



StockHolding Document Management Services Limited



ANNUAL REPORT 2019 - 2020

Robotic Process Automation



❧ BOARD OF STOCKHOLDING DMS ❧



Ramesh N. G. S.
Chairman (Non-Executive)



R. H. Mewawala
Vice Chairman (Executive)



Venkatraman Iyer
Independent Director



Sanjay Sharma
Independent Director



Praseon
Additional Director



L. Viswanathan
Director



Jagdish Thakur
Director



Shreekant Patwardhan
Director



Anita Dembla
Director



Sanjeev Vivrekar
Managing Director & CEO

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Vision

“ SDMS will be a partner of choice with a strong leadership position and a strong brand name in the document management business maximizing wealth through differentiated and profitable business operations. ”

Mission and Goals

- SDMS will provide End to End services in Document Management Solutions, both in the Physical Storage and Electronic Management space as well as provide workflow solutions.
- SDMS will grow both the Physical and Electronic Document Management business with a special focus on the Electronic Document Management Solution (DMS/EDMS) business that promises a high growth potential and return on capital.

BOARD OF DIRECTORS (AS ON JULY 21, 2020)

Shri Ramesh N.G.S.	- Chairman (Non-Executive)
Shri R. H. Mewawala	- Vice Chairman (Executive)
Shri Venkatraman Iyer	- Independent Director
Shri Sanjay Sharma	- Independent Director
Shri Prasoon	- Additional Director
Shri L. Viswanathan	- Director
Shri Jagdish Thakur	- Director
Shri Shreekant Patwardhan	- Director
Ms. Anita Dembla	- Director
Shri Sanjeev Vivrekar	- MD & CEO
Ms. Jyoti Katira	- Chief Financial Officer
Ms. Jajvalya Raghavan	- Company Secretary
Statutory Auditors	- M/s. Karnavat & Co. Chartered Accountants, Mumbai
Internal Auditors	- M/s. J Singh & Associates Chartered Accountants, Mumbai
Secretarial Auditors	- SVVS & Associates, Company Secretaries, LLP

Registered Office

SHCIL House, P -51, T.T.C. Industrial Area,
MIDC, Mahape, Navi Mumbai – 400 710
Tel No: 022-61778708
CIN : U74140MH2006GOI163728
Website : www.stockholdingdms.com

PERFORMANCE HIGHLIGHTS

(₹ in crores)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income from Operations	52.67	50.66
Other Income	6.18	1.12
Total Income	53.29	51.78
Expenditure		
- Cost of software licenses sold	-	-
- Financial Cost	8.10	4.32
- Employees Benefit Exp	14.19	13.04
- Other Expenses	51.40	36.15
- Depreciation	6.75	6.02
- Right of use lease depreciation	8.05	-
Total Expenditure	88.49	59.53
Profit/(Loss) before tax & Prior Period Adjustment	(35.20)	(7.75)
- Exceptional Items / Prior period	(3.93)	(1.66)
Profit/ (Loss) before tax	(39.13)	(9.41)
Provision for Tax	(9.51)	(2.48)
Profit/(Loss) after tax	(29.61)	(6.93)
Other Comprehensive Income	(9.49)	(0.02)
Profit/(Loss) including other Comprehensive Income	(29.71)	(6.95)

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the Fourteenth Annual Report of the Company along with the Audited Financial Statements for the financial year ended March 31, 2020.

Industry Overview

The document management industry has very few organized players and several unorganized players. The edge that SDMS has over its peers is its strong institutional lineage. SDMS is the only Government Institution in India to offer end-to-end data management solution, providing both Physical and Digital Record Management with a Pan India presence and the only Company which offers document storage entirely in Metal containers.

One of the emerging trends for the market is the shifting focus of Companies towards electronic document services (EDM) from paper-based services. This has seen global vendors expanding their regional submarket presence and midsize vendors looking to virtualize their regional positions and broaden their offerings into adjacent markets. The data management marketplace is in a state of dynamic transition, marked by price competition, specialization and vendor fragmentation.

