** 

Form No. MR-3

# SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2018

# [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 16<sup>th</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Security Printing and Minting Corporation of India Limited** (hereinafter called the Company) having its Registered Office at 16<sup>TH</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110001, India. Secretarial Audit was conducted in a manner that provided me a reasonable basis forevaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. Security Printing** and Minting Corporation of India Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31<sup>st</sup> March**, **2018** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. Security Printing and Minting Corporation of India Limited** for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules

made thereunder;

- (ii) The Secretarial Standards issued by The Institute of Company Secretaries of India;
- (iii) Other laws applicable specifically to the Company namely:
  - a) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952;
  - b) Payment of Gratuity Act, 1972;
  - c) Payment of Wages Act, 1936;
  - d) Payment of Minimum Wages Act, 1948;
  - e) The Maternity Benefit Act, 1961;
  - f) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal Act), 2013;
  - g) Payment of Bonus Act, 1965;
  - h) Employees' State Insurance Act, 1948;
  - i) Factories Act, 1948;
  - j) Contract Labour (Regulation and Abolition) Act, 1970;
  - k) Industrial Dispute Act, 1947;
  - I) Indian Trust Act, 1882 created for PF purposes for its employees.

# Environmental Related

- m) The Water (Prevention & Control of Pollution) Act, 1974;
- n) The Air (Prevention & Control of Pollution) Act, 1974;
- o) The Explosive Act & Rule for storing fuel/ Petrol and Diesel for Generators;
- p) The Environmental Protection Act, 1980 read with various rules for Handling Air, Solid, Liquid, Electronic Waste.

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





(i) The Board of Directors of the Company was duly constituted with proper balance of Independent Directors till 03.01.2018. However, with the resignation of one of the Independent director on that date the composition of the Board was not proper thereafter in accordance with the provision of Companies Act.

However, during the period under review, provisions of the following regulations were not applicable to the Company because of clause (I) no FDI and ECB has been taken by the Company since incorporation and for (II)&(III) clauses below, the Company is unlisted Company. Hence, comments are not required to be made in respect of these clauses:

- I. Foreign Exchange Management Act, 1999 and rules and regulation made thereunder to the extent Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- II. The Rules, Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').
- III. The Listing Agreement with any Stock Exchange.
- I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Women director *except Independent Director*. The changes in

Date : 11.07.2018 Place : Delhi 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, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. We further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

We further report that during the audit period there were no specific events /actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

#### For Amit Agrawal & Associates

(Company Secretaries) Sd/-

(CS Amit Agrawal)

(Proprietor) M. No. F5311 C.P. No. : 3647





Τo,

The Members, Security Printing and Minting Corporation of India Limited 16<sup>TH</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110 001

Dear Sir/Madam,

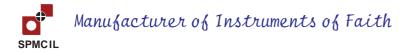
Our report in form no. MR-3 of even date is to be read along with this letter.

- 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 provide a reasonable basis for our opinion.
- 3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- 4. Where ever 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 viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date : 11.07.2018 Place : Delhi

# For Amit Agrawal & Associates

(Company Secretaries) Sd/-(CS Amit Agrawal) (Proprietor) M. No. F5311 C.P. No. : 3647





# **REPLY TO THE OBSERVATIONS OF SECRETARIAL AUDITORS**

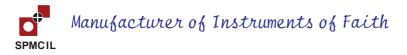
SI. No.	Auditor's Observations	Company's Reply
01	The Board of Directors of the Company	SPMCIL is a Government Company and as per the
	was duly constituted with proper balance	Articles of Association of the Company, the power to
	of Independent Directors till 03.01.2018.	appoint Directors on the Board of the Company vests
	However, with the resignation of one of	with the President of India acting through Ministry
	the Independent Director on that date, the	of Finance, Government of India. Consequent upon
	composition of the Board was not proper	the resignation of Shri Upendra Tripathy, Independent
	thereafter in accordance with the provisions	Director w.e.f. 03.01.2018, the post of one Independent
	of Companies Act.	Director is vacant and the Ministry of Finance,
		Government of India has been requested to fill-up the
		said vacancy and the matter is under consideration of
		the Administrative Ministry.

# For and on behalf of the Board of Directors

Taba

Date: 31<sup>st</sup> July, 2018 Place: New Delhi

(Tripti P. Ghosh) Chairman and Managing Director





**ANNEXURE-VIII** 

# **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management of Security Printing and Minting Corporation of India Limited (SPMCIL) presents its Analysis Report covering the performance and outlook of the Company.

# A. INDUSTRY STRUCTURE & DEVELOPMENTS

# World Economic Environment

The last decade has been punctuated by a series of broad-based economic crises and negative shocks, starting with the global financial crisis of 2008–09, followed by the European sovereign debt crisis of 2010–12 and the global commodity price realignments of 2014-16. As these crises and the persistent headwinds that accompanied them subside, the world economy has strengthened, offering greater scope to reorient policy towards longer-term issues that hold back progress along the economic, social and environmental dimensions of sustainable development.

In FY 2017-18, global economic growth is estimated to have reached 3.0 per cent, a significant acceleration compared to growth of just 2.4 per cent in 2016, and the highest rate of global growth recorded since 2011. Labour market indicators continue to improve in a broad spectrum of countries, and roughly twothirds of countries worldwide experienced stronger growth in 2017 than in the previous year. At the global level, growth is expected to remain steady at 3.0 percent in 2018 and 2019.

# **Indian Economic Environment**

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19.

In FY 2018-19, normalization in cash conditions following the demonetization of late 2016 and the fading of disruptions from last year's launch of the Goods and Services Tax should facilitate the economic recovery. The FY 2018-19 budget skewed to benefit rural incomes should also boost private consumption. Nonetheless, risks of fiscal slippage, concerns over India's banking sector and higher oil prices cloud prospects.







# **B. STRENGTHS & WEAKNESSES**

## Strengths

- Only Company in India manufacturing Circulating Coins, Passports, Non-Judicial Stamp Papers, Postal Stationery, etc.
- Second largest Company printing Banknotes for the country.
- Proficiency in printing of Banknotes, minting of Circulating Coins, production of CWBN Paper, Ink and printing of all types of security documents.
- Adequate land bank at existing plant/unit locations for future expansion.
- All the units are ISO 9001:2000 and ISO 14001:2004 certified.

#### Weaknesses

- Dependence on external sources for key input leads to exposure of the Company to the market risk.
- High manpower cost.
- High inventory holding period leading to blockage of working capital.
- Fixation of selling price of products, i.e. Coins, Banknotes, Postal Items is not in the hands of the Company.

# C. OPPORTUNITIES & THREATS

### **Opportunities:**

- High export potential to other countries for various security products.
- High potential in bullion and commemorative coins.
- High potential to manufacture/supply medals & medallions, stamps, certificates and other security documents to other organisations.
- Potential for improving product quality and reducing cost through operational efficiency and modernisation of plant and machinery and indigenisation of security products.

## Threats:

- Erratic indent/demand of Banknotes and Circulating Coins by Reserve Bank of India (RBI).
- Delay in lifting of products and payment of dues by the customers.

Limited suppliers of raw materials and plant & machinery.

# D. RISKS AND CONCERNS

Our success as an organisation depends on our ability to identify opportunities and leverage them while mitigating the risks that arise while conducting our business. Due to security sensitive nature of the business of the Company, there is a risk of security breach. To strengthen the security, latest state of the art security system has been installed in units. The Company has deployed Central Industrial Security Force (CISF) and State Para-Military forces to take care of the security of the units. Intelligence Bureau (IB) officials are posted in the Security Presses and Security Paper Mill.

Your Company focuses on creating innovative security products to meet the needs of consumers. The steps for modernisation of plant and machinery and indigenisation of security inputs would bring innovation and further improve the quality of the products in addition to cost-effectiveness.

Compliance with laws and regulations is an essential part of your Company's business operations. Frequent changes in legal and regulatory regime and introduction of newer regulations with multiple authorities regulating same areas lead to complexity in compliance. Your Company is committed to complying with all applicable laws and regulations. The relevant teams are responsible for setting detailed standards and ensuring that all employees are aware of and comply with regulations and laws specific and relevant to their roles. Your Company has institutionalised the mechanism to monitor changes in legislation, both existing and proposed. The Company proactively engages with the Government and regulators to develop a regulatory framework which is in the best interest of the stakeholders.

Your Company's operations are increasingly dependent on IT systems and the management of information. Increasing digital interactions place even greater emphasis on the need for secure and reliable IT systems and infrastructure and careful management of the information that is in our possession. The cyberattack threat of unauthorised access and misuse of sensitive information or disruption to operations



continues to increase. To reduce the impact of external cyber-attacks impacting our business, we have firewalls and threat monitoring systems in place, complete with immediate response capabilities to mitigate identified threats. Our employees are trained to understand these requirements.

Your 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.

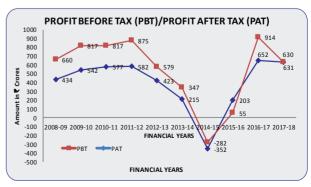
# E. OUTLOOK

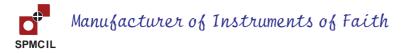
From a fundamental and medium-term perspective, the markets continue to offer sizeable space for growth by increasing penetration as well as consumption. India continues to be one of the fastest growing economies in the world and this is expected to continue in financial year 2018-19, as per the latest economic survey. With GST having been successfully implemented, trade conditions have stabilised. Normal monsoon, as forecasted, will help the overall economy. Crude oil led inflation, emerging global events and disruptions, if any, are potential headwinds which need to be managed carefully. Besides the existing business line, the Company is exploring the opportunities for export of security products to other Countries/Governments/Organisations outside India and has engaged M/s. KPMG as the transaction advisor to explore the business opportunities for the Company in domestic and international markets. Your Company's policy to lead market development while keeping the sustainable living plan at its core will enable it to create long-term value for all its stakeholders

# F. REVIEW OF FINANCIAL PERFORMANCE

The Ministry of Corporate Affairs (MCA) notified Companies (Indian Accounting Standard) Rules, 2015 enabling implementation of IND AS. Pursuant to this notification, SPMCIL and its Joint Venture Company, BNPMIPL have adopted IND AS with effect from 1<sup>st</sup> April, 2016. Accordingly, the Standalone and Consolidated Financial Statements for the year ended 31st March, 2018 and 31st March, 2017 have been prepared in accordance with IND AS. The Revenue from Operations of your Company has decreased to ₹4445.16 crores in 2017-18 from ₹5966.02 crores during the previous year 2016-17. The main reason for decline in the revenues is decrease in the sales of circulating coins to ₹1426.43 crores in the year 2017-18 as against ₹2707.25 crores in the year 2016-17. Total expenditure for the year 2017-18 is ₹4015.89 crores as compared to ₹5189.50 crores for the year 2016-17. Profit before Tax (PBT) from continuing operations for 2017-18 is ₹629.94 crores as compared to ₹914.44 crores for 2016-17. The company has achieved a Total Comprehensive Income of ₹663.77 crores in the year 2017-18 as compared to ₹615.68 crores in the year 2016-17. Total Comprehensive Income has increased to ₹779.65 crores after taking into account the 50% share of profit of JV Company, Bank Note Paper Mill India Private Limited (BNPMIPL) as compared to ₹745.80 crores in the year 2016-17. The comparative performance of major financial parameters (standalone) is given below:

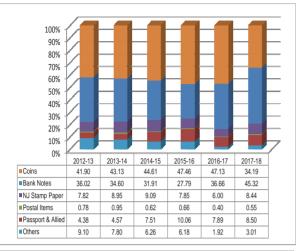


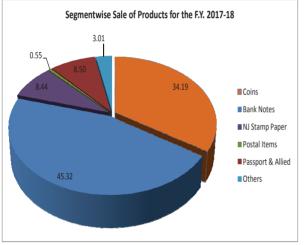






### Segmentwise % Sale of Products





#### **Results (Standalone)**

		(₹ Crores)
Particulars	ended 31 <sup>st</sup>	For the year ended 31 <sup>st</sup> March 2017
Revenue from Operations	4445.16	5966.02
Profit Before Tax (PBT)	629.94	914.44
Profit After Tax (PAT)	631.46	652.41
Earnings per Share (EPS) (₹)	5.75	5.21

#### **Break-up of Revenue from Operations**

 (₹ Crores		(₹ Crores)
Particulars	For the year ended 31 <sup>st</sup> March 2018	ended 31 <sup>st</sup>
(A) Sale of Products		
<ul> <li>Banknotes</li> </ul>	1965.60	2139.26
<ul> <li>Circulating Coins</li> </ul>	1426.43	2707.25
<ul> <li>Medals and Commemorative Coins</li> </ul>	56.36	43.13
<ul> <li>Security Inks</li> </ul>	7.14	-
<ul> <li>Passport &amp; Allied</li> </ul>	368.89	460.58
<ul> <li>Postal Items</li> </ul>	23.75	23.40
<ul> <li>Non Postal Items</li> </ul>	52.70	41.04
<ul> <li>Non Judicial Stamp Papers</li> </ul>	366.09	350.23
• Others	70.58	71.02
(B) Revenue from Services		
<ul> <li>Job Work</li> </ul>	9.44	6.03
Other Service	0.31	0.21
(C) Other Operating Revenue		
Scrap Sale	96.94	119.39
<ul> <li>Other operating activities</li> </ul>	0.93	4.48
TOTAL	4445.16	5966.02

#### **Buyback of Shares**

During the year 2017-18, in accordance with the guidelines on Capital Restructuring of CPSEs issued by the Department of Investment and Public Asset Management (DIPAM), your Company had bought back 11,82,49,000 Equity Shares of face value of ₹10/- each at the book value of ₹38.50 per share from Government of India. The total outgo on account of aforesaid buyback of shares was ₹455.26 crores plus applicable tax of ₹77.75 crores. The free reserves of the Company had been utilized for the purpose of aforesaid buyback of shares. The consideration against the aforesaid buyback was paid on 05.01.2018 to the Government of India.





#### Management of Funds

During the year, your Company continued its thrust on better funds management. Emphasis on cost reduction with improvement in productivity continued during the year through process improvement and R&D. Awareness was created at all levels to control cost in all areas of operation. Product development has been a continuous endeavour at SPMCIL for meeting specific application requirement of our customers.

# G. RESEARCH AND DEVELOPMENT

The state-of-the-art Corporate R&D Centre has been setup at Currency Note Press (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. Further, the R&D Centre is developing capabilities of advanced forensic analysis of Fake Indian Currency Notes. The R&D project on "Evaluation of ATR-FTIR Spectroscopy as method for advanced forensic examination of banknotes" under the Research Alliance Frame Work Agreement between SPMCIL and CSIR-National Chemical Laboratory, Pune is completed.

SPP, Hyderabad is in process to develop a camera based precision plate bending measurement system. It will eliminate the human error in the process of plate bending thereby reducing make-ready time & consequent paper wastages. SPP, Hyderabad has developed and manufactured Smart Card for DG-Shipping and 2500 card has been sent to them for trial. It will open a new vertical for SPP, Hyderabad in case of Smart Card manufacturing.

A new R&D setup has been created at ISP, Nashik and

various equipment viz. Digital Tear Resistance Tester, Cobb Tester, Digital Tensile Strength Tester, Digital Roughness/Porosity Tester, Digital Folding Endurance Tester, Brightness/Opacity & Colour Tester, Crumpling Instrument and Digital Bursting Strength Tester have been installed and commissioned during the year 2017-18. The testing of paper and Corrugated Boxes has been started as per requirement.

A full-fledged R&D centre for Paper, Pulp etc. has been established at Security Paper Mill (SPM), Hoshangabad. Latest testing equipment and machinery have been procured and installed successfully in the said R&D centre. SPM, Hoshangabad is carrying out the R&D project through CPPRI, Saharanpur for Exploration of banana fibre for making of currency/security paper. As per progress report, CPPRI procured a banana fibre extraction machine and extraction of banana fibre was carried out. Extracted fibre, pith and residual bio-mass were collected and analysed. Physico-chemical characterization of banana fibre and pith were carried out. Apparently good percentage of polysaccharide contents in banana pith have been found which render the banana fibre & banana pith to be a suitable feedstock for paper making.

At IGM, Mumbai, Gold Reference Standard i.e. Bharatiya Nirdeshak Dravya (BND), Gold Certified Reference Standard of 999.99 fineness (gold that is 99.99% pure) was developed under the 'Make in India' programme of Govt. of India. Further, the Metallurgical Lab has been developed by adding the equipment viz. Abrasive Cutting Machine, Automatic Hot Mounting Press, Grinding & Polishing Machine (Double Disk), Vicker Micro Hardness Tester, Inverted Micro Scope, Portable Hardness Tester and Portable Thickness Tester at IGM, Mumbai for quality check and analysis.

IGM, Hyderabad has also carried out various R&D projects viz. development of Pickling and Polishing





Compound for improved Coin Quality and Pollution Control. The major benefits of the project is that the indigenous formulations are developed successfully which is the replacement for imported chemical KH-50. The patent has been registered for the same with NITW (Patent No. CHE No. 201741036100). The developed formulation provides finished blanks having a surface which is stable to ordinary ambient and is with best finishing for FSS & Ni-Brass blanks. The selected formulation is around ten times



cheaper than existing chemicals compounds and this formulation is being manufactured in-house in a mass level indigenously.

IGM, Hyderabad has also signed MoU with International Advanced Research Centre for Powder Metallurgy and New Materials for PVD coating on tools.

BNP, Dewas has brought down the consumption rate of OVI Ink by doing indigenous modification i.e. application of OVI from direct to indirect method on Intaglio machine no. 9 resulting in saving of OVI ink of about 0.5 kg/mpcs. Ink Factory, Dewas has developed improved version of QSI ink. Ink Factory has also developed wide number of Pantone shade inks for designing currency notes.





# H. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an efficient system of internal controls for achieving the following business objectives:

- Efficiency of operations
- Protection of resources
- Accuracy and promptness of financial reporting
- Compliance with the laid down policies and procedures
- Compliance with various laws and regulations

Your 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. 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 had adopted the new Procurement Manual w.e.f. June, 2011 to enhance transparency in its operations. 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.



# I. HUMAN RESOURCE MANAGEMENT REVIEW

Your Company recognizes contribution of its Human Resources in providing it the competitive advantage. The Company has achieved its present level of excellence through investment in its human resource, where skill and knowledge constitute the basis of every initiative-be it technology or innovation. Developing skills and capabilities of employees to improve manpower utilization and labour productivity is the key thrust area of Human Resource Management (HRM) in the Company.

Your Company provides an environment conducive for learning, encourages adoption of best practices in every area and nurtures creativity and innovation among employees. Human Resource initiatives in SPMCIL are focused on developing team spirit, employee empowerment and their involvement in various improvement activities. Strategic alignment of HRM to business priorities and objectives has facilitated smooth transition to state-of-the-art technology in the Modernization and Expansion Projects.

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 etc. In comparison to the preceding year, i.e. 2016-17, the Employees strength has come down from 10354 to 9638 as on 31.03.2018 due to natural attrition of manpower on account of superannuation.

# J. 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.







Shri Ajay Agarwal, Director (Finance) planting tree



Shri Ajai Kumar Srivastav, Director (Technical) planting tree



Shri S.K. Sinha, Director (HR) planting tree



- Factory specific emergency preparedness.
- Installation of necessary safety measures at factory premises.

The measures taken by the units of the Company for environment protection and conservation are summarised hereunder:

- 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.
- BNP, Dewas has treated effluent from factory and colony sewage treatment plant and the water is recycled for green plantation/horticulture activities, thus, saving fresh water to the tune of 73,00,000 litre (approx.) during the year 2017-18. 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 banknote packets and onwards transhipment to RBI Centres. During the year under review, 5600 currency boxes were prepared by BNP, Dewas which resulted into the saving of the precious wood and also a value addition in terms of money.
- IGM, Noida has taken major energy conservation drive for replacement of the existing conventional lighting system installed at perimeters, streets lights and production plant with LED light system thereby saving energy.
- ISP, Nashik is in advance stage of conversion of conventional security light into LED type security light which may save electricity and money for the Company.
- 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.

#### K. REPORT ON CORPORATE SOCIAL RESPONSIBILITY

For any organization, CSR begins by being aware of the impact of its business on society. The objective of your Company is to conduct business in ways that produce social, environmental and economic benefits to the communities in which it operates. With the underlying philosophy and a credo to make a meaningful difference in people's lives, your Company has been structuring and implementing CSR initiatives right from the inception. The CSR initiatives of your Company have always been undertaken in conformity to the Companies Act, 2013, Companies (Corporate Social Responsibility Policy) Rules, 2014 and DPE Guidelines on CSR & Sustainability, 2014. SPMCIL carries out CSR projects in and around periphery of its units in the thrust areas falling in line with the Schedule-VII of the Companies Act, 2013, namely, Education, providing Medical and Health Care facilities, access to water facilities, sanitation, environment conservation, women empowerment, assistance to people with disabilities etc.

The details of various CSR initiatives taken by the Company along with the Report on CSR in prescribed format are placed at **Annexure-A** forming part of this Annual Report. The CSR Policy of the Company is available on the website of the Company, www.spmcil.com.





## A GLIMPSE OF CSR ACTIVITIES

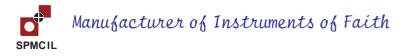


Ambulance to District Hospital, Dewas



Ambulance to Dhyan Foundation for transportation of injured animlas in Mumbai









#### L. CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis, describing the Company's objective, projections and estimates are forward looking statements and progressive within the meaning of applicable Laws and Regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors.





**ANNEXURE-A** 

#### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

#### 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 21<sup>st</sup> 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) Assistance to people with disabilities, etc.
- (viii) Contributions towards Swachh Bharat Kosh
- (ix) Contributions towards Clean Ganga Fund

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

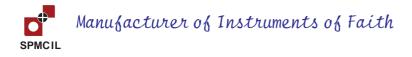
#### 2. The Composition of the CSR Committee

As on 31.03.2018, the CSR Committee of Board of Directors of the Company was consisting of the following Directors of the Company.

- (a) Shri Arun K. Chatterjee, Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs & Director, SPMCIL (Chairman)
- (b) Shri P.J. Mathew, 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 : ₹ 22,931.33 Lacs
- 4. Prescribed CSR Expenditure (2% of the amount as in item 3 above) : ₹ 458.63 Lacs

#### 5. Details of CSR amounts spent during the financial year

- (a) Total amount spent for the financial year : ₹466.38 Lacs
- (b) Amount unspent, if any : Nil





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

#### (Amount in ₹)

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
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	CSR project for construction of 10 Nos. community toilets with running water facility in different blocks of Howrah District (West Bengal).	Schedule VII Item No.(i)	<ol> <li>Local Area/ IGM, Kolkata</li> <li>Additional District Magistrate, Howrah District (WB)</li> </ol>	30,88,210	1) 30,88,210 2) NIL	30,88,210	IGM, Kolkata through Additional District Magistrate Howrah District (West Bengal)
2	Contribution towards Swachh Bharat Kosh.	Schedule VII Item No.(i)	Pan India	1,50,00,000	1) 1,50,00,000 2) Nil	1,50,00,000	SPMCIL Corporate Office, New Delhi
3	CSR project regarding providing one Ambulance to District Hospital Dewas.	Schedule VII Item No.(i)	<ol> <li>Local Area/ BNP, Dewas</li> <li>District Collector, Dewas</li> </ol>	3,46,461	1) 3,54,124 2) NIL	3,54,124	BNP, Dewas
4	Construction of Ashram School building and providing Mahindra pick-up Van at Berwar Taluka Trimbakeshwar, District Nashik.	Schedule VII Item No.(ii)	<ol> <li>Local Area/ ISP, Nashik</li> <li>Nashik District Maharashtra</li> </ol>	32,03,840	1) 32,03,840 2) NIL	32,03,840	ISP, Nashik through Shri Gadge Maharaj Ashram School Berwar Taluka Trimbakeshwar, District Nashik
5	CSR project for Construction of Library (Abhyasika Building) for Tribal Children at Ghoti Taluka, Igatipuri, Nashik.	Schedule VII Item No.(ii)	<ol> <li>Local Area/ CNP, Nashik</li> <li>District Collector, Nashik, Maharashtra</li> </ol>	50,00,000	1) 25,00,000 2) NIL	25,00,000	CNP, Nashik through Zilla Parisad, Nashik
6	CSR project for Construction of Classrooms/Girls Toilets, Repairs of Toilets, Overhead Tank/Repair of RO Plant and other Infrastructure in the 15 Schools of Medchal District of Telangana.	Schedule VII Item No.(ii)	<ol> <li>Local Area/ IGM, Hyderabad</li> <li>District Hyderabad Telangana State</li> </ol>	60,03,652 (Plus GST)	1) 69,29,663 2) NIL	69,29,663	IGM, Hyderabad
7	CSR proposal for Installation of Water Purifier System in 215 Nos. of Schools in Howrah District (West Bengal).	Schedule VII Item No.(ii)	<ol> <li>Local Area/ IGM, Kolkata</li> <li>Additional District Magistrate Howrah District</li> </ol>	75,25,000	1) 75,25,000 2) NIL	75,25,000	IGM, Kolkata through District Magistrate Howrah
8	CSR proposals for Differently Abled (Blind) Children in three Schools situated at Delhi and New Delhi.	Schedule VII Item No.(ii)	<ol> <li>Local Area / SPMCIL, New Delhi</li> <li>District Delhi</li> </ol>	10,27,600	1) 1,28,251 2) NIL	1,28,251	SPMCIL Corporate Office, New Delhi



## Manufacturer of Instruments of Faith



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
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
9	CSR project regarding Skill Development Training Programme for 160 candidates for Machine Operator Assistant through National Scheduled Castes Finance and Development Corporation (NSFDC), New Delhi.	Schedule VII Item No.(ii)	<ol> <li>Local Area/ SPMCIL, New Delhi</li> <li>Hoshangabad &amp; Dewas, Madhya Pradesh State</li> </ol>	63,60,320	1) 5,06,624 2) NIL	5,06,624	National Scheduled Caste Finance and Development Corporation, New Delhi
10	Contributed towards Clean Ganga Fund	Schedule VII Item No.(iv)	Pan India	50,00,000	1) 50,00,000 2) NIL	50,00,000	SPMCIL Corporate Office, New Delhi
11	CSR project regarding providing Ambulance for the Transportation of Injured Animals in Mumbai through Dhyan Foundation, New Delhi.	Schedule VII Item No.(iv)	<ol> <li>Local Area/ IGM, Mumbai</li> <li>Mumbai, Maharashtra</li> </ol>	17,00,000	1) 16,29,477 2) NIL	16,29,477	IGM, Mumbai
12	Expenses towards Evaluation charges paid to MDI, Gurgaon being an Independent Third Party.	-	-	2,68,688	-	2,68,688	-
13	Payment to Consultant for CSR Work	-	_	5,04,117	_	5,04,117	-
		Tot	al Expenditure (₹)			4,66,37,994	

# 6. In case the company has failed to spend the 2% 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 has spent in excess of amount allocated towards CSR for the year 2017-18.

# 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/-(**B.J. Gupta)** Addl. GM (HR) (Person specified under clause (d) of subsection (1) of section 380 of the Act) Sd/-(**S.K. Sinha)** Member, CSR Committee Sd/-(**P.J. Mathew)** Member, CSR Committee

Sd/-(**Arun K. Chatterjee)** Chairman, CSR Committee

78 Annual Report 2017-18

ANNEXURE-IX

## **REPORT ON CORPORATE GOVERNANCE**

#### 1. THE COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

SPMCII

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 valueforits stakeholderslike, 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:

- Independence and versatility of the Board.
- Adherence & compliances of laws, rules, regulations.
- Well-developed internal control systems and processes.
- High degree of disclosure and transparency levels.

#### 2. BOARD OF DIRECTORS

(i) Composition & Category of Directors: Pursuant to Section 2(45) of the Companies Act, 2013, SPMCIL is a 'Government Company' as the total paid-up share capital of the Company is held by the Central Government through the President of India. The composition of Board of Directors of SPMCIL has an appropriate mix of Functional Directors including CMD and Non-Executive Directors represented by Government Nominees & End-User Representatives and Independent Directors, to maintain the independence of the Board and to separate the Board functions of management and control. The power to appoint Directors vests with the President of India.

The composition of the Board of Directors is as follows:

Particulars	Board Structure	Actual Strength as on 31.03.2018
Chairman & Managing Director	1	1
Whole-time Executive (Functional) Directors	3	3
Part-time Official (Government Nominee) Directors (two represented by Ministry of Finance & one represented by Ministry of Home Affairs)	3	3
Part-time Official (End- User Representative) Directors (one each from Ministry of External Affairs, Reserve Bank of India and Department of Posts)	3	3
Part-time Non-official (Independent) Directors	2	1
TOTAL	12	11

As on 31<sup>st</sup> March, 2018, there exists one vacancy of Part-time Non-official (Independent) Director on the Board of SPMCIL. The matter of filling-up of the vacancy is under consideration of Department of Economic Affairs, Ministry of Finance, Government of India.









#### Attendance of each Director at the Board Meetings held during 2017-18 and the last AGM (ii)

		of Board eetings	Whether Attended	
Director's Name	Held	Attended	Last AGM (held on 27.09.2017)	
(a) Executive Directors				
Shri Praveen Garg, Chairman & Managing Director (upto 05.10.2017)	5	5	Yes	
Shri Anurag Agarwal, Chairman & Managing Director (from 05.10.2017 to 16.01.2018)	1	1	*	
Shri S. Selvakumar, Chairman & Managing Director (w.e.f. 16.01.2018)	1	1	*	
Shri Ajai Kumar Srivastav, Director (Technical)	7	7	Yes	
Shri S.K. Sinha, Director (HR)	7	7	Yes	
Shri Ajay Agarwal, Director (Finance) (w.e.f. 23.11.2017)	2	2	*	
(b) Part-time Official (Government Nominee) Directors				
Ms. Meera Swarup, Joint Secretary & Financial Advisor, Ministry of Finance	7	4	Yes	
Dr. Saurabh Garg, Joint Secretary (I&C), DEA, Ministry of Finance (upto 03.08.2017)	2	2	*	
Shri Sudhir Kumar Saxena, Joint Secretary (IS-I), Ministry of Home Affairs (upto 16.01.2018)	6	2	No	
Shri Kumar Alok, Joint Secretary (P-I), Ministry of Home Affairs (w.e.f.16.01.2018)	1	0	*	
Shri Anurag Agarwal, Joint Secretary (ACC), DEA, Ministry of Finance (w.e.f. 01.02.2018)	1	1	*	
(c) Part-time Official (End-User Representative) Directors				
Shri Arun K. Chatterjee, Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs	7	6	No	
Shri P. Vijaya Kumar, Chief General Manager, Deptt. of Currency Management, Reserve Bank of India (upto 21.03.2018)	7	3	No	
Shri Niraj Kumar, Dy. Director General (Philately), Department of Posts	7	1	No	
(d) Part-time Non-official (Independent) Directors				
Shri Upendra Tripathy, Independent Director (upto 03.01.2018)	6	6	No	
Shri P.J. Mathew, Independent Director	7	6	No	

\* Denotes the respective person was not a Director of SPMCIL as on last AGM date.





(iii) Details of Directorships, Committee Memberships and Committee Chairmanship in other companies as on 31<sup>st</sup> March, 2018

Director's Name	Details of Directorships in other Companies	Details of Committee Memberships and Committee Chairmanship in other Companies*
Shri S. Selvakumar, Chairman & Managing Director	Bank Note Paper Mill India Pvt. Ltd. (BNPMIPL)	-NIL-
Shri Ajai Kumar Srivastav, Director (Technical)	Bank Note Paper Mill India Pvt. Ltd. (BNPMIPL)	Member of Audit Committee and CSR Committee of BNPMIPL
Shri S.K. Sinha, Director (HR)	Bank Note Paper Mill India Pvt. Ltd. (BNPMIPL)	Member of Audit Committee and CSR Committee of BNPMIPL
Shri Ajay Agarwal, Director (Finance)	-NIL-	-NIL-
Ms. Meera Swarup, Joint Secretary & Financial Advisor, Ministry of Finance	Goods and Service Tax Network (GSTN)	-NIL-
Shri Sudhir Kumar Saxena, Joint Secretary (IS-I), Ministry of Home Affairs	-NIL-	-NIL-
Shri Kumar Alok, Joint Secretary (P-I), Ministry of Home Affairs	-NIL-	-NIL-
Shri Anurag Agarwal, Joint Secretary (ACC), DEA, Ministry of Finance	-NIL-	-NIL-
Shri Arun K. Chatterjee, Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs	-NIL-	-NIL-
Shri Ajay Michyari, Chief General Manager - Incharge Deptt. of Currency Management, Reserve Bank of India	-NIL-	-NIL-
Shri Niraj Kumar, Dy. Director General (Philately), Department of Posts	-NIL-	-NIL-
Shri P.J. Mathew, Independent Director	L&T Special Steels & Heavy Forgings Pvt. Ltd.	Audit Committee of L&T Special Steels & Heavy Forgings Pvt. Ltd.

\*Only Chairmanship / Membership of the Audit Committee, CSR Committee & Remuneration Committee has been considered.

No Director of the Company holds office at the same time as Director in more than twenty (20) companies. No Director of the Company is a member in more than ten (10) Committees or is a Chairman of more than five (5) Committees across all companies in which he is a Director. Disclosure of relationship between Directors interse: NIL.



# (iv) Number of Board Meetings held, dates on which held

The meetings of the Board are normally held at the Company's Registered Office at New Delhi and are scheduled well in advance. The Company Secretary, in consultation with the Chairman & Managing Director, sends a written notice of each Board meeting to each Director.

The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter for discussion in agenda which is usually sent in advance. In case of need, the senior management is invited to attend the Board Meetings to provide additional inputs relating to the items being discussed and / or to give presentation to the Board. The Board meets at least once in a quarter to review the quarterly results and other items on the agenda. Additional meetings are held, when necessary. During the year under review, the Board met seven times on the following dates:

- (i) April 20, 2017
- (ii) June 12, 2017
- (iii) August 17, 2017
- (iv) September 11, 2017
- (v) September 27, 2017
- (vi) November 29, 2017
- (vii) March 07, 2018

#### (v) Board's Responsibilities

The Board's mandate is to oversee the Company's strategic direction, review and monitor corporate performance, ensure regulatory compliance and safeguard the interests of the shareholders.

#### (vi) Role of Independent Directors

The Independent Directors play an important role in deliberations at the Board and Committee meetings. The Independent Directors are part of important Committees constituted by the Board such as the Audit Committee, Remuneration Committee and CSR Committee. In terms of Companies Act, 2013, the Audit Committee and the Remuneration Committee are chaired by an Independent Director and function within their respective defined terms of references. Further, the Board has also constituted an Investment Committee for investment of surplus funds of the Company. The minutes of all the Board Level Committee Meetings are circulated and discussed in the Board Meetings.

#### (vii) Information placed before the Board of Directors

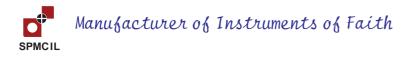
The agenda placed before the Board inter alia includes the following:-

- Annual operating plans and budgets and any updates.
- Quarterly results for the company.
- Minutes of meetings of Audit Committee and other Committees of the Board.
- Significant labour problems and their proposed solutions, any significant development in Human Resources / Industrial Relations front like signing of wage agreement etc.
- Action Taken Report on matters desired by the Board.
- Disclosure of Interest by Directors about directorships and Committee positions occupied by them in other companies.
- Report on compliance of various laws.
- Information relating to major legal disputes.
- Any contract(s) in which Director(s) is deemed to be interested.
- Significant Capital Investment proposals.
- Any other information as required under DPE guidelines and SS-1 etc., to be presented to the Board either for information or approval.

#### (viii) Selection of New Directors

As per Articles of Association of SPMCIL, the President of India through Department of Economic Affairs, Ministry of Finance, appoints the Chairman & Managing Director and Functional Directors on the Board of SPMCIL and also appoints Parttime Non-official (Government nominee, End-user representative and Independent) Directors on the Board of SPMCIL.

The Independent Directors are selected by the Department of Economic Affairs in consultation with



the Search Committee of the Department of Public Enterprises which maintains a panel of eminent personalities having wide experience in the field of Management, Finance, Engineering, Administration and Industry.