As technology continues to grow and alter the way record management tasks are performed, Companies have to come up with new strategies for adapting to them. SDMS has already identified on how to address this ever-changing world of technology and has invested on process automation, results of which are overwhelming.

Hosted platforms and tools like Software as a Service (SaaS) have become a quickly growing influence in the industry. Ease of use and faster retrieval times have played a major role in end users to shift gradually to record management and electronic records management services. SDMS is providing enhanced value added products to create a differentiated value based offering.

Awards, Certifications and Memberships

SDMS is a CMMI Level 5 organisation, an internationally recognized standard given by Carnegie Mellon University's Software Engineering Institute (SEI) for assessing software development practices. The CMMI Level 5 is a globally recognized standard and a testament of SDMS' commitment to consistently deliver high quality, reliable, cost effective & efficient software solutions and related services to clients across the globe.

The Company also has seven ISO certifications – ISO 9001:2015, ISO 27001:2013, ISO 15836:2017, ISO/TR 15489:2016, ISO/IEC 20000-1:2011, ISO 14721:2012 and ISO 10244:2010 in the end to end document management area.

SDMS has taken membership of National Association of Software and Services Companies (NASSCOM). NASSCOM is the premier trade body and the chamber of commerce of the IT-BPM industries in India. NASSCOM is a global trade body with more than 1300 members, which include both Indian and multinational companies that have a presence in India.

The Company is enrolled as a member of PRISM for its storage services. PRISM is an international certification program open to companies providing storage and protection of hard-copy records.

Performance & Operations review

SDMS continues to offer Physical Record Management Services, Document Management System, Digitization Services, Hosting Services, Workflow Management System, Customer Relationship Management System, Enterprise Content Management System and Virtual Data Room (VDR).

The Company participates in tenders floated by government and other organizations for business opportunities in India and abroad. During the FY 2019-20, the Company has bagged various tenders for storage, digitization and software business.

SDMS continues to pursue extensive marketing and sales initiatives to expand its client base. During the FY 2019-20, the Company added 27 clients in the storage space, 16 clients in the digitization, 4 clients in the software/hosting services and 2 clients in the VDR segment. The latest technology is put in place to achieve higher levels of speed, accuracy and perfection in the digitization space.



The 49th National Safety Week 2020, in collaboration with StockHolding, was observed with fire evacuation training & fire safety equipments training

Financial Performance & Future outlook

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, the Company has adopted the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 w.e.f April 1, 2016.

The financial results are summarized below:

(₹ in crores)

Particulars	Year ended March 31,2020	Year ended March 31,2019
Total Income	53.29	51.78
Total Expenditure	88.50	59.53
Profit/(Loss) before Tax	(39.13)	(9.41)
Provision for Tax	(9.51)	(2.48)
Profit/(Loss) after tax	(29.62)	(6.93)
Other Comprehensive Income	(0.09)	(0.02)
Profit/(Loss) including other Comprehensive Income	(29.71)	(6.95)

The Company continues to combat the after-effects of the unfortunate fire incident which broke out in the basement storage area at SHCIL House in December 2017. Though there was a marginal increase in the total income of around 3 % from ₹ 51.78 crs in FY 2018-19 to ₹ 53.29 crs in FY 2019-20, the expenses increased by 49 % from ₹ 59.53 crs in FY 2018-19 to ₹ 88.50 crs in FY 2019-20. The major expense head contributors have been establishment (rent) related expenses (50%↑) in view of the multiple premises taken across the country for an upcoming prestigious storage project. Also, the Company has taken a hit due to the provision for doubtful debts/bad debts of ₹ 18.15 crs.