#### (ix) Code of Conduct

As part of SPMCIL's persisting endeavour to set a high standard of conduct for its employees, a 'Code of Business Conduct and Ethics' was laid down for all Board Members and Senior Management personnel. The Code encompasses:

- General Moral Imperatives;
- Specific Professional Responsibilities; and
- Specific Additional Provisions for Board Members and Senior Management Personnel.

A copy of the said Code has been placed on the Company's website 'www.spmcil.com'.

#### 3. BOARD LEVEL AUDIT COMMITTEE

#### (i) Terms of Reference

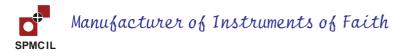
The terms of reference of the Board Level Audit Committee specified by the Board are in conformity with the requirements of Section 177 of the Companies Act, 2013 and are as follows:

- 1. Discussion with Auditors periodically about internal control systems and the scope of audit including observations of the Auditors.
- 2. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 3. Ensuring Compliance of Internal Control Systems.
- 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.
- 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:

- Matters required to be included in the Directors' Responsibility Statement being part of the Board's report in terms of clause I 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;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- d. Significant adjustments made in the financial statements arising out of audit findings;
- e. Compliance with legal requirements relating to financial statements;
- f. Disclosure of any related party transactions;
- g. Qualifications in the draft audit report.
- 7. Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems and suggestion for improvement of the same.
- 8. Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- 11. Review of Observations of C&AG including status of Government Audit paras.
- 12. Investigation into any matter in relation to the items specified above or referred to it by the Board.





- 13. To review the follow-up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.
- 14. Provide an open avenue of communication between the independent auditors, internal auditors and the Board of Directors.
- 15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

#### (ii) Composition of Committee, name of Members & Chairperson

The Audit Committee is chaired by an Independent Director. The member directors comprise of professionals of repute and standing with background in commerce, finance, administration and governance. The Committee comprises of the following directors.

Name of the Director	Position	No. of meetings held during their tenure	
Shri P.J. Mathew	Chairperson	4	4
Shri Upendra Tripathy (Upto 03.01.2018)	Member	4	4
Shri Arun K. Chatterjee	Member	4	3

Director (Finance) is permanent invitee. Company Secretary acts as Secretary to the Committee.

#### (iii) Meetings and Attendance

The Audit Committee met four times on 20<sup>th</sup> April 2017, 17<sup>th</sup> August 2017, 27<sup>th</sup> September 2017 and 29<sup>th</sup> November 2017. The detail of attendance of each member is given in the above table.

#### 4. **REMUNERATION COMMITTEE**

#### (i) Remuneration policy

SPMCIL being a Public Sector Undertaking, the appointment and remuneration of CMD / Functional Directors are decided by the Government of India. The part-time non-executive directors are not paid any remuneration except sitting fees to Independent Directors for attending meetings of the Board or Committee thereof.

#### (ii) Terms of Reference

In line with the requirements of Section 178 of the Companies Act, 2013, the Remuneration Committee

has the following terms of reference:

- (a) Approval of fixed component and performance linked incentives based on the performance criteria.
- (b) Finalization of the criteria of making payments to Non-Executive Directors.
- (c) Recommendation of fees / compensation, if any, to be paid, to Non-Executive directors, including independent directors, to the Board of Directors / Shareholders.
- (d) To decide the bonus / variable pay pool and policy for its distribution across the executives and non-unionised supervisors.
- (e) Carrying out any other function related to the terms of reference of the Committee.

MCA vide Notification dated 5<sup>th</sup> June, 2015 provided that Section 178 (2) of the Companies Act, 2013 with regard to performance evaluation of Directors shall not apply to a Government Company.

#### (iii) Composition of Committee, name of Members & Chairperson

The Committee comprises of the following directors:

Name of the Director	Position	No. of meetings held during their tenure	No. of meetings attended
Shri Upendra Tripathy	Chairperson	1	1
(upto 03.01.2018)			
Shri P.J. Mathew	Member	1	0
Shri Arun K. Chatterjee	Member	1	1

Company Secretary acts as Secretary to the Committee.

#### (iv) Meetings and Attendance

During the year 2017-18, one meeting of Remuneration Committee was held on 21.09.2017. The detail of attendance of each member is given in the above table.

(v) Details of remuneration of Functional Directors during the year 2017-18 are given below:-





Name of the Director	Total Remuneration (₹ in Lacs)
Shri Ajai Kumar Srivastav, Director (Technical)	43.42
Shri S.K. Sinha, Director (HR)	44.69
Shri Ajay Agarwal, Director (Finance)	28.00

No remuneration was paid to the officials of DEA, Ministry of Finance holding additional charge of the post of CMD of the Company during the year 2017-18.

#### (vi) Details of payments made to Independent Directors during the year 2017-18 are given below:

	Sittin		
Name of the Independent Directors	Board Meetings	Committee Meetings	Total
Shri Upendra Tripathy (upto 03.01.2018)	90,000	1,35,000	2,25,000
Shri P.J. Mathew	75,000	90,000	1,65,000

# 5. BOARD LEVEL COMMITTEE FOR CORPORATE SOCIAL RESPONSIBILITY

#### (i) Terms of Reference

The terms of reference of the CSR Committee are as under:

- (a) Formulation and recommendation to the Board the Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013;
- (b) Recommendation of the projects, programs and amount of expenditure to be incurred on the activities referred to in clause (a);
- (c) Monitoring the Corporate Social Responsibility activities of the company from time to time; and
- (d) Ensuring compliance with guidelines on Corporate Social Responsibility and Sustainable Development issued by the Government of India from time to time.

#### (ii) Composition of Committee, name of Members & Chairperson

The CSR Committee comprises of the following Directors:

Name of the Director	Position	No. of meetings held during their tenure	No. of meetings attended
Dr. Saurabh Garg (upto 03.08.2017)	Chairperson	1	1
Shri Arun K. Chatterjee (w.e.f.29.11.2017)	Chairperson	1	1
Shri Upendra Tripathy (upto 03.01.2018)	Member	3	3
Shri S.K. Sinha	Member	4	4
Shri P.J. Mathew (w.e.f. 07.03.2018)	Member	0	0

#### (iii) Meetings and Attendance

The Committee met four times during the year on 12<sup>th</sup> June 2017, 21<sup>st</sup> September 2017, 16<sup>th</sup> November 2017 and 19<sup>th</sup> February 2018. The detail of attendance of each member is given in the above table.

#### 6. INVESTMENT COMMITTEE

The Board of Directors of the Company had constituted an Investment Committee to invest the surplus funds of the Company in accordance with the guidelines issued by Department of Public Enterprises (DPE). Consequent upon the appointment of Shri Ajay Agarwal as the Director (Finance) of the Company, the constitution of the Investment Committee has been changed in accordance with the DPE guidelines and the Committee now consists of Ms. Tripti P. Ghosh, CMD, Shri Ajay Agarwal, Director (Finance) and Shri Arun K. Chatterjee, Joint Secretary (PSP) & Chief Passport Officer, Ministry of External Affairs & Director of the Company. No meeting of Investment Committee was held during the year 2017-18.



#### 7. GENERAL MEETINGS

(i) Location and time of last three AGMs:

Year	Location	Date	Time
FY 2014-15 (10 <sup>th</sup> AGM)	16 <sup>th</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi	December 08, 2015	1:30 p.m.
FY 2015-16 (11 <sup>th</sup> AGM)	16 <sup>th</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi	December 21, 2016	1:30 p.m.
FY 2016-17 (12 <sup>th</sup> AGM)	16 <sup>th</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi	September 27, 2017	1:00 p.m.

(ii) Details of Special resolutions passed in previous three AGMs

No special resolution was passed in the previous three Annual General Meetings.

#### 8. DISCLOSURES

(i) Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large

The company has not entered into any materially significant related party transactions (RPTs) that may have potential conflict with the interests of the company at large. Nonetheless, transactions with related parties have been disclosed in the Notes to Accounts of the Financial Statements for the year ended 31<sup>st</sup> March, 2018.

#### (ii) Non-compliances / penalties & strictures imposed on the company during the last three years

There were 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 statement and disposal of the same are still pending with the judicial and quasi-judicial authorities.

#### (iii) Whistle Blower Policy

In pursuance of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, and Section 177 of the Companies Act, 2013, the Company has reiterated the Whistle Blower Policy of Central Vigilance Commission (CVC). The complaints received under the Policy are being processed as per the guidelines in this regard and no person has been denied access to the Audit Committee.

# (iv) Details of compliance with the requirements of DPE Guidelines on Corporate Governance

All mandatory requirements of the DPE Guidelines on Corporate Governance for CPSEs have been duly complied with by the company except those relating to required number of Independent Directors on the Board. No expenditure has been debited in books of accounts which is not for the purpose of business and no expenses incurred and accounted which are personal in nature and incurred for the Board of Directors and Top Management.

#### (v) Presidential Directives

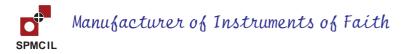
During the last three years i.e. 2015-16, 2016-17 & 2017-18, no Presidential Directive was received.

#### (vi) Risk Management

In compliance with DPE guidelines on Corporate Governance for CPSEs, SPMCIL is in the process of implementing a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed.

#### (vii)Certificate on Corporate Governance

The Certificate obtained from the practicing Company Secretary regarding compliance of conditions of Guidelines of Corporate Governance of CPSEs has been annexed to this Report.





#### 9. GENERAL SHAREHOLDER INFORMATION

(i)	AGM		
	Date	Time	Venue
	31 <sup>st</sup> July 2018	1:30 p.m.	16th Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi
(ii)	Financial Year	1 <sup>st</sup> April 2017 to 31 <sup>st</sup> March 2018	

#### (iii) Dividend History:

The details of dividend paid by SPMCIL are summarized as under:

Year	Total Amount of Dividend (₹ in Crore)	Date of declaration of dividend
2010-11 (Final)	115.44	10 <sup>th</sup> August 2011
2011-12 (Final)	116.49	30 <sup>th</sup> July 2012
2012-13 (Final)	84.70	13 <sup>th</sup> November 2013
2013-14 (Final)	42.93	11 <sup>th</sup> November 2014
2015-16 (Final)	60.92	30 <sup>th</sup> September 2016
2016-17 (Final)	227.64	27 <sup>th</sup> September 2017

#### (iv) Means of Communication:

The official news releases, presentations, financial information etc. are displayed on the Company's website www.spmcil.com. The code of conduct and other related information are also available on the Company's website.

#### (v) Plant locations

	Dewas (M.P.)	Bank Note Press
	Hoshangabad (M.P.)	Security Paper Mill
		Security Printing Press
	Hyderabad (T.S.)	India Government Mint
UNITS OF SPMCIL	Kolkata (W.B.)	India Government Mint
	Mumbai (M.H.)	India Government Mint
	Noida (U.P.)	India Government Mint
		Currency Note Press
	Nashik (M.H.)	India Security Press

It is hereby declared that all Board members and Senior Management personnel have affirmed compliance with SPMCIL's "Code of Business Conduct and Ethics"

Date: 31<sup>st</sup> July, 2018 Place: New Delhi

Jahra

(Tripti P. Ghosh) Chairman & Managing Director DIN – 08123112





## **CERTIFICATE ON CORPORATE GOVERNANCE**

#### Τo,

The Members, Security Printing and Minting Corporation of India Limited 16<sup>th</sup> 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 31<sup>st</sup> March, 2018 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 14<sup>th</sup> 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 above mentioned DPE guidelines except the following:

1. The Board of Directors of the Company was duly constituted with proper balance of independent Directors till 03.01.2018. However, with the resignation of the Independent Director on that date the composition of the Board was not proper in accordance with the provision of Companies Act.

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.

Date: 11.07.2018 Place: Delhi

#### For Amit Agrawal & Associates

(Company Secretaries) Sd/-CS Amit Agrawal (Proprietor) M. No. F5311 C.P. No.: 3647





ANNEXURE-X

#### FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

#### (Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

- 1. Details of contracts or arrangements or transactions not at arm's length basis
  - (a) Name(s) of the related party and nature of relationship: N.A.
  - (b) Nature of contracts/arrangements/transactions: N.A.
  - (c) Duration of the contracts/arrangements/transactions: N.A.
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: N.A.
  - (e) Justification for entering into such contracts or arrangements or transactions: N.A.
  - (f) Date of approval by the Board: N.A.
  - (g) Amount paid as advances, if any: N.A.
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **N.A.**
- 2. Details of material contracts or arrangement or transactions at arm's length basis
  - (a) Name(s) of the related party and nature of relationship: **Bank Note Paper Mill India Private Limited** (BNPMIPL), Joint Venture Company.
  - (b) Nature of contracts/arrangements/transactions: Purchase of CWBN Security Paper
  - (c) Duration of the contracts/arrangements/transactions: -
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **Purchase** of CWBN Security Paper in accordance with the terms and conditions of Joint Venture cum Shareholders Agreement for the aggregate amount of ₹277.21 crores in the year 2017-18.
  - (e) Date(s) of approval by the Board, if any: N.A.
  - (f) Amount paid as advances, if any: N.A.

For and on behalf of the Board of Directors

Jahra

(TRIPTI P. GHOSH) Chairman and Managing Director

Date: 31<sup>st</sup> July, 2018 Place: New Delhi





WE BANK OF INDIA

# **Know Your Bank Notes** (New series of Bank Notes)

Bank Notes reflect the nation's rich and diverse culture, her struggle for freedom and her proud achievements as a nation.

With a view to bringing the identity closer to the cultural heritage of the country as also for showcasing her scientific advances, a new series of notes in a new design have been launched.

The new design bank notes are distinctly different from the old Mahatma Gandhi Series of bank notes in colour, size and theme. The theme of the new series notes is India's heritage sites.

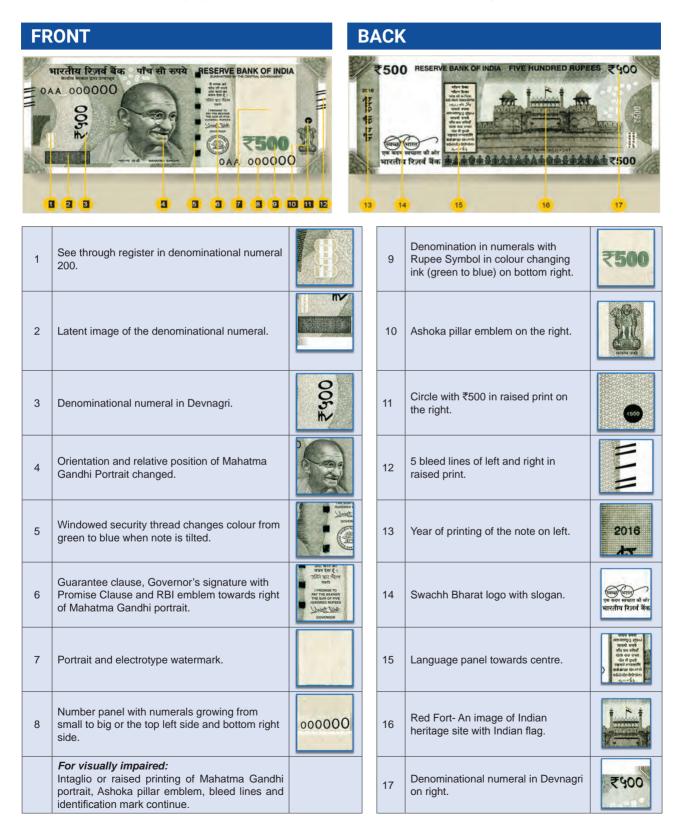
A few new other elements added in these notes are numerals in devnagari and the logo of Swachh Bharat. The new notes also have design elements in myriad and intricate forms and shapes.

While the security features in the current series of bank notes, such as water mark, security thread, latent image of denomination numeral, denomination numeral in colour shifting ink, number panels, see through register, electro-type, bleed lines, etc., continue to remain, their relative positions have changed in the new design notes.





The new ₹500 notes in the Mahatma Gandhi (New) Series are different from the old series in colour, size, theme, location of security features and design elements. The size of the new note is 66mm x 150mm. The colour of the notes is stone grey and the predominant new theme is Indian heritage site - Red Fort.







## New ₹ 200 Notes



Dimension of the banknote is 66 mm x 146 mm.

#### Salient features of the New ₹200 Notes

- 1. See through register with denominational numeral 200.
- 2. Latent image with denominational numeral 200.
- 3. Denominational numeral २०० in Devnagari.
- 4. Portrait of Mahatma Gandhi at the centre.
- 5. Micro letters 'RBI', 'भारत', 'India' and '200'.
- 6. Windowed security thread with inscriptions 'भारत' and RBI with colour shift. Colour of the thread changes from green to blue when the note is tilted.
- 7. Guarantee Clause, Governor's signature with Promise Clause and RBI emblem towards right of Mahatma Gandhi portrait.
- Denominational numeral with Rupee Symbol, ₹ 200 in colour changing ink (green to blue) on bottom right.

- 9. Ashoka Pillar emblem on the right.
- Mahatma Gandhi portrait and electrotype (200) watermarks.
- 11. Number panel with numerals growing from small to big on the top left side and bottom right side.

#### 12. For visually impaired

Intaglio or raised printing of Mahatma Gandhi portrait, Ashoka Pillar emblem, raised Identification mark H with microtext ₹200, four angular bleed lines with two circles in between the lines both on the right and left sides.

- 13. Year of printing of the note on the left.
- 14. Swachh Bharat logo with slogan.
- 15. Language panel.
- 16. Motif of Sanchi Stupa.
- 17. Denominational numeral २०० in Devnagari.





### New ₹ 100 Notes



Dimension of the banknote is 66 mm × 142 mm

#### Salient features of the New ₹100 Notes

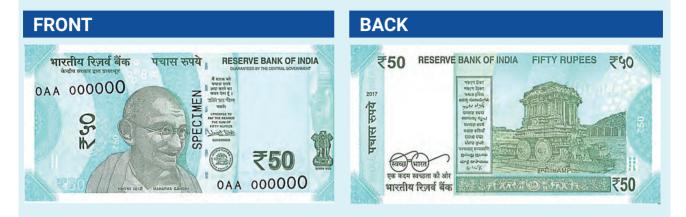
- 1. See through register with denominational numeral 100.
- Latent image with denominational numeral 100.
- 3. Denominational numeral **?••** in Devnagari.
- 4. Portrait of Mahatma Gandhi at the centre.
- 5. Micro letters 'RBI', 'भारत', 'India' and '100'.
- 6. Windowed security thread with inscriptions 'भारत' and RBI with colour shift; Colour of the thread changes from green to blue when the note is tilted.
- 7. Guarantee Clause, Governor's signature with Promise Clause and RBI emblem towards right of Mahatma Gandhi portrait.
- 8. Ashoka Pillar emblem on the right.

- 9. Mahatma Gandhi portrait and electrotype (100) watermarks.
- 10. Number panel with numerals in ascending font on the top left side and bottom right side.
- 11. For visually impaired intaglio or raised printing of Mahatma Gandhi portrait, Ashoka Pillar emblem, raised triangular identification mark with micro-text 100, four angular bleed lines both on the right and left sides.
- 12. Year of printing of the note on the left.
- 13. Swachh Bharat logo with slogan.
- 14. Language panel.
- 15. Motif of RANI KI VAV.
- 16. Denominational numeral *१००* in Devnagari.





## New ₹ 50 Notes



#### Dimension of the banknote is 66 mm x 135 mm.

#### Salient features of the New ₹50 Notes

- 1. See through register with denominational numeral 50.
- 2. Denominational numeral 90 in Devnagari.
- 3. Portrait of Mahatma Gandhi at the centre.
- 4. Micro letters 'RBI', 'भारत', 'INDIA' and '50'.
- 5. Windowed demetalised security thread with inscriptions 'भारत' and RBI.
- 6. Guarantee Clause, Governor's signature with Promise Clause and RBI emblem towards right of Mahatma Gandhi portrait.

- 7. Ashoka Pillar emblem on the right.
- Mahatma Gandhi portrait and electrotype (50) watermarks.
- 9. Number panel with numerals growing from small to big on the top left side and bottom right side.
- 10. Year of printing of the note on the left.
- 11. Swachh Bharat logo with slogan.
- 12. Language panel.
- 13. Motif of Hampi with Chariot.
- 14. Denominational numeral % in Devnagari.

# **STANDALONE** Financial Statement 2017-18

11.543

8,000 11,628.06

104,000 11,659.90

11,288.53

11,346.51

11,842.69

000 12,307.35

8,000 12,209.81

(042,500 12,638.32

5,724,000 12,479

9,532,000

88,240,000 11,734.32

,071,890,000

5,663,448,000

57 6,511,124,000

54 5,812,632,000

3 4,850,575,

5,031,3

4,44;

1





## **INDEPENDENT AUDITOR'S REPORT**

#### То

The Members of SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED, 16<sup>th</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi-110001

# Revised Report on the Standalone Ind AS Financial Statement

Our report dated 29<sup>th</sup> June, 2018 on the accounts for the year ended 31<sup>st</sup> March, 2018 has been revised to give effect to the observations made by the Comptroller & Auditor General of India in the supplementary audit carried out by them under Section 143(6)(a) of the Companies Act, 2013.

We have audited the accompanying standalone Ind AS financial statement of **SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED** ("The Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of changes in Equity for the year ended 31<sup>st</sup> March, 2018, and a summary of the Significant Accounting Policies and other Explanatory Information (herein after referred to as "standalone Ind AS financial statement").

# Management's Responsibility for the Standalone Financial Statement

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 statement that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flow 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

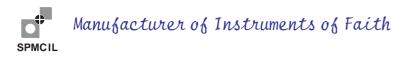
#### **Auditor's Responsibility**

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

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 statement.

#### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statement give the information required by the act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India(including the Ind AS), of the financial position of the company as at 31<sup>st</sup> March, 2018 and its financial profit including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

#### **EMPHASIS OF MATTERS**

#### The Matters are described in **Annexure-I "EMPHASIS OF MATTER PARAGRAPH"**

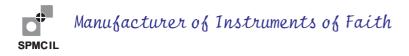
#### **Other Matter**

We did not audit the financial statement /information of Eight units/branches included in the standalone financial statement of the Company (IGM, Noida was audited by us) whose financial statement /financial information reflect Total Assets of ₹7,10,111.12 lacs as at 31st March. 2018 and Total Revenue of ₹4,44,515.59 lacs for the year ended on that date, as considered in the standalone financial statement. The financial statement /information of these branches have been audited by Branch Auditors appointed by the Comptroller and Auditor General of India, New Delhi, 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. We cannot comment on such figures as the same are audited by other auditors. Our opinion is not qualified in respect of this matter.



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

- 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 (hereinafter referred to as the "the order"), we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order to the extent possible.
- In terms of sub section (5) of section 143 of the act, we give in the "Annexure C' a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
- 3. 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - (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 alongwith the returns received from the branches not visited by us.
  - (d) The Balance Sheet, the statement of Profit and Loss and its cash flow and statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - (e) The aforesaid standalone Ind AS financial statement 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) On the basis of written representation received from the directors as on 31<sup>st</sup> March, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018, from being appointed as a director in terms of sub section (2) of the section 164 of the act.
- (h) 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"**
- (i) with respect to the other matters to be included in the Auditor's Report in

Date: 26.07.2018

Place: Delhi

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:

- The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statement – (Refer note no 25 of the standalone Ind AS financial statement)
- The Company did not have any longterm 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.

For BHATIA & BHATIA Chartered Accountants FRN-003202N OF ICAI Sd/-(R. Bhatia, FCA) Partner

Partner Membership No.: 17572



**ANNEXURE-I** 

### **ANNEXURE TO THE AUDITOR'S REPORT**

#### **EMPHASIS OF MATTER PARAGRAPH**

SPMCII

## AUDIT OBSERVATIONS TO THE AUDITOR'S REPORT

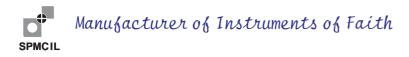
**<u>GST</u>** Observations – Various issues have been identified in the different units as stated below pertaining to the compliance of the GST return filing and computation:

- Corporate Office, Delhi During the course of audit, it has been noticed that Head office had taken the GST Registration in the month October, which was due to be taken on 01st July, 2017, due to which the Head Office did not comply with provisions of GST and did not file the GST Returns for the months of July, August and September-2017. The Corporate office has submitted a letter with the department which states that, corporate office was allotted a provisional GST Registration Number, however no user ID and password was issued to corporate office. As per the ACES web site, the provisional ID and password were issued against the registration number of Bank Note Press, Dewas (MP). The corporate office circulated the provisional registration number to its vendors and request for the user ID and password was made to ACES and GST Helpline, but no results were achieved. Meanwhile, the corporate office applied for the fresh registration number and filed the combined return for all months in the October, 2017.
- Security Printing Press, Hyderabad Significant variances are observed in the taxable GST Turnover reported in the GSTR-1 (returns) and the books of accounts. Variances are also observed in the GST input tax credit as per books of accounts and as per the GST Electronic credit ledger. These variances are yet to be rectified. In respect of transitionary provisions of the GST Act, 2017 the claim of Input Tax Credit (ITC) of ₹7.95 lacs are pending with the GST Authorities.

- Security Paper Mill, Hoshangabad In respect of transitionary provisions of the GST Act, 2017 the claim of Input Tax Credit (ITC) of ₹64.58 lacs have not been filed with the GST Authority. SPM has requested the jurisdictional commissioner GST to accept the Trans-1 form manually and allow the credit due to SPM. Pending final decision of the GST Authority, the transitional stock as on 30th June, 2017 is not recognized in the financial statement.
- India Government Mint, Hyderabad After Introduction of GST, the unit, for the period 1<sup>st</sup> July, 2017 till 30<sup>th</sup> September, 2017 considered supply of coins as not liable to GST. However, as per the guidelines received from head office, the unit has considered supplies made as taxable from 1<sup>st</sup> July, 2017 onwards. Consequently, the unit created requisite tax liability and claimed input credit on inward supplies.

**Revenue Recognition** – Various issues have been identified in the different units as stated below pertaining to the recognition of revenue and applicability of the Chief Advisor Cost (CAC) rates:

- Security Printing Press, Hyderabad The unit has accounted the sale of postal stationery for the year 2017-18, at the rates recommended by the Chief Advisor Cost (CAC), MOF, Government of India for the year 2013-14 for the period April, 2017 to February, 2018 and for March, 2018 as per CAC rates for the year 2014-15. If the CAC recommends different rates than those recommended for the year 2013-14 and 2014-15, sales account and profit for the year will affect to that extent and accordingly the trade receivables. The amount could not be ascertained.
- India Security Press, Nashik The sale 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 2015-16, 2016-17 and 2017-18 resulting into uncertainty of the revenue recognized. The practice followed by the unit in this regard has been in deviation to the Ind AS 18 with a minor significance when compared to the total turnover of the company.

At present billing is being made as per latest CAC rate for F.Y. 2014-15 approved by the CAC, the details of difference between the CAC approved rates and actual billing rates are as below.

Year	Bill Amount	Amount as per CAC rates 2014-2015	Rate difference
	₹	₹	₹
2015-2016	11,61,88,462	11,01,75,852	(60,12,610)
2016-2017	10,37,10,178	8,84,07,552	(1,53,02,626)
2017-2018	11,35,66,297	11,37,90,493	2,24,196
Total	33,34,64,937	31,23,73,897	(2,10,91,040)

**Retained Earnings** – The Company have adjusted the prior period items, disputed claim and depreciation from the current year retained earnings during the year as below:

S. No.	Particulars	Amount (₹ Lakhs)	Remarks
1	Prior Period Items	106.34	BNP, Dewas (Income); SPP, Hyderabad (Expense) have been adjusted in the year ended 31 <sup>st</sup> March, 2018
2	Disputed Claims	(9533.97)	ISP, Nashik – VAT for differential liability pertaining to 1 <sup>st</sup> April, 2005 till 31 <sup>st</sup> March, 2017 have been provided in the current year.
3	Depreciation	974.25	ISP, Nashik – Depreciation write back pertaining to FY 2015-16 on account of reinstatement of Plant and Machinery items during the year ended 31 <sup>st</sup> March, 2018.



#### In respect of Corporate Office, Delhi

S. No.	Matter of Emphasis	Observation
1	Direct tax matters	According to the information & explanation provided and in accordance to the books of accounts, some matters need urgent emphasis by the management. The matters
		are stated in Schedule 1.4
2	Appointment of Independent Director as per Section 149 of Companies Act, 2013	According to Section 149, of Companies Act, 2013, a company must have a minimum two Independent Director. But according to explanation and information available the post of one Independent Director is vacant since 03.01.2018, which contravenes the provisions of Companies Act.

According to the information and explanation provided to us the below ledgers pertains to balances due from **Ministry of Finance (MoF)** towards liability transferred to SPMCIL on account of Employee benefits. The amount standing in the books of SPMCIL could not be verified in absence of data and computation for the outstanding amount. No reconciliation for the same could be provided by the unit and hence, the correctness of the same cannot be commented upon.

S. No	GL Code	Particulars	Outstanding Since	Amount (₹)
1.	13500080	Other Current Liabilities	31.03.2015	6,95,99,523
2.	14000038	PAO/C&C M.O.F (PENS)	31.03.2011	29,48,025
3.	24500077	PAO/C&C DEA M.O.F EPF	31.03.2012	9,01,97,571
4.	24500078	PAO/C&C DEA M.O.F GPF	31.03.2012	3,69,50,078
5.	24500071	Other Receivables	31.03.2014	8,08,659





#### In respect of IGM, Hyderabad

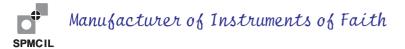
- Commercial tax department Hyderabad, has raised demand of ₹24,400.64 Lacs for the sale of circulation coins, for the period April, 2006 to November, 2013 for difference in sales tax on other items, Interest and penalty. The Company did not file an appeal before the appellant authority as required under VAT law till last year (FY: 2016-17). However, the Company have filed a writ petition in the High Court against the said demand and stay order have been granted on 19<sup>th</sup> April, 2018. The stay petition has been stayed subject to the condition that the petitioner deposits 10% of the demand amount within 16 weeks of the order passed. The amount is yet to be deposited and no provision is made for the same in the books of accounts.
- For the period 1<sup>st</sup> April, 2017 to 30<sup>th</sup> June, 2017 job work of melting and manufacture of medals undertaken by the unit to the tune of ₹31.08 Lakhs amounted to manufacture under the Central Excise Act, 1944 and the duty, if any, on the product so manufactured is recoverable from the customers and had to be remitted to excise department. No such recovery has been made from the customers for the service tax amounting to ₹4.66 Lakhs and has not been deposited with the service tax department.

#### In respect of Currency Note Press, Nashik

Non-deduction of Monthly contribution from the present employees towards Cashless Medical facility given under SPMCIL Medical Policy 2013 : As per the Medical Policy 2013 adopted by SPMCIL, the cash less medical facilities were extended to the present employees of the unit at the monthly contribution. The monthly contribution has been prescribed as per the pay grade of the employees; however, it has been observed that though the employees have availed the medical facility, monthly contribution has not been made by the employees. The deductions have been kept in abeyance without approval of appropriate authority. In the absence of information, we are unable to quantify the

exact amount not collected from the employees towards the said policy.

- NA Taxes Payable : The unit has not quantified and provided for NA tax payable on Land for the F.Y. 2017-18 and earlier years.
- Insurance Policy : The unit has not obtained transit insurance on dispatching bank notes to RBI.
- IND AS-109 "Financial Instruments: Recognition and Measurement" : The Company has accounted for CISF Deposit of ₹46.21 lacs and Employee House Building advance (HBA) and other employee Loans of ₹207.60 lacs on historical cost basis instead of amortized cost. This is in contradiction with the IND AS-109 Financial Instruments. The management is of the view, that since the amount is immaterial, hence will not impact the financials.
- IND AS-19 "Employee Benefits" : In respect of Employee House Building advance (HBA) Loans and other employee loans, amounting to ₹207.60 lacs where the sanctioned interest rate is lower than the market rate, the unit has not expensed out the benefit in the Profit and Loss Account. To this extent it is contrary to the provisions of Ind AS-19.The management is of the view, that since the amount is immaterial, hence will not impact the financials.
- Trade Receivables : Provision for rate differences: The outstanding debtors as on 31<sup>st</sup> March, 2018 includes ₹5,084.98 lacs on account of short payment received from RBI against the Selling rates for the F.Y. 2016-17 against ₹10, ₹50, ₹100 & ₹1000 denomination & F.Y. 2017-18 against ₹10, ₹50 & ₹100 denomination. The provision for doubtful debts for the same is not made in the Financials. The management is of the view, since advances have been received from RBI without any specific direction for appropriation of payment against bills, so in the financials the debtor balance is set off against the advance received from RBI.



#### In respect of SPM, Hoshangabad

 The unit is recognizing revenue on "Budgeted Cost" as provided by management in Note no. 2.4 (a). Our opinion is not qualified in this regard.

#### In respect of IGM, Kolkata

 Note 25 to the financial statement, describes the uncertainty related to the outcome of the writ petition filed by the company at Calcutta High Court, challenging "West Bengal Entry Tax-2012" and non-payment of Entry Tax from 1st June 2013.

#### In respect of IGM, Noida

- Goods and Service Tax : According to the information and explanation given to us during the course of audit it was observed that Advance payments were made by IGM Noida to CPWD (Vendor code 102247) for Repair and Maintenance of Township, Factory Building, Non-Factory Building etc. However, no Goods and Service Tax under Reverse Charge Mechanism was levied and paid on the Advance amount, since in the meeting held with the CPWD, the rates quoted by them are said to be inclusive of the GST.
- Sales Tax : The unit has accepted for payment of sales tax on sales of coins made in the various years as per the order received from the Sales Tax Authority (Noida). The quantum of the interest and penalty is not specified in the orders received from the authority. In absence of same in the order, no provision is made in the Accounts for the impact of interest and penalty.

#### In respect of ISP, Nashik

• Non-Agricultural Tax ₹262.59 Lakhs :

The Maharashtra Revenue Department has raised the Non-Agricultural Land Tax on the



ISP Unit. The demand along with the arrears of demand as on 15th December, 2017 raised by the circle officer aggregated to ₹262.59 Lakhs in respect of the various properties held by the ISP unit as on 31.03.2018. The unit has contested the demand on the pretext of it being a Government of India entity involved in execution of sovereign functions i.e. the printing of security documents. However, the demand has not been legally contested before an appropriate forum and as such not paid and settled by the ISP unit as on 31st March, 2018. At the instance of Audit, the unit has provided an appropriate amount of ₹262.59 Lakhs in the books on the basis of demand letter issued by the revenue department. The belated payment of these statutory dues may invite the interest implication and the expense claimed as NA tax although debited to profit and loss account shall not be eligible as an allowable deduction under the Income Tax Act, 1961.

Non-provision of liability on account of the outcome of legal matters pending disposal before appropriate legal forums: The ISP, Nashik have been filing various legal cases before the Courts of Judicature at various levels involving financial implications depending upon the final outcome of the matter before the judicatures. It was observed that the unit has provided an amount of ₹2,974.67 Lakhs towards the liability in the books in few number of cases. Where the quantum of financial implications could not be ascertained, the liability has not been quantified and as such no provision has been made in the books in absence of proper quantification.





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 Ind AS Financial Statement for the year ended 31<sup>st</sup> March, 2018, we report that:

Clause	Sub-clause	Matter	Auditor's view
3(i)	A	Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.	The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets; except:- <b>In case of CNP, Nashik</b> – The unit has maintained proper records of fixed assets so as to show full particulars, including quantitative details. However, out of the total Land cost of ₹59.55 Lakhs; details of land amounting to ₹17.03 Lakhs such as area of land, exact location/boundaries are not available. Further out of the gross block of Building of ₹3,767.21 Lakhs details of building amounting to ₹1,691.31 Lakhs such as area, building plan and completion certificate are not available.
	В	Whether these fixed assets have been physically verified by the management at reasonable intervals, whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in books of account.	Company has a regular programme of physical verification of assets under which fixed assets are verified in the Financial year 2017-18 as per corporate guidelines – According to the information and explanations made available the physical verification has been conducted by Internal Auditor.
	С	Whether the title deeds of immovable properties are held in the name of company, if not provide the details thereof.	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.





Clause	Sub-clause	Matter		Auditor's view
			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. 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, Nashik: Title deeds of Land
				amounting to ₹17.03 lacs and Building amounting to ₹1,691.31 lacs in the name of the unit were not produced for verification.
			3.	<b>In case of IGM, Kolkata:</b> 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 CS No.228 & 229 (Fort), CS No. 560,561,562 & 563 (Mahim), CS No. 108 (Parel), CS No 399 (Tardeo) were not in the name of the unit.
			5.	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.
			6.	<b>In case of IGM, Hyderabad:</b> The title deed of land is not held in the name of the company at IDA Phase-II Cherapally, Hyderabad, Telangana
			7.	<b>In case of SPP, Hyderabad:</b> 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.
			8.	<b>In Case of SPM, Hoshangabad:</b> 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.





Clause	Sub-clause	Matter	Auditor's view
3(ii)	A	Whether physical verification of the inventory has been made at regular intervals by the management.	According to the information and explanations given physical verification of Inventories has been conducted during the year by the management.
	В	Whether during such verification if any material Discrepancies were noticed whether the same have been properly accounted for.	The physical verification of inventory has been carried by Internal auditor in the respective and no discrepancies were observed.
3(iii)	A	Whether the company has 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.	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.	N.A
	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.	N.A
3(iv)		In respect of loans, investments and guarantee, whether provision of sec 185 and 186 have been complied with, and if not whether details are provided thereof.	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.	The company has not accepted any deposits from the public.
	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.	N. A





Clause	Sub-clause	Matter	Auditor's view
3(vi)		Whether the Cost records under sec 148(I) of the Companies Act, 2013 have been made and maintained.	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	Whether the company is regular in depositing undisputed statutory dues with the appropriate authorities.	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 is enclosed in <b>"Schedule-1" of CARO</b> (forming part of CARO)
			In respect of IGM Noida:
			<ul> <li>(i) According to the information and explanations given to us, the unit is generally regular in depositing statutory dues such as TDS, PF, UP VAT, Service Tax, GST etc. with the appropriate authorities. A statement of deviation for the dues unpaid for more than 6 months on the date of balance sheet are enclosed in "Schedule-1" of CARO (forming part of CARO)</li> </ul>
			(ii) Further, IGM, Noida has not filed the returns in due course of time as defined under the CGST Act, 2017, and the amount including interest if any, has been filed with the GST department till the finalization of audit as enclosed in "Schedule-1.2" of CARO (forming part of CARO)
			<ul> <li>(iii) In the month of the October, 2017 and December, 2017 there were difference to the tune of ₹97,888 in the GST return and books of accounts as enclosed in "Schedule-1.3" of CARO (forming part of CARO)</li> </ul>
			In respect of Currency Note Press, Nashik: According to explanation and information given by the unit Auditor, the unit is regular in depositing the statutory dues, but in the following instances the unit has delayed in deposition of the same as enclosed in "Schedule-1" of CARO (forming part of CARO)





Clause	Sub-clause	Matter	Auditor's view
	В	In case of dues of Income tax, or Sales Tax, value added tax, services tax has not been deposited on account of any dispute, then the amount involved and the nature of tax should be mentioned.	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 <b>"Schedule-2" of CARO (forming</b> <b>part of CARO).</b>
3(viii)		Whether the company has defaulted in repayment of loans or borrowings to financial institutions, banks, or to Government or debenture holder, if so the amount should be reported along with lender wise details.	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 holder.
3(ix)	A	Whether money raised by the company through IPO or any other public offer (including debt instruments) were applied for the purpose they were raised.	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	Whether any fraud by the company or any frauds on the company by its officers or employees have been noticed or reported during the financial year.	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 <b>except in Bank Note Press, Dewas</b> where a case of theft of rejected finished goods (i.e. Bank Note) happened at the unit during the reporting year. The case is under investigation by local police. As per explanation given to us the total financial implication was ₹91.00 lakhs.
	В	If yes, amount and nature of such fraud should be stated	N. A
3(xi)		Whether managerial remuneration has been paid or provided in accordance with the requisite approvals as per the provisions of the section 197 of the Companies Act, 2013. If not state the amount involved and steps taken by the company to secure the refund of the amount.	According to the information and explanation given to us and in reference to notification no [F.NO $1/2/2014$ -CL. V], dated 05-06-2015, the said clause 3(xi) is not applicable to the Company.
3(xii)		Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the Ratio 1:20 to meet out the liability and whether these companies are maintaining 10 % unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability.	In our opinion the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the order are Not Applicable to the unit.







Clause	Sub-clause	Matter	Auditor's view
3(xiii)		Whether all the transactions 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 statement as required by applicable accounting standards.	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 statement. The detail of transactions entered with the Related parties are also provided in <b>Notes to Accounts</b> , <b>(Note no 32).</b>
3(xiv)	A	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.	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 has been complied with and amount raised has been used for the purpose for which it was raised. If not state the deviations.	N. A
3(xv)	A	Whether the company has entered into any non-cash transactions with the directors or the persons connected with him.	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.	N. A
3(xvi)	A	Whether the company is required to be registered under the sec 45-IA of the Reserve Bank of India Act, 1934.	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





# Schedule "1"

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

S. No	Period	Tax Collected (₹)	Tax Deposited (₹)	Short/ Delay in Deposit (₹)	Due Date of Deposit	Date of Deposit
Service	e Tax (CNP, Na	ishik)				
1.	April to September, 2015	823,507+ 1,60,415 (Service tax + Interest)	9.83 Lakhs	-	5 <sup>th</sup> of the next Month	25.05.2017
GST (IC	GM, Hyderaba	d)				Î
1.	GST Liability	0.73 Lakhs	0.73 Lakhs	-	-	-
VAT (IC	GM, Noida)					
1.	2008-09	2,25,01,669	2,18,71,482	6,30,187	Unpaid upto to the Completion of Statutory Audit	-
2.	2009-10	4,04,09,975	3,99,60,255	4,49,720	Unpaid upto to the Completion of Statutory Audit	-
3.	2010-11	4,31,22,961	-	4,31,22,961	Unpaid upto to the Completion of Statutory Audit	-
4.	2011-12	4,40,11,060	-	4,40,11,060	Unpaid upto to the Completion of Statutory Audit	-
5.	2012-13	7,04,52,025	-	7,04,52,025	Unpaid upto to the Completion of Statutory Audit	-
6.	2014-15	8,09,05,974	7,99,90,921	9,15,053	Unpaid upto to the Completion of Statutory Audit	-
7.	2015-16	7,79,16,764	-	7,79,16,764	Unpaid upto to the Completion of Statutory Audit	-
8.	2016-17	10,77,39,269	-	10,77,39,269	Unpaid upto to the Completion of Statutory Audit	-
9.	2017-18	41,04,282	39,19,805	1,84,477	Unpaid upto to the Completion of Statutory Audit	-
	MS DUTY (IG					1
1.	2016-17	2,92,832	-	2,92,832	Unpaid upto the completion of statutory Audit	-



## Schedule "1.2"

#### Clause 3(vii) (A) of CARO Delay in filing of Returns under CGST Act, 2017

Return Type	Financial Year	Tax period	Date of Filing	Due Date	Delay in days
GSTR-1	2017-18	July	28/03/2018	10/01/2018	77
GSTR-1	2017-18	August	17/04/2018	10/01/2018	97
GSTR-1	2017-18	September	17/04/2018	10/01/2018	97
GSTR-1	2017-18	October	30/04/2018	10/01/2018	110
GSTR-1	2017-18	November	30/04/2018	10/01/2018	110
GSTR-1	2017-18	December	30/04/2018	10/02/2018	79
GSTR-1	2017-18	January	30/04/2018	10/03/2018	51
GSTR-1	2017-18	February	30/04/2018	10/04/2018	20
GSTR-1	2017-18	March	30/04/2018	10/05/2018	-
GSTR-3B	2017-18	July	24/03/2018	25/08/2017	211
GSTR-3B	2017-18	August	28/03/2018	20/09/2017	189
GSTR-3B	2017-18	September	28/03/2018	20/10/2017	159
GSTR-3B	2017-18	October	31/03/2018	20/11/2017	131
GSTR-3B	2017-18	November	31/03/2018	20/12/2017	101
GSTR-3B	2017-18	December	31/03/2018	22/01/2018	68
GSTR-3B	2017-18	January	11/04/2018	20/02/2018	50
GSTR-3B	2017-18	February	11/04/2018	20/03/2018	22
GSTR-3B	2017-18	March	20/04/2018	20/04/2018	-

During the course of our audit, it has been observed that the unit hasn't filed Trans -1 required under section 140 of the CGST ACT, 2017 till the date of finalization of financial statement. The unit has submitted a letter dated 9<sup>th</sup> May, 2018 to the Commissioner GST for accepting the manual filing the Trans-1 and allowing the credit of input on stock held on 30<sup>th</sup> June, 2017.





# Schedule "1.3" Clause 3(vii) (A) of CARO

Month	Gross Sale as per Books (₹)	Gross sale as per GSTR 3B (₹)	Difference (₹)
July	52,49,10,756	52,49,10,757	-
August	15,38,27,371	15,38,27,371	-
September	1,37,81,945	1,37,81,945	-
October	5,74,50,209	5,74,49,101	1,108
November	12,86,02,893	12,86,02,893	-
December	21,76,36,302	21,75,39,522	96,780
January	57,28,29,647	57,28,29,647	-
February	63,38,80,355	63,38,80,355	-
March	1,52,75,10,289	1,52,75,10,289	-
Total	3,83,04,29,767	3,83,03,31,879	97,888

Month	Gross Sale as per GSTR- 1 (₹)	Gross sale as per GSTR 3B (₹)	Difference (₹)
July	52,49,10,756	52,49,10,757	-
August	15,38,27,371	15,38,27,371	-
September	1,37,81,945	1,37,81,945	-
October	5,74,50,209	5,74,49,101	1,108
November	12,86,02,893	12,86,02,893	-
December	21,76,36,302	21,75,39,522	96,780
January	57,28,29,646	57,28,29,647	-
February	63,38,80,355	63,38,80,355	-
March	1,52,75,09,339	1,52,75,10,289	(950)
Total	3,83,04,28,816	3,83,03,31,879	96,938





# "Schedule 1.4 "

*Direct Tax Matters :* Emphasis required on matters relating to Income Tax including TDS matters. Details as mentioned in Table below:

S. No.	Assessment Year	Previous Year	Head	Amount as per Order (In ₹crores)	Matter
1.	2010-11	2009-10	Income Tax	NIL	2 <sup>nd</sup> Appeal of SPMCIL on solitary issue of CSR stands disposed off vide ITA No. 5102/DEL/2014 order dated 21.03.2018, directed the AO to examine the allow-ability of expenses U/s 37(1) of IT Act, 1961.
					Matter has been taken up with AO for remand assessment but is still pending in start of proceedings.
					Penalty proceedings have been initiated by AO and reply has been submitted for dropping of the proceedings / to be kept in abeyance orders are awaited.
2.	2011-12	2010-11	Income Tax (CSR)	Additions made by AO of ₹775.13 Cr, Addition on CSR of ₹3.83 Cr, Addition U/s 263 on direction of CIT U/s 14A of ₹0.50 Cr.	CIT (A) appeal deleted the addition on 1 <sup>st</sup> ground i.e. compensation in lieu of compassionate appointment but upheld addition on rest of the two grounds. The company's appeal in ITAT on the issue of CSR and 14A has been filed in
					2018 and is pending. On additions penalty proceedings for concealment of Income has been initiated U/s 271(1)(c) by A.O and proceedings are under progress.
3.	2012-13	2011-12	Income Tax (CSR)	Additions made by AO of ₹863.29 Cr, Addition on CSR of ₹4.36 Cr, U/s 14A of ₹0.049 Cr.	SPMCIL lost the 1 <sup>st</sup> appeal on both the additions before CIT (A). Company has filed 2nd appeal before ITAT, New Delhi which is pending. On additions penalty proceedings for concealment of Income has been initiated U/s 271(1)(c) by AO and proceedings are pending.





AO U/s 143(3) over returned income of ₹1006.22 Cr       of ₹4.36 C (ii) Disallowa exempt do of ₹1.50 C         In first a disallowa Cr was addition c Cr.         Appeal before (iii) Company on disallo before ITA         (iv) Income Tax         Additions made by AO U/s 143(3) of         5.       2014-15         2013-14       Income Tax         Additions made by AO U/s 143(3) of         i) U/s 14(A)         i) U/s 14(A)	Matter
₹1006.22 Cr       (ii) Distribution of ₹1.50 C         In first a       disallowa         Cr was a       addition c         addition c       Cr.         Appeal before       (iii) Company         on disallo       before ITA         (iv) Income T       appeal ag         appeal or       favour of         also pend       On additions         concealment       initiated u/se         proceedings a       i) U/s 14(A)         i) U/s 143(3) of       ii) CSR exped	nces of CSR expenditure Cr.
5.       2014-15       2013-14       Income Tax       Additions made by Additions made by AO U/s 143(3) of       i)       U/s 14(A) ii)	nce of expense related to ividend income u/s 14A Cr.
5.2014-152013-14Income TaxAdditions made by AO U/s 143(3) ofi)U/s 14(A) ii)Company on disalle before ITA (iv) Income Taxi)U/s 14(A) ii)company on disalle before ITA (iv) Income Tax	ppeal before CIT(A) the nce U/s 14A of ₹1.50 allowed but upheld the n CSR expenses of ₹4.36
5.       2014-15       2013-14       Income Tax       Additions made by Additions made by AD U/s 143(3) of ii)       i)       U/s 14(A) U/s 143(3) of ii)	e Ho'nble ITAT New Delhi:-
5.       2014-15       2013-14       Income Tax       Additions made by Additions made by i)       i)       U/s 14(A) U/s 143(3) of ii)	has filed second appeal wance of CSR expenses AT which is pending
5.2014-152013-14Income TaxAdditions made by AO U/s 143(3) ofi)U/s 14(A) ii)Concealment proceedings a iii)CSR expendence	Tax Dept. has also filed ainst the decision of CIT 14A issue which was in company before ITAT is ing.
AO U/s 143(3) of ii) CSR expe	penalty proceedings for of Income has been ac 271(1)(c) by AO and are pending.
	= ₹1.93 Cr.
₹512.53 Cr.	nses disallowance.
(012.00 01. iii) ₹3.96 Cr.	Cr income assessed at
₹518.42 Cr.	
both addition	iled by SPMCIL against s have since being heard 8. Appellate orders are
section 154 interest of ₹3. by A.O in April	litional refund filed under for ₹18.60 Cr (including 60 Cr) has been released 2018. Cheque no. 885437 8 has been received on
lakhs has als under section	itional interest of ₹12.50 so been filed before A.O n 154 is awaited for nd processing by AO.
concealment	penalty proceedings for of Income has been 271(1)(c) by AO and are pending.

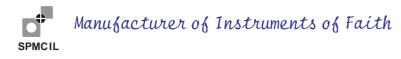




# "Schedule 2 "

#### Clause 3(vii)(B) of CARO-Disputed Liability

S. No.	Name of Court & Case No.	Title of the Case	Issues Involved in Brief	Estimated Financial Liability (₹)	Remarks
BANK	NOTE PRESS, DEWA	S			
1.	Supreme Court of India	-	Commercial Tax	34,57,77,632	-
CURR	ENCY NOTE PRESS, N	NASHIK			
1.	Commissioner (Appeals), Central Excise and Customs, Nagpur	-	Service Tax	5,89,431 (Inclusive of Interest of 125,886)	Order Dated 31.03.2017, paid on 15.05.2017.
2.	Commissioner (Appeals), Central Excise and Customs, Nagpur	-	Service Tax	5,12,925 (Inclusive of Interest of 102,585)	Order Dated 31.03.2017, paid on 15.05.2017.
3.	Commissioner (Appeals), Central Excise and Customs, Nagpur	-	Service Tax	18,45,173 (Inclusive of Interest of 195,016)	Order Dated 31.03.2017, paid on 15.05.2017.
4.	Commissioner (Appeals), Central Excise and Customs, Nagpur	-	Service Tax	3,28,537 (Inclusive of Interest of 43,505)	Order dated 04.03.2017, paid on 28.04.2017.
5.	Commissioner (Appeals), Central Excise and Customs, Nagpur	-	Service Tax	22,47,515 (Inclusive of Interest of 293,806)	
INDIA	GOVERNMENT MINT	, HYDERABAD			I
1.	High Court	-	VAT on Coins	24,400.64 Lakhs	
INDIA	GOVERNMENT MINT	, MUMBAI			
1.	Commissioner of Appeal, Mumbai	-	VAT	1,44,215	Appeal filed on 18.02.2016.
2.	Commissioner of Appeal, Mumbai	-	CST	77,847	Appeal filed on 18.02.2016.
3.	Dy. Commissioner of Sales Tax Appeal, Mumbai	-	VAT	60,16,233	Appeal filed on 16.04.2016.
4.	Dy. Commissioner of Sales Tax Appeal, Mumbai	-	CST	7,20,41,470	Appeal filed on 16.04.2016.
5.	Jt. Commissioner of Sales tax Appeal, Mumbai	-	VAT	27,28,970	Appeal filed on 27.04.2016.
б.	Jt. Commissioner of Sales tax Appeal, Mumbai	-	CST	9,67,11,811	Appeal filed on 27.04.2016.



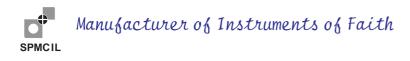


S. No.	Name of Court & Case No.	Title of the Case	Issues Involved in Brief	Estimated Financial Liability (₹)	Remarks
7.	Jt. Commissioner of Sales Tax Appeal, Mumbai	-	VAT	40,85,404	Appeal filed on 16.04.2016.
8.	Jt. Commissioner of Sales Tax Appeal, Mumbai	-	CST	14,43,40,207	Appeal filed on 16.04.2016.
INDIA	GOVERNMENT MIN	T, NOIDA			
1.	Delhi High Court, New Delhi WP(C) No. 7757/2010	Akhilesh Bajpai Vs UOI	Payment of OTA	11 Lacs (Approx)	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. Rajni Kanta Minj Vs. Union of India and other Respondents	Non-payment of HRA	1 Lac (Approx)	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	Pertains to provision of medical policy. No liability.	Reply & Rejoinder filed. Management and workmen evidence held. Written agreement held for final disposal.
4.	Allahabad High Court, UP CMWP No. 11946/2015	Sunil Tyagi Vs UOI & Others	Against internal transfer/posting order	Pertains to inter section transfer No liability	Counter reply filed. To be heard for disposal.
5.	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. To be heard for disposal.
б.	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 rationalization	18.5 Lacs (Approx)	Counter reply filed. To be heard for disposal.
7.	CAT, PB. New Delhi OA No. 4443/2015	Jayan A &OINR Vs UOI & Others	Payment of Transport Allowance at Delhi rate	2 Lacs (Approx)	Counter Reply filed. Matter is being listed for hearing.
8.	Allahabad High Court, UP CMWP No. 38487/2016	Anand Kumar & Others Vs UOI & Others	For grant of higher Grade Pay INR 1900/- instead of INR 1800 for 2011 Assistant Grade-III appointee	10 Lacs (Approx)	Counter reply filed. To be heard for disposal.
9.	CAT, PB. New Delhi OA No.3863/2016	D. K. Tyagi & Other Vs UOI & Others	Extending the CAT, PB, New Delhi, order dt. 22.05.2006 in OA No. 532/2005	4.5 Lacs (Approx)	Counter reply filed. To be heard for disposal.
10.	CAT, PB, New Delhi OA No. 3669/2016	Sunil Tyagi & Others Vs UOI & Others	For grant of Transport Allowance at Delhi rate	9.5 Lacs (Approx)	-
11.	CAT, PB, New Delhi OA No.3825 /2016	Jayan A & Others Vs UOI & Others	For grant of Transport Allowance at Delhi rate	7.05 Lacs (Approx)	-





S. No.	Name of Court & Case No.	Title of the Case	Issues Involved in Brief	Estimated Financial Liability (₹)	Remarks
12.	CMWP No. 53883/2017	Satish Kumar Gupta Vs UOI & others	Grant of higher pay under ACPs as granted to other similarly placed workers	3.00 Lacs (Approx)	Counter reply filed case is to be listed for hearing.
13.	CMWP No. 58490/2017	Tungal Singh	Refund of recovered amount of excess OTA from salary/retirement benefit	2.00 Lacs (Approx)	Counter reply filed case is to be listed for hearing.
14.	Writ A6425/2018	Karan Singh	Grant of higher pay and financial upgradation in higher grade from 01.09.2008 under MACP's	2.00 Lacs (Approx)	Copy of writ petition received. Hon'ble Court has issued notice on 22.02.2018 and granted one-month time to file counter affidavit. Para wise reply prepared and being sent to counsel for drafting counting affidavit.
15.	Writ- A 6664/2018	Dinesh Chandra Sharma & others	Case filed by the workers for stepping up the pay from their junior employees	0.05 Lacs (Approx)	Disposed at admission stage. On 26.02.2018 vide which Hon'ble Court has directed to dispose the representation of petitioner as raised in petition within 6 weeks.
16.	TDS	TDS Defaults on TRA CES site for FY: 2007-08 to 2016-17.	-	20,89,280 (Total Demand for 2007-08 to 2017-18)	Revision is under process.
SECU	RITY PAPER MILL, H	OSHANGABAD	1	· · · · · · · · · · · · · · · · · · ·	
1.	Appellate Tribunal (Commercial Tax)	-	VAT, CST & Entry Tax	40,16,10,610	-
2.	Additional Commissioner, Commercial tax, Bhopal	-	Entry Tax	1,44,04,647	-
3.	Additional Commissioner, Commercial tax, Bhopal	-	VAT, CST & Entry Tax	14,79,85,669	-
4.	Commissioner (Appeal), Service Tax	-	Service Tax	2,25,86,963	-
SECU	RITY PRINTING PRE	SS, HYDERABAD			
1.	CAT	OA No. 478/2013 MA No. 636/2017 MA No. 768/2016	Pension Payment	10,00,000	Fresh MA filed in the year 2017. Under hearing stage.
2.	CAT	OA No. 737/2016	Upgradation of Pay Scale	5,00,000	Counter Affidavit filed on 18-08-2017. Addl. Reply Counter filed on 21.08.2017. Hearing not started.





S. No.	Name of Court & Case No.	Title of the Case	Issues Involved in Brief	Estimated Financial Liability (₹)	Remarks
3.	CAT	OA No. 738/2016	Upgradation of Pay Scale	21,00,000	Counter Affidavit filed. Hearing not started.
4.	CAT	OA No. 791/2016	Claiming for Deemed Surplus Status	NIL	Counter Affidavit filed. Para wise remarks sent to Defence A/c Standing Counsel with reference to the period employed in SPP (In OA Para 4(a) to (j) only.
5.	CAT	OA No. 279/2017	Provisional Prorata Pension	NIL	SPP has filed Counter reply in July, 2017. Case is under hearing stage. Matter came before Registrar Court on 29.08.2017.
6.	CAT	OA No. 58/2017	Increment	NIL	On behalf of Resp.No.7, Counter submitted
7.	CAT	OA No. 552/2017 MA No. 21/438/2017	Claiming for Compassionate Appointment	NIL	SPP is not a party and she was advised to file impleading petition making SPP as a party. Copy of the petition not received till date.
8.	CAT	OA No.785/2017	Payment Issue	NIL	Counter filed. Case not came up for hearing.
9.	CAT	OA No.785/2017/P. Vijay Reddy	Payment Issue	NIL	Counter filed. Case not came up for hearing.
10.	High Court	WPNo.23236/2002/ Mir Akbar Ali (He is a terminated employee from the service when the SPP was in Govt. setup)	Re-Appointment	NIL	Case is not coming up for hearing.
11.	High Court	SPP, Hyderabad (when SPP was in Govt.setup)	Refund of Security Deposit	NIL	Case is not coming up for hearing.
12.	High Court	Mohd.Shafi (a retired employee from the service of SPP)/WP No. 27306/2006	OT Allowance	NIL	Case is not coming up for hearing.
13.	High Court	Govt. of India SPP Employees Union (Regd No.B-2820 - (AITUC) represented by its Gen. Secretary (Govt. Optees)	OT Allowance	NIL	Case is under hearing stage.



# Manufacturer of Instruments of Faith



S. No.	Name of Court & Case No.	Title of the Case	Issues Involved in Brief	Estimated Financial Liability (₹)	Remarks
14.	High Court	Govt. of India SPP Employees Union (Regd No. B-2820 - (AITUC) represented by its Gen.Secretary (Govt.Optees)	Corporatisation of Units	NIL	Case is under hearing stage.
15.	High Court	Shri M. Narsing Rao, JMA & other 3 employees (Corp. Optees)/WP No. 35945/2014	For restoration of seniority in the cadre of Sr. Machine Assistant.	NIL	Case is under hearing stage.
16.	High Court	Shri P. Shiva Shankar, T.No.5450, EFCC-II (Corp.Optee)/WP No. 4536/2015	Payment Of Arrears	NIL	Case is under hearing stage.
17.	High Court	Shri R. Yellaiah, General Secretary and S. Viswarupa Chary, Working President of Security Printing Press Employees Union (Regd. No. DCL/II/Hyd-07/2013 - affiliated to CITU (Govt.Optees)/WP No. 16896/2015	OT Allowance	NIL	Case is under hearing stage.
18.	High Court	Smt.P. Hemalatha, widow of Late Shri P. Srinivasa Rao, T.No.5620 (Govt. Optee)/WP No. 20213/2015	Pension Case	NIL	Pension case has been settled. However, the claim for compassionate appointment is still pending with the ministry, since he was a govt. optee.
19.	High Court	WP No. 7844/2016	OT Allowance	NIL	Case is under hearing stage.
20.	High Court	WP No. 16087/2017	OT Allowance	NIL	Case is under hearing stage.
21.	CGIT	M.P. No. 2/2011	Incentive	NIL	Case is under hearing stage.
22.	CGIT	MP No.84/2013	Revised Special Allowance	NIL	Case is under hearing stage.
23.	CGIT	MP No.67/2015	Special Allowance	NIL	Case dismissed. Order yet to receive from CGIT.
24.	-	Shri Harinath Rao, EFCC-II	Wages	NIL	RLC has to communicate his decision.
25.	City Civil Court	EP-9 of 2004/M/s Savani Transport Co. Hyd	Security Deposit	NIL	Case is under hearing stage.
26.	City Civil Court	OS-2515 of 2005	Recovery	NIL	Case is under hearing stage.





S. No.	Name of Court & Case No.	Title of the Case	Issues Involved in Brief	Estimated Financial Liability (₹)	Remarks
INDIA	SECURITY PRESS, N	IASHIK			
1.		1975-76 to 2004-05	BST/CST	92,11,68,009	NIL
2.		01.04.2005 to 09.02.2006	MVAT/CST	4,95,65,466	NIL
3.		10.02.2006 to 31.03.2014	MVAT/CST	3,04,72,81,429	NIL
4.		2014-15 to 2016-17	MVAT/CAT	69,85,25,753	NIL
5.	High Court	2017-18	MVAT/CST	2,46,69,132	NIL
6.	and various Authorities	2005-2018	MVAT/CST (Interest)	1,02,63,43,413	NIL
7.		2005-2018	MVAT (Input receivable added back)	18,64,62,558	NIL
8.		As on date	Department of revenue Maharashtra State (NA Tax)	2,62,59,222	NIL
9.		2008-18	Nashik Municipal Corporation – Property Tax	2,26,01,684	NIL



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 & MINTING CORPORATION OF INDIA LIMITED** ("the Company") as at 31<sup>st</sup> March, 2018 in conjunction with our audit of the standalone Ind AS financial statement 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 statement, 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 statement 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 statement in accordance



with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statement.

#### 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.

#### 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 31<sup>st</sup> March, 2018, 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.

Our opinion is not qualified in respect of the observations noted and suggestions recommended.

# 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.

#### • 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 needs to be strengthen.

#### • 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.

#### • Purchases:

According to information and explanation provided it is observed that the goods purchased are booked under GR/IR account which is a routing account. The said account has been squared off on the closure of the audit. 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.





#### 3. In case of CNP, Nashik:

The unit did not have effective internal controls in the HR Module of SAP. It was observed that attendance, overtime working, leave record, record of employee advances and interest thereon of the employees was not accounted automatically under SAP and was processed manually. Because of the above inadequacies we are unable to verify and comment on the reliability of the data and its implications.

#### 4. In case of India Government Mint, Hyderabad:

- i. Finance Module of the ERP software allows the users of a profit center to pass manual entries affecting other profit centers leading to unintended errors (tagging wrong profit centers). 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.
- iii. It is observed from the unit's records that the existing BOM (Bill of Material) standards are established very long back time and current figures of production are deviated (Positive Variance) in a big way when compared to actual production data, in our opinion this is a strong case for reviewing the BOM standards keeping in view of the changed processes. Our opinion is not qualified in this regard.

#### For BHATIA & BHATIA

Chartered Accountants FRN-003202N OF ICAI

#### Sd/-(R. Bhatia, FCA) Partner

Membership No.: 17572

Date: 26.07.2018 Place: Delhi





**ANNEXURE-C** 

Statement on the Directions/ Sub Directions issued by the C&AG under subsection 5 of section143 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 31<sup>st</sup> March, 2018.

Part-1 DIRECTIONS:

S. No	Particulars	Auditor's Comments
1	Whether the company has clear title/ lease deeds for free hold and lease hold respectively? If not, please state the area of freehold and lease hold land for which title/ lease deeds are not available?	The detail of Immovable properties along with the status of their title are stated in <b>"Annexure-1 of Sub Direction".</b>
2	Whether there are any cases of waiver /write off of debts /loans/interest etc. If yes, the reasons thereof and the amount involved.	No such cases have been identified.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gifts/grants from the Govt. Or other authorities.	No cases have been identified for inventory lying with third parties, moreover SPMCIL has not received any gifts/grants from the Govt. or other authorities. Hence the said clause is not applicable. "Annexure 2 of Sub Direction".

#### For BHATIA & BHATIA

Chartered Accountants FRN-003202N OF ICAI

Date: 26.07.2018 Place: Delhi

#### Sd/-(R. Bhatia, FCA) Partner Membership No.: 17572





**ANNEXURE-1 of Sub Direction** 

#### Clause-1 of Statement on the Directions/Sub Directions issued by the C & AG under subsection 5 of section 143 of the Companies Act, 2013.

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

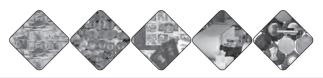
S. No.	Name of the Branch	Opinion	
1	IGM, Noida	<ol> <li>Sector -1, Pocket D2, Noida, U.P-201301(Title deed not provided)</li> <li>Sector-27, Noida, U.P-201301(Deed not executed in favour of SPMCIL).</li> <li>A-33, Sector 23, Noida, U.P-201301- According to the information and explanations given, the 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.</li> </ol>	
2	CNP, Nashik	The details of land amounting to ₹59.55 lacs & ₹17.03 lacs are not available. Details of area of free hold land, where title deed is not available, is not provided to us. There is no leasehold land in the books of the unit.	
3	IGM, Kolkata	The title deeds of land (lease hold) and factory building are not held in the name of the company.	
4	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	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.	
6	IGM, Hyderabad	The title deed of land is not held in the name of the company at IDA Phase-II Cherlapally, Hyderabad, Telangana.	
7	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.	