Nonetheless, the Company is confident of recouping its losses and further improving its performance in the coming years. Apart from the existing fixed income of ₹ 36 crs per annum, the Company has continued its extensive marketing efforts and has successfully bagged some prestigious projects from premier government institutions, in the storage and digitisation space. These projects will be implemented from FY 2020-21 onwards. In the post-COVID-19 pandemic environment, where new orders may be difficult to bag, it is a positive sign that the Company's order book is full, due to the efforts put in the FY 2019-20.

Apart from traditional products & Services, the Company is also focusing on new and latest technology driven offerings viz. Robotic Process Automation, Lending Solution & on Boarding – Mobile App, Chat Bot etc.

Impact on Business in view of COVID-19

The spread of the COVID-19 pandemic and the adverse impact on the businesses and economies is unprecedented. However, during the lockdown since March 2020, as announced by the Central and State Governments to curb the rapid spread of the virus, the Company has shown efficient adaptation and effective resilience to minimize the impact of this unforeseen business disruption. The Company has ensured smooth functioning of all critical business activity. The Company has undertaken the following steps to ensure smooth continuity of business:

Implementation of Work from Home

In compliance with Government's direction to prevent the spread of COVID-19 and to ensure the health and safety

of employees and other stakeholders, the Company had started Work from Home to ensure that business continues unhindered in a safe, secure and efficient manner.

Safeguards at offices and branches

With the subsequent relaxations in lockdown, the offices and branches are functioning within the guidelines of the local Government authorities. The Company has issued Standard Operating Guidelines after COVID-19 lockdown to carry out the operations at all offices and branches.

The Company has taken necessary steps for ensuring safety and well-being of its human resources viz. undertaking proper and frequent sanitization, maintaining social distancing at work place, compulsory wearing of masks, thermal screening of employees at the office entrance. Further, the Company has been issuing advisories, do's & dont's and guidelines to all the employees at regular intervals.

Impact on Business

Due to Lockdown there was no significant growth in storage business. Activity based income (for e.g. retrievals, pickup etc.) was mainly impacted. The Impact on digitization business was maximum. There was no pick-up of documents from existing clients for carrying out digitization activity. At the same time, digitization activity at client locations was also adversely affected. In case of hosting business, not much impact was observed, as it is completely online with lesser human intervention.

Once the lockdown is lifted and the situation stabilizes, the income from storage & digitization business is expected to scale up. While, it is too early to assess the magnitude of impact of COVID-19 on business profitability, the Company is taking all possible measures to generate new businesses & recovery from existing clients, to lessen the impact to the extent possible.

Dividend

In view of the loss, to conserve the limited resources available for business expansion, the Directors of the Company do not recommend any dividend for the FY 2019-20.

Transfer to Reserves

The closing balance of the retained earnings of the Company for FY 2019-20, after all appropriation and adjustments was ₹ (2057.60) lakhs.

Directors and Key Managerial Personnel (KMP)

Shri Ramesh N.G.S. is the Non-Executive Chairman of the Company. The Company has ten Directors which includes two Independent Directors. The Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149 of the Companies Act, 2013.

Shri Ramesh N.G.S., Director & Chairman and Shri Shreekant Patwardhan, Director will retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

During the year, based on the recommendation of the Nomination and Remuneration Committee (NRC), the

Board approved the reappointment of Shri Venkat Iyer as an Independent Director for a second term of five years w.e.f. October 30, 2019. The shareholders of the Company also approved the reappointment of Shri Iyer by passing a special resolution.

In the opinion of the Board, Shri Iyer's relevant expertise and rich experience in leadership positions across various sectors in the industry will benefit the Company.

The term of Shri Sanjeev Vivrekar, MD & CEO was extended for a further period w.e.f. April 1, 2020 till his superannuation i.e. July 31, 2022, based on the recommendation of the NRC and approval of the Board of Directors and shareholders. Also, based on the recommendation of the NRC, the Board approved the appointment of Shri Prasoon as Additional Director w.e.f. July 6, 2020 who will represent the ultimate holding company, IFCI Ltd.