#### ANNEXURE - 2 of Sub Direction

#### 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 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. 5047/01.11.044/2007-08. 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<sup>st</sup> March 2018

				(Amount in ₹ lacs)
S.	Particulars	Note	Figures as at	Figures as at
No.	ASSETS	No.	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
ı. (1)	Non-Current Assets			
(1)	(a) Property, Plant and Equipment	3	1,29,479.03	1,31,350.55
	(b) Capital Work-in-Progress	3	7,549.04	6,364.76
	(c) Other Intangible Assets	4	205.41	331.99
	(d) Financial Assets			001177
	(i) Investments	5 (i)	40,000.00	40,000.00
	(ii) Trade Receivables	5 (ii)	-	-
	(iii) Loans	5 (iii)	1,061.56	1,430.04
	(iv) Others	5 (iv)	4,890.44	4,450.06
	(e) Deferred Tax Assets (net)	6	84,152.45	68,685.95
	(f) Other Non-Current Assets	7	149.95	277.56
(2)	Current Assets			
. ,	(a) Inventories	8	2,41,661.78	1,79,629.74
	(b) Financial Assets			
	(i) Investments	5(i)	9,009.28	10,108.55
	(ii) Trade Receivables	5(ii)	98,001.82	1,59,494.93
	(iii) Cash and Cash Equivalents	5(v)(a)	2,856.51	75,853.88
	(iv) Bank Balances other than (iii) above	5(v) (b)	48,207.19	26,803.70
	(v) Loans	5 (iii)	236.51	338.17
	(ví) Others	5 (iv)	6,935.70	6,710.88
	(c) Current Tax Assets (Net)	9 (a)	3,880.74	-
	(d) Other Current Assets	10	31,833.71	24,308.94
	Total Assets		7,10,111.12	7,36,139.71
II.	EQUITY AND LIABILITIES			· ·
(1)	Equity			
	(a) Equity Share Capital	11	1,06,424.10	1,18,249.00
	(b) Other Equity			
	- Reserve & Surplus	12	3,03,318.98	3,14,269.90
(2)	LIABILITIES			
	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	13 (i)	-	-
	(ii) Trade Payables	13 (ii)	-	-
	(iii) Other Financial Liabilities	13(iii)	17,976.76	17,976.76
	(b) Provisions	14 (i)	5.00	50.00
	(c) Employees Benefit Obligations	15 (i)	43,573.44	41,096.43
	(d) Deferred Tax Liabilities (Net)	6	-	-
	(e) Other Non-Current Liabilities	16	1,138.50	29.14
	Current liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	13 (i)	-	-
	(ii) Trade Payables	13 (ii)	23,636.01	42,071.83
	(iii) Other Financial Liabilities	13 (iii)	6,689.71	13,496.50
	(b) Other Current Liabilities	17	22,925.94	17,759.29
	(c) Provisions	14 (ii)	78,864.18	71,736.34
	(d) Employees Benefit Obligations	15 (ii)	1,05,558.50	87,206.13
	(e) Current Tax Liabilities (Net of Advance tax)	9 (b)	-	12,198.38
	Total Equity and Liabilities		7,10,111.12	7,36,139.71

See accompanying Notes to the Financial Statement.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

Sd/-(R. Bhatia, FCA)

(M.No. 17572) Partner

Date: 29.06.2018 Place: Aurangabad

124 Annual Report 2017-18

On behalf of Security Printing and Minting Corporation of India Limited

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director

Sd/-



# SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018

S. No.	Particulars	Note No.	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017
	Revenue From Operations	18	4,44,515.59	5,96,602.09
I	Other Income	19	20,068.17	13,792.12
11	Total Income (I+II)		4,64,583.76	6,10,394.21
v	EXPENSES		· · ·	
	Cost of Materials Consumed	20	2,17,921.18	2,80,677.45
	Purchases of Stock-in-Trade		-	-
	Changes in Inventories of Finished Goods, Stock-in -Trade and Work-in-Progress	21	(25,979.78)	12,503.48
	Employee Benefits Expense	22	1,25,989.85	1,17,546.43
	Finance Costs	23	297.36	11,872.71
	Depreciation and Amortization Expense	3&4	12,597.60	12,079.65
	Other Expenses	24	70,763.18	84,270.37
	Total Expenses (IV)		4,01,589.39	5,18,950.09
	Profit/(loss) before Exceptional Items and Tax (III-IV)		62,994.37	91,444.12
'I	Add: Exceptional Items			-
II	Profit/(loss) Before Tax (V-VI)		62,994.37	91,444.12
	Tax Expense:			
	(1) Current Tax		17,026.00	45,954.38
	(2) Deferred Tax		(17,177.13)	(19,750.77)
	(3) Mat Credit Entitlement		-	-
<	Profit / (Loss) for the Year from Continuing Operations (VII-VIII)		63,145.50	65,240.50
	Profit/(loss) from Discontinued Operations		-	-
[]	Tax Expense of Discontinued Operations		-	-
II	Profit/(loss) from Discontinued Operations (After Tax) (X-XI)		-	-
	Profit/(loss) for the Year (IX+XII)		63,145.50	65,240.50
IV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		4,942.59	(5,676.42)
	<ul><li>(ii) Income tax relating to items that will not be reclassified to profit or loss</li></ul>		(1,710.63)	1,964.04
			3,231.96	(3,712.38)
	B (i) Items that will be reclassified to Profit or Loss profit or loss		-	61.41
	<ul><li>(ii) Income tax relating to items that will be reclassified to profit or loss</li></ul>		-	(21.25)
			-	40.16
V	Total Comprehensive Income for the Period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		66,377.46	61,568.29
VI	Earnings per Share			
)	Basic Earnings per Share of ₹10/- Each		5.75	5.21
i)	Diluted Earnings per Share of ₹10/- Each		5.75	5.21

See accompanying Notes to the Financial Statement.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

Sd/-(R. Bhatia, FCA) (M.No. 17572)

Partner

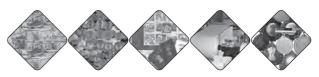
Date: 29.06.2018 Place: Aurangabad Sd/-**(Sachin Agarwal)** Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director

On behalf of Security Printing and Minting

**Corporation of India Limited** 





## SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Cash Flow Statement for the year ended 31<sup>st</sup> March, 2018

			(Amount in ₹ lacs)
Particulars A Cash Flow from Operating Activities		31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Profit before Tax	а	62,994.37	91,444.12
Add:	a	02,994.37	71,777.12
Adjustment to reconcile Profit before Tax to I	Net Cash Flow		
Depreciation and Amortisations of Property P		12,597.60	12,079.64
Interest Expenses		297.36	11,872.71
Loss /(Profit) on Sale of Property, Plant and E	quipment	(113.57)	(23.25)
Interest Income	daipment	(5,141.81)	(7,366.96)
Dividend from Mutual Funds		(454.88)	(303.71)
Other Adjustments		(8,453.38)	(22,755.51)
Total	b	(1,268.68)	(6,497.08)
Operating Profit Before Working Capital Chan		61,725.69	84,947.04
Adjustment for		01,720.05	04,947.04
(Increase)/ Decrease in Trade Receivables		61,493.11	(88,351.22)
(Increase)/ Decrease in Inventories		(62,032.04)	16,796.41
(Increase)/ Decrease in Loans & Advances		101.66	530.94
(Increase)/ Decrease in Other Assets		(7,749.59)	2,323.43
Increase/ (Decrease) in Trade Payable		(18,435.82)	5,041.98
Increase/ (Decrease) in other Current Liabilitie	26	7,729.10	(5,783.36)
Increase/(Decrease) in Long Term Provisions		2,432.01	8,004.99
Increase/ (Decrease) in Short Term provisions		25,480.21	55,189.82
Increase/ (Decrease) in other Non-Current Lia		1,109.36	181.00
(Increase) / Decrease in other Non-Current As		55.71	104.42
Total	d	10,183.72	(5,961.60)
Cash Generated from Operations	e=c+d	71,909.41	78,985.44
Less: Tax Paid	f	(37,531.77)	(19,539.08)
Net cash flow from operating activities	ģ	34,377.64	<u>59,446.36</u>
B Cash Flow from Investing Activities	9	04,077.04	07,440.00
Interest Income		5,141.81	7,366.96
Dividend Income		454.88	303.71
Sale of Property , Plant & Equipements		115.32	
PurchaseandAdjustmentinProperty,Plantand	Fauinment (Including CWIP)	(11,785.81)	(4,431.32)
(Increase)/ Decrease in current investments		1,099.27	(16.13)
(Increase)/ Decrease in Investments		1,055.27	(10.13)
Increase/(Decrease) in Long Term Liabilities			_
Net Cash Flow from Investing Activities	i	(4,974.53)	3,223.22
C Cash Flow from Financing Activities	J	(4,974.33)	
Issuance of Share Capital			
Dividend Paid to Equity Shareholders		(22,764.00)	(6,092.43)
Dividend Distribution Tax		(4,634.28)	(1,240.30)
Buy Back of Share Capital		(45,525.86)	(1,240.30)
Tax Paid on Buy Back of Shares		(7,775.49)	
Increase/ (Decrease) in Long Term Borrowing	6	(7,773.49)	(1,13,514.24)
Change in Capital Reserve Interest Paid	3	(297.36)	(1,13,314.24)
Net Cash Flow from Financing Activities	k	(80,996.99)	(1,32,719.68)
Cash & Cash Equivalent at the Beginning of th		1,02,657.58	1,72,707.68
Increase/ (Decrease) in Cash or Cash Equivalent		(51,593.88)	(70,050.10)
Net Increase/(Decrease) in Cash or Cash Equival		51,063.70	1,02,657.58
Cash & Cash Equivalent at the end of the Year		51,063.70	
Cash & Cash Equivalent at the end of the Year		51,003.70	1,02,657.58

See accompanying Notes to the Financial Statement.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

Sd/-(**R. Bhatia, FCA)** (M.No. 17572) Partner

Date: 29.06.2018 Place: Aurangabad



Sd/-**(Sachin Agarwal)** Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director

On behalf of Security Printing and Minting Corporation of India Limited



# SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Statement of Changes in Equity for the year ended 31<sup>st</sup> March, 2018

#### A. Equity Share Capital

Balance as at April 1,2017	Change During the year	Balance as at March 31, 2018
1,18,249.00	11,824.90	1,06,424.10
Balance as at April 1,2016	Change During the year	Balance as at March 31, 2017
1.18.249.00	-	1,18,249,00

#### **B. Other Equity**

**Other Equity Reserve and Surplus** Other Particulars Total Comprehensive Capital Retained Capital General Income (OCI) Redemption Reserve Reserve Earnings Reserve 2,29,868.39 33,819.95 20,008.52 Balance as on 1st April, 2016 (1,562.84)2,82,134.02 118,24,90,000EquitySharesof₹10 Each Net Profit for the Year 2016-17 65,240.50 (3,672.22)61,568.29 Items of Other Comprehensive Income recognized directly in retained earnings. Prior Period items 12.62 12.62 Dividend paid for the previous (6,092.43)(6,092.43)year Dividend distribution tax (1,240.30)(1,240.30)Adjustment to Pension (22,768.26)(22,768.26)Income tax adjustments for 655.96 655.96 earlier years Balance as on 1st April, 2017 33.819.95 20.008.52 3,14,269.90 2.65.676.48 (5,235.06)Net Profit for the Year 2017-18 63,145.24 63,145.24 Items of Other Comprehensive 3,231.96 3,231.96 Income recognized directly in retained earnings. 106.34 Prior Period items 106.34 **Disputed Claim** (9,533.97)(9,533.97)Depreciation 974.25 974.25 Dividend paid for the previous (22,764.00)(22,764.00)vear Dividend distribution tax (4,634.28)(4,634.28)Buy back of Shares (7,775.49)(7,775.49)Transfer to General Reserve for (25,517.34)(25,517.34) Buy Back of shares Transfer from Retained earnings 25,517.34 25,517.34 for buy back of shares Transfer to Capital Redemption (11, 824.90)11,824.90 Reserve Adjustment to Pension 10% Equity Shares bought back (33,700.96)(33,700.96)during the year Balance as on 31st March, 2018 33,819.95 2,59,677.23 11,824.90 (2,003.10)3,03,318.99 -

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants

FRN003202N OF ICAI

Sd/-(R. Bhatia, FCA) (M.No. 17572)

Partner

Date: 29.06.2018 Place: Aurangabad On behalf of Security Printing and Minting Corporation of India Limited

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director (Amount in ₹ lacs)

(Amount in ₹ lacs)

Annual Report 2017-18 127



SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED NOTES TO THE FINANCIAL STATEMENT

#### **Note 1 Company Overview**

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

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

#### **Note 2 Significant Accounting Policies**

# 2.1 Basis of preparation and presentation of financial statement

These financial statement 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, as per 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.

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 31<sup>st</sup> March, 2016, the company has prepared its financial statement 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 statement are the Company's second Ind AS standalone financial statement.

#### 2.2 Use of estimates

The preparation of the financial statement 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 statement 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 statement 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 statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statement.

#### 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 non current only unless efforts for its recovery have been made and it is likely that payment shall be received within 12 months from the reporting date. A judicious decision shall be taken by 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 noncurrent

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

#### 2.4 Summary of Significant Accounting Policies

#### a) <u>Revenue recognition</u>

The Company earns revenue mainly from printing of notes, non judicial stamp papers, postal stamps, travel documents and minting of coins for RBI, State Government and Central Government.

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/GST.

In case of Coins and Bank Notes, revenue is recognised on the basis of rates as considered in the MOU as approved by the Ministry of Finance 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 are accounted for in the financial year in which such rates are approved by Ministry of Finance.

Revenue from other products (Postal Stationary, Passport 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 shareholders approval.

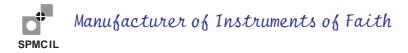
Liquidated damages recovered from the vendors are appropriated towards the income on completion of the contract.

#### 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. These 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 postemployment schemes:

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

#### (a) 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 regarding absorption of employees in the company. Options were exercised and Government of India accepted absorption of employees in the company on 29<sup>th</sup> 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, either opt 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. However, the company is making provision for pensionary charges of these employees as per the actuarial valuation in accordance with Ind AS. Contribution by Government to the company in subsequent years will be accounted for in the of receipt.

#### (b) 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.

#### a(i) 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.

#### a(ii) 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 rupees is determined by discounting the estimated future cash outflow 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 flow 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. These 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.

#### a(iii) 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.

#### a(iv) 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) <u>Taxes</u>

#### **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.

#### d) Property, plant and equipment

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 these are incurred. The cost and related accumulated depreciation are eliminated from the financial statement 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) <u>Depreciation methods / estimated useful lives</u> <u>and residual value</u>

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
Lease hold 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
Computers	3 years
Others	10 years

The assets residual values and useful life of assets 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 these are available for use.

Depreciation is calculated using the straightline 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:

Computer software costing less than ₹ 1 lac	100% in the year of purchase
Computer software costing more than ₹1 lac (where the useful life is less than or equal to one year)	100% in the year of purchase
Computer software costing more than ₹1 lac (in other cases)	33.33% on SLM
Assets costing less than ₹5000	100% in the year of purchase



#### f) <u>Inventories</u>

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.
- c) Scraps are valued at net realizable value.
- d) Slow moving/obsolete inventories have been valued at the Cost or at net realizable value.

#### g) <u>Provisions, contingent liabilities and contingent</u> <u>assets</u>

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 are 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

#### Component of Financial Instruments

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

# De-recognition of financial assets and financial liabilities:

A financial assets is de-recognised when the contractual rights to the cash flow is realised or forfeited. The financial liability is de-recognised when the underlying obligation relating to the liability is fulfilled, terminated or extinguished.

#### j) <u>Investment</u>

#### 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 capitalised 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 flow, 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.

#### m) Cash Flow Statement:

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

#### n) Cash dividend to equity holders

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) <u>Leases</u>

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. These 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 amortised 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 cashgenerating unit's (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 inflow 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.

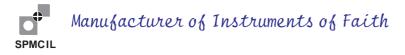
Tangible Assets	S													(Armour	(AITIOUITLIII < IACS)
			Gross Block	×			ă	Depreciation			-	Impairment		Total net carrying amount	ing amount
Particulars	Balance as on 01.04.2017	Additions	Additions Disposals Adjustment	Adjustment	Balance as on 31.03.2018	Balance as on 01.04.2017	Depreciation for the year	Adjustment Disposal	Disposal	Balance as on 31.03.2018	Balance as at 01.04.2017	During the Year	Balance as at 31.03.2018	Balance as on 31.03.2018	Balance as on 31.03.2017
Property Plant & Equipment															
Land	475.71	ı	,		475.71			,				ı	ı	475.71	475.71
Lease Hold Land	190.47	ı		ı	190.47	5.55	2.78	ı	1	8.33	ı	ī	ı	182.14	184.92
Building	7,456.75	141.53	,	ı	7,598.28	441.64	408.42	1	,	850.06	ı	ī	ı	6,748.22	7,015.11
Factory Building	10,874.12	192.52	,	(20.02)	11,086.66	862.04	519.68	ı	ı	1,381.72	ı	ī	ı	9,704.94	10,012.08
Plant and Equipment	1,24,063.09	8,523.26	303.09	(9.29)	1,32,292.55	15,316.82	10,605.14	976.64	288.30	24,657.02	0.80	2.39	3.19	1,07,632.34	108,745.47
Furniture and Fixtures	629.84	136.05	2.43	ı	763.45	159.98	85.10	ı	2.37	242.71	ı	ı	ı	520.75	469.86
Vehicles	208.28	54.58	5.46	ı	257.41	59.75	39.04	1	5.46	93.33	ı	ī	1	164.07	148.53
Office Equipments	642.00	79.22	,	ı	721.21	271.51	101.39	ı	,	372.89	ı	ī	ı	348.32	370.49
Other Equipments	,	,	,	ı	,		,	1	,		ı	ī	,	ı	,
-Computers & Printers	1,270.35	214.15	15.22	(0.29)	1,469.57	764.59	214.82	0.26	12.91	966.24	,	ı	1	503.33	505.76
-Railway Siding	200.30	,	,	ı	200.30	10.25	12.69	1	,	22.94	ı	ī	1	177.36	190.05
-Electrical Installation	3,970.89	86.63	,	(27.98)	4,085.50	888.05	441.69	ı	,	1,329.74	ı	ī	ı	2,755.76	3,082.84
-S&D Assets	15.59	1	,	I	15.59	1	,	1	,	ı	ı	1	ı	15.59	15.59
-R&D Assets	135.05	145.82	ı	1	280.87	25.05	27.49	ı		52.54	ı		ı	228.33	110.00
-Tools	ı	0.12	ı	,	0.12		ı	1	,	ı	ı	ı	ı	0.12	1
-Lower Asset Value	(1.42)	0.52	ı	(1.42)	0.52	(1.42)	0.52	(1.42)	1	0.52	i	I	I	ı	i
- Lab Equipments	31.31	1.61		1	32.92	7.18	3.69	I	1	10.87	I		I	22.05	24.13
TOTAL (A)	1,50,162.33	9,576.01	326.20	(20.00)	1,59,471.13	18,810.98	12,462.45	975.48	309.04	29,988.91	0.80	2.39	3.19	3.19 1,29,479.03	1,31,350.55
Capital Work in Progress	6,364.76	3,869.51	2,574.78	110.45	7,549.04		,		,					7,549.04	6,364.76
TOTAL (B)	6,364.76	6,364.76 3,869.51	2,574.78	110.45	7,549.04			1					1	7,549.04	6,364.76

# Note 4 Fixed Assets Intangible Assets

											2	(Amount in < lacs)	
		Gre	Gross Block				Depre	Depreciation			Total net carrying amount	ying amount	
Particulars	Balance as on 01.04.2017	Additions Disposals	Disposals	Adj.	Balance as on 31.03.2018	Balance as on 01.04.2017	Balance as on Depreciation for 01.04.2017 the period	Adj.	Disposal	Balance as on 31.03.2018	Balance as onBalance as on31.03.201831.03.2018	Balance as on 31.03.2017	
Computer Software	684.06	9.46	1	0.89	692.63	352.07	135.15	I	I	487.22	205.41	331.99	
Total	684.06	9.46	1	0.89	692.63	352.07	135.15		ı	487.22	205.41	331.99	

# Manufacturer of Instruments of Faith







# Note 5 (i)

#### (a) Non Current Investments

(a) Non Current Investments		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
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 [4,00,00,000 Shares @ ₹10 each]})	40,000.00	40,000.00
Total Investment	40,000.00	40,000.00

# Note 5 (ii)

#### Trade Receivables - Non Current

Trade Receivables - Non Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(i) Trade Receivables		
- Doubtful	67,986.72	60,821.56
TOTAL (A)	67,986.72	60,821.56
(i) Allowance for bad debts	43,162.91	49,079.89
(ii) Provision for Rate Difference	24,823.81	11,741.67
TOTAL (B)	67,986.72	60,821.56
Total Trade Receivables (A-B)	-	-

# Note 5 (iii)

Loans - Non current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(A) Security Deposit		
- Unsecured, considered good	476.54	410.81
TOTAL (A)	476.54	410.81
(B) Loan due from employees	585.02	1,019.23
TOTAL (B)	585.02	1,019.23
Total Loans (A+B)	1,061.56	1,430.04

# Note 5 (iv)

Others - Non current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(a) Security Deposit		
- Deposit with CISF	344.80	344.81
- Deposit with Electricity Board	775.81	763.20
- Deposit with Tax Authorities/other	3,629.00	3,221.08
(b) Other advances	140.83	120.97
Total	4,890.44	4,450.06





# Note 6

#### **Deferred tax assets & Liabilities**

The tax effects of the significant temporary differences that resulted in deferred tax assets/liabilities are as follows

that resulted in deferred tax assets/liabilities are as follows		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Deferred Tax Assets/(Liabilities)		
Property, plant and equipment	(18,489.82)	(16,588.68)
Current liabilities, Trade Receivables and provisions	1,02,642.28	85,274.62
Net deferred tax assets	84,152.45	68,685.94

# Note 7

Other Non-current Assets		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Other Receivables	-	85.12
Advance to PAO	34.91	34.91
Advance to others	0.82	0.82
Non Moving Inventory	711.78	817.27
Provision for non moving inventory	(597.56)	(660.56)
Total	149.95	277.56

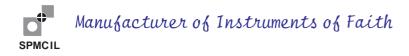
#### Note 8

Inventories (At lower of Cost or Net Realisable Value)		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(a) Raw Materials		
- Raw materials	1,14,731.10	80,473.65
- Raw material in transit	117.65	771.26
- Goods in transit	2,278.86	2,856.44
(b) Work-in-progress	79,429.50	70,418.56
(c) Finished goods	26,293.10	6,545.91
(d) Stores and spares	13,237.73	10,789.33
(e) Others- Scrap	5,573.84	7,774.59
Total inventories	2,41,661.78	1,79,629.74

# Note 5(i)

#### **Investments - Current**

Investments - Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Investment in Mutual funds - Quoted		
SBI Mutual Fund	9,009.28	-
UTI Treasury Advantages Fund' (Valued at Fair value) (CY:890028.418 Units /PY: 450809.124 Units)	-	10,108.55
Total Investment	9,009.28	10,108.55





# Note 5(ii)

Trade	<b>Receivables</b> -	Current
IIaue	Necelvables -	Guilent

Trade Receivables - Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Unsecured, considered good	98,001.82	1,59,494.93
Total Trade Receivables	98,001.82	1,59,494.93

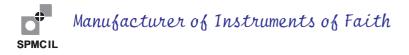
# Note 5(v)

## **Cash & Cash Equivalents**

Cash & Cash Equivalents		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
a)		
Balances with banks	2,491.96	69,481.30
Cheques, draft on hand	359.95	6,367.07
Cash on hand	2.25	2.94
Postage on hand	2.35	2.57
Total cash & cash equivalents	2,856.51	75,853.88
b)		
Bank balances other than above	48,207.19	26,803.70
FDR (maturity period more than 3 months)	-	-
Total Bank Balances	48,207.19	26,803.70

# Note 5 (iii)

Loans - Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(A) Security deposit		
Secured, considered good	1.37	1.37
TOTAL (A)	1.37	1.37
(B) Other loans	-	-
Loans to employees	235.14	336.80
TOTAL (B)	235.14	336.80
Total Loans (A+B)	236.51	338.17





(Amount in ₹ lacs)

# Note No.5 (iv)

Others - (	Current
------------	---------

Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Deposits with other department	1.15	0.74
Other advances Other advances receivables Interest receivables on FDR	21.73 1,117.94 32.71	11.49 920.02 16.51
Assets held for sales	5,762.17	5,762.12
Total	6,935.70	6,710.88

# Note 9 (a)

## Current Tax Assets (Net)

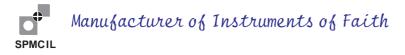
Current Tax Assets (Net)		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Balance with Income Tax Authority		
Advance tax including TDS	20,906.74	-
Less : Provision of Income Tax	(17,026.00)	-
Current tax assets - Net	3,880.74	-

# Note 9 (b)

(e) Current Tax Liabilities (Net of Advance Tax)		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Provision for Income Tax	-	45,954.38
Less: Advance tax/ TDS	-	(33,756.00)
Current Tax Liablities (Nett of Advance tax)	-	12,198.38

# Note 10

Other Current Assets		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Prepaid expenses	205.87	423.11
Balance with excise authorities	2,900.89	22.92
Balance with sales tax / GST authorities	15,569.81	1,870.24
Balance with Income Tax Authorities	0.78	-
Assets held for disposal	0.07	0.07
PAO/C&C DEA Ministry of Finance (EPF)	901.97	901.98
PAO/C&C DEA Ministry of Finance (GPF)	369.50	369.50
Commemorative coins	0.78	5.63
Other receivables	118.90	332.34
Advances to suppliers	11,732.32	20,355.93
Advances to CPWD	10.68	8.03
Advances to BSNL	22.14	19.19
Total	31,833.71	24,308.94





#### Note 11

Issued Share Capital		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Authorised Capital		
2,50,00,00,000 Equity Shares of ₹10 Each	2,50,000.00	2,50,000.00
Issued and subscribed capital		
118,24,90,000 Equity Shares of ₹10 Each	1,18,249.00	1,18,249.00
	1,18,249.00	1,18,249.00
Paid up capital		
106,42,41,000 Equity Shares of ₹10 Each (Previous Year	1,06,424.10	1,18,249.00
1,18,24,90,000 Equity Shares of ₹10 Each)		
Total	1,06,424.10	1,18,249.00

# Note 11A

#### Reconciliation of equity shares outstanding at the beginning and at the end of year

		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Equity Shares at the beginning of the year	1,18,24,90,000	1,18,24,90,000
Add: Shares issued during the year	0	0
Less: Shares buyback during the year	11,82,49,000	0
Equity Shares outstanding at the end of the year i.e. as on 31 <sup>st</sup> March 2018	1,06,42,41,000	1,18,24,90,000

## 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

Particulars	Figures as at 31st March 2018 No. of Shares	Figures as at 31st March 2017 No. of Shares
a) President of India through Sh. Anurag Agarwal, JS (ACC), DEA, MOF (Previous year President of India through Dr. Saurabh Garg, JS (I&C), DEA, MOF	1,06,42,40,994	1,18,24,89,994
b) % of No of shares	99.99	99.99

## Note 11D

Terms and rights attached to the equity shares of the Company :  $\ensuremath{\mathsf{NIL}}$ 





#### Note 12

#### Reserve & Surplus (Amount in ₹ lacs)

Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(a) Capital Reserve	33,819.95	33,819.95
(b) General Reserve	-	20,008.52
(c) Retained Earnings (Surplus)	2,57,674.13	2,60,441.43
(d) Capital Redemption Reserve	11,824.90	-
Total Reserve & Surplus	3,03,318.98	3,14,269.90
(a) Capital Reserve		
As per last statement of financial position	33,819.95	33,819.95
Add: Current year transfer	-	-
Less : Written back in current year	-	-
Total Capital Reserve	33,819.95	33,819.95
(b) General Reserve		
As per last statement of financial position	20,008.52	20,008.52
Add: Current year transfer	25,517.34	-
Less : Transfer to Capital Redemption Reserve	11,824.90	-
Less: Buyback of shares	33,700.96	-
Total General Reserve	-	20,008.52
(c) Retained Earnings		
As per last statement of financial position	2,60,441.42	2,28,305.55
Add: Net Profit/(Loss) for the current year	63,145.50	65,240.51
Add: Items of other comprehensive income recognized directly in retained earnings	3,231.96	(3,672.22)
: Remeasurement of Employees defined benefit plans	-	-
: Prior period items	106.34	12.62
: Disputed Claim	(9,533.97)	-
: Depreciation	974.25	-
: Adjustment on Fixed assets	-	-
: Adjustment on Pension	-	(22,768.26)
: Adjustment on Deferred tax	-	-
Add: Transfer from reserves	-	-
Less: Transfer to corporate/HO	-	-
Less: Dividend paid for the previous year	(22,764.00)	(6,092.43)
Less : Dividend distribution tax	(4,634.28)	(1,240.30)
Less: Tax on Buy back	(7,775.49)	-
Less: Transfer to General Reserve for buy back of Shares	(25,517.34)	-
Add: Income Tax Adjustments for Earlier Years	-	655.96
Total Retained Earnings	2,57,674.13	2,60,441.43
d) Capital Redemption Reserve		
As per last statement of financial position		
Add:Current year Transfer	11,824.90	-
Less : Written back in current year	-	-
Total Capital Redemption Reserve	11,824.90	-





## Financial Liabilities - Non-Current Borrowing

# Note 13 (i)

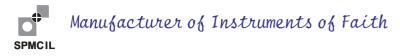
Borrowings		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Loans & borrowings	-	-
Total Non-Current Borrowings	-	-

# Note 13 (ii)

Trade Payables		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(a) Non Current	-	-
- Trade payables	-	-
Total Non Current Trade Payable	-	-
(b) Current		
- Trade payables	23,636.01	42,071.83
Total Current Trade Payable	23,636.01	42,071.83
Total Trade Payables	23,636.01	42,071.83

# Note 14

Provisions		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(i) Non-Current Provisions		
Other Provision		
- Provision for Disputed Claims	5.00	50.00
Total Non Current Provisions	5.00	50.00
(ii) Current Provisions		
Other Provisions		
- Other Short Term Provisions	5,209.76	523.19
- Provision for Disputed Claims	73,654.42	71,213.15
Total Current Provisions	78,864.18	71,736.34



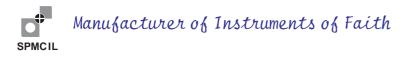


Fmploy	vees	<b>Benefit</b>	Obligations
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Employees Benefit Obligations		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(i) Non-Current Provisions		
(a) Provision for employee benefits		
- Provision for Gratuity	14,843.47	12,658.19
- Provision for Leave Encashment	24,319.43	26,059.95
- Provision for Leave Salary Contribution	105.19	-
- Provision for Ex-Gratia	26.10	26.49
- Provision for post retirement medical benefits	4,279.25	2,351.80
Total Non-Current Employees Benefit Obligations	43,573.44	41,096.43
(ii) Current Provisions		
(a) Provision for employee benefits		
- Provision for Leave Salary and Pensionary Charges	44.82	29.75
- Provision for Gratuity	1,813.02	1,550.78
- Provision for Ex-Gratia /Bonus	362.32	392.10
- Provision for Leave Encashment	3,027.74	3,188.67
- Provision for Compensation in Lieu of Compassionate	531.59	489.43
- Provision for Pension Trust Liability	94,702.69	73,966.46
- Provision for post retirement medical benefits	1,838.58	2,156.01
- Other employees benefits short term provisions	3,237.74	5,432.93
Total Current Employees Benefit Obligations	1,05,558.50	87,206.13

## Note 16

Other Non Current liabilities		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Other Non-Current Liabilities (Diff. amount Received From RBI)	1,138.50	29.14
Total Non Current Liabilities	1,138.50	29.14





## **Other Current Liabilities**

Other Current Liabilities		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Employee's Claim	18.27	31.87
Advances from customer	14,803.40	6,556.95
Security Deposit of Supplier/Vendors	34.77	18.74
Payable to PAO	96.18	76.29
Statutory dues payable	4,676.57	2,857.82
Salaries and wages and other employee beneft payable	171.83	736.78
Expenses payable	844.96	1,090.92
Contribution to SPMCIL Pension Trust Payable	66.36	1.40
Pensionary charges payable	141.78	34.39
Bank book overdraft	236.88	215.41
Other current liabilities	1,794.00	6,138.72
Capital goods creditors	40.94	-
Total other current liabilities	22,925.94	17,759.29

## Note 13(iii)

Other Financial Liabilities		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Other Financial Liabilities - Non Current		
Funds from GOI - adjustable	17,976.76	17,976.76
Funds adjustable from Govt of India - Total (a)	17,976.76	17,976.76
Other Financial Liabilities - Current		
Earnest Money Deposit (EMD)	394.24	481.90
Security Deposit of Supplier/Vendors	572.38	624.83
Salaries and wages and other employee beneft payable	1,905.07	6,283.73
Recovery from salary payable to concerned authorities	833.09	542.12
Expenses payable	2,216.76	4,801.13
Bank book overdraft	768.17	762.79
Total (b)	6,689.71	13,496.50

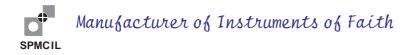




Revenue		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(A) Sale of products		
- Sale of Notes	1,96,560.11	2,13,926.19
- Sale of Coins	1,42,643.24	2,70,724.97
- Sale of Medals and Commemorative Coins	5,635.56	4,313.06
- Sale of INK	714.36	-
- Sale of Passport & Allied	36,889.17	46,058.16
- Sale of Postal Items	2,374.66	2,339.83
- Sale of Non Postal Items	5,269.58	4,104.03
- Sale of NJSP	36,608.92	35,022.54
- Sale -Others	7,058.24	7,101.91
TOTAL (A)	4,33,753.84	5,83,590.69
(B) Sale of Services		
- Job Work	943.99	602.91
- Other Service	31.28	21.23
TOTAL (B)	975.27	624.14
(C) Other Operating Revenue		
- Sale of Scrap	9,693.85	11,939.42
- Other Operating Activities	92.63	447.84
TOTAL (C)	9,786.48	12,387.26
Total Revenue from Continuing Operations (A+B+C)	4,44,515.59	5,96,602.09

## Note 19

Other Income		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(a) Interest Income		
- Interest Income	5,141.81	7,364.53
TOTAL (A)	5,141.81	7,364.53
(b) Dividend Income		
- Dividend Income from Mutual Fund	454.88	303.71
TOTAL (B)	454.88	303.71
(c) Other non operating income(net of expense directly attributable to such income)		
<ul> <li>Foreign exchange fluctuation gains/ (loss)</li> </ul>	471.43	490.84
- Profit on sale of fixed assets	113.57	28.84
<ul> <li>Other non operating income(net of expense directly attributable to such income)</li> </ul>	3,141.92	3,595.80
- Provisions/liabilities written back	10,545.15	1,816.39
- Rate difference	199.41	192.01
TOTAL (C)	14,471.48	6,123.88
Total Other Income (A+B+C)	20,068.17	13,792.12





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## Note 20

Cost of Materials Consumed		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Cost of Material Consumed	2,17,921.18	2,80,677.45
Total Cost of Materials Consumed	2,17,921.18	2,80,677.45

## Note 21

Changes in Inventories of Finished Goods, Stock in Trade and Work in Progress

		(Amount in ₹ lacs)
Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Opening Balance		
Work in progress	70,418.56	73,430.15
Finished goods	6,545.91	15,785.49
Goods in Transit	2,856.44	3,094.35
Scrap	7,774.59	7,788.99
Total Opening balance (A)	87,595.50	1,00,098.98
Closing Balance		
Work in progress	79,429.50	70,418.56
Finished goods	26,293.10	6,545.91
Goods in Transit	2,278.85	2,856.44
Scrap	5,573.83	7,774.59
Total Closing balance (B)	1,13,575.28	87,595.50
Total changes in inventories of finished goods, stock in	(25.070.79)	10 500 40
trade and work in progress (A-B)	(25,979.78)	12,503.48

## Note 22

#### **Employee Benefit Expense**

Employee Benefit Expense		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Salaries, wages and allowances	68,555.81	67,258.49
Overtime	15,387.11	15,429.22
Incentive	13,461.47	14,890.75
LTC	307.26	210.03
Medical	2,287.22	2,636.31
Employer Contribution to EPF	4,347.82	3,298.70
Leave salary & pensionary charges contribution	876.68	924.88
Cotribution to SPMCIL pension trust	2,016.10	990.13
Leave encashment	8,238.65	5,416.13
Gratutity	6,960.55	3,044.95
Staff welfare expenses	121.31	65.85
Other employee benefits	1,419.25	2,280.34
Post retirement medical benefits	2,010.62	1,100.65
Total employee benefit expenses	1,25,989.85	1,17,546.43





Finance Cost		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Interest cost on loan from Ministry of Finance		11,872.71
Interest cost on loan from Bank	297.36	-
Total	297.36	11,872.71

## Note 3 & 4

Depreciation and Amortization Expense		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Depreciation on Property Plant and Equipment	12,462.45	11,950.12
Amortisation of Intangible Assets	135.15	129.53
Total	12,597.60	12,079.65

## Note 24

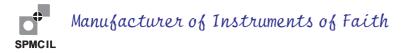
Other expenses		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(A) Other Manufacturing Expenses		
- Consumption of stores, Spare and Components	8,532.50	10,693.39
- Power, Fuel and Water	7,541.59	7,400.59
- Repairs & Maintenance to Machinery	516.32	776.25
- Repairs & Maintenance to Factory Building	1,110.10	737.25
- Packing expenses	1,575.58	1,765.54
- Other manufacturing costs	552.87	8,679.32
TOTAL (A)	19,828.96	30,052.34
(B) Administrative Expenses		
- Advertisement	202.84	250.02
- Commission (Auction & Other)	305.75	373.67
- Audit fees	42.93	51.88
- Bank charges	4.30	6.40
- Bad debts written off	-	1,407.71
- Canteen expenses(Net of Receipts)	257.17	226.13
- Dispensary expenses	164.56	336.72
- Environmental charges	90.65	70.60
- Fees & honorarium	21.50	34.94
- Freight outward	1,232.48	1,259.71
- Foreign exchange fluctuation loss	94.40	86.24
- Grants in Aid expenses	3.20	3.95
- Loss on sale/discard of assets	0.16	5.59
- Guest house expense (Net of Receipts)	40.34	60.46
- Hiring of staff	2,254.64	1,386.60
- Horticulture expense	40.51	29.73



## Manufacturer of Instruments of Faith



Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
- Hospitality & entertainment expenses	72.34	70.86
- Legal & Professional charges	636.31	658.95
- Meeting expenses	8.98	17.97
- Misc expenses	35.65	66.95
- Office expenses	213.28	207.34
- Postage & courier expenses	45.08	41.25
- Printing & Stationery expenses	71.94	69.46
- Research & Development expenses	137.64	94.27
- Repair & Maintenance- Building	1,416.23	1,782.59
- Repair & Maintenance- Computers	197.13	451.69
- Repair & Maintenance- Others	1,641.74	564.14
- Rent	688.28	776.04
- Insurance	444.38	331.32
- Rates & Taxes	127.35	368.52
- Security charges	14,647.30	14,617.40
- Seminar & Training expenses	70.23	71.55
- Service Tax/ Sales Tax paid	51.28	217.24
- Subscription, Newspaper, Books & Periodicals	12.57	33.41
- Telephone & Internet charges	218.14	250.17
- Travelling & Conveyance expenses	576.02	635.27
- Travelling Expenses- Foreign	66.97	49.64
- Uniform & Liveries	23.15	59.04
- Corporate Social Responsibility Expense(CSR)	466.38	137.54
- Vehicle Hiring/Maintenance charges	351.85	262.46
- Water & Electricity charges	395.54	402.25
- Other expenditure	782.74	590.87
- Excise Duty paid	-	283.38
- Interest and Penalty	1,972.70	-
- Expense for Obsolete/ Non Moving Inventory/ Shortage	51.10	216.72
TOTAL (B)	30,177.72	28,918.28
(C) Provisions Created During the Year		
- Provision for Trade Receivables	6.54	87.47
- Provision for Obsolete/Non Moving Inventory/Shortage	(86.81)	350.06
- Provision for Rate Differences of Bank Notes	100.54	-
- Pension for Pension Trust Liability	20,736.23	-
- Provision for disputed claims	-	24,862.23
TOTAL (C)	20,756.50	25,299.75
Total Other Expenses (A+B+C)	70,763.18	84,270.37





## Note 24(a)

Auditors' Remuneration		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(A) Statutory Auditors		·
(i) Statutory Audit Fee	3.50	3.50
(ii) Tax Audit Fee	2.63	2.63
Sub-Total (A)	6.13	6.13
(B) Branch Auditors		
(i) Statutory Audit Fee	20.25	20.25
(ii) Tax Audit Fee	16.55	18.73
Sub-Total (B)	36.80	38.98
Auditors' Remuneration (A+B)	42.93	45.11
Auditor's Out of Pocket Expenses	-	19.44
Total	42.93	64.55

## Note 25

**Contingent Liabilities and Commitments** 

(Amount in ₹ lacs)

Contingent Liabilities and commitments (to the extent not provided for)	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
(I) Contingent Liabilities		
<ul> <li>(i) Claims against the company not acknowledged as debt (excluding legal cases where amounts are unascertainable)</li> </ul>		
(a) Cases filed by employees/workers	2,526.49	433.78
(b) Cases filed by Suppliers	59.44	31.89
(c) Octroi Penalty	24,022.51	24,022.51
(d) VAT demand on Circulation coins	24,400.64	24,400.64
(e) Sales Tax Dispute	3,308.20	-
(f) Service Tax	319.64	239.23
(ii) Commercial Tax (Entry Tax)	8,560.79	7,643.44
(iii) Bank Guarantee	-	-
(iv) Letter of credit issued by Banks	1,910.57	6,030.44
(v) Income Tax	29.03	775.79
(vi) Others	415.19	65.21
Total (I)	65,552.50	63,642.94
(II) Commitments		
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	56.22	6,232.00
Total (II)	56.22	6,232.00
Grand Total (₹) (I+II)	65,608.72	69,874.94



The Cases filed by employees/workers/suppliers are being contested and accordingly, no provision is considered necessary. The Cases regarding taxes are also being contested before appellate authorities accordingly, no provision is considered necessary.