Shri R. H. Mewawala - Executive Vice Chairman (Whole Time Director), Shri Sanjeev Vivrekar - MD & CEO, Ms. Jyoti Katira – Chief Financial Officer and Ms. Jajvalya Raghavan – Company Secretary are the Key Managerial Personnel of the Company.

Numbers of meetings of the Board

Regular meetings of the Board and its Committees are held to discuss and decide on various business policies, strategies, etc.

During the year, five Board Meetings were convened and held. The intervening gaps between the meetings are within the period prescribed under the Companies Act, 2013. The details of meetings of the Board and various Committees of the Board are given in the Corporate Governance Report.

Directors' Responsibility Statement

Pursuant to Section 134 (5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm:

- i) that in the preparation of the annual financial statements for the year ended March 31, 2020, the applicable accounting standards and there are no material departures;
- ii) that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the loss of the Company for the year ended on that date;
- iii) that proper and sufficient care has been taken 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;
- iv) that the annual financial statements have been prepared on a going concern basis;
- v) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of Committees of the Board.

The Nomination and Remuneration Committee of the Board (NRC-B) evaluated the performance of the individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board. In a separate meeting of the Independent Directors, the performance of the Chairman and the non-Independent Directors was carried out.

The Directors expressed their satisfaction with the evaluation process.

Internal Financial Controls

The Company has laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.

Dematerialization of equity shares of the Company

The equity shares of the Company have been admitted with National Securities Depository Limited (NSDL). Link Intime India Pvt Limited has been appointed as Registrar and Transfer Agent. The ISIN allocated by NSDL to the Company is "INE01DQ01017". The Company's equity shares are completely in dematerialized form.

Human Wealth Development & Training

The Company is committed to creating a healthy and employee-friendly organizational culture which encourages its employees to try new things, push the limits, develop their skills and go beyond what we know as acceptable in today's market place. It nurtures the talent and potential of its employees. The Company continuously explores new approaches to learning and development to keep the workforce relevant in an evolving technology landscape.

Apart from internal training programmes, employees were nominated to external programmes for better exposure to industry practices and new trends in areas such as IT, Finance, Marketing conclaves, etc. organized by Training Institutes of repute.



Free Eye checkup was conducted for employees at SHCIL House in coordination with StockHolding.



SDMS

Nomination and Remuneration Policy

The Company has a policy on Nomination and Remuneration as required under Section 178(3) of the Companies Act, 2013. Currently the Board has an appropriate mix of Executive, Non- Executive & Independent Directors. The Policy is made available at <https://stockholdingdms.com/userfiles/downloads/NOMINATION-AND-REMUNERATION-POLICY.pdf>

Auditors

The Statutory Auditors of the Company are appointed by the Comptroller and Auditor General of India (C&AG). M/s Karnavat & Co., Chartered Accountants were the Statutory Auditors for the FY 2019-20.

The Company has an elaborate internal audit system. Internal Audit is carried out by a reputed firm of Chartered Accountants.

Comptroller and Auditor General of India (C&AG) Audit

Copy of the Comptroller and Auditor General of India's (C&AG) letter is placed next to Statutory Auditors' report forming part of the financial statements.

Secretarial Auditors' report

The Secretarial Auditors' Report does not contain any qualifications, reservations or adverse remarks. The Secretarial Auditors' Report forms part of this report and is given at **Annexure 1**.

Audit Committee

The details of the composition and meetings of the Audit Committee of the Board are included in the Corporate Governance report which forms part of this report.

Nomination and Remuneration Committee

The details of the composition of the Nomination and Remuneration Committee of the Board and meetings held during the FY 2019-20 are included in the Corporate Governance report which forms part of this report.

Risk Management Policy

The Company has developed and implemented a risk management policy to identify, assess, measure, mitigate/control, monitor and report risks across the organization as also to develop a risk culture that encourages all staff to identify risks and associated opportunities and to respond to them with effective actions.

The details of the composition and meetings of the Risk Management Committee of the Board are included in the Corporate Governance report which forms part of this report.