The Andhra Pradesh Government had issued notices to IGM Hyderabad for payment of VAT on Coins from 2006 to 2013 amounting to ₹244 crores towards liability of VAT and penalty thereon. Representations were made to the Andhra Pradesh Government and based on the representations made by IGM Hyderabad, Govt. of Andhra Pradesh amended Schedule 1 of VAT Act, 2005 and the word "coins" inserted in entry 27 after the words "rupee note" and exempted "coins" from VAT prospectively i.e w.e.f 09.07.2013. As the exemption was given prospectively

i.e w.e.f 09.07.2013, demand amounting to ₹244 crores is still lying pending for the period 2006 to 2013. Matter was taken up with Telangana State Government for retrospective exemption w.e.f 01.04.2005 but no relief was given. Therefore, as advised by company senior legal counsel a writ has been filed in the High Court of Judicature at Hyderabad for the state of Telangana and the State of Andhra Pradesh. High Court of Judicature at Hyderabad vide its order dated 19th April, 2018, directed that "the stay petition is disposed of granting interim stay of further proceedings, pursuant to the impugned order of assessment, subject to the condition that the petitioner deposits 10% of the demand within a period of sixteen (16) weeks from the date of receipt of a copy court order". Therefore, provision is not considered necessary.

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 adjourn 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, on May 30, 2017 and further on May 29, 2018, the unit has not paid / provided for entry tax from June 01, 2013.



## Note 26

## 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 27

## 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 defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosure in respect of amount payable to such enterprises as at 31st March 2018 has been made in the financial statement on the basis of information received and available with the company.

In CNP Nashik, a provision amounting to ₹1.09 lacs towards interest for delays in payments to MSME during Financial Year 2017-18 has been made. Disclosure pertaining to Micro Small & Medium Enterprises (As per Information available with the Unit) is as follows:

S. No.	Particulars	Amount in ₹ lacs
1	Principal Amount Due outstanding as at 31/03/2018	Nil
2	Interest due on (1) Above & Unpaid as at 31/03/2018	Nil
3	Interest paid to the supplier	Nil
4	Payment made to the supplier beyond the appointed day during the Year.	55.79
5	Interest due & payable for the period of delay	1.09
6	Total Interest accrued & remaining unpaid as at 31st March 2018	1.09





S. No.	Particulars	Amount in ₹ lacs
7	Amount of the further interest	Nil
	remaining due & payable in the	
	succeeding year.	

## **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 2017-18 has been carried out at all the units including Corporate Office.

## Note 29

## **Precious Metals at Mints**

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

## Note 30

## **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 for 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**

- Employee Provident Fund (EPF): For EPF, a 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 Employee Provident Fund Organisation (EPFO). 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 1<sup>st</sup> April 2011 employee's contribution is being made to the Trust. There is only employee contribution in this fund therefore, no amount is recognized as expenses in Profit and Loss account.

#### **Defined Benefits Plans**

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





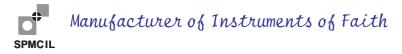
- b) Leave Travel Concession: Leave Travel Concession (LTC) benefits have been dealt with as per norms of Government of India adopted by the company.
- c) Gratuity: The Company has a defined benefit gratuity plan in accordance with Payment of Gratuity Act, 1972. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹20 lacs on superannuation, resignation, termination, disablement or on death during the entire tenure of service. The Liability for the same is recognized on the basis of actuarial valuation.
- d) Earned and Half Pay Leave: The Company provides for earned leave benefit and half pay leave to the employees of the Company which accrues 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 has also permitted to en-cash earned leave to the extent of 50% of balance at credit once in a calendar year subject to the balance at credit should not be less than 30 days after encashment and subject to maximum accumulation of 300 days. The Liability for the same is recognized on the basis of actuarial valuation.

- e) Post-Retirement Medical Benefits: The Company has Post-Retirement Medical Scheme under which eligible ex-employees are provided medical facilities on the sole discretion of the employee upon payment of one time prescribed contribution. The liability for the same is recognised on the basis of actuarial valuation.
- f) As per Ind AS 19 "Employee Benefits", the disclosure as defined is given below:

(₹ in lacs)

S.	Particulars	Gratuity Leave		ave	Post Retirement Medical Benefits		
No.		31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Defi	ned Contribution Plans						
Defir	ned Benefit Plans						
Α	Reconciliation of Opening and	Closing Bala	nces of Defi	ned Benefit	Obligation		
	Defined Benefit Obligation at beginning of the year	14,208.97	9,988.47	29,248.61	24,660.85	4,507.81	3,312.07
	Current Service Cost	1,906.47	1,778.45	1,300.37	1,818.65	1,409.69	1,115.96
	Interest Cost	1,045.78	749.14	2,152.70	1,849.56	331.97	248.40
	Actuarial (Gain)/Loss	98.76	3029.72	2709.40	4,825.86	315.33	210.50
	Benefits Paid	(603.49)	(1336.81)	(8063.90)	(3,906.29)	(446.98)	(379.05)
	Defined Benefit Obligation at the year end	16,656.49	14,208.97	27,347.18	29,248.61	6,117.83	4,507.81
В	Reconciliation of opening and o	closing bala	nces of fair v	alue of Plai	n Assets	1	1
	Fair value of plan assets at the beginning of the period	-	-	-	-	-	-
	Actual return on plan assets	-	-	-	-	-	-
	Employer contribution	-	-	-	-	-	-
	Benefits paid	-	-	-	-	-	-
	Fair value of plan assets at the end of the period	-	-	-	-	-	-





							(₹ in lacs)
S. No.	Particulars	Gratuity		Leave		Post Retirement Medical Benefits	
NO.		31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
С	Actuarial assumptions						
	Discount Rate (per annum)	7.40	7.36	7.40	7.36	7.40	7.36
	Expected rate of return on Plan Assets (per annum)	-	-	-	-	-	-
	Future Salary/cost Increase (per annum)	7.50	6.50	7.50	6.50	5.00	5.00
D	Sensitivity Analysis	31.03	3.2018	31.03	.2018	31.03	.2018
(a)	Impact of the change in discoun	t rate					
	Present Value of Obligation at the end of the period		16,656.49		27,347.18		6,120.52
	Impact due to increase of 0.50%		(515.91)		(815.06)		(203.27)
	Impact due to decrease of 0.50%		553.52		868.13		205.17
(b)	) Impact of the change in salary						
	Present Value of Obligation at the end of the period		16,656.49		27,347.18		-
	Impact due to increase of 0.50%		541.08		863.15		-
	Impact due to decrease of 0.50%		(515.12)		(818.02)		-

#### **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. About 90% of the sale of products during the year has been 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 32

#### **Related Party Transactions**

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 : Bank Note Paper Mill India Private Ltd.

Relationship : 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 31.03.2018.

(Amount in ₹ lacs)

Transaction:	2017-18	2016-17
Capital Contribution	Nil	Nil

Proportion of ownership in Joint Venture as per audited accounts for the Financial Year 2017-18 is as under (50%).





(Amount in ₹ lacs		ount in ₹ lacs)
Particulars	As on 31.03.2018 (Audited)	As on 31.03.2017 (Audited)
a) Contribution towards Equity	40,000	40,000

Aggregate amount of Company's interest in Joint Venture (50%) as per audited accounts for the F.Y. 2017-18 is as under:

(Amount in ₹ la		
Particulars	As on 31.03.2018 (Audited) (₹ in lacs)	As on 31.03.2017 (Audited) (₹ in lacs)
Equity Share Capital	40,000	40,000
Reserve and Surplus	24,154	12,359
Non-Current Liabilities	18,372	36,141
Current Liabilities	7,291	13,395
Non-Current Assets	62,114	66,733
Current Assets	27,702	35,161
Revenue	47,535	48,801
Cost of Material Consumed	18,498	18,200
Depreciation of Plant and Machinery	5,544	4,693
Employee Benefit Expenses	2,135	1,334
Finance cost	2,399	3,552
Other Expenses	4,421	2,331
Profit before Tax	14,539	18,689
Income Tax Expenses	2,706	5,383
Other Comprehensive Income (OCI)	38	4
Total Comprehensive Income (Share)	11,587	13,302

Unexpired commitments to the extent not provided (net of advances) (50% Liability)

(Amount in ₹ lacs)

Particulars	As on 31.03.2018	As on 31.03.2017
Unexpired commitments to the extent not provided for on capital and revenue account	2,746	15,474

Contingent Liability in Joint Venture Company (50%): ₹1,333 lacs (Previous Year ₹1,822 lacs)

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

	(Am	ount in ₹ lacs)
Particulars	As on 31.03.2018	As on 31.03.2017
Purchase of CWBN Paper	27,720.72	12,639.96

#### Key Managerial Personnel:

- Shri Praveen Garg, Chairman and Managing Director (upto 05.10.2017)
- Shri Anurag Agarwal, Chairman and Managing Director (from 05.10.2017 to 16.01.2018)
- Shri S. Selvakumar, Chairman and Managing Director (from 16.01.2018 to 01.05.2018)
- Ms. Tripti P. Ghosh, Chairman and Managing Director (from 01.05.2018)
- Shri Ajai Kumar Srivastav, Director (Technical) (from 29.08.2016)
- Shri S K Sinha, Director (HR) (from 01.09.2016)
- Shri Sanjai Maheshwari, Chief Financial Officer (upto 23.11.2017)
- Shri Ajay Agarwal, Director (Finance) & Chief Financial Officer (from 23.11.2017)
- Shri Sachin Agarwal, Company Secretary (from 23.09.2009)

There are no transactions with Key Managerial 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 Managerial Personnel of the Company is as under:

(Amount in ₹ lacs)

Payment to Key Managerial Personnel/Relative			
Name	Designation	2017-18	2016-17
Mr. M.S. Rana	CMD	-	50.93
Mr. P. N. Radkar	Director, Technical	-	16.52
Mr. Manoranjan Dash	Director, HR	-	61.13
Mr. Ajai Kumar Srivastav	Director, Technical	43.42	26.64
Mr. S.K. Sinha	Director, HR	44.69	20.76
Mr. Ajay Agarwal	Director, Finance/CFO	28.00	-
Mr. S.K. Jha	CVO	12.29	-
Mr. Sanjai Maheshwari	CFO	15.89	26.19
Mr. Sachin Agarwal	CS	8.94	10.19
TOTAL		153.26	212.40

## Note 33

#### **Earnings Per Share**

Particulars	2017-18	2016-17
Profit After Tax (in ₹ lacs)	66,377.46	61,568.29
Weighted average numbers of equity shares used as denominator	1,15,46,28,592	1,18,24,90,000
Basic/Diluted Earnings per share (in ₹)	5.75	5.21

## Note 34

## **Deferred Tax**

The significant components and classification of deferred tax Asset and Liabilities on account of temporary difference during the financial year 2017-18 are:

Particulars	(Amount in ₹ lacs)
Opening Balance of Deferred Tax Assets	68,685.95
Add:DeferredTaxAssets(Net) created during the year	15,466.50
ClosingBalanceofDeferredTax Assets	84,152.45

## Note 35

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 36

## Gold lying with RBI

85,555 Gms of gold is 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 37

## **Security Deposit Paid**

Security Deposits have been made with various Electricity Departments/Boards and companies by





Amount (₹ in looc)

the units to get electricity connections and supply. Most of these deposits have been made prior to corporatization.

## Note 38

## 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 39

#### 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 40

## 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 ₹458.62 lacs (Previous year ₹79.80 lacs).

During the year the company has incurred an amount of ₹466.38 lacs (Previous Year 137.53 lacs) on CSR. The details are as follows:

		Amount	(₹ in lacs)
SI. No.	CSR Project	2017-18	2016- 17
1	Swatchh Bharat Abhiyan	150.00	-
2	Clean Ganga Mission	50.00	-
3	Toilet at school	30.88	25.94
4	Remuneration of CSR consultant and third party evaluation payment.	7.73	-
5	Skill Development Training program	5.07	-
6	Ambulance for the transportation of injured animals	16.29	-
7	Ambulance to District Hospital	3.54	-
8	Water purifier in school	75.25	-
9	Drinking Water at school	-	7.14
10	Primaryschoolbuilding/ Library	126.34	19.79
11	School bus	-	17.95
12	School Furniture	-	5.61
13	Braille watches and sound system for blind school	1.28	
14	Other misc. projects	-	61.10
	Total	466.38	137.53

## Note 41

## Revenue

Sale of major products has been recognized in the books of accounts in Financial Year 2017-18 as follows:

- a) The sale of Circulating Coins has been accounted for at CAC Rate (13-14) duly approved by Ministry of Finance.
- b) The sale of Bank Notes has been accounted for at MOU Rate (17-18) duly approved by Ministry of Finance. MoU Rates are yet to be accepted by RBI in respect of Bank Notes.
- c) The Sale of Postal Stationery has been accounted for at the rates recommended by the Chief Advisor Cost (CAC), Ministry of Finance, Government of





India (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 42

#### **Pension Fund Trust Liability**

As per the actuarial valuation, total amount of liability towards pension and death cum retirement gratuity as on 31.03.2018 is ₹1,21,006.99 lacs. Shortfall after considering the plan assets amounting to ₹26,304.30 lacs as on 31.03.2018 is ₹94,702.69 lacs. Total amount of liability provided for in books of accounts till 31.03.2017 was ₹51,198.20 lacs. Therefore, total amount of shortfall to be provided for in books of accounts as on 31.03.2018 was ₹43,504.49 lacs.

Further, as the amount of shortfall amounting to ₹22,768.26 lacs as on 31.03.2017 was not provided for by company during F.Y 2016-17, amount has been provided for in books of accounts as follows:

S. No.	Particulars	As on 31.03.2018	As on 31.03.2017
1	Obligation of Pension and Death cum retirement Gratuity.	1,21,006.99	1,01,554.63
2	Less: Fair value of plan assets of Pension Fund	26,304.30	27,588.17
3	Shortfall [(1)- (2)]	94,702.69	73,966.46
4	Liability provided for in earlier years	51,198.20	51,198.20
5	Shortfall as at the end of year	43,504.49	22,768.26
6	Amount charged to Reserve & Surplus (being pertaining to F.Y 2016-17)	22,768.26	-
7	Amount charged to Profit and Loss account during F.Y 2017-18 [(5)-(6)]	20,736.23	-

(Amount in ₹ lacs)

Amount of liability as on 31.10.2008 i.e the date of absorption of Govt. employees to SPMCIL was paid by Ministry of Finance as per the Rule 37-A of the CCS (Pension) Rules, 1972 and liability was not settled on the basis of actuarial valuation. Therefore, Amount of liability towards pension and death cum retirement gratuity was recalculated as on 31.10.2008 on the basis of actuarial valuation. Amount of liability as on 31.10.2008 came out to be ₹37,330.85 lacs. As the Ministry of Finance had paid an amount of ₹18,174 lacs against this liability, matter has been taken up with Ministry of Finance to receive the balance amount of ₹19,157 lacs (i.e ₹37,330 lacs – ₹18,174 lacs). This amount has not been accounted for as receivable from Ministry of Finance during F.Y 2017-18. Amount shall be accounted for in the year of receipt from Ministry of Finance.

## Note 43

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

As per Department of Public Enterprises (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. Therefore, During F.Y 2016-17 a provision of ₹220 lacs was made in the books of accounts on the basis of estimated liability for the period 01.01.2017 to 31.03.2017.

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 has issued the presidential directive to implement the pay revision in terms of aforesaid OM issued by DPE. Therefore, liability has been booked during F.Y 2017-18 for the amount of arrears payable for the period 01.04.2017 to 31.03.2018.

## Note 44

## Transitional Credit i.e Input tax credit under GST Regime on stock held on 30.06.2017

Upon implementation of Goods and Services Act 2017 w.e.f. 1st July 2017, many of the exemptions available to the products manufactured by SPMCIL were not extended to the SPMCIL under GST regime.



These exemptions were available to SPMCIL in the erstwhile Indirect taxes regime as SPMCIL is carrying sovereign function.

The matter regarding non-availability of exemptions under GST regime was taken up by SPMCIL with the Ministry of Finance as the taxability of products of SPMCIL under GST regime tantamount to sovereign function being taxed.

Due to lack of clarity regarding the taxability of the products, the sales of Sovereign products were considered as exempted initially and no GST was charged and input credit was also not taken for the inputs. However, subsequently, on the basis of the legal opinion, it was decided to consider the items which are not specifically exempted as taxable till the time matter is clarified by the Government.

In the absence of exemption/clarification, GST return TRAN 1 couldn't be filed by units (except IGM Mumbai) within the due date for claiming the input tax credit on stock lying in units as on 30.06.2017.

Total amount of Input tax credit as on 30.06.2017 is ₹59.42 Crores Unit wise breakup is as under:

(Amount in ₹)

	1	(Annount in ()
S. No.	Name of the Unit	Amount of Input Tax Credit on stock as on 30.06.2017
1	India Government Mint, Noida	11,37,44,714
2	India Government Mint, Kolkata	8,16,77,478
3	India Government Mint, Hyderabad	13,86,53,273
4	Security Paper Mill, Hoshangabad	60,36,351
5	Security Printing Press, Hyderabad	7,94,691
	Total Input Credit Tax to be availed on transitional stock as on 30.06.2017	34,09,06,507
6	India Government Mint, Mumbai (Filed the Tran 1 within stipulated timelines)	25,33,68,456
	Total	59,42,74,963

As the output products of other units i.e BNP Dewas, CNP Nashik are not taxable, input credit as on 30.06.2017 is not available as per provisions of GST Act. In ISP Nashik, there was no major stock as on 30.06.2017 on which Input Credit was claimable as the Raw material consists of mainly of Paper received from SPM, Hoshangabad which was availing exemption from Excise under the erstwhile regime of Indirect taxes.

SPMCIL units requested their respective GST Authorities to accept the GST return (Tran-1) manually and allow the credit of ₹34,09,06,507 due to the SPMCIL. Pending final decision of the GST Authority, Input credit amounting to ₹34,09,06,507 on the transitional stock as on 30.06.2017 is not recognized in financial statement, as admissibility of the same is contingent on the decision of the GST Authorities.

The Selling price of the Products at which revenue is accounted for are provisional as final selling price of the products is determined by O/o Chief Advisor Cost, Ministry of Finance, on the basis of Audited Financial Statement. Therefore, no provision is made for possible decrease in selling price on account of the input credit on transitional stock as the same will be automatically adjusted in the final sale price determinable by O/o Chief Advisor Cost, Ministry of Finance.

Request of SPMCIL regarding exemption of coins under GST regime has now been agreed to by Administrative Ministry i.e Department of Economic Affairs, Ministry of Finance and case has been referred to Department of Revenue, Ministry of Finance, to take up the matter with GST Council.

## Note 45

## 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 ₹711.78 lacs (Previous Year ₹817.27 lacs). Provision of ₹597.56 lacs (Previous Year ₹660.56 lacs) has been created against those obsolete/non- moving items where market value is less than the book value.

## Note 46

## **Buy Back of Shares**

In accordance with the Guidelines on Capital Restructuring of CPSEs issued by Department of





Investment & Public Asset Management (DIPAM), the Company has bought back 11,82,49,000 Equity Shares of ₹10 each (fully paid) being 10% of aggregate of paid-up equity and free reserves as on 31.3.2017 from Government of India. The book value per share has been arrived at ₹38.50 per share as per the certificate received from Statutory Auditors of the Company. The free reserves of the Company have been utilized for the purpose of aforesaid buyback of shares. The aforesaid buyback of shares has been done in compliance of the provisions of Companies Act, 2013 and rules framed thereunder. lacs from M/s BRBNMPL towards its share of rebate from a supplier of security feature (M-Feature). The amount has been accounted for as other income. Further, the company has received an amount of ₹729.31 lacs from M/s BRBNMPL in exercise of fall clause of agreement with supplier in respect of procurement of Water Mark Paper (WMP), which has also been accounted for as other income.

## Note 48

In order to have better presentation the previous year's figures have been re-casted/restated/ reclassified, wherever necessary, to confirm to current year's classification.

## Note 47

The Company has received an amount of ₹194.41

#### For M/S BHATIA AND BHATIA

Chartered Accountants FRN003202N OF ICAI

Sd/-(**R. Bhatia, FCA)** M.No. 17572 Partner

Date: 29.06.2018 Place: Aurangabad

#### On behalf of Security Printing and Minting Corporation of India Limited

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-

(Tripti P. Ghosh) Chairman and Managing Director

# **CONSOLIDATED** Financial Statement 2017-18

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## **INDEPENDENT AUDITOR'S REPORT**

#### То

SPMCII

To the Members of, SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED, 16<sup>Th</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi- 110001

## Revised Report on the Consolidated Ind AS Financial Statements

Our report dated 29<sup>th</sup>June, 2018 on the accounts for the year ended 31<sup>st</sup> March, 2018 has been revised to give effect to the observations made by the Comptroller & Auditor General of India in the supplementary audit carried out by them under Section 143(6)(a) of the Companies Act, 2013.

We have audited the accompanying Consolidated Ind AS financial statement of **SECURITY PRINTING & MINTING CORPORATION OF INDIA LIMITED** and its Joint Venture **"Bank Note Paper Mill India Pvt. Ltd."** ("The Group") which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the consolidated statement of Profit and Loss (including other comprehensive income), the consolidated statement of Cash Flows and the statement of changes in Equity for the year ended 31<sup>st</sup> March, 2018, 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 Statement

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 statement 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 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 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

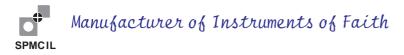
#### Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statement 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 statement 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 statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statement, 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 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 Company's Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statement.

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 statement.

#### **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated IND AS financial statement give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India(including the Ind AS), of the state of affairs of the Group Company and Jointly controlled entities as at 31<sup>st</sup> March, 2018 and their Consolidated profit including other comprehensive income, and their Consolidated cash flow and the changes in equity for the year ended on that date.

#### **EMPHASIS OF MATTERS**

The Matters are described in **Annexure-I "EMPHASIS OF MATTER PARAGRAPH"** 

#### **Other Matter**

We did not audit the Financial Statement of Joint Venture "Bank Note Paper Mill India Pvt. Ltd." ("the Company"), whose financial statement reflect Total Assets of ₹179,633.61 Lakhs as at 31<sup>st</sup> March, 2018 and Total Revenue as ₹95,070.64 Lakhs, Cash Flow of ₹(17,177.88) Lakhs for the year on that date, as consolidated in the Consolidated Financial Statement.

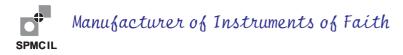
The Consolidated financial statement also include the share of Net profit of ₹11,587.45 Lakhs for the year ended 31<sup>st</sup> March, 2018 whose financial statement have not been audited by us as these financial statement have been audited by other Auditors whose report have been furnished to us by the Management and our opinion on the Consolidated Financial Statement, 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, is based solely on the reports of the other auditors.

We also did not audit the financial statement / information of Eight units/branches included in the standalone financial statement of the SPMCIL, (IGM, Noida was audited by us) whose financial statement /financial information reflect Total Assets of ₹7,10,111.12/- lacs as at 31st March, 2018 and Total Revenue of ₹4,44,515.59/- lacs for the year ended on that date, as considered in the standalone financial statement of SPMCIL. The financial statement / information of these branches have been audited by Branch Auditors appointed by the Comptroller and Auditor General of India, New Delhi, 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. We cannot comment on such figures as the same are audited by other auditors.

Our opinion is not qualified in respect of this matter. Our opinion on the Consolidated Financial Statement, 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 statement / 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) he 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 and statement of change in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statement.
- (e) The aforesaid Consolidated Ind AS financial statement 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) On the basis of written representation received from the directors as on 31<sup>st</sup> March, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2018, from being appointed as a director in terms of

sub section (2) of the section 164 of the Act.

- (h) 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"**
- (i) The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of subsection (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in "Annexure B"
- (j) with respect to the other matters to be included in the Auditor's Report in accordance with Rule11 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:
  - The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statement – (Refer note no 25 of the standalone Ind AS financial statement)
  - The Company did not have any longterm 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.

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

**Sd/-**(**R. Bhatia, FCA**) Partner Membership number: 17572

Date: 26.07.2018 Place: Delhi







**ANNEXURE-I** 

## **ANNEXURE TO THE AUDITORS REPORT**

#### EMPHASIS OF MATTER PARAGRAPH

SPMCII

## AUDIT OBSERVATIONS TO THE AUDITOR'S REPORT

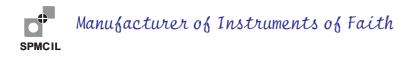
**<u>GST</u>** Observations – Various issues have been identified in the different units as stated below pertaining to the compliance of the GST return filing and computation

- Corporate Office. Delhi During the course of audit, it has been noticed that Head office had taken the GST Registration in the month October, which was due to be taken on 01st July, 2017, due to which the Head Office did not comply with provisions of GST and did not file the GST Returns for the months of July, August and September-2017. The corporate office has submitted a letter with the department which states that, corporate office was allotted a provisional GST Registration Number, however no user ID and password was issued to corporate office. As per the ACES web site, the provisional ID and password were issued against the registration number of Bank Note Press, Dewas (MP). The corporate office circulated the provisional registration number to its vendors and request for the user ID and password was made to ACES and GST Helpline, but no results were achieved. Meanwhile, the corporate office applied for the fresh registration Number and filed the combined return for all months in the October, 2017.
- Security Printing Press, Hyderabad Significant variances are observed in the taxable GST Turnover reported in the GSTR-1 (returns) and the books of accounts. Variances are also observed in the GST input tax credit as per books of accounts and as per the GST Electronic credit ledger. These variances are yet to be rectified. In respect of transitionary provisions of the GST Act, 2017 the claim of Input Tax Credit (ITC) of ₹7.95 lacs are pending with the GST Authorities.

- Security Paper Mill, Hoshangabad In respect of transitionary provisions of the GST Act, 2017 the claim of Input Tax Credit (ITC) of ₹64.58 lacs have not been filed with the GST Authority. SPM has requested the jurisdictional commissioner GST to accept the Trans-1 form manually and allow the credit due to SPM. Pending final decision of the GST Authority, the transitional stock as on 30<sup>th</sup> June, 2017 is not recognized in the financial statement.
- India Government Mint, Hyderabad After Introduction of GST, the unit, for the period 1<sup>st</sup> July 2017 till 30<sup>th</sup> September 2017 considered supply of coins as not liable to GST. However, as per the guidelines received from head office, the unit has considered supplies made as taxable from 1<sup>st</sup> July 2017 onwards. Consequently, the unit created requisite tax liability and claimed input credit on inward supplies.

**Revenue Recognition**- Various issues have been identified in the different units as stated below pertaining to the recognition of revenue and applicability of the Chief Advisor Cost (CAC) rates:

- Security Printing Press, Hyderabad The unit has accounted the sale of postal stationery for the year 2017-18, at the rates recommended by the Chief Advisor Cost, (CAC) MOF, Government of India for the year 2013-14 for the period April, 2017 to February, 2018 and for March, 2018 as per CAC rates for the year 2014-15. If the CAC recommends different rates than those recommended for the year 2013-14 and 2014-15, sales account and profit for the year will affect to that extent and accordingly the trade receivables. The amount could not be ascertained.
- India Security Press, Nashik The sale 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 2015-16, 2016-17 and 2017-18 resulting



into uncertainty of the revenue recognized. The practice followed by the unit in this regard has been in deviation to the Ind AS 18 with a minor significance when compared to the total turnover of the company.

At present billing is being made as per latest CAC rate for F.Y. 2014-15 approved by the CAC, the details of difference between the CAC approved rates and actual billing rates are as below.

Year	Bill Amount	Amount as per CAC rates 2014-2015	Rate difference
	₹	₹	₹
2015-2016	11,61,88,462	11,01,75,852	(60,12,610)
2016-2017	10,37,10,178	8,84,07,552	(1,53,02,626)
2017-2018	11,35,66,297	11,37,90,493	2,24,196
Total	33,34,64,937	31,23,73,897	(2,10,91,040)

**<u>Retained Earnings</u>** – The Company have adjusted the prior period items, disputed claim and depreciation from the current year retained earnings during the year as below:

S. No.	Particulars	Amount (₹ Lakhs)	Remarks
1	Prior Period	106.34	BNP, Dewas (Income);
	Items		SPP, Hyderabad
			(Expense) have been
			adjusted in the year
			ended 31 <sup>st</sup> March, 2018
2	Disputed	(9533.97)	
	Claims		differential liability
			pertaining to 1 <sup>st</sup> April,
			2005 till 31 <sup>st</sup> March,
			2017 have been
			provided in the current
	<b>D</b>	07405	year.
3	Depreciation	974.25	ISP, Nashik –
			Depreciation write
			back pertaining to FY
			2015-16 on account of
			reinstatement of four
			Plant and Machinery
			during the year ended
			31 <sup>st</sup> March, 2018.

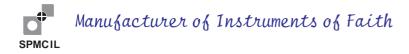
#### In respect of Corporate Office, Delhi

S. No.	Matter of Emphases	Observation	
1	Direct tax	According to the information	
	matters	& explanation provided and	
		in accordance to the books	
		of accounts, some matters	
		need urgent emphasis by the	
		management. The matters	
		are stated in <b>Annexure-3</b>	
2	Appointment	According to Section 149,	
	of Independent	of companies Act, 2013,	
	Director as per	a company must have a	
	Section 149 of	minimum 2 independent	
	Companies Act,	Director. But according to	
	2013	explanation and information	
		available the post of 1	
		Independent director is	
		vacant since 03.01.2018,	
		which contravenes the	
		provisions of Companies	
		Act.	

 According to the information and explanation provided to us the below ledgers pertains to balances due from Ministry of Finance (MoF) towards liability transferred to SPMCIL on account of Employee benefits. The amount standing in the books of SPMCIL could not be verified in absence of data and computation for the outstanding amount. No reconciliation for the same could be provided by the unit and hence, the correctness of the same cannot be commented upon.

S. No	GL Code	Particulars	Outstanding Since	Amount (₹)
1.	13500080	Other Current Liabilities	31.03.2015	6,95,99,523
2.	14000038	PAO/C&C M.O.F (PENS)	31.03.2011	29,48,025
3.	24500077	PAO/C&C DEA M.O.F EPF	31.03.2012	9,01,97,571
4.	24500078	PAO/C&C DEA M.O.F GPF	31.03.2012	3,69,50,078
5.	24500071	Other Receivables	31.03.2014	8,08,659

 In respect of IGM, Hyderabad- Commercial tax department Hyderabad, has raised demand of



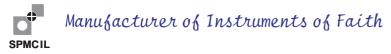
₹24,400.64 Lakhs for the sale of circulation coins, for the period April, 2006 to November, 2013 for difference in sales tax on other items, Interest and penalty. The Company did not file an appeal before the appellant authority as required under VAT law till last year (FY: 2016-17). However, the Company have filed a writ petition in the High Court against the said demand and stay order have been granted on 19<sup>th</sup> April, 2018. The stay petition has been stayed subject to the condition that the petitioner deposits 10% of the demand amount within 16 weeks of the order passed. The amount is yet to be deposited and no provision is made for the same in the books of accounts.

- For the period 1<sup>st</sup> April, 2017 to 30<sup>th</sup> June, 2017 job work of melting and manufacture of medals undertaken by the unit to the tune of ₹31.08 Lakhs amounted to manufacture under the Central Excise Act, 1944 and the duty, if any, on the product so manufactured is recoverable from the customers and had to be remitted to excise department. No such recovery has been made from the customers for the service tax amounting to ₹4.66 Lakhs and has not been deposited with the service tax department.
- In respect of Currency Note Press, Nashik-Non-deduction of Monthly contribution from the present employees towards cashless medical facility given under SPMCIL Medical Policy 2013: - As per the Medical Policy 2013 adopted by SPMCIL, the cash less medical facilities were extended to the present employees of the unit at the monthly contribution. The monthly contribution has been prescribed as per the pay grade of the employees; however, it has been observed that though the employees have availed the medical facility, monthly contribution has not been made by the employees. The deductions have been kept in abeyance without approval of appropriate authority. In the absence of information, we are unable to guantify the exact amount not collected from the employees towards the said policy.
- NA Taxes Payable: The unit has not quantified



and provided for NA tax payable on Land for the f.y 17-18 and earlier years.

- Insurance Policy: The unit has not obtained transit insurance on dispatching bank notes to RBI.
- IND AS 109 "Financial Instruments: Recognition and Measurement": The company has accounted for CISF Deposit of ₹46.21 lacs and Employee House Building advance (HBA) and other employee Loans of ₹207.60 lacs on historical cost basis instead of amortized cost. This is in contradiction with the IND AS 109 - Financial Instruments. The management is of the view, that since the amount is immaterial, hence will not impact the financials.
- IND AS-19 "Employee Benefits": In respect of Employee House Building advance (HBA) Loans and other employee loans, amounting to ₹207.60 lacs where the sanctioned interest rate is lower than the market rate, the unit has not expensed out the benefit in the Profit and Loss Account. To this extent it is contrary to the provisions of Ind AS-19.The management is of the view, that since the amount is immaterial, hence will not impact the financials.
- Trade Receivables- Provision for rate differences: The outstanding debtors as on 31st March 2018 includes ₹5084.98 lacs on account of short payment received from RBI against the Selling rates for the F.Y.2016-17 against ₹10, 50, 100 & 1000 denomination & F.Y. 2017-18 against ₹10, 50 & 100 denomination. The provision for doubtful debts for the same is not made in the Financials. The management is of the view, since advances have been received from RBI without any specific direction for appropriation of payment against bills, so in the financials the debtor balance is set off against the advance received from RBI.
- In respect of SPM, Hoshangabad The unit is recognizing revenue on "Budgeted Cost" as provided by management in Note no. 2.4 (a).Our opinion is not qualified in this regard.
- In respect of IGM, Kolkata- Note no 25 to the



financial statement, describes the uncertainty related to the outcome of the writ petition filed by the company at Calcutta High Court, challenging "West Bengal Entry Tax-2012" and non-payment of Entry Tax from 1st June 2013.

- In respect of India Government Mint, Noida-Goods and Service Tax: According to the information and explanation given to us during the course of audit it was observed that Advance payments were made by IGM Noida to CPWD (Vendor code 102247) for Repair and Maintenance of Township, Factory Building, Non-Factory Building etc. However, no Goods and Service Tax under Reverse Charge Mechanism was levied and paid on the Advance amount, since in the meeting held with the CPWD, the rates quoted by them are said to be inclusive of the GST.
- Sales Tax: The unit has accepted for payment of sales tax on sales of coins made in the various years as per the order received from the Sales Tax Authority (Noida). The quantum of the interest and penalty is not specified in the orders received from the authority. In absence of same in the order, no provision is made in the Accounts for the impact of interest and penalty.