Corporate Social Responsibility

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken on CSR during the year are set out in this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 at **Annexure 2**. The policy is also available on the website of the Company at <https://www.stockholdingdms.com/userfiles/downloads/CSR-Policy-of-StockHolding-DMS.pdf>

Committee on Prevention of Sexual Harassment

The Company has in place Internal Complaints Committee (Prevention of Sexual Harassment Committee) as required under "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." The Committee includes an External Independent member viz. Ms Sneha Khandekar. During the FY 2019-20, no complaints were received. Regular awareness sessions are conducted by Ms. Khandekar to sensitize the employees.

Cost records and cost audit

The maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of Companies Act, 2013 are not applicable for the business activities carried out by the Company.

Fixed Deposits

The Company has not accepted any fixed deposits from public. Hence, no information is required to be appended to this report.

Particulars of Loans, Guarantees and Investments

The Company has not given any loans, guarantees and investments within the purview of Section 186 of the Companies Act, 2013.

Related Party Transactions

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. As prescribed under Section 177 (3) of the Companies Act, 2013, all the related party transactions are approved by the Audit Committee of the Board. None of the transactions with related parties fall under the scope of Section 188 (1) of the Act. There were no materially significant related party transactions by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which might have had a potential conflict with the interest of the Company at large.

As required under Companies Act, 2013, Form AOC-2 for related party transaction is appended as **Annexure 3** to this Report which is a nil report.

Subsidiaries, Joint Ventures, Associate Companies

The Company does not have any subsidiary, joint venture company or associate company.

Extract of Annual Return

As provided under Section 92 (3) of the Companies Act, 2013, the extract of annual return for FY 2019-20 in the prescribed Form MGT-9 is placed herewith at **Annexure 4**.

Corporate Governance

The Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms. A report thereof is placed herewith at **Annexure 5**.

Particulars of Employees

None of the employees of the Company were in receipt of remuneration in excess of the limits as laid down under

Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

Significant and material orders passed by the Regulator or Court or Tribunal: Nil

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Conservation of energy & technology absorption

The Company does not carry any manufacturing activities. However, it has taken steps towards conservation of energy and continues to use latest technologies for improving the productivity and quality of its services. The Company replaces old and obsolete equipments with energy efficient equipments on an ongoing basis.

Foreign Exchange earnings and outgo:

Foreign Exchange earnings – Nil (Previous year – Nil)

Foreign Exchange outgo – ₹ 4.96 lakhs (Previous year – ₹ 13.27 Lakhs)

Acknowledgements

The Board places on record its deep appreciation for the valuable support and patronage extended by customers, bankers, Stock Holding Corporation of India Limited and IFCI Limited in various spheres of the Company's activities. The Board also acknowledges with gratitude the valuable contribution made by the employees at all levels of the Company.

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

Place: Mumbai

Date: July 21, 2020

**Ramesh N.G.S.
Chairman (Non- Executive)**

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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]

The Members,
STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED
SHCIL House, Plot No. P-51, T.T.C.,
Industrial Area, MIDC Mahape,
Navi Mumbai- 400701

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **StockHolding Document Management Services Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings¹;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')²:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India

(Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
- (vi) Other laws as may be applicable specifically to the company, namely: NIL

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, 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 minutes³.

¹Not applicable to the Company during the Audit Period

²ibid

³All resolutions were carried unanimously

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 (Please see Annexure B).

We further report that during the audit period, the company has not accomplished/encountered any specific events / actions having a major bearing on the company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc. referred to above.

CS. Suresh Viswanathan

Designated Partner

UDIN :F004453B000550350

FCS : 4453

CP No : 11745

July 21, 2020
Mumbai

Note: This report is to be read with the list of Applicable Laws and our letter of even date which are attached as Annexure A and Annexure B respectively and form an integral part of this report.



The Members,

STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED

SHCIL House, Plot No. P-51, T.T.C.,
Industrial Area, MIDC Mahape,
Navi Mumbai- 400701

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. No audit has been conducted on the compliance with finance and taxation laws as the same are subject to audit by the Statutory Auditor and Internal Auditor to the Company and their observations, if any, shall hold good for the purpose of this audit report.
5. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
6. The compliance with the provisions of Corporate and other applicable laws rules, regulations the responsibility of management, our examination was limited to the verification of procedures on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. Audit of the compliance with Other Laws has been undertaken based on scope of audit and the applicability of such Laws as ascertained by the Company and informed to us.

CS. Suresh Viswanathan

Designated Partner

UDIN : F004453B000550350

FCS : 4453

CP No : 11745

July 21, 2020
Mumbai

ANNEXURE B

The following laws have been taken into account to verify if that there are adequate systems and processes to monitor and ensure compliance with, in the Company, commensurate with its size and operations:

No. Laws applicable to the Company

1. Companies Act 2013, and the Rules applicable thereunder
2. The Maternity Benefit Act, 1961
3. Payment of Wages Act, 1936
4. The Minimum Wages Act- Regional – Maharashtra
5. The Maharashtra Labour Welfare Fund Act, 1953
6. Employee's Provident Fund & Miscellaneous Provisions Act, 1952
7. The Payment of Gratuity Act, 1972
8. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
9. Employee Compensation Act, 1923
10. Contract Labour (Regulation and Abolition) Act, 1970
11. Employees' State Insurance Act, 1948
12. Payment of Bonus Act, 1965
13. The Maharashtra Private Security Guards (Regulation of Employment & Welfare) Act, 1981 & Maharashtra Private Security Agencies (Regulation) Act, 2005
14. The Bombay Shops and Establishments Act, 1948

ANNEXURE 2

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1 A brief outline of your Company's CSR policy including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

Your Company strongly believes that Business & Corporate Social Responsibility (CSR) go hand-in-hand.

The Board of your Company after taking into account the recommendations of the Corporate Social Responsibility (CSR) Committee of the Board has approved the CSR policy. The CSR policy is also displayed on the website

<http://www.stockholdingdms.com/userfiles/downloads/CSR-Policy-of-StockHolding-DMS.pdf>

The CSR activities of your Company are towards the under mentioned areas.

- i. Eradicating hunger, poverty and malnutrition, promoting preventive health care, sanitation, etc.;
- ii. Promoting education, including special education and employment enhancing vocation skills, etc.;
- iii. Any other area under Schedule VII of Section 135 of the Companies Act, 2013.

All the CSR activities of your Company are predominantly being undertaken through SHCIL Foundation Trust, a public charitable trust formed by Stock Holding Corporation of India Limited (Holding Company) and registered under Section 12 (A) of the Income Tax Act, 1961. The Trust carries out certain activities directly and also indirectly by way of donations to credible NGOs which are eligible to issue certificate under Section 80G of the Income Tax Act, 1961.

2 Composition of the CSR Committee

Your Company has a CSR Committee of Directors comprising of the following members.

1. Shri Venkatraman Iyer - Independent Director (Chairman)
2. Shri Jagdish Thakur - Director
3. Ms. Anita Dembla - Director

3 Average net profit of the Company for last three financial years for the purpose of computation of CSR – ₹ 299.31 lakhs.

4 Prescribed CSR expenditure (two percent, of the amount as in item 3 above)

The Company is required to spend ₹ 5.99 lakhs.