#### In respect of India Security Press, Nashik

• Non-Agricultural Tax ₹262.59 Lakhs

The Maharashtra Revenue Department has raised the Non-Agricultural Land Tax on the ISP Unit. The demand along with the arrears of demand as on 15th December 2017 raised by the circle officer aggregated to ₹262.59 Lakhs in respect of the various properties held by the ISP unit as on 31.03.2018. The unit has contested the demand on the pretext of it being a Government of India entity involved in execution of sovereign functions i.e. the printing of security documents. However, the demand has not been legally contested before an appropriate forum and as such not paid and settled by the ISP unit as on 31st March 2018. At the instance of Audit, the unit has provided an appropriate amount of ₹262.59 Lakhs in the books on the basis of demand letter issued by the revenue department. The belated payment of these statutory dues may invite the interest implication and the expense claimed as NA tax although debited to profit and loss account shall not be eligible as an allowable deduction under the Income Tax Act. 1961.

 Non-provision of liability on account of the outcome of legal matters pending disposal before appropriate legal forums.

The ISP Nashik has been filing various legal cases before the Courts of Judicature at various levels involving financial implications depending upon the final outcome of the matter before the judicatures. It was observed that while the unit has provided an amount of ₹2974.67 Lakhs towards the liability in the books in few numbers of cases. Where the quantum of financial implications could not be ascertained, the liability has not been quantified and as such no provision has been made in the books in absence of proper quantification.





ANNEXURE-A

## 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 & MINTING CORPORATION OF INDIA LIMITED** and relied on the work of statutory auditors of its **Joint Venture "Bank Note Paper Mill India Pvt. Ltd."** ("the Company") as at 31<sup>st</sup> March, 2018 in conjunction with our audit of the Consolidated Ind AS financial statement 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 Consolidated Ind AS financial statement, 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 statement 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 statement in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statement.

## 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.

#### 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 31<sup>st</sup> March, 2018, 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.

Our opinion is not qualified in respect of the observations noted and suggestions recommended.

## 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.

## • 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 needs to be strengthened.

## • 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.

## • Purchases:

According to information and explanation provided it is observed that the goods purchased are booked under GR/IR account which is a routing account. The said account has been squared off on the closure of the audit. 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.



## Manufacturer of Instruments of Faith



## 3. In case of CNP, Nashik:

The unit did not have effective internal controls in the HR Module of SAP. It was observed that attendance, overtime working, leave record, record of employee advances and interest thereon of the employees was not accounted automatically under SAP and was processed manually. Because of the above inadequacies we are unable to verify and comment on the reliability of the data and its implications.

#### 4. In case of India Government Mint, 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 centers). 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.
- iii. It is observed from the unit's records that the existing BOM (Bill of Material) standards are established very long back time and current figures of production are deviated (Positive Variance) in a big way when compared to actual production data, in our opinion this is a strong case for reviewing the BOM standards keeping in view of the changed processes. Our opinion is not qualified in this regard.

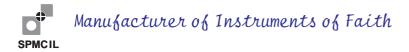
For BHATIA & BHATIA

Chartered Accountants FRN-003202N OF ICAI

#### Date: 26.07.2018 Place: Delhi

#### Sd/-(R. Bhatia, FCA)

Partner Membership number: 17572





**ANNEXURE-B** 

Statement on the Directions/ Sub Directions issued by the C & AG 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 Group") for the year ending 31<sup>st</sup> March,2018.

#### Part-1 DIRECTIONS:

S. No	Particulars	Auditor's Comments
1	Whether the Company has clear title/lease deeds for free hold and lease hold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	
2	Whether there are any cases of waiver /write off of debts /loans/interest etc. If yes, the reasons thereof and the amount involved.	No such cases have been identified.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gifts/grants from the Govt. Or other authorities.	with third parties,moreover SPMCIL has not

#### For BHATIA & BHATIA

Chartered Accountants FRN-003202N OF ICAI

Date: 26.07.2018 Place: Delhi

#### Sd/-

**(R. Bhatia, FCA)** Partner Membership number: 17572



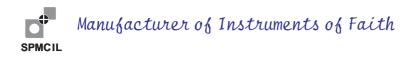


Annexure -1 of Sub Direction

Clause -1 of Statement on the Directions/Sub Directions issued by the C & AG under sub-section 5 of section 143 of the Companies Act, 2013.

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

S. No.	Name of the Branch	Opinion	
1	IGM, Noida	<ol> <li>Sector -1, Pocket D2, Noida, U.P-201301(Title deed not provided)</li> <li>Sector-27, Noida, U.P-201301 (Deed not executed in favour of SPMCIL).</li> <li>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.</li> </ol>	
2	CNP, Nashik	The details of land amounting to $₹59.55$ /- lacs & $₹17.03$ /- lacs are not available. Details of area of free hold land, where title deed is not available, is not provided to us. There is no leasehold land in the books of the unit.	
3	IGM, Kolkata	The title deeds of land (lease hold) and factory building are not held in the name of the company	
4	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	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.	
6	IGM, Hyderabad	The title deed of land is not held in the name of the company at IDA Phase-II Cherlapally, Hyderabad, Telangana	
7	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-2 of Sub Direction**

## **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 SPM-CIL in 2006-07, under the head Gold with RBI. The balance 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. 5047/01.11.044/2007-08. Hence, the same is not reflected in Books of accounts of SPMCIL.

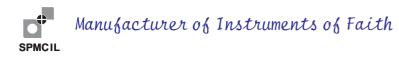




## Annexure - 3

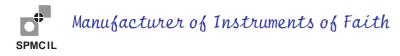
*Direct Tax Matters :* Emphasis required on matters relating to Income Tax including TDS matters. Details as mentioned in Table below:

S. No.	Assessment Year	Previous Year	Head	Amount as per Order (In ₹crores)	Matter
1.	2010-11	2009-10	Income Tax	NIL	2 <sup>nd</sup> Appeal of SPMCIL on solitary issue of CSR stands disposed off vide ITA No. 5102/DEL/2014 order dated 21.03.2018, directed the AO to examine the allow-ability of expenses U/s 37(1) of IT Act, 1961.
					Matter has been taken up with AO for remand assessment but is still pending in start of proceedings.
					Penalty proceedings have been initiated by AO and reply has been submitted for dropping of the proceedings / to be kept in abeyance orders are awaited.
2.	2011-12	2010-11	Income Tax (CSR)	Additions made by AO of ₹775.13 Cr, Addition on CSR of ₹3.83 Cr, Addition U/s 263 on direction of CIT	CIT (A) appeal deleted the addition on 1 <sup>st</sup> ground i.e. compensation in lieu of compassionate appointment but upheld addition on rest of the two grounds.
				U/s 14A of ₹0.50 Cr.	The company's appeal in ITAT on the issue of CSR and 14A has been filed in 2018 and is pending.
					On additions penalty proceedings for concealment of Income has been initiated U/s 271(1)(c) by A.O and proceedings are under progress.
3.	2012-13	2011-12	Income Tax (CSR)	Additions made by AO of ₹863.29 Cr, Addition on CSR of ₹4.36 Cr, U/s 14A	SPMCIL lost the 1 <sup>st</sup> appeal on both the additions before CIT (A). Company has filed 2nd appeal before ITAT, New Delhi which is pending.
	of ₹0.049 Cr.		On additions penalty proceedings for concealment of Income has been initiated U/s 271(1)(c) by AO and proceedings are pending.		





S. No.	Assessment Year	Previous Year	Head	Amount as per Order (In ₹crores)	Matter
4.	2013-14	2012-13	Income Tax	Additions made by AO U/s 143(3) over returned income of ₹1006.22 Cr	<ul> <li>(i) Disallowances of CSR expenditure of ₹4.36 Cr.</li> <li>(ii) Disallowance of expense related to exempt dividend income u/s 14A of ₹1.50 Cr. In first appeal before CIT(A) the disallowance U/s 14A of ₹1.50 Cr was allowed but upheld the addition on CSR expenses of ₹4.36 Cr.</li> <li>Appeal before Ho'nble ITAT New Delhi:-</li> <li>(iii) Company has filed second appeal on disallowance of CSR expenses before ITAT which is pending</li> <li>(iv) Income Tax Dept. has also filed appeal against the decision of CIT appeal on 14A issue which was in favour of company before ITAT is also pending.</li> <li>On additions penalty proceedings for concealment of Income has been initiated u/sec 271(1)(c) by AO and proceedings are pending.</li> </ul>
5.	2014-15	2013-14	Income Tax	Additions made by AO U/s 143(3) of ₹512.53 Cr.	<ul> <li>i) U/s 14(A) = ₹1.93 Cr.</li> <li>ii) CSR expenses disallowance.</li> <li>iii) ₹3.96 Cr.</li> <li>Total = ₹5.89 Cr income assessed at ₹518.42 Cr.</li> <li>The appeal filed by SPMCIL against both additions have since being heard on 27.04.2018. Appellate orders are still awaited.</li> <li>Claim for additional refund filed under section 154 for ₹18.60 Cr (including interest of ₹3.60 Cr) has been released by A.O in April 2018. Cheque no. 885437 dt. 11.05.2018 has been received on 14.05.218.</li> <li>Claim of additional interest of ₹12.50 lakhs has also been filed before A.O under section 154 is awaited for verification and processing by AO.</li> <li>On additions penalty proceedings for concealment of Income has been initiated U/s 271(1)(c) by AO and proceedings are pending.</li> </ul>





#### SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018

				(Amount in ₹ lacs)
S.	Particulars	Note	Figures as at	Figures as at
No.		No.	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Ι.	ASSETS			
(1)	Non-Current Assets			
	(a) Property, Plant and Equipment	3	1,29,479.03	1,31,350.55
	(b) Capital work-in-progress	3	7,549.04	6,364.76
	(c) Other Intangible Assets	4	205.41	331.99
	(d) Financial Assets	- 40		
	(i) Investments	5 (i)	63,655.05	52,067.60
	(ii) Trade Receivables	5 (ii)	-	-
	(iii) Loans	5 (iii)	1,061.56	1,430.04
	(iv) Others	5 (iv)	4,890.44	4,450.06
	(e) Deferred Tax Assets (Net)	6	84,152.45	68,685.95
(=)	(f) Other Non-Current Assets	7	149.95	277.56
(2)	Current Assets			
	(a) Inventories	8	2,41,661.78	1,79,629.74
	(b) Financial Assets			10 100 55
	(i) Investments	5 (i)	9,009.28	10,108.55
	(ii) Trade Receivables	5 (ii)	98,001.82	1,59,494.93
	(iii) Cash and Cash Equivalents	5 (v) (a)	2,856.51	75,853.88
	(iv) Bank Balances other than (iii) above	5 (v) (b)	48,207.19	26,803.70
	(v) Loans	5 (iii)	236.51	338.17
	(vi) Others	5 (iv)	6,935.70	6,710.88
	(c) Current Tax Assets (Net)	9 (a)	3,880.74	-
	(d) Other Current Assets	10	31,833.71	24,308.94
	Total Assets		7,33,766.17	7,48,207.31
.	EQUITY AND LIABILITIES			
(1)	Equity	11	1 06 404 10	1 10 0 40 00
	(a) Equity Share Capital	11	1,06,424.10	1,18,249.00
	(b) Other Equity	10	0.00.074.00	2 26 227 16
( <b>0</b> )	- Reserve & Surplus	12	3,26,974.03	3,26,337.16
(2)	LIABILITIES Non-current Liabilities			
	(a) Financial Liabilities	10 (i)		
	(i) Borrowings	13 (i)	-	-
	(ii) Trade Payables (iii) Other Financial Liabilities	13 (ii)	17,976.76	- 17,976.76
	(b) Provisions	13 (iii) 14 (i)	5.00	50.00
	(c) Employees Benefit Obligations	14 (i) 15 (i)	43,573.44	41,096.43
	(d) Deferred Tax Liabilities (Net)	тз (т) б	43,373.44	41,090.43
	(e) Other Non-current Liabilities	16	1,138.50	29.48
	Current liabilities	10	1,130.30	29.40
	(a) Financial Liabilities			
		12 (i)		
	(i) Borrowings (ii) Trade Payables	13 (i) 13 (ii)	- 23,636.01	42,071.83
	(ii) Other Financial Liabilities	13 (ii) 13 (iii)	6,689.71	42,071.83
	(b) Other Current Liabilities	13 (11)	22,925.94	13,490.50
	(c) Provisions	17 14 (ii)	22,925.94 78,864.18	71,736.34
	(d) Employees Benefit Obligations	14 (ii) 15 (ii)		71,736.34 87,206.13
	(e) Current Tax Liabilities (Net of Advance Tax)	9 (b)	1,05,558.50	12,198.38
	Total Equity and Liabilities	(u) e	7,33,766.17	7,48,207.31
	iotai Equity and Elabinites		7,33,700.17	7,40,207.31

See accompanying Notes to the Financial Statement.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

Sd/-(R.Bhatia, FCA)

M.No. 17572 Partner

Date: 29.06.2018 Place: Aurangabad

176 Annual Report 2017-18

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director

On behalf of Security Printing and Minting

**Corporation of India Limited** 



#### SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2018

				(Amount in ₹ lacs)
S. No.	Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
	Revenue From Operations	18	4,44,515.59	5,96,602.09
	Other Income	19	20,068.17	13,792.12
	Total Income (I+II)		4,64,583.76	6,10,394.21
IV	EXPENSES			
	Cost of Materials Consumed	20	217,921.18	2,80,677.45
	Purchases of Stock-in-Trade		-	-
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress	21	(25,979.78)	12,503.48
	Employee Benefits Expense	22	1,25,989.85	1,17,546.43
	Finance Costs	23	297.36	11,872.71
	Depreciation and Amortization Expense	3&4	12,597.60	12,079.65
	Other expenses	24	70,763.18	84,270.74
	Total Expenses (IV)		4,01,589.39	5,18,950.46
V	Profit/(loss) before Exceptional Items and Tax (III-IV)		62,994.37	91,443.75
VI	Add: Exceptional Items			-
VII	Profit/(Loss) before Tax (V-VI)		62,994.37	91,443.75
VIII	Tax Expense:			
	(1) Current Tax		17,026.00	45,954.38
	(2) Deferred Tax		(17,177.13)	(19,750.77)
	(3) Mat Credit Entitlement		-	-
IX	Profit/(Loss) for the year from Continuing Operations (VII- VIII)		63,145.50	65,240.13
Х	Profit/(loss) from Discontinued Operations		-	-
XI	Tax Expense of Discontinued Operations		-	-
XII	Profit/(Loss) from Discontinued Operations (After Tax) (X-XI)		-	-
XIII	Share of Profit from Joint Venture (Net of Tax)		11,587.45	13,011.58
XIV	Profit/(Loss) for the Year (IX+XIII)		74,732.95	78,251.71
XV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss		4,942.59	(5,676.42)
	<ul> <li>(ii) Incometaxrelatingtoitemsthatwillnotbereclassified to profit or loss</li> </ul>		(1,710.63)	1,964.04
			3,231.96	(3,712.38)
	B (i) Items that will be reclassified to Profit or Loss		-	61.41
	<ul> <li>(ii) Income Tax relating to items that will be reclassified to profit or loss</li> </ul>		-	(21.25)
			-	40.16
XVI	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the year)		77,964.91	74,579.50
XVII (i)	Earnings per Share Basic Earnings per Share of ₹10 Each		6.75	6.31
(i) (ii)	Diluted Earnings per Share of ₹10 Each		6.75	6.31
	Diated Latings per Share of Vio Latin		0.75	0.31

See accompanying Notes to the Financial Statement.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

Sd/-(R.Bhatia, FCA)

M.No. 17572 Partner

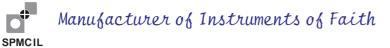
Date: 29.06.2018 Place: Aurangabad Sd/-(Sachin Agarwal) Company Secretary Sd/-

(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh)

Chairman and Managing Director

On behalf of Security Printing and Minting Corporation of India Limited





## SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2018

_	Particulars		31 <sup>st</sup> March, 2018	(Amount in ₹ lacs) 31 <sup>st</sup> March, 2017
А	Cash Flow from Operating Activities			01 Maron, 2017
	Profit before Tax	а	74,581.82	1,04,455.68
	Add			
	Adjustment to reconcile Profit before Tax to Net Cash Flows			
	Depreciation and Amortisations of Property Plant and Equipment		12,597.60	12,079.64
	Interest Expenses		297.36	11,872.71
	Loss /(Profit) on Sale of Property, Plant and Equipment		(113.57)	(23.25)
	Interest income		(5,141.81)	(7,366.96)
	Dividend from Mutual Funds		(454.88)	(303.71)
	Other Adjustments		(8,453.38)	(22,755.51)
	Total	b	(1,268.68)	(6,497.08)
	Operating Profit Before Working Capital Changes	c=a+b	73,313.14	97,958.60
	Adjustment for			
	(Increase)/ Decrease in Current Investments		-	(16.13)
	(Increase)/ Decrease in Trade Receivables		61,493.11	(88,351.22)
	(Increase)/ Decrease in Inventories		(62,032.04)	16,796.41
	(Increase)/ Decrease in Loans & Advances		101.66	530.94
	(Increase)/ Decrease in other Assets		(7,749.59)	2,323.43
	Increase/ (Decrease) in Trade Payable		(18,435.82)	5,041.98
	Increase/ (Decrease) in other Current Liabilities		7,729.10	(5,783.36)
	Increase/(Decrease) in Long Term Provisions		2,432.01	8,004.99
	Increase/ (Decrease) in Short Term Provisions		25,480.21	55,189.82
	Increase/ (Decrease) in other Non-Current Liabilities		1,109.36	181.00
	(Increase)/ Decrease in other Non-Current Assets		55.71	104.42
	Total	d	10,183.72	(5,977.72)
	Cash Generated from Operations	e=c+d	83,496.86	91,980.87
	Less Tax Paid	f	(37,531.77)	(19,539.08)
	Net Cash Flow from Operating Activities	g	45,965.09	72,441.79
	Cash Flow from Investing Activities	9	43,903.09	/2,441./9
	Interest Income		5,141.81	7,366.96
	Dividend Income		454.88	303.71
			115.32	303.71
	Sale of Property, Plant & Equipments		115.32	-
	Purchase and Adjustment in Property, Plant and Equipment (Including		(11,785.81)	(4,431.31)
	CWIP)			
			(11,587.45)	(13,011.57)
	(Increase)/ Decrease in Investments (Non-current)			
	(Increase)/Decrease in Investments (Current)		1,099.27	
	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities	j		(9,772.21)
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities	j	1,099.27	(9,772.21)
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital	j	1,099.27 (16,561.98)	
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders	j	(22,764.00)	(6,092.43)
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax	j	(22,764.00) (4,634.28)	
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital	j	(22,764.00) (4,634.28) (45,525.86)	(6,092.43)
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital Tax paid on Buy Back of Shares	j	(22,764.00) (4,634.28)	(6,092.43)
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital	j	(22,764.00) (4,634.28) (45,525.86)	(6,092.43)
	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital Tax paid on Buy Back of Shares	j	(22,764.00) (4,634.28) (45,525.86)	(6,092.43) (1,240.30) -
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital Tax paid on Buy Back of Shares Increase/ (Decrease) in Long Term Borrowings	j k	(22,764.00) (4,634.28) (45,525.86) (7,775.49)	(6,092.43) (1,240.30) - - (1,13,514.24)
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital Tax paid on Buy Back of Shares Increase/ (Decrease) in Long Term Borrowings Interest Paid	-	(22,764.00) (4,634.28) (45,525.86) (7,775.49) - (297.36)	(1,240.30) - - - - - - - - - - - - - - - - - - -
;	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital Tax paid on Buy Back of Shares Increase/ (Decrease) in Long Term Borrowings Interest Paid Net Cash Flow from Financing Activities Cash & Cash Equivalent at the Beginning of the Year	k	(22,764.00) (4,634.28) (45,525.86) (7,775.49) - (297.36) (80,996.99) 102,657.58	(6,092.43) (1,240.30) - (1,13,514.24) (11,872.71) (1,32,719.68) 172,707.68
0	(Increase)/Decrease in Investments (Current) Net Cash Flow from Investing Activities Cash Flow from Financing Activities Issuance of Share Capital Dividend paid to Equity Shareholders Dividend Distribution Tax Buy Back of Share Capital Tax paid on Buy Back of Shares Increase/ (Decrease) in Long Term Borrowings Interest Paid Net Cash Flow from Financing Activities	-	(22,764.00) (4,634.28) (45,525.86) (7,775.49) - (297.36) (80,996.99)	(6,092.43) (1,240.30) (1,13,514.24) (11,872.71) (1,32,719.68)

See accompanying Notes to the Financial Statement.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

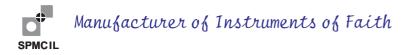
Sd/-(R.Bhatia, FCA) M.No. 17572 Partner

Date: 29.06.2018 Place: Aurangabad On behalf of Security Printing and Minting Corporation of India Limited

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director







# SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED Consolidated Statement of Changes in Equity for the year ended 31.03.2018

A. Equity Share Capital		(Amount in ₹ lacs)
Balance as at April 1,2017	Change During the year	Balance as at March 31, 2018
1,18,249.00	11,824.90	1,06,424.10
Balance as at April 1,2016	Change During the year	Balance as at March 31, 2017
1,18,249.00	-	1,18,249.00

#### B. Other Equity

		Othe	er Equity			
		Reserve	and Surplus		Other	
Particulars	Capital Reserve	General Reserve	Retained Earnings	Capital Redemption Reserve	Comprehensive Income (OCI)	Total
Balance as on 1 <sup>st</sup> April, 2016	33,819.95	20,008.52	228,924.44	-	(1,562.84)	2,81,190.07
118,24,90,000 Equity Shares of ₹10 Each	-	-	-	-	-	-
Net Profit for the Year 2016-17	-	-	78,251.71	-	(3,672.22)	74,579.50
Items of Other Comprehensive Income recognized directly in retained earnings.	-	-	-	-	-	-
Prior Period items	-	-	12.62	-	-	12.62
Dividend paid for the previous year	-	-	(6,092.43)	-	-	(6,092.43)
Dividend distribution tax	-	-	(1,240.30)	-	-	(1,240.30)
Adjustment to Pension	-	-	(22,768.26)	-	-	(22,768.26)
Income tax adjustments for earlier years	-	-	655.96	-	-	655.96
Balance as on 1st April, 2017	33,819.95	20,008.52	2,77,743.74	-	(5,235.06)	3,26,337.16
Net Profit for the Year 2017-18	-	-	74,732.95	-	-	74,732.95
Items of Other Comprehensive Income recognized directly in retained earnings.	-	-	-	-	3,231.96	3,231.96
Prior Period items	-	-	106.34	-	-	106.34
Disputed Claim	-	-	(9,533.97)	-	-	(9,533.97)
Depreciation	-	-	974.25	-	-	974.25
Dividend paid for the previous year	-	-	(22,764.00)	-	-	(22,764.00)
Dividend distribution tax	-	-	(4,634.28)	-	-	(4,634.28)
Buy back of Shares	-	-	(7,775.49)	-	-	(7,775.49)
Transfer to General Reserve for Buy Back of shares	-	-	(25,517.34)	-	-	(25,517.34)
Transfer from Retained earnings for buy back of shares	-	25,517.34	-	-	-	25,517.34
Transfer to Capital Redemption Reserve	-	(11,824.90)	-	11,824.90	-	-
Adjustment to Pension	-	-	-	-		-
10% Equity Shares bought back during the year	-	(33,700.96)	-	-	-	(33,700.96)
Balance as on 31st March, 2018	33,819.95	-	2,83,332.20	11,824.90	(2,003.10)	3,26,974.03

See accompanying Notes to the Financial Statement.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

Sd/-(R.Bhatia, FCA) (M.No. 17572) Partner

Date: 29.06.2018 Place: Aurangabad On behalf of Security Printing and Minting Corporation of India Limited

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director

# (Amount in ₹ lacs)



# SECURITY PRINTING AND MINTING CORPORATION OF INDIA LIMITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

# Note 1 Principles of Consolidation:

The Consolidated Financial Statements (CFS) relate to Security Printing & Minting Corporation of India Pvt. Ltd (SPMCIL) and its Joint Venture named Bank Note Paper Mill India Private Limited (BNPMIPL). The Consolidated Financial Statement have been prepared by following the Equity Consolidation method as applicable under Ind AS-111 in respect of Joint Ventures.

# Note 2

# I - Significant Accounting Policies in case of SPMCIL.

# 2.1 Basis of preparation and presentation of financial statement

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 Group has adopted Ind AS standards and the adoption was carried out in accordance with Ind AS. 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.

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 31<sup>st</sup> March, 2016, the group 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".

# 2.2 Use of estimates

The preparation of the financial statement 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 statement 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 statement 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 statement in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statement.

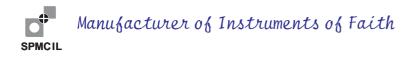
# 2.3 Current versus Non-Current classification

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

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

All other assets are classified as non-current.

Trade receivables which are expected to be realized within 12 months from the reporting date shall be classified as current. Outstanding more than 12 months shall be shown as non-current only unless efforts for its recovery have been made and it is likely



that payment shall be received within 12 months from the reporting date. A Judicious decision shall be taken by 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 Group 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) <u>Revenue Recognition</u>

The Group 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.

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 nonmonetary 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 recognized 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.

# **Other Long-term Employee Benefit Obligations:** ii. 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 recognized 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 postemployment schemes:

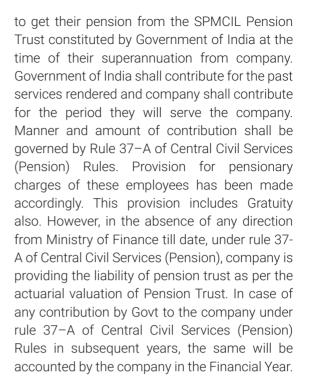
- (a) Defined benefit plans such as gratuity, pension, post-employment medical plans; and
- (b) Defined contribution plans such as provident fund.

#### (a) Defined Benefit Plans:

The Company gratuity scheme is a defined benefit plan. A defined benefit plan is a postemployment 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 "Prorata Pension". Combined pension optees are eligible



#### (b) 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 recognized as employees benefit expenses in the statement of Profit and Loss when they are due.

#### (a-i) Gratuity:

Gratuity is a post-employment defined benefit plan. The liability recognized 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 re-measurement are recognized in other comprehensive income.

#### (a-ii) Pension and Gratuity Obligations:

The liability or asset recognized 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  $\overline{\mathbf{x}}$  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  $\overline{\mathbf{x}}$ , 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 recognized 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 recognized immediately in profit or loss as past service cost.

# (a-iii) 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.

#### (a-iv) Bonus plans:

The company recognizes 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) <u>Taxes:</u>

#### **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 recognized in other comprehensive income or equity is recognized in other comprehensive income or equity, respectively.

#### **Deferred Tax:**

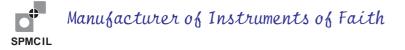
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized 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 recognized in other comprehensive income or equity is recognized 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.

# d) **Property, Plant and Equipment:**

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 de-recognized 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) <u>Depreciation Methods / Estimated Useful Lives</u> 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
Computers	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:

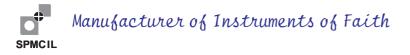
Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use.

Depreciation is calculated using the straightline 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 cost- ing less than ₹1 lac	100% in the year of purchase
ii)	Computer software cost- ing more than ₹1 lac (where the useful life is less than or equal to one year)	100%
iii)	Computer software cost- ing more than ₹1 lac (in other cases)	33.33% on SLM
iv)	Assets costing less than ₹5000	100% in the year of purchase

# f) Inventories:

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





- 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.
- c) Scraps are valued at net realizable value.
- Slow moving/obsolete inventories have been valued at cost or at net realizable value and this amount has been shown as expense.

# g) <u>Provisions, Contingent Liabilities and</u> <u>Contingent Assets:</u>

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 nonoccurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognized because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

A contingent asset is generally neither recognized nor disclosed.

# h) Foreign Currency Transactions:

Foreign currency denominated monetary transactions are recorded at the exchange rates prevailing on the date of respective transactions. Realized gains and losses on foreign currency transactions during the year are recognized 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:

# **Component of Financial Instruments:**

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

# Initial Recognition:

The company recognizes 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 recognized 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 recognized in statement of profit and loss as impairment gain /loss.

# De-recognition of Financial Assets and Financial Liabilities:

A financial assets is de-recognized when the contractual rights to the cash flow is realized or forfeited. The financial liability is de-recognized when the underlying obligation relating to the liability is fulfilled, terminated or extinguished.

# j) Investment :

# 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 recognized 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.

#### m) Cash Flow Statement:

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

#### n) Cash dividend to equity holders

The Company recognizes a liability to make cash distributions to equity holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized 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) <u>Leases</u>

Lease payments under an operating lease are recognized 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 cashgenerating unit's (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.

# II- Significant Accounting Policies in case of Bank Note Paper Mill India Pvt. Limited (Joint Venture):

Company Overview and Significant Accounting policies.

# **Company Information:**

SPMCII

Bank Note Paper Mill India Private Limited (the 'Company') is incorporated as Private Company under the provisions of the Companies Act, 1956 (CIN: U21090KA2010PTC055475) and domiciled in India having its corporate & registered office at Entry Gate -1, Administrative Building, Paper Mill Compound, Note Mudran Nagar, Mysore- 570003 with the main objects inter-alia of developing, designing, manufacturing and supplying of Bank Note Paper (CWBN paper) & other security paper. The company is a 50:50 Joint Venture between Security Printing & Minting Corporation of India Limited (A Govt. of India Enterprise) and Bharatiya Reserve Bank Note Mudran Private Limited (A wholly owned subsidiary of Reserve Bank of India). As clarified by Ministry of Finance, Govt, of India, the Company is a Special Purpose Vehicle (SPV) of Govt. of India.

The company is primarily engaged in the manufacturing and sale of CWBN paper to its Joint Venture Partners as per the Joint Venture cum Shareholders Agreement.

# **Business Activities During the Year:**

During the accounting period, the company was in commercial operation of both the lines of production for the full year. This is the 8th accounting period covering twelve months ended on March 31st, 2018.

# **Significant Accounting Policies**

# A. Basis of Preparation of Financial Statements:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under historical cost convention on accrual basis except certain financial assets and liabilities which are measured at fair value on accrual basis. The methods used to measure fair values are discussed further in notes to financial statements. The financial statements comply in all material aspects with Ind AS notified under Section 133 of the Companies Act, 2013 (the 'Act') (Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act. "This financial statement are the Company's 2<sup>nd</sup> Ind AS compliant Financial Statement".

# B. Classification of Current and Non-current:

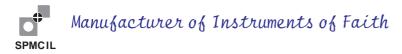
Classification between current and non-current assets and liabilities are done on the basis of expected realisation/liquidation within twelve months from the reporting date. However, Capital advances are classified as non-current asset.

# C. Use of Estimates and Management Judgments:

The preparation of the accompanying financial statements require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent amounts and liabilities as on the date of financial statement and reported amounts of revenue and expenses during the reporting period. Accordingly, reasonable estimate is made where ever found applicable. The areas involving critical estimates or judgments are:

- Estimated Useful Life of Property, Plant & Equipment (PPE) – The estimated useful life of PPE is based on technical parameters, spare parts support, wear & tear, technological advancement in payment system, pattern of demand for bank note paper. The Company reviews at the end of each reporting date the useful life of property, plant and equipment and are adjusted prospectively, if appropriate.
- *ii.* Estimated Residual Value of PPE In view of the security sensitivity of its product and the manufacturing facility which are not freely tradable in the market there may not be a market for retired/discarded assets for assessing the value for sale/disposal. In the assessment of the technical committee the retired/discarded assets can be best disposed off internally. In such a case the residual value of the retired assets is taken as 5% of the original cost as prescribed in Schedule II to the Companies Act, 2013 which according to the internal committee, is a reasonable estimate.
- iii. Post-employment Benefit Plans- Employee





benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, ceiling limit, the rate of salary increases and the inflation rate. The Company considers that the assumptions used to measure its obligations are appropriate.

- Provisions and Contingencies Provisions and contingencies are made in accordance with Ind AS 37 based on best judgment by management regarding the probability of exposure to potential loss.
- Taxation Tax expense is calculated using applicable tax rate and relevant judicial pronouncements. Deferred income tax assets are recognized to the extent it is probable that future taxable income will be available against which the deductible temporary differences, unused tax credits & unabsorbed depreciation could be utilised.
- **vi.** Fair Value Measurements Some of the Company's financial assets and liabilities are measured at fair value for financial reporting purposes. Information about the valuation techniques are disclosed in Note 32 of explanatory notes to accounts.
- vii. Indicators for Impairment of Assets -Indicators for impairment of assets are evaluated based on internal and external indications such as physical damage, frequent repair and maintenance of assets, technological, economical or legal changes in the market that has an adverse effect on the company's business.

# D. Property, Plant and Equipment:

i. Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment, if any. All expenses including administrative and general overhead expenses and related borrowing cost that are directly attributable to construction or acquisition of fixed assets up to the point the related assets are ready for their intended use are accumulated net of capital receipts, if any, and allocated and capitalised on a systematic basis to the related PPE. The property plant and Equipments are componentised as per internal technical evaluation even though the components are having the same useful life as that of the related machine.

- Initial pack of machinery spares supplied ii. along with the Property, Plant & Equipment (PPE) are capitalised and depreciated over the useful life of the relative PPE. Subsequent acquisition of spares individually costing Rs 20 lacs and above which meets the definition of PPE as given in Ind AS 16 are capitalised along with the related PPE and depreciated over the lower of its useful life or the remaining expected useful life of the equipment which it is associated
- iii. In case of assets put to use where final settlement of bills of contractors is pending, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.
- iv. Subsequent expenditures relating to PPE are capitalised only when it is probable that, future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.
- v. Property, Plant and Equipment is derecognized where no future economic benefits are expected from their use or upon their disposal / discardal / write-offs/ impairments. The resultant gain or losses are recognised in the statement of profit and loss.
- vi. Assets held for disposal are reported at the lower of the carrying value and net realisable worth.
- vii. Repairs and maintenance costs except major repairs and overhaul expenses are recognised in the statement of profit and loss when incurred.

#### E. Depreciation and Amortisation:

i. The company depreciates PPE over their useful lives using the straight line





method as specified in schedule II to the Companies Act, 2013 except, the following assets on which depreciation is provided on their estimated useful life ascertained on technical evaluation:

Assets	Useful	Residual	Dep. Rate
	Life	Value	(SLM)
Plant and			
Machinery			
Continuous	12	5% of	7.92%
Process Plant	Years	cost	
Improvements	5 Years	5% of	19.00%
in the		cost	
Leasehold			
building			
Reference	1 Year	NIL	100.00%
Books			

- ii. Items of assets valuing ₹5000 or less in each case is charged off @ 95% (5% is taken as residual value) in the year of acquisition.
- iii. Based on technical evaluation, the management considers that, the useful lives as given above best represent the period over which the economic benefits can be utilised with the same standards of performance.
- iv. Where the cost of depreciable assets has undergone a change during the year due to increase / decrease in price adjustment, in final settlement of contractors' bills, changes in duties or similar other factors, the un-amortized balance of such assets is charged off prospectively over the remaining useful life of the related assets.

# F. Capital work-in-progress:

 The cost of assets under construction / inspection / errection etc. and not put to use during the period are disclosed under "Capital Work in-progress". Expenses/ income which are directly attributable to such assets under construction etc. are also accumulated under the head preoperative expenses pending allocation.

# G. Intangible Assets:

i. Intangible assets that are acquired by the Company, which have finite useful lives,

are recognized at cost less accumulated amortization and impairment, if any. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use. Intangible assets such as Computer Software and Licenses are amortised on Straight Line Method @ 100% in the year it is put to use/ready for use.

- ii. Intangible asset such as Company Logo/ Trademark are being amortised on straight line basis @ 20% p.a.
- *iii.* Intangible Assets under Development -Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.
- iv. An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal are recognized in the statement of profit and loss.

# H. Valuation of Inventory:

*i.* **Raw materials** – Inventories are carried at cost or net realisable value whichever is lower. Cost is determined using the weighted average method.

# ii. Non-Interchangeable Inventories -

Denomination specific security threads are not ordinarily interchangeable which are segregated and valued by using specific identification of their individual costs or net realisable value whichever is lower.

*iii.* **Stores & Spares -** Stores & spares are carried at cost or net realisable value whichever is lower. Necessary provision is made and expensed in case of identified obsolete and non-moving items.