5 Details of CSR spent for the financial year

- a. Total amount to be spent for the financial year: CSR contribution of ₹ 5.99 lakhs is rounded off to ₹ 6 lakhs
- b. Amount unspent, if any : Nil
- c. Manner in which the amount spent during the financial year is detailed below:

Sr. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs i. Local area or other ii. Specify the State and district where project or programs was undertaken	Amount outlay (budget) project or program-wise	Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent ; direct or through implementing agency
1.	Agnels Balbhavan	Education and socio-economic development	Vashi, Navi Mumbai. Maharashtra	₹ 2,00,000/-	₹ 2,00,000/-	₹ 2,00,000/-	Through SHCIL Foundation
2.	National Association of Disabled Enterprises	Employment enhancing vocational skills	Mumbai Maharashtra	₹ 2,00,000/-	₹ 2,00,000/-	₹ 2,00,000/-	Through SHCIL Foundation

Sr. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs i. Local area or other ii. Specify the State and district where project or programs was undertaken	Amount outlay (budget) project or program-wise	Amount spent on the projects or programs Sub-heads 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto the reporting period	Amount spent ; direct or through implementing agency
3.	Dilasa Medical Trust & Rehabilitation Centre	Medical & Health Care Camp	Kolhapur, Maharashtra	₹ 2,00,000/-	₹ 2,00,000/-	₹ 2,00,000/-	Through SHCIL Foundation
Total				₹ 6,00,000	₹ 6,00,000		

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

For the financial year 2019-20, your Company has spent two percent of the average net profit of the last three financial years.

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.

We hereby declare that the implementation and monitoring of the CSR policy is in compliance with the CSR objective and policy of your Company.

Date : July 21, 2020

Sanjeev Vivrekar
MD & CEO

Venkatraman Iyer
Chairman, CSR Committee

ANNEXURE 3**FORM NO. AOC-2**

(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 - None

- (a) Name(s) of the related party and nature of relationship – Not Applicable
- (b) Nature of contracts/arrangements/transactions – Not Applicable
- (c) Duration of the contracts/arrangements/transactions – Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any – Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions – Not Applicable
- (f) Date (s) of approval by the Board – Not Applicable
- (g) Amount paid as advances, if any: – Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 – Not Applicable

2. Details of material contracts or arrangement or transactions at arm's length basis - None

- (a) Name(s) of the related party and nature of relationship – Not Applicable
- (b) Nature of contracts/arrangements/transactions – Not Applicable
- (c) Duration of the contracts/arrangements/transactions – Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: – Not Applicable
- (e) Date(s) of approval by the Board, if any: – Not Applicable
- (f) Amount paid as advances, if any: – Not Applicable

For and on behalf of the Board of Directors

Date: July 21, 2020

Ramesh N.G.S.
Chairman (Non-Executive)

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS:

i. CIN	U74140MH2006GOI163728		
ii. Registration Date	10	08	2006
	DATE	MONTH	YEAR
iii. Name of the Company	StockHolding Document Management Services Limited		
iv. Category / Sub-Category of the Company	Category		Public Company
	Sub- Category		Government Company
v. Address of the Registered office and contact details	SHCIL House, P -51, T.T.C. Industrial Area, MIDC, Mahape, Navi Mumbai, 400710. Tel No: 022 61778708 Website : www.stockholdingdms.com E-mail ID : companysecretary@stockholdingdms.com		
vi. Whether listed company	No		
vii. Name, Address and contact details of Registrar and Transfer agent, if any	Link Intime India Pvt. Ltd. C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400083 Tel. No. +91 22 49186000		

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company are stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Physical Storage Services	9967	45.18
2	Digitisation	9997	31.72
3	Software services	9983	23.10

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Stock Holding Corporation Of India Limited 301, Centrepoint, Dr. B. Ambedkar Road, Parel Mumbai, 400012	U67190MH1986GOI040506	Holding Company	100%	Sec 2 (46) and Sec 2 (87)
2	IFCI Limited	L74899DL1993GOI053677	Holding Company	0%	Sec 2 (46) and Sec 2 (87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