# iv. Finished Goods and Work in Progress -

These are valued at cost or net realisable value whichever is lower. Cost includes direct materials, labour and other manufacturing overheads, which are absorbed on the normal capacity of production.

v. Net realisable value means estimated



selling price in the ordinary course of business, less estimated cost of completion/ the estimated costs necessary to make the sale as may be applicable.

#### I. Foreign currency transactions/translations:

Foreign currency is a currency other than the functional currency of the company.

- *i. Functional Currency* The functional currency of the company is Indian rupee. These financial statements are presented in Indian rupees (Rounded off to nearest two decimal points of lac of Rupees.).
- *ii. Transactions and translations* Foreign currency transactions are accounted for at the exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are recognised in the statement of profit & loss for the period in which it occurs.

#### J. Revenue Recognition:

- *i.* Revenue from operation: Sale of CWBN paper is recognised on dispatch within the accounting period on ex-factory basis. Sale revenue includes applicable duties, taxes & cess except GST.
- *ii.* OtherIncome:Interestincomeisrecognized, when no significant uncertainty as to measurability or collectability exists, on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Other income is recognised when it can be measured reliably with reasonable certainty of realisation or on actual realisation whichever is earlier. Revenue includes duties & taxes where ever it is applicable.

# K. Financial Instruments:

# **Component of Financial Assets & Liabilities:**

i. Financial Assets include, in particulars, cash and cash equivalents, trade receivables, investment in liquid and liquid plus mutual fund schemes, other current



receivables and callable security deposits;

ii. Financial liabilities include, in particular, borrowings, trade payables and other current payables.

#### **Initial Recognition:**

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

#### Subsequent Recognition & Impairment:

Financial Assets and Liabilities are recognised at fair value at the year end. 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. Information about the valuation techniques are disclosed in Note 32 of explanatory notes to accounts.

# Offsetting of Financial Assets & Liabilities:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

# De-recognition of Financial Assets and Liabilities

A financial asset is derecognised when the contractual rights to the cash flows is realised or ceased. The financial liability is derecognised when the underlying obligation relating to the liability is fulfilled, terminated or extinguished.

# L. Employee Benefits Short term Employee Benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia, if any, are recognised in the period in which the employee renders the related service.

#### Post - Employment Benefits:



**Provident fund scheme** -The Company pays fixed contribution to provident fund at predetermined rates. The contribution to the fund for the period is recognised as expenses and is charged to statement of profit and loss.

**Gratuity and Leave Salary** - The employee gratuity scheme and leave salary are classified as defined benefit retirement plan. The present value of the obligation under such defined benefit plans are determined based on actuarial valuation using projected unit credit method and are unfunded. Accretion/decretion to liability is recognised in other comprehensive income and expense. Non-accumulating compensated absences are recognised in the period in which the absences occur.

# M. Other Provisions:

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

#### N. Cash Flow Statement :

Cash flows are reported using the indirect method as per Ind AS 07. Cash and cash equivalent in the Balance Sheet comprise cash at banks, cash/cheques on hand and fixed deposits that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

#### O. Income Tax:

- i. Income tax expense comprises current and deferred income tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income.
- ii. The current tax is net of Minimum Alternate Tax (MAT) credit entitlement, which is recognised when there is convincing evidence that, the company will pay normal income tax during the specified period over



which credit set off is allowed under the Income Tax Act.

- iii. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets or liabilities are reviewed at each reporting date and are adjusted to the extent it is no longer probable that the related tax benefit will be realised.
- iv. Deferred income tax assets and liabilities are measured using tax rates and applicable tax laws as at the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The deferred tax assets are recognised only to the extent it is probable that sufficient future taxable income will be available.

#### P. Earning per equity share:

- i. Basic earnings per equity share is computed by dividing the net profit after tax attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.
- ii. Diluted earnings per equity share is computed by dividing the net profit after tax attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earning per equity shares and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

#### Q. Leases:

Leases represent operating leases which are recognized as an expense based on the lease terms and conditions in the statement of profit and loss.

Assets	
Fixed	Assets
Note 3	Tangible

SPMCIL

(Amount in ₹ lacs)

Assets	
<b>Fixed</b> Assets	
ote 3 ngible	

192 Annual Report 2017-18

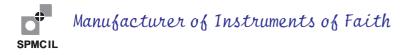
			Gross Block	×				Depreciation			Ξ	Impairment		Total net cari	Total net carrying amount
Particulars	Balance as on 01.04.2017	Additions	Additions Disposals Adjustment	Adjustment	Balance as on 31.03.2018	Balance as on 01.04.2017	Depreciation for the year	Adjustment Disposal		Balance as on 31.03.2018	Balance as at 01.04. 2017	During the Year	Balance as at 31.03. 2018	Balance as on 31.03.2018	Balance as on 31.03.2017
Property Plant & Equipment															
Land	475.71	I	ı	I	475.71	ı	'	I	ı	1	'	'	'	475.71	475.71
Lease Hold Land	190.47	I	I	I	190.47	5.55	2.78	ı	I	8.33		ľ	I	182.14	184.92
Building	7,456.75	141.53	'		7,598.28	441.64	408.42	'	'	850.06	'	'		6,748.22	7,015.11
Factory Building	10,874.12	192.52		(20.02)	11,086.66	862.04	519.68		'	1,381.72		1		9,704.94	10,012.08
Plant and Equipment	1,24,063.09	8,523.26	303.09	(9.29)	1,32,292.55	15,316.82	10,605.14	976.64	288.30	24,657.02	0.80	2.39	3.19	1,07,632.34	108,745.47
Furniture and Fixtures	629.84	136.05	2.43	I	763.45	159.98	85.10	I	2.37	242.71	1	1	I	520.75	469.86
Vehicles	208.28	54.58	5.46	I	257.41	59.75	39.04	I	5.46	93.33		1	I	164.07	148.53
Office Equipments	642.00	79.22	I	I	721.21	271.51	101.39	ı	I	372.89		ľ	I	348.32	370.49
Other Equipments	1	I	I	I	I	I	1	I	I	I		ľ	I	1	
-Computers & Printers	1,270.35	214.15	15.22	(0.29)	1,469.57	764.59	214.82	0.26	12.91	966.24	'	'		503.33	505.76
-Railway Siding	200.30	1	'		200.30	10.25	12.69	'	'	22.94	'	'		177.36	190.05
-Electrical Installation	3,970.89	86.63	'	(27.98)	4,085.50	888.05	441.69	'	'	1,329.74	'	'		2,755.76	3,082.84
-S&D Assets	15.59	1	,		15.59	,	'	,	'	1	'	1		15.59	15.59
-R&D Assets	135.05	145.82	,		280.87	25.05	27.49	,	'	52.54	'	1		228.33	110.00
-Tools	'	0.12	ı		0.12	1		1	ı	ľ	1	'		0.12	
-Lower Asset Value	(1.42)	0.52	I	(1.42)	0.52	(1.42)	0.52	(1.42)	I	0.52	1	1	I	1	
- Lab Equipments	31.31	1.61	1		32.92	7.18	3.69	1	1	10.87	'	1	'	22.05	24.13
TOTAL (A)	1,50,162.33	9,576.01	326.20	(20.00)	1,59,471.13	18,810.98	12,462.45	975.48	309.04	29,988.91	0.80	2.39	3.19	3.19 1,29,479.03	1,31,350.55
Capital Work in Progress	6,364.76	3,869.51	2,574.78	110.45	7,549.04	1	1	ı	ı	I				7,549.04	6,364.76
TOTAL (B)	6,364.76	6,364.76 3,869.51	2,574.78	110.45	7,549.04		1					1		7,549.04	6,364.76

# Note 4 Fixed Assets

Intangible Assets

Gross Block         Gross Block         Balance as on         Balance as on         Depreciatic           Balance as on         Additions         Disposals         Adj         31.03.2018         Balance as on         Depreciatic           01.04.2017         Additions         Disposals         Adj         31.03.2018         01.04.2017         the p           684.06         9.46         -         0.89         692.63         352.07         11           684.06         9.46         -         0.89         692.63         352.07         11	6											()	(Amount in ₹ lacs)
Balance as on 01.04.2017         Additions         Disposals         Adj         Balance as on 31.03.2018           684.06         9.46         -         0.89         692.63			Gro	ss Block				Depreciation	lation			Total net	Total net carrying amount
9.46 - 0.89 692.63 352.07 9.46 - 0.89 692.63 352.07	rticulars	Balance as on 01.04.2017	Additions	Disposals	Adj	Balance as on 31.03.2018		Depreciation for the period	Adj	Disposal	Balance as on 31.03.2018	Balance as on 31.03.2018	Balance as on 31.03.2017
684.06 9.46 - 0.89 692.63 352.07	mputer ftware	684.06	9.46	r -	0.89	692.63	352.07	135.15	I.		487.22	205.41	331.99
	tal	684.06	9.46		0.89	692.63	352.07	135.15	ı		487.22	205.41	331.99







(Amount in ₹ lacs)

# Note 5 (i)

# Non Current Investments

Non Current Investments		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
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 [4,00,00,000 Shares @ ₹10 each]})	63,655.05	52,067.60
Total Investment	63,655.05	52,067.60

# Note 5 (ii)

# **Trade Receivables - Non Current**

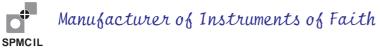
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(i) Trade Receivables		
- Doubtful	67,986.72	60,821.56
TOTAL (A)	67,986.72	60,821.56
(i) Allowance for bad debts	43,162.91	49,079.89
(ii) Provision for Rate Difference	24,823.81	11,741.67
TOTAL (B)	67,986.72	60,821.56
Total Trade Receivables (A-B)	-	-

# Note 5 (iii)

Loans - Non current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(A) Security Deposit		
- Unsecured, considered good	476.54	410.81
TOTAL (A)	476.54	410.81
(B) Loan due from employees	585.02	1,019.23
TOTAL (B)	585.02	1,019.23
Total Loans (A+B)	1,061.56	1,430.04

# Note 5 (iv)

Others - Non current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(a) Security Deposit		
- Deposit with CISF	344.80	344.81
- Deposit with Electricity Board	775.81	763.20
- Deposit with Tax Authorities/other	3,629.00	3,221.08
(b) Other advances	140.83	120.97
Total	4,890.44	4,450.06





# **Deferred tax assets & Liabilities**

The tax effects of the significant temporary differences that resulted in deferred tax assets/liabilities are as follows

that resulted in deferred tax assets/liabilities are as follows		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Deferred Tax Assets/(Liabilities)		
Property, plant and equipment	(18,489.82)	(16,588.68)
Current liabilities, Trade Receivables and provisions	1,02,642.28	85,274.62
Net deferred tax assets	84,152.45	68,685.94

# Note 7

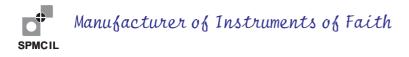
Other non-current assets		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Other Receivables	-	85.12
Advance to PAO	34.91	34.91
Advance to others	0.82	0.82
Non Moving Inventory	711.78	817.27
Provision for non moving inventory	(597.56)	(660.56)
Total	149.95	277.56

# Note 8

Inventories (At lower of Cost or Net Realisable Value)		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(a) Raw Materials		
- Raw materials	1,14,731.10	80,473.65
- Raw material in transit	117.65	771.26
- Goods in transit	2,278.86	2,856.44
(b) Work-in-progress	79,429.50	70,418.56
(c) Finished goods	26,293.10	6,545.91
(d) Stores and spares	13,237.73	10,789.33
(e) Others- Scrap	5,573.84	7,774.59
Total inventories	2,41,661.78	1,79,629.74

# Note 5(i)

Investments - Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Investment in Mutual funds - Quoted		
SBI Mutual Fund	9,009.28	-
UTI Treasury Advantages Fund'(Valued at Fair value) (CY:890028.418 Units /PY: 450809.124 Units)	-	10,108.55
Total Investment	9,009.28	10,108.55





# Note 5(ii)

Trade	<b>Receivables</b> -	Current
IIaue	Necelvables -	Guilent

Trade Receivables - Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Unsecured, considered good	98,001.82	1,59,494.93
Total Trade Receivables	98,001.82	1,59,494.93

# Note 5(v)

# Cash & cash equivalents

Cash & cash equivalents		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
A)		
Balances with banks	2,491.96	69,481.30
Cheques, draft on hand	359.95	6,367.07
Cash on hand	2.25	2.94
Postage on hand	2.35	2.57
Total cash & cash equivalents	2,856.51	75,853.88
B)		
Bank balances other than above	48,207.19	26,803.70
FDR (maturity period more than 3 months)	-	-
Total Bank Balances	48,207.19	26,803.70

# Note 5 (iii)

Loans - Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(A) Security deposit		
Secured, considered good	1.37	1.37
TOTAL (A)	1.37	1.37
(B) Other loans	-	-
Loans to employees	235.14	336.80
TOTAL (B)	235.14	336.80
Total Loans (A+B)	236.51	338.17





# Note 5 (iv)

Others - Current		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Deposits with other department	1.15	0.74
Other advances Other advances receivables Interest receivables on FDR	21.73 1,117.94 32.71	11.49 920.02 16.51
Assets held for sales	5,762.17	5,762.12
Total	6,935.70	6,710.88

# Note 9 (a)

# Current Tax Assets (Net)

Current Tax Assets (Net)		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Balance with Income Tax Authority		
Advance tax including TDS	20,906.74	-
Less :- Provision of income tax	(17,026.00)	-
Current tax assets - Net	3,880.74	-

# Note 9 (b)

(e) Current tax liabilities (Net of Advance tax)		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Provision for Income Tax	-	45,954.38
Less: Advance tax/ TDS	-	(33,756.00)
Current Tax Liablities (Net of Advance tax)	-	12,198.38

Other current assets		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Prepaid expenses	205.87	423.11
Balance with excise authorities	2,900.89	22.92
Balance with sales tax / GST authorities	15,569.81	1,870.24
Balance with Income Tax Authorities	0.78	-
Assets held for disposal	0.07	0.07
PAO/C&C DEA Ministry of Finance (EPF)	901.97	901.98
PAO/C&C DEA Ministry of Finance (GPF)	369.50	369.50
Commemorative coins	0.78	5.63
Other receivables	118.90	332.34
Advances to suppliers	11,732.32	20,355.93
Advances to CPWD	10.68	8.03
Advances to BSNL	22.14	19.19
Total	31,833.71	24,308.94





# Issued share capital

		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Authorised Capital		
2,50,00,00,000 Equity Shares of ₹10 Each	2,50,000.00	2,50,000.00
Issued and subscribed capital		
118,24,90,000 Equity Shares of ₹10 Each	1,18,249.00	1,18,249.00
	1,18,249.00	1,18,249.00
Paid up capital		
106,42,41,000 Equity Shares of ₹10 Each (Previous Year	1,06,424.10	1,18,249.00
1,18,24,90,000 Equity Shares of ₹10 Each)		
Total	1,06,424.10	1,18,249.00

# Note 11A

# Reconciliation of equity shares outstanding at the beginning and at the end of year

		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Equity Shares at the beginning of the year	1,18,24,90,000	1,18,24,90,000
Add: Shares issued during the year	-	-
Less: Shares buyback during the year	(11,82,49,000)	-
Equity Shares outstanding at the end of the year i.e. as on 31st March 2018	1,06,42,41,000	1,18,24,90,000

# 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

Particulars	Figures as at 31st March 2018 No. of Shares	Figures as at 31st March 2017 No. of Shares
a) President of India through Sh. Anurag Agarwal, JS(ACC), DEA, MOF (Previous year President of India through Dr. Saurabh Garg, JS (I&C), DEA, MOF	1,06,42,40,994	1,18,24,89,994
b) % of No of shares	99.99	99.99

# Note 11D

Terms and rights attached to the equity shares of the Company : NIL





Reserve & Surplus		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(a) Capital Reserve	33,819.95	33,819.95
(b) General Reserve	-	20,008.52
(c) Retained Earnings (Surplus)	2,81,329.18	2,72,508.69
(d) Capital Redemption Reserve	11,824.90	-
Total Reserve & Surplus	3,26,974.03	3,26,337.16
(a) Capital Reserve		
As per last statement of financial position	33,819.95	33,819.95
Add: Current year transfer	-	-
Less : Written back in current year	-	-
Total Capital Reserve	33,819.95	33,819.95
(b) General Reserve	·	· · ·
As per last statement of financial position	20,008.52	20,008.52
Add: Current year transfer	25,517.34	-
Less : Transfer to Capital Redemption Reserve	11,824.90	-
Less: Buyback of shares	33,700.96	-
Total General Reserve	-	20,008.52
(c) Retained Earnings		
As per last statement of financial position	2,72,508.69	2,27,361.60
Add: Net Profit/(Loss) for the current year	74,732.95	78,251.72
Add: Items of other comprensive income recognized directly	3,231.96	(3,672.22)
in retained earnings	·, · · · ·	
: Remeasurement of Employees defined benefit plans	-	-
: Prior period items	106.34	12.62
: Disputed Claim	(9,533.97)	-
: Depreciation	974.25	-
: Adjustment on Fixed assets	-	-
: Adjustment on Pension	-	(22,768.26)
: Adjustment on Deferred tax	-	(, · · · · _ · )
Add: Transfer from reserves	-	-
Less: Transfer to corporate/HO	-	-
Less: Dividend paid for the previous year	(22,764.00)	(6,092.43)
Less : Dividend distribution tax	(4,634.28)	(1,240.30)
Less: Tax on Buy back	(7,775.49)	( ) = · · · · · · )
Less: Transfer to General Reserve for buy back of Shares	(25,517.34)	
Add: Income Tax Adjustments for Earlier Years		655.96
Total Retained Earnings	2,81,329.18	2,72,508.69
d) Capital Redemption Reserve	_,	_,,
As per last statement of financial position		
Add:Current year Transfer	11,824.90	
Less : Written back in current year	11,024.90	-
	11 02/ 00	-
Total Capital Redemption Reserve	11,824.90	



# Financial Liabilities - Non-Current Borrowings

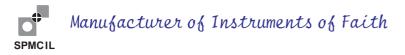
# Note 13 (i)

Borrowings		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Loans & borrowings	-	-
Total Non Current Borrowings	-	-

# Note 13 (ii)

Trade Payables		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(A) Non Current	-	-
- Trade payables	-	-
Total Non Current Trade Payable	-	-
(B) Current		
- Trade payables	23,636.01	42,071.83
Total Current Trade Payable	23,636.01	42,071.83
Total Trade Payables (A+B)	23,636.01	42,071.83

Provisions		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(i) Non-Current Provisions		
Other Provision		
- Provision for Disputed Claims	5.00	50.00
Total Non Current Provisions	5.00	50.00
(ii) Current Provisions		
Other Provisions		
- Other Short Term Provisions	5,209.76	523.19
- Provision for Disputed Claims	73,654.42	71,213.15
Total Current Provisions	78,864.18	71,736.34





Fmploy	vees	<b>Benefit</b>	Obligations
LINPIO	y CC3	Denenit	Obligations

Employees Benefit Obligations		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
(i) Non-Current Provisions		
(a) Provision for employee benefits		
- Provision for Gratuity	14,843.47	12,658.19
- Provision for Leave Encashment	24,319.43	26,059.95
- Provision for Leave Salary Contribution	105.19	-
- Provision for Ex-Gratia	26.10	26.49
- Provision for post retirement medical benefits	4,279.25	2,351.80
Total Non-Current Employees Benefit Obligations	43,573.44	41,096.43
(ii) Current Provisions		
(a) Provision for employee benefits		
- Provision for Leave Salary and Pensionary Charges	44.82	29.75
- Provision for Gratuity	1,813.02	1,550.78
- Provision for Ex-Gratia /Bonus	362.32	392.10
- Provision for Leave Encashment	3,027.74	3,188.67
- Provision for Compensation in Lieu of Compassionate	531.59	489.43
- Provision for Pension Trust Liability	94,702.69	73,966.46
- Provision for post retirement medical benefits	1,838.58	2,156.01
- Other employees benefits short term provisions	3,237.74	5,432.93
Total Current Employees Benefit Obligations	1,05,558.50	87,206.13

Other Non Current liabilities		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Other Non- Current Liabilities (Diff. amount Received From RBI)	1,138.50	29.48
Total Non Current Liabilities	1,138.50	29.48





# Other current liabilities

Other current liabilities		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Employee's Claims	18.27	31.87
Advances from customers	14,803.40	6,556.95
Security Deposit of Supplier/Vendors	34.77	18.74
Payable to PAO	96.18	76.29
Statutory dues payable	4,676.57	2,857.82
Salaries and wages and other employee beneft payable	171.83	736.78
Expenses payable	844.96	1,090.92
Contribution to SPMCIL Pension Trust Payable	66.36	1.40
Pensionary charges payable	141.78	34.39
Bank book overdraft	236.88	215.41
Other current liabilities	1,794.00	6,138.72
Capital goods creditors	40.94	-
Total other current liabilities	22,925.94	17,759.29

# Note 13(iii)

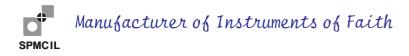
Other Financial Liabilities		(Amount in ₹ lacs)
Particulars	Figures as at 31 <sup>st</sup> March, 2018	Figures as at 31 <sup>st</sup> March, 2017
Other Financial Liabilities - Non Current		
Funds from GOI - adjustable	17,976.76	17,976.76
Other Financial Liabilities - Non Current - Total (A)	17,976.76	17,976.76
Other Financial Liabilities - Current		
Earnest Money Deposit (EMD)	394.24	481.90
Security Deposit of Supplier/Vendors	572.38	624.83
Salaries and wages and other employee beneft payable	1,905.07	6,283.73
Recovery from salary payable to concerned authorities	833.09	542.12
Expenses payable	2,216.76	4,801.13
Bank book overdraft	768.17	762.79
Other Financial Liabilities - Current - Total (B)	6,689.71	13,496.50





Revenue		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(A) Sale of products		
- Sale of Notes	1,96,560.11	2,13,926.19
- Sale of Coins	1,42,643.24	2,70,724.97
- Sale of Medals and Commemorative Coins	5,635.56	4,313.06
- Sale of INK	714.36	-
- Sale of Passport & Allied	36,889.17	46,058.16
- Sale of Postal Items	2,374.66	2,339.83
- Sale of Non Postal Items	5,269.58	4,104.03
- Sale of NJSP	36,608.92	35,022.54
- Sale -Others	7,058.24	7,101.91
TOTAL (A)	4,33,753.84	5,83,590.69
(B) Sale of Services		
- Job Work	943.99	602.91
- Other Service	31.28	21.23
TOTAL (B)	975.27	624.14
(C) Other Operating Revenue		
- Sale of scrap	9,693.85	11,939.42
- Other operating activities	92.63	447.84
TOTAL (C)	9,786.48	12,387.26
Total Revenue from Continuing Operations (A+B+C)	4,44,515.59	5,96,602.09

Other Income		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(A) Interest Income		
-Interest Income	5,141.81	7,364.53
TOTAL (A)	5,141.81	7,364.53
(B) Dividend Income		
- Dividend Income from Mutual Fund	454.88	303.71
TOTAL (B)	454.88	303.71
(C) Other non operating income(net of expense directly		
attributable to such income)		
- Foreign exchange fluctuation gains/ (loss)	471.43	490.84
- Profit on sale of fixed assets	113.57	28.84
- Other non operating income (net of expense directly		
attributable to such income)	3,141.92	3,595.80
- Provisions/liabilities written back	10,545.15	1,816.39
- Rate difference	199.41	192.01
TOTAL (C)	14,471.48	6,123.88
Total Other Income (A+B+C)	20,068.17	13,792.12





Cost of materials consumed

Cost of materials consumed		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Cost of material consumed	2,17,921.18	2,80,677.45
Total cost of materials consumed	2,17,921.18	2,80,677.45

# Note 21

Changes in inventories of finished goods, stock in trade and work in progress

		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Opening Balance:		
Work in progress	70,418.56	73,430.15
Finished goods	6,545.91	15,785.49
Goods in Transit	2,856.44	3,094.35
Scrap	7,774.59	7,788.99
Total Opening balance (A)	87,595.50	1,00,098.98
Closing Balance:		
Work in progress	79,429.50	70,418.56
Finished goods	26,293.10	6,545.91
Goods in Transit	2,278.85	2,856.44
Scrap	5,573.83	7,774.59
Total Closing balance (B)	1,13,575.28	87,595.50
Total changes in inventories of finished goods, stock in trade and work in progress (A-B)	(25,979.78)	12,503.48

# Note 22

# Employee benefit expense

Employee benefit expense		(Amount in ₹ lacs)
Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Salaries, wages and allowances	68,555.81	67,258.49
Overtime	15,387.11	15,429.22
Incentive	13,461.47	14,890.75
LTC	307.26	210.03
Medical	2,287.22	2,636.31
Employer Contribution to EPF	4,347.82	3,298.70
Leave salary & pensionary charges contribution	876.68	924.88
Cotribution to SPMCIL pension trust	2,016.10	990.13
Leave encashment	8,238.65	5,416.13
Gratutity	6,960.55	3,044.95
Staff welfare expenses	121.31	65.85
Other employee benefits	1,419.25	2,280.34
Post retirement medical benefits	2,010.62	1,100.65
Total employee benefit expenses	1,25,989.85	1,17,546.43





Finance Cost		(Amount in ₹ lacs)
Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017
Interest cost on loan from Ministry of Finance	-	11,872.71
Interest cost on loan from Bank	297.36	-
Total	297.36	11,872.71

# Note 3 & 4

Depreciation and amortization expense		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
Depreciation on Property Plant and Equipment	12,462.45	11,950.12
Amortisation of Intangible Assets	135.15	129.53
Total	12,597.60	12,079.65

Other expenses		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(A) Other Manufacturing Expenses		
-Consumption of stores, Spare and Components	8,532.50	10,693.39
-Power, Fuel and Water	7,541.59	7,400.59
-Repairs & Maintenance to Machinery	516.32	776.25
-Repairs & Maintenance to Factory Building	1,110.10	737.25
-Packing expenses	1,575.58	1,765.54
-Other manufacturing costs	552.87	8,679.32
TOTAL (A)	19,828.96	30,052.34
(B) Administrative Expenses		
-Advertisement	202.84	250.02
-Commission (Auction & Other)	305.75	373.67
-Audit fees	42.93	51.88
-Bank charges	4.30	6.40
-Bad debts written off	-	1,407.71
-Canteen expenses(Net of Receipts)	257.17	226.13
-Dispensary expenses	164.56	336.72
-Environmental charges	90.65	70.60
-Fees & honorarium	21.50	34.94
-Freight outward	1,232.48	1,259.71
-Foreign exchange fluctuation loss	94.40	86.24
-Grants in Aid expenses	3.20	3.95
-Loss on sale/discard of assets	0.16	5.59
-Guest house expense (Net of Receipts)	40.34	60.46
-Hiring of staff	2,254.64	1,386.60
-Horticulture expense	40.51	29.73



# Manufacturer of Instruments of Faith



Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
-Hospitality & entertainment expenses	72.34	70.86
-Legal & Professional charges	636.31	658.95
-Meeting expenses	8.98	17.97
-Misc expenses	35.65	66.95
-Office expenses	213.28	207.34
-Postage & courier expenses	45.08	41.25
-Printing & Stationery expenses	71.94	69.46
-Research & Development expenses	137.64	94.27
-Repair & Maintenance- Building	1,416.23	1,782.59
-Repair & Maintenance- Computers	197.13	451.69
-Repair & Maintenance- Others	1,641.74	564.14
-Rent	688.28	776.04
-Insurance	444.38	331.32
-Rates & Taxes	127.35	368.52
-Security charges	14,647.30	14,617.40
-Seminar & Training expenses	70.23	71.55
-Service Tax/ Sales Tax paid	51.28	217.24
-Subscription, Newspaper, Books & Periodicals	12.57	33.41
-Telephone & Internet charges	218.14	250.17
-Travelling & Conveyance expenses	576.02	635.27
-Travelling Expenses- Foreign	66.97	49.64
-Uniform & Liveries	23.15	59.04
-Corporate Social Responsibility Expense(CSR)	466.38	137.54
-Vehicle Hiring/Maintenance charges	351.85	262.46
-Water & Electricity charges	395.54	402.25
-Other expenditure	782.74	590.87
-Excise Duty paid	-	283.38
- Interest and Penalty	1,972.70	-
- Expense for Obsolete/ Non Moving Inventory/ Shortage	51.10	216.72
TOTAL (B)	30,177.72	28,918.64
(C) Provisions Created During the Year		
- Provision for Trade Receivables	6.54	87.47
- Provision for Obsolete/Non Moving Inventory/Shortage	(86.81)	350.06
- Provision for Rate Differences of Bank Notes	100.54	-
- Pension for Pension Trust Liability	20,736.23	-
- Provision for disputed claims	-	24,862.23
TOTAL (C)	20,756.50	25,299.76
Total Other Expenses (A+B+C)	70,763.18	84,270.74



# Note 24(a)

Auditors' Remuneration		(Amount in ₹ lacs)
Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
(A) Statutory Auditors		· · · ·
(i) Statutory Audit Fee	3.50	3.50
(ii) Tax Audit Fee	2.63	2.63
Sub-Total (A)	6.13	6.13
(B) Branch Auditors		
(i) Statutory Audit Fee	20.25	20.25
(ii) Tax Audit Fee	16.55	18.73
Sub-Total (B)	36.80	38.98
Auditors' Remuneration (A+B)	42.93	45.11
Auditor's Out of Pocket Expenses	-	19.44
Total	42.93	64.55

# Note 25

**Contingent Liabilities and Commitments** 

(Amount in ₹ lacs)

Contingent Liabilities and commitments (to the extent not provided for)	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
(I) Contingent Liabilities		
<ul> <li>(i) Claims against the company not acknowledged as debt (excluding legal cases where amounts are unascertainable)</li> </ul>		
(a) Cases filed by employees/workers	2,526.49	433.78
(b) Cases filed by Suppliers	59.44	31.89
(c) Octroi Penalty	24,022.51	24,022.51
(d) VAT demand on Circulation coins	24,400.64	24,400.64
(e) Sales Tax Dispute	3,308.20	-
(f) Service Tax	319.64	239.23
(ii) Commercial Tax (Entry Tax)	8,560.79	7,643.44
(iii) Bank Guarantee	-	-
(iv) Letter of credit issued by Banks	1,910.57	6,030.44
(v) Income Tax	29.03	775.79
(vi) Others	415.19	65.21
Total (I)	65,552.50	63,642.94
<ul> <li>(II) Commitments         <ul> <li>(i) Estimated amount of contracts remaining to be executed on capital account and not provided for</li> </ul> </li> </ul>	56.22	6,232.00
Total (II)	56.22	6,232.00
Grand Total (₹) (I+II)	65,608.72	69,874.94





The Cases filed by employees/workers/suppliers are being contested and accordingly, no provision is considered necessary. The Cases regarding taxes are also being contested before appellate authorities accordingly, no provision is considered necessary.

The Andhra Pradesh Government had issued notices to IGM Hyderabad for payment of VAT on Coins from 2006 to 2013 amounting to ₹244 crores towards liability of VAT and penalty thereon. Representations were made to the Andhra Pradesh Government and based on the representations made by IGM Hyderabad, Govt. of Andhra Pradesh amended Schedule 1 of VAT Act, 2005 and the word "coins" inserted in entry 27 after the words "rupee note" and exempted "coins" from VAT prospectively i.e w.e.f 09.07.2013. As the exemption was given prospectively i.e w.e.f 09.07.2013, demand amounting to ₹244 crores is still lying pending for the period 2006 to 2013. Matter was taken up with Telangana State Government for retrospective exemption w.e.f 01.04.2005 but no relief was given. Therefore, as advised by company senior legal counsel, a writ has been filed in the High Court of Judicature at Hyderabad for the state of Telangana and the State of Andhra Pradesh. High Court of Judicature at Hyderabad vide its order dated 19th April, 2018, directed that "the stay petition is disposed of granting interim stay of further proceedings, pursuant to the impugned order of assessment, subject to the condition that the petitioner deposits 10% of the demand within a period of sixteen (16) weeks from the date of receipt of a copy of court order". Therefore, provision is not considered necessary.

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 adjourned 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, on May 30 ,2017 and further on May 29, 2018, the unit has not paid / provided for entry tax from June 01, 2013.

# In case of Bank Note Paper Mill India Pvt. Ltd. (Joint Venture) (50% Share of SPMCIL is as follows:

Unexpired commitments to the extent not provided (net of advances) (50% Liability)

	(Amo	unt in ₹ lacs)
Particulars	As on 31.03.2018	As on 31.03.2017
Unexpired commitments to the extent not provided for on capital and revenue account		15,474

Contingent Liability in Joint Venture Company (50%): ₹1333 lacs (Previous Year ₹1822 lacs).

# Note 26

# 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 27

# 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 defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly the disclosure in respect of amount payable to such enterprises as at 31st March 2018 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 ₹1.09 lacs towards interest for delays in payments to MSME during Financial Year 2017-18 has been made. Disclosure pertaining to Micro Small & Medium Enterprises (As per Information available with the Unit) is as follows:



S. No.	Particulars	Amount in ₹ lacs
1	Principal Amount Due outstanding as at 31/03/2018	Nil
2	Interest due on (1) Above & Unpaid as at 31/03/2018	Nil
3	Interest paid to the supplier	Nil
4	Payment made to the supplier beyond the appointed day during the Year.	55.79
5	Interest due & payable for the period of delay	1.09
6	Total Interest accrued & remaining unpaid as at 31st March 2018	1.09
7	Amount of the further interest remaining due & payable in the succeeding year.	Nil

# **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 2017-18 has been carried out at all the units including Corporate Office.

# Note 29

# **Precious Metals at Mints**

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

# Note 30

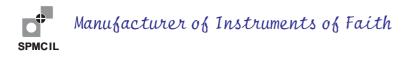
# **Employee Benefits**

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 for 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**

- Employee Provident Fund (EPF): For EPF, a) 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 Employee Provident Fund Organisation (EPFO). 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 1<sup>st</sup> April 2011 employee's contribution is being made to the Trust. There is only employee contribution in this fund therefore, no amount is recognized as expenses in Profit and Loss account.

#### **Defined Benefits Plans**

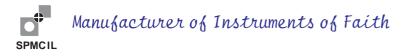
- a) Pension: Pension will be paid to Combined Pension Optees from the Company Employees Pension Fund Trust constituted by Government of India. Provisions for pensionary contribution to the trust in respect of the Combined Optees have been made as per Central Civil Services (Pension) Rules, 1972.
- b) Leave Travel Concession: Leave Travel Concession (LTC) benefits have been dealt with as per norms of Government of India adopted by the company.
- c) Gratuity: The Company has a defined benefit gratuity plan in accordance with Payment of Gratuity Act, 1972. Every employee who has rendered continuous service of five years or more is entitled to get gratuity at 15 days salary (15/26 X last drawn basic salary plus dearness allowance) for each completed year of service subject to a maximum of ₹20 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 d) provides for earned leave benefit and half pay leave to the employees of the Company which accrues 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 has also permitted to en-cash earned leave to the extent of 50% of balance at credit once in a calendar year subject to the balance at credit should not be less than 30 days after encashment and subject to maximum accumulation of 300 days. The Liability for the same is recognized on the basis of actuarial valuation
- e) Post-Retirement Medical Benefits: The Company has Post-Retirement Medical Scheme under which eligible ex-employees are provided medical facilities on the sole discretion of the employee upon payment of one time prescribed contribution. The liability for the same is recognised on the basis of actuarial valuation.
- f) As per Ind AS 19 "Employee Benefits", the disclosure as defined is given below:

							(₹ in lacs)
S. No.	Particulars	Grat	uity	Le	ave	Post Retirement Medical Benefits	
		31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
Define	d Contribution Plans						
Define	d Benefit Plans						
Α	Reconciliation of Opening a	and Closing B	alances of D	efined Ben	efit Obligatio	on	
	Defined Benefit Obligation at beginning of the year	14,208.97	9,988.47	29,248.61	24,660.85	4,507.81	3,312.07
	Current Service Cost	1,906.47	1,778.45	1,300.37	1,818.65	1,409.69	1,115.96
	Interest Cost	1,045.78	749.14	2,152.70	1,849.56	331.97	248.40
	Actuarial (Gain)/Loss	98.76	3029.72	2709.40	4,825.86	315.33	210.50
	Benefits Paid	(603.49)	(1336.81)	(8063.90)	(3,906.29)	(446.98)	(379.05)





S. No.	Particulars	Grat	tuity	Le	ave		tirement Benefits
		31.03.18	31.03.17	31.03.18	31.03.17	31.03.18	31.03.17
	Defined Benefit Obligation at the year end	16,656.49	14,208.97	27,347.18	29,248.61	6,117.83	4,507.81
В	Reconciliation of opening a	nd closing b	alances of fa	ir value of F	Plan Assets		
	Fair value of plan assets at the beginning of the period	-	_	-	-	-	-
	Actual return on plan assets	-	-	-	-	-	-
	Employer contribution	-	-	-	-	-	-
	Benefits paid	-	-	-	-	-	-
	Fair value of plan assets at the end of the period	-	-	-	-	-	-
С	Actuarial assumptions	L		1	1	1	1
	Discount Rate (per annum)	7.40	7.36	7.40	7.36	7.40	7.36
	Expected rate of return on Plan Assets (per annum)	-	_	-	-	-	-
	Future Salary/cost Increase (per annum)	7.50	6.50	7.50	6.50	5.00	5.00
D	Sensitivity Analysis	31.03.2018 31.03.2018		31.03.2018			
(a)	Impact of the change in dis	count rate		1			
	Present Value of Obligation at the end of the period		16,656.49		27,347.18		6,120.52
	Impact due to increase of 0.50 %		(515.91)		(815.06)		(203.27)
	Impact due to decrease of 0.50 %		553.52		868.13		205.17
(b)	Impact of the change in sal	ary					
	Present Value of Obligation at the end of the period		16,656.49		27,347.18		-
	Impact due to increase of 0.50 %		541.08		863.15		-
	Impact due to decrease of 0.50 %		(515.12)		(818.02)		-





# In case of Bank Note Paper Mill India Pvt. Ltd. (Joint Venture)

# Retirement and other employee benefits

In accordance with Ind AS 19 Company has obtained Actuarial Valuation in respect of defined Earned Leave and Gratuity based on the following assumptions;

Particulars	(₹ in lacs)		
raiticulais	2017-18	2016-17	
Valuation basis	Projected Unit Credit (PUC)		
Discount rate *	7.73%	7.35%	
Annual increase in costs	6.00%	6.00%	
Attrition rate	3.00%	5.00%	

\*This is based on the market yields available on Government bonds at the balance sheet date.

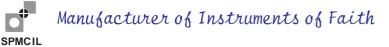
(A) The gratuity and the leave salary plans are unfunded. Accordingly as per the provisions of Accounting standard the related unfunding risk has been factored in the valuation.

Amount recognised in the Financial Statements as on 31.03.2018						
Particulars	2017-18		2016-17			
	(₹ in lacs) (₹ in lac		cs)			
	Leave Salary	Gratuity	Leave Salary	Gratuity		
a. Opening value of benefits	241.48	108.04	133.43	50.76		
b. Current service cost	93.67	64.29	87.98	46.28		
c. Interest cost	17.88	8.28	10.48	4.05		
d. Recognition of losses - other long term benefits	-	-	13.89	-		
e. Actuarial (Gains)/ Loss	36.82	39.08	-	6.95		
f. Benefits pay-out	20.29	1.95	4.30	-		
Present value of the benefits (a+b+c+d+e-f)	369.56	217.74	241.48	108.04		
Provided as current liabilities	113.04	25.10	30.13	1.86		
Provided as non- current liabilities	256.52	192.64	211.35	106.18		

# Note:

a) The company operates under cost plus basis and hence, the discount rate variation, mortality rate variations etc., are passed on in the selling price. Therefore, sensitivity analysis for these risks is not considered necessary.

b) This includes liability for defined benefit cost in respect of Managing Director.





#### **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. About 90% of the sale of products during the year has been 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 32

#### **Related Party Transactions**

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* : **Bank Note Paper Mill India Private Ltd.**

#### Relationship : 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 31.03.2018.

#### (Amount in ₹ lacs)

Transaction:	2017-18	2016-17
Capital Contribution	Nil	Nil

Proportion of ownership in Joint Venture as per audited accounts for the Financial Year 2017-18 is as under (50%).



(Amount in ₹ lacs)

Pa	rticulars	As on 31.03.2018 (Audited)	As on 31.03.2017 (Audited)
a)	Contribution	40,000	40,000
	towards Equity		

Aggregate amount of Company's interest in Joint Venture (50%) as per audited accounts for the F.Y. 2017-18 is as under:

	(Amount in ₹ lacs)		
Particulars	As on 31.03.2018 (Audited) (₹ in lacs)		
Equity Share Capital	40,000	40,000	
Reserve and Surplus	24,154	12,359	
Non-Current Liabilities	18,372	36,141	
Current Liabilities	7,291	13,395	
Non-Current Assets	62,114	66,733	
Current Assets	27,702	35,161	
Revenue	47,535	48,801	
Cost of Material Consumed	18,498	18,200	
Depreciation of Plant and Machinery	5,544	4,693	
Employee Benefit Expenses	2,135	1,334	
Finance cost	2,399	3,552	
Other Expenses	4,421	2,331	
Profit before Tax	14,539	18,689	
Income Tax	2,706	5,383	
Expenses			
Other Comprehensive Income (OCI)	38	4	
Total Comprehensive Income (Share)	11,587	13,302	

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

#### (Amount in ₹ lacs)

Particulars	As on 31.03.2018	As on 31.03.2017
Purchase of CWBN Paper	27,720.72	12,639.96





#### **Key Managerial Personnel:**

- Shri Praveen Garg, Chairman and Managing Director, (upto 05.10.2017)
- Shri Anurag Agarwal, Chairman and Managing Director, (from 05.10.2017 to 16.01.2018)
- Shri S. Selvakumar, Chairman and Managing Director (from 16.01.2018 to 01.05.2018)
- Ms. Tripti P. Ghosh, Chairman and Managing Director (from 01.05.2018)
- Shri Ajai Kumar Srivastav, Director (Technical) (from 29.08.2016)
- Shri S.K. Sinha, Director (HR) (from 01.09.2016)
- Shri Sanjai Maheshwari, Chief Financial Officer (upto 23.11.2017)
- Shri Ajay Agarwal, Director (Finance) & Chief Financial Officer (from 23.11.2017)
- Shri Sachin Agarwal, Company Secretary (from 23.09.2009)

There are no transactions with Key Managerial Personnel during the year, except as given below. There are no other transactions with related parties as defined in Ind AS-24.

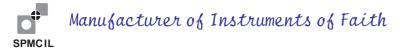
The gross remuneration to Key Managerial Personnel of the Company is as under:

			(,
Payment to Key Managerial Per			
Name	Designation	2017-18	2016-17
Mr. M.S.Rana	CMD	-	50.93
Mr. P.N.Radkar	Director Tech.	-	16.52
Mr. Manoranjan Dash	Director HR	-	61.13
Mr. Ajai Kumar Srivastav	Director Tech.	43.42	26.64
Mr. S.K. Sinha	Director HR	44.69	20.76
Mr. Ajay Agarwal	Director Finance/CFO	28.00	-
Mr. S.K. Jha	CVO	12.29	-
Mr. Sanjai Maheshwari	CFO	15.89	26.19
Mr. Sachin Agarwal	CS	8.94	10.19
TOTAL		153.26	212.40

#### In case of Bank Note Paper Mill India Pvt. Ltd. (Joint Venture)

Related Party	Nature of Relationship	
i. Security Printing & Minting Corporation of India Limited (SPMCIL).	Joint Venture Promoter with 50% equity shares & voting right in the company.	
ii. Bhartiya Reserve Bank Note Mudran Private Limited (BRBNMPL).	Joint Venture Promoter with 50% equity shares & voting right in the company.	
List of Directors & Key Management Personnel under Ind AS 24, " Related Party Disclosures"		
Executive Director	Nominee	
Shri G. Jaganmohan Rao (Managing Director) Key Management Personnel (Re-appointed with effect from 02.12.2016)	BRBNMPL	

(Amount in ₹ lacs)



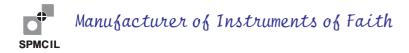


Related Party	Nature of Relationship
Non-executive Directors	Nominee
Smt. Tripti Patra Ghosh, Chairman (with effect from 01.05.2018)	SPMCIL - Official Director
Shri. Selvakumar, Chairman (Appointed with effect from 16.01.2018 & ceased with effect from 01.05.2018)	SPMCIL - Official Director
Shri. Anurag Agarwal, Chairman (Appointed with effect from 05.10.2017 & ceased with effect from 16.01.2018)	SPMCIL - Official Director
Shri. Praveen Garg (Chairman) (Appointed with effect from 18.07.2016 & ceased with effect from 05.10.2017 )	SPMCIL - Official Director
Shri. A K Srivastav (Appointed with effect from 19.07.2016)	SPMCIL - Official Director
Shri A G Rao Kulkarni (Re-appointed with effect from 13.07.2016)	BRBNMPL - Independent Director
Shri. Shankarasubramanian (Appointed with effect from 01.02.2016)	BRBNMPL - Official Director
Shri. S K Sinha (Appointed with effect from 01.09.2016)	SPMCIL - Official Director

#### Transactions carried out with related parties:

i. The following transactions are carried out by the company with the related parties at arm's length in the ordinary course of business and on principal to principal basis.

				(₹ in lacs)
Nature of transactions	BRBNMPL		SPMCIL	
	F.Y. 2017-18	F.Y. 2016-17	F.Y. 2017-18	F.Y. 2016-17
Revenue from operations	67,541.17	84,903.09	24,496.24	12,556.69
Purchase of goods & services	43.09	50.82	-	-
Lease rental expense	1.00	1.00	-	-
Trade & other receivables	-	6,486.82	63.55	4,485.60
Advance against sale of CWBN Paper	2,551.75	-	-	-





i. Salary, allowance & benefits paid to Shri. G. Jaganmohan Rao, Managing Director - BRBNMPL Nominee.

Particulars	(₹ in lacs)		
Particulars	2017-18	2016-17	
Salary, Allowances, Perquisites and Benefits.*	73.09	68.69	

\* Does not include defined benefit costs (gratuity and leave salary). Actuarial valuation for defined benefit has been obtained for the pool of employees including the Managing Director and provided as defined benefits of employees in the books. Hence liability for defined benefit obligations for Managing director as an individual employee is not ascertainable.

iii. Professional fees paid to Independent Director - Shri. A G Kulkarni.

Particulars	(₹ in lacs)		
Particulars	2017-18	2016-17	
Professional fees for identifying the location for new plant in an independent professional capacity.	2.44	3.20	

# Note 33

### Earnings Per Share

Particulars	2017-18	2016-17
Profit After Tax (in ₹ lacs)	66377.46	61,568.29
Weighted average numbers of equity shares used as denom- inator	1,15,46,28,592	1,18,24,90,000
Basic/Diluted Earnings per share (in ₹)	5.75	5.21

# Note 34

### **Deferred Tax**

The significant components and classification of deferred tax Asset and Liabilities on account of temporary difference during the financial year 2017-18 are:

Particulars	(Amount in ₹ lacs)
Opening Balance of Deferred Tax Assets	68,685.95
Add: Deferred Tax Assets (Net) created during the year	15,466.50
Closing Balance of Deferred Tax Assets	84,152.45

# Note 35

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 36

# Gold lying with RBI

85,555 Gms of gold is 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 37

#### 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 38

# 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 39

#### 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 40

# 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 ₹458.62 lacs (Previous year ₹79.80 lacs).

During the year the company has incurred an amount

of ₹466.38 lacs (Previous Year 137.53 lacs) on CSR. The details are as follows:

Amount	(₹	in	lacs
/ throant	• •		1000

		AITIOUTIL (CITTACS)		
S. No.	CSR Project	2017-18	2016-17	
1	Swatchh Bharat Abhiyan	150.00	0	
2	Clean Ganga Mission	50.00	0	
3	Toilet at school	30.88	25.94	
4	Remuneration of CSR consultant and third party evaluation payment.	7.73		
5	Skill Development Training program	5.07	0	
6	Ambulance for the transportation of in- jured animals	16.29	0	
7	Ambulance to District Hospital	3.54	0	
8	Water purifier in school	75.25	0	
9	Drinking Water at school	0	7.14	
10	Primary school build- ing/Library	126.34	19.79	
11	School bus	0	17.95	
12	School Furniture	0	5.61	
13	Braille watches and sound system for blind school	1.28		
14	Other Misc. projects	0	61.10	
	Total	466.38	137.53	

# Note 41

#### Revenue

Sale of major products has been recognized in the books of accounts in Financial Year 2017-18 as follows:

- a) The sale of Circulating Coins has been accounted for at CAC Rate (13-14) duly approved by Ministry of Finance.
- b) The sale of Bank Notes has been accounted for at MOU Rate (17-18) duly approved by Ministry of Finance. MoU Rates are yet to be accepted by RBI in respect of Bank Notes.
- c) The Sale of Postal Stationery has been accounted for at the rates recommended by the Chief Advisor



Cost (CAC), Ministry of Finance, Government of India (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 42

### **Pension Fund Trust Liability**

As per the actuarial valuation, total amount of liability towards pension and death cum retirement gratuity as on 31.03.2018 is ₹1,21,006.99 lacs. Shortfall after considering the plan assets amounting to ₹26,304.30 lacs as on 31.03.2018 is ₹94,702.69 lacs. Total amount of liability provided for in books of accounts till 31.03.2017 was ₹51198.20 lacs. Therefore, total amount of shortfall to be provided for in books of accounts as on 31.03.2018 was ₹43,504.49 lacs.

Further, as the amount of shortfall amounting to ₹22,768.26 lacs as on 31.03.2017 was not provided for by company during F.Y 2016-17, amount has been provided for in books of accounts as follows:

S. No.	Particulars	As on 31.03.2018	As on 31.03.2017
1	Obligation of Pension and Death cum retire- ment Gratuity.	1,21,006.99	1,01,554.63
2	Less: Fair value of plan assets of Pension Fund	26,304.30	27,588.17
3	Shortfall [(1)- (2)]	94,702.69	73,966.46
4	Liability provided for in earlier years	51,198.20	51,198.20
5	Shortfall as at the end of the year	43,504.49	22,768.26
6	Amount charged to Reserve & Surplus (being pertaining to F.Y 2016-17)	22,768.26	-
7	Amount charged to Profit and Loss account during F.Y 2017-18 [(5)-(6)]	20,736.23	-

(Amount in ₹ lacs)

Amount of liability as on 31.10.2008 i.e the date of absorption of Govt. employees to SPMCIL was paid by Ministry of Finance as per the Rule 37-A of the CCS (Pension) Rules, 1972 and liability was not settled on the basis of actuarial valuation. Therefore, amount of liability towards pension and death cum retirement gratuity was recalculated as on 31.10.2008 on the basis of actuarial valuation. Amount of liability as on 31.10.2008 came out to be ₹37,330.85 lacs. As the Ministry of Finance had paid an amount of ₹18,174 lacs against this liability, matter has been taken up with Ministry of Finance to receive the balance amount of ₹19,157 lacs (i.e ₹37,330 lacs - ₹18,174 lacs). This amount has not been accounted for as receivable from Ministry of Finance during F.Y 2017-18. Amount shall be accounted for in the year of receipt from Ministry of Finance.

# Note 43

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

As per Department of Public Enterprises (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. Therefore, during F.Y 2016-17 a provision of ₹220 lacs was made in the books of accounts on the basis of estimated liability for the period 01.01.2017 to 31.03.2017.

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 has issued the presidential directive to implement the pay revision in terms of aforesaid OM issued by DPE. Therefore, liability has been booked during F.Y 2017-18 for the amount of arrears payable for the period 01.04.2017 to 31.03.2018.

# Note 44

## Transitional Credit i.e Input tax credit under GST Regime on stock held on 30.06.2017

Upon implementation of Goods and Services Tax Act,





2017 w.e.f. 1st July 2017, many of the exemptions available to the products manufactured by SPMCIL were not extended to the SPMCIL under GST regime. These exemptions were available to SPMCIL in the erstwhile Indirect taxes regime as SPMCIL is carrying out sovereign function.

The matter regarding non-availability of exemptions under GST regime was taken up by SPMCIL with the Ministry of Finance as the taxability of products of SPMCIL under GST regime tantamount to sovereign function being taxed.

Due to lack of clarity regarding the taxability of the products, the sales of Sovereign products were considered as exempted initially and no GST was charged and input credit was also not taken for the inputs. However, subsequently, on the basis of the legal opinion, it was decided to consider the items which are not specifically exempted as taxable till the time matter is clarified by the Government.

In the absence of exemption/clarification, GST return TRAN 1 couldn't be filed by units (except IGM Mumbai) within the due date for claiming the input tax credit on stock lying in units as on 30.06.2017.

Total amount of Input tax credit as on 30.06.2017 is ₹59.42 Crores Unit wise breakup is as under:

(Amount in ₹)

S. No.	Name of the Unit	Amount of Input Tax Credit on stock as on 30.06.2017
1	India Government Mint, Noida	11,37,44,714
2	India Government Mint, Kolkata	8,16,77,478
3	India Government Mint, Hyderabad	13,86,53,273
4	Security Paper Mill, Hoshangabad	60,36,351
5	Security Printing Press, Hyderabad	7,94,691
	Total Input Credit Tax to be availed on transitional stock as on 30.06.2017	34,09,06,507
6	India Government Mint, Mumbai (Filed the Tran 1 within stipulated timelines)	25,33,68,456
	Total	59,42,74,963

As the output products of other units i.e BNP Dewas, CNP Nashik are not taxable, input credit as on 30.06.2017 is not available as per provisions of GST Act. In ISP Nashik, there was no major stock as on 30.06.2017 on which Input Credit was claimable as the Raw material consists of mainly of Paper received from SPM, Hoshangabad which was availing exemption from Excise under the erstwhile regime of Indirect taxes.

SPMCIL units requested their respective GST Authorities to accept the GST return (Tran-1) manually and allow the credit of ₹34,09,06,507 due to the SPMCIL. Pending final decision of the GST Authority, Input credit amounting to ₹34,09,06,507 on the transitional stock as on 30.06.2017 is not recognized in financial statements, as admissibility of the same is contingent on the decision of the GST Authorities.

The Selling price of the Products at which revenue is accounted for are provisional as final selling price of the products is determined by O/o Chief Advisor Cost, Ministry of Finance on the basis of Audited Financial Statements. Therefore, no provision is made for possible decrease in selling price on account of the input credit on transitional stock as the same will be automatically adjusted in the final sale price determinable by O/o Chief Advisor Cost, Ministry of Finance.

Request of SPMCIL regarding exemption of coins under GST regime has now been agreed to by Administrative Ministry i.e Department of Economic Affairs, Ministry of Finance and case has been referred to Department of Revenue, Ministry of Finance to take up the matter with GST Council.

# Note 45

#### 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 ₹711.78 lacs (Previous Year ₹817.27 lacs). Provision of ₹597.56 lacs (Previous Year ₹660.56 lacs) has been created against those obsolete/non- moving items where market value is less than the book value.





# Note 46

#### Buy Back of Shares

In accordance with the Guidelines on Capital Restructuring of CPSEs issued by Department of Investment & Public Asset Management (DIPAM), the Company has bought back 11,82,49,000 Equity Shares of ₹10 each (fully paid) being 10% of aggregate of paid-up equity and free reserves as on 31.3.2017 from Government of India. The book value per share has been arrived at ₹38.50 per share as per the certificate received from Statutory Auditors of the Company. The free reserves of the Company have been utilized for the purpose of aforesaid buyback

of shares. The aforesaid buyback of shares has been done in compliance of the provisions of Companies Act, 2013 and rules framed thereunder.

# Note 47

The Company has received an amount of ₹194.41 lacs from M/s BRBNMPL towards its share of rebate from a supplier of security feature (M-Feature). The amount has been accounted for as other income. Further, the company has received an amount of ₹729.31 lacs from M/s BRBNMPL in exercise of fall clause of agreement with supplier in respect of procurement of Water Mark Paper (WMP), which has also been accounted for as other income.

# Note 48

Details of Long Term Borrowings, terms of repayment & rate of interest - In case of Bank Note Paper Mill India Pvt. Ltd. (Joint Venture)

					(Amount in ₹ lacs)
Outstanding Balances					
Bank Names	As at March 31,2017	Repayment during the F.Y.	Non -Current as at March 31, 2018*	Current as at March 31,2018	Total outstanding as on 31.03.2018
State Bank of India	39,999.76	(12,999.76)	23,142.86	3,857.14	27,000.00
HDFC Bank Limited	40,303.73	(27,303.73)	11,142.86	1,857.14	13,000.00
Total	80,303.49	(40,303.49)	34,285.72	5,714.28	40,000.00

\* Term loan principal expected to be matured on or before 31.03.2019 is treated as current liabilities and the balance is reported as non-current liabilities

Loan tenure is 11.25 years with 3.25 years moratorium on repayment of principal which is repayable in 16 half yearly instalments commencing from Sep, 2017. The applicable interest rate is one year MCLR of the respective banks.

#### Details of Security provided for Bank Loan:

Particulars of security provided for term loan:	In favour of State Bank of India to the extent of ₹ in lacs.	In favour of HDFC Bank Ltd. to the extent of ₹ in lacs.
<ul> <li>a) Secured by specific pari-passu first charge on plant and machinery for manufacturing of bank note paper of capacity 12000 TPA excluding 34.462 acres of land taken on lease from Bharatiya Reserve Bank Note Mudran Private Limited and building thereon.</li> <li>b) Specific second pari-passu charge on all stock in trade present and future, all book debts, outstanding money receivable, claims and bills which are now due and owing or which at any time hereafter during the continuance of this security become due and owing to the company in the course of its business. Note:- Charge is created in favour of the lenders to the extent of the amount mentioned in the respective column plus interest, cost &amp; charges, if any.</li> </ul>	40,000.00	49,000.00





Particulars of security provided for term loan:	In favour of State Bank of India to the extent of ₹ in lacs.	In favour of HDFC Bank Ltd. to the extent of ₹ in lacs.
Particulars of security provided for working capital loan:		
Secured by specific pari-passu first charge on all the stock in trade both present and future consisting of raw materials, finished goods, goods in process of manufacturing and other merchandise with all the book debts, outstanding monies receivable, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to us in course of its business.	NA	₹12,500.00 of which ₹7,000.00 is fund based and ₹5,500.00 is Non fund based)
Specific second pari-passu charges on plant and machinery for manufacturing of bank note paper of capacity 12000 TPA excluding 34.462 acres of land taken on lease from Bharatiya Reserve Bank Note Mudran Private Limited and building thereon		is non rund based)

The Company has a system of obtaining periodic confirmation of balances from banks and other parties. There are no unconfirmed balances in respect of bank accounts and borrowings from banks & financial institutions.

# Note No. 49

In order to have better presentation the previous year's figures have been re-casted/restated/ reclassified, wherever necessary, to conform to current year's classification.

As per Our report of even date For **M/S BHATIA AND BHATIA** Chartered Accountants FRN003202N OF ICAI

Sd/-(R.Bhatia, FCA) (M.No. 17572) Partner

Date: 29.06.2018 Place: Aurangabad On behalf of Security Printing and Minting Corporation of India Limited

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director





#### ANNEXURE – A

#### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF JOINT VENTURE FOR THE YEAR ENDED 31.03.2018

(Pursuant to first proviso to sub-section (3) of Section 129 read rule 5 of the Companies (Accounts) Rules, 2014)

#### Part "A"

Subsidiaries

Not Applicable

#### Part "B"

Associates and Joint Ventures			
Name of Associate/Joint Venture	Bank Note Paper Mill India Pvt. Ltd.		
Latest Audited Balance Sheet Date	31.03.2018		
Number of Shares of Joint Venture held by the Company at the year end	40,00,00,000		
Amount of Investment in Associate/ Joint Venture	₹4,00,00,00,000		
Extent of Holding %	50%		
Description of how there is significance influence	Pursuant to Section 2(6) of the Companies Act, 2013		
Reason why the Joint Venture is not consolidated	N.A.		
Net Worth attributable to shareholding as per latest Audited Balance Sheet	₹6,41,54,16,500		
Profit /(Loss) for the year	₹1,15,87,45,000		
(i) Considered in Consolidation	Yes		
(ii) Not considered in Consolidation	N.A.		

a) Names of Association or Joint Ventures which are yet to commence operation - N.A.

b) Names of Associates or Joint Ventures which have been liquidated or sold during the year - N.A.

#### On behalf of Security Printing and Minting Corporation of India Limited

Sd/-(Sachin Agarwal) Company Secretary Sd/-(Ajay Agarwal) Director (Finance) & CFO

Sd/-(Tripti P. Ghosh) Chairman and Managing Director





AMS	Attendance Management System
APR	Annual Property Return
APV	Annual Physical Verification
BNP	Bank Note Press
BNPMIPL	Bank Note Paper Mill India Private Limited
BPS	Banknote Processing System
CAG	Comptroller & Auditor General of India
CAC	Chief Advisor Cost
CDA	Central Dearness Allowances
CECRI	Central Electro Chemical Research Institute
CESTP	Combined Effluent and Sewage Treatment Plant
CIF	Cost, Insurance and Freight
CISF	Central Industrial Security Force
CMD	Chairman and Managing Director
CNP	Currency Note Press
7 <sup>th</sup> CPC	7 <sup>th</sup> Central Pay Commission
CPSE	Central Public Sector Enterprises
CRN	Computerised Random Numbering
CSIR	Council of Scientific and Industrial Research
CSR	Corporate Social Responsibility
CTE	Chief Technical Examiner
CToP	Computer to Offset Plate Making System
CVC	Central Vigilance Commission
CVO	Chief Vigilance Officer
CWBN	Cylinder Watermarked Bank Note
DDG	Deputy Director General
DEA	Department of Economic Affairs
DIN	Director Identification Number
DIPAM	Department of Investment & Public Asset Management
DOP	Department of Posts
DPE	Department of Public Enterprises
DPR	Detailed Project Report

GLOSSARY	
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EMS	Environmental Management System
EP	Enterprise Portal
ERP	Enterprise Resource Planning
ETP	Effluent Treatment Plant
НН	Hearing Handicapped
HRD	Human Resource Development
IB	Intelligence Bureau
ICAI	Institute of Chartered Accountants of India
ICAI	Institute of Cost Accountants of India
ICC	Indian Chamber of Commerce
ICSI	Institute of Company Secretaries of India
IDA	Industrial Dearness Allowance
IEM	Independent External Monitor
IGM	India Government Mint
IIIT	Indraprastha Institute of Information Technology
IMC	Inter-Ministerial Committee
IND AS	Indian Accounting Standard
IP	Integrity Pact
ISP	India Security Press
JV	Joint Venture
KPMG	KPMG India Limited
KW	Kilowatt
LDPE	Low-density polyethylene
MEA	Ministry of External Affairs
MHA	Ministry of Home Affairs
MOF	Ministry of Finance
MoU	Memorandum of Understanding
MPCS	Million Pieces
MSEs	Micro and Small Enterprises
MSMEs	Micro, Small & Medium Enterprises
MT	Metric Ton
NABL	National Accreditation Board for Testing and Calibration Laboratories
NCL	National Chemical Laboratory
NJSP	Non-Judicial Stamp Paper
OEM	Original Equipment Manufacturer
ОН	Orthopaedically Handicapped

OLIC	Official Language Implementation Committee
OVI	Optically Variable Ink
PSEs	Public Sector Enterprises
PSP	Passport Seva Project
PWD	Persons With Disabilities
R&D	Research and Development
RAFA	Research Alliance Framework Agreement
RBI	Reserve Bank of India
RMP	Risk Management Policy
SAP	Systems, Applications, Products in data processing
SC/ST/ OBC	Scheduled Castes/Scheduled Tribes/Other Backward Class
SD	Sustainable Development
SOI	Super Orlof Intaglio
SPM	Security Paper Mill
SPMCIL	Security Printing and Minting Corporation of India Limited
SPP	Security Printing Press
TOLIC	Town Official Language Implementation Committee
UAT's	User Acceptance Testing
VH	Visually Handicapped

# **FINANCIAL TERMS**

CAPEX	Capital Expenditure
CD	Customs Duty
EBIDTA	Earnings Before Interest Depreciation Tax and Amortisation
ED	Excise Duty
EPS	Earnings Per Share
GDP	Gross Domestic Product
PAT	Profit after Tax
PBIDTA	Profit before Interest Depreciation Tax and Amortization
PBIT	Profit before Interest and Tax
PBT	Profit before Tax
TCI	Total Comprehensive Income
WIP	Work-in-Progress





### 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

(CIN: U22213DL2006G0I144763)

# NOTICE

Notice is hereby given that the 13<sup>th</sup> (Thirteenth) ANNUAL GENERAL MEETING of the members of Security Printing and Minting Corporation of India Limited (SPMCIL) will be held on Tuesday, the 31st day of July, 2018 at 1:30 p.m. at the Registered Office of the Company at 16<sup>th</sup> 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 1 the financial year ended March 31, 2018 together with the Reports of the Directors and the Auditor thereon.
- 2. To declare the Final Dividend @ 5% of Net worth of the Company for the financial year 2017-18.
- З. To fix the remuneration of the Auditors of the Company appointed by the Comptroller and Auditor General of India for the year 2018-19.

#### **SPECIAL BUSINESS**

4. To ratify the remuneration of the Cost Auditors and in this regard to consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, including any statutory modification(s) or re-enactment thereof, for the time being in force, the aggregate remuneration of ₹30,000 plus GST to the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the unit(s) of the Company falling under purview of Cost Audit for the financial year ending March 31, 2018, be and is hereby ratified.

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

By Order of the Board of Directors

(SACHIN AGARWAL) **Company Secretary** 

Date: 31st July, 2018 Place: New Delhi

#### NOTES:

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





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

# Item No. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. R.M. Bansal & Co., Cost Accountant as the Cost Auditors at an aggregate remuneration of ₹30,000 plus GST to conduct the audit of the cost accounting records of the various unit(s) of the Company under the purview of Cost Audit for the financial year ending March 31, 2018.

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

Accordingly, consent of the members is sought by passing an Ordinary Resolution for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31, 2018. None of the Directors / Key Managerial Personnel of the Company are interested or concerned in the resolution.

# By Order of the Board of Directors

Sarfamy (SACHIN AGARWAL) Company Secretary

Date: 31<sup>st</sup> July, 2018 Place: New Delhi





ापांपध अनुभय VARIED EXPERIENCE

Extensive client base : Experience of working with various government departments, domestic, private and international clients.

# हमारा नेटवर्क/ OUR NETWORK

#### नई दिल्ली/NEW DELHI एसपीएमसीआईएल निगम कार्यालय SPMCIL Corporate Office 16वां तल, जवाहर व्यापार भवन, 16th Floor, Jawahar Vyapar Bhawan, जनपथ, नई दिल्ली-110001, भारत Janpath, New Delhi – 110 001, INDIA दूरभाष/Ph.: 91-11-23701225-26

फैक्स /Fax: 91-11-23701223 ई-मेल/Email: info@spmcil.com वैब/Web: www.spmcil.com

# नोएडा/NOIDA

#### भारत सरकार टकसाल India Government Mint

डी–2, सैक्टर–1 पोस्ट बॉक्स सं. 78 D-2, Sector-1, Post Box No. 78 नोएडा–201 301, उत्तर प्रदेश, भारत Noida-201 301, Uttar Pradesh, INDIA दूरभाष/Ph.: 91-120-4783100

फेक्स /Fax: 91-120-2537609 ई–मेल/Email: igm.noida@spmcil.com वैब/Web: http://igmnoida.spmcil.com

# देवास/DEWAS

बैंक नोट मुद्रणालय/Bank Note Press देवास–455 001/Dewas-455 001

मध्य प्रदेश, भारत/Madhya Pradesh, INDIA दूरभाष/Ph.: 91-7272-255222 फैक्स/Fax: 91-7272-255111 ई–मेल/Email: bnpdewas@spmcil.com वैब/Web: http://bnpdewas.spmcil.com

#### होशंगाबाद/HOSHANGABAD

प्रतिभूति कागज कारखाना/Security Paper Mill होशांगाबाद–461 005/Hoshangabad–461 005 मध्य प्रदेश, भारत/Madhya Pradesh, INDIA दूरभाष/Ph.: 91-7574-255259 फैक्स /Fax: 91-7574-255170 ई–मेल/Email: gm.spm@spmcil.com, वैब/Web: http://spmhoshangabad.spmcil.com

#### मुम्बई/MUMBAI —

भारत सरकार टकसाल India Government Mint शहीद भगत सिंह मार्ग, फोर्ट Shahid Bhagat Singh Marg, Fort, मुम्बई–400 023, महाराष्ट्र, भारत Mumbai-400 023, Maharashtra, INDIA दूरभाष/Ph.: 91-22-22662555, 22661735 फैक्स/Fax: 91-22-22661450 ई–मेल/Email: igm.mumbai@spmcil.com वैब/Web: http://igmmumbai.spmcil.com

#### नासिक/NASHIK

चलार्थ पत्र मुद्रणालय/Currency Note Press जेल रोड, नासिक रोड–422 101 Jail Road, Nashik Road–422 101 महाराष्ट्र, भारत/Maharashtra, INDIA दूरभाष/Ph.:91-253-2461471, 2463730-39 फेक्स/Fax: 91-253-2464100 ई–मेल/Email: gmcnp@spmcil.com वैब/Web: http://cnpnashik.spmcil.com

## भारत प्रतिभूति मुद्रणालय

India Security Press नासिक रोड–422 101/Nashik Road–422 101 महाराष्ट्र, भारत/Maharashtra, INDIA दूरभाष/Ph.: 91-253-2402200 फैक्स/Fax: 91-253-2462718, 2466389 ई–मेल/Email: isp@spmcil.com वैब/Web: http://ispnasik.spmcil.com

#### भारत सरकार टकसाल India Government Mint

आईडीए, फंस-II, चेरलापल्ली, पी.बी.सं.10 IDA, Phase-II, Cherlapally, P.B. No. 10, एचसीएल (पीओ) आर.आर. जिला, H.C.L. (PO), R.R. District, हैदराबाद-500 051/Hyderabad-500 051 आंध्र प्रदेश, भारत/Andhra Pradesh, INDIA दूरभाष/Ph.: 91-40-27261731 फेक्स/Fax: 91-40-27262951 ई-मेल/Email: igm.hyderabad@spmcil.com वैब/Web: http://igmhyderabad.spmcil.com

#### कोलकाता/KOLKATA भारत सरकार टकसाल India Government Mint

India Government Mint अलीपुर, कोलकाता–700 053 Alipore, Kolkata – 700 053 पश्चिम बंगाल, भारत West Bengal, INDIA दूरभाष/Ph.: 91-33-24014132-35 फेक्स/Fax: 91-33-24010553 ई–मेल/Email: calmint@spmcil.com वैब/Web: http://igmkolkata.spmcil.com

#### हैदराबाद/HYDERABAD

प्रतिभूति मुद्रणालय/Security Printing Press टकसाल कंपाउंड, सैफाबाद, Mint Compound, Saifabad, हैवराबाद–500 063, तेलंगाना, भारत Hyderabad-500 063 Telangana, INDIA दूरभाष/Ph.: 91-40-23253614, 23455532 फेक्स /Fax: 91-40-23456687 ई–मेल/Email: spp.hyd@spmcil.com वैब/Web: http://spphyderabad.spmcil.com

# <mark>भारत प्रतिभूति मुद्रण तथा मुद्रा निर्माण</mark> निगम लिमिटेड

मिनीरत्न श्रेणी-I सीपीएसई (भारत सरकार के पूर्ण स्वामित्वाधीन) 16वां तल, जवाहर व्यापार भवन, जनपथ, नई दिल्ली - 110001 वेबसाइट/Web: www.spmcil.com सीआईएन : U22213DL2006GOI144763

# Security Printing and Minting Corporation of India Ltd.

A Mini Ratna Category-I CPSE (Wholly owned by Govt. of India) 16<sup>th</sup> Floor, Jawahar Vyapar Bhawan, Janpath, New Delhi -110001 Website : www.spmcil.com CIN : U22213DL2006GOI144763