	Category of Shareholders	No. of Shares held at the beginning of the year i.e. April 1, 2019				No. of Shares held at the end of the year i.e. March 31, 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
1	Indian									
a.	Individual/HUF	-	-	-	-	-	-	-	-	-
b.	Central Govt	-	-	-	-	-	-	-	-	-
c.	State Govt (s)	-	-	-	-	-	-	-	-	-
d.	Bodies Corp.	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000	100	-
e.	Banks / FI	-	-	-	-	-	-	-	-	-
f.	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (1)	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000	100	-
2	Foreign									
a	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b	Other – Individuals	-	-	-	-	-	-	-	-	-
c	Bodies Corp.	-	-	-	-	-	-	-	-	-
d	Banks / FI	-	-	-	-	-	-	-	-	-
e	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A) = (A) (1)+(A)(2)	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000	100	-
B	Public Shareholding									
1	Institutions									
a	Mutual Funds	-	-	-	-	-	-	-	-	-
b	Banks / FI	-	-	-	-	-	-	-	-	-
c	Central Govt	-	-	-	-	-	-	-	-	-
d	State Govt(s)	-	-	-	-	-	-	-	-	-
e	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f	Insurance Companies	-	-	-	-	-	-	-	-	-
g	FIs	-	-	-	-	-	-	-	-	-
h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2	Non-Institutions									
a	Bodies Corp.									
	i) Indian	-	-	-	-	-	-	-	-	-
	ii)Overseas	-	-	-	-	-	-	-	-	-
b	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C	Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C)	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000*	100	-

*Out of the above, six shares are held by individuals as nominees of Stock Holding Corporation of India Ltd (Holding Company) in dematerialized form.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	Stock Holding Corporation of India Limited	5,57,50,000	-	5,57,50,000	100	5,57,50,000*	-	5,57,50,000*	100	-

*Out of the above, six shares are held by individuals as nominees of Stock Holding Corporation of India Ltd (Holding Company) in dematerialized form.

(iii) Change in Promoters' Shareholding (Please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	5,57,50,000	100	5,57,50,000	100
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3.	At the End of the Year	5,57,50,000*	100	5,57,50,000*	100

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

Sr. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	100% shares are held by Promoter i.e. Stock Holding Corporation of India Ltd Hence, not applicable.			
	At the End of the Year				

(v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of the Directors and Key Managerial Personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
DIRECTORS					
1.	Shri Ramesh N.G.S. – Non – Executive Chairman	-	-	-	-
2.	Shri R. H. Mewawala – Executive Vice Chairman	1 (as nominee of Stock Holding Corporation of India Ltd)	0	1 (as nominee of Stock Holding Corporation of India Ltd)	0
3.	Shri Venkatraman Iyer - Independent Director	-	-	-	-

Sr. No.	Name of the Directors and Key Managerial Personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
4.	Shri Sanjay Sharma - Independent Director	-	-	-	-
5.	Shri L. Viswanathan - Director	1 (as nominee of Stock Holding Corporation of India Ltd)	0	1 (as nominee of Stock Holding Corporation of India Ltd)	0
6.	Shri Umesh Punde – Director (Demitted office w.e.f. July 13, 2019)	-	-	-	-
7.	Shri Jagdish Thakur - Director	1 (as nominee of Stock Holding Corporation of India Ltd)	-	1 (as nominee of Stock Holding Corporation of India Ltd)	0
8.	Ms Meena Pednekar – Director (Demitted office w.e.f. July 18, 2019)	-	-	-	-
9.	Shri Shreekant Patwardhan	1 (as nominee of Stock Holding Corporation of India Ltd)	-	1 (as nominee of Stock Holding Corporation of India Ltd)	-
10.	Ms. Anita Dembla	-	-	-	-
11.	Shri Sanjeev Vivrekar – MD & CEO	-	-	-	-

KEY MANAGERIAL PERSONNEL

1.	Shri R. H. Mewawala – Executive Vice Chairman	1 (as nominee of Stock Holding Corporation of India Ltd)	0	1 (as nominee of Stock Holding Corporation of India Ltd)	0
2.	Shri Sanjeev Vivrekar – MD & CEO	-	-	-	-
3.	Ms. Jyoti Katira – Chief Financial Officer	-	-	-	-
4.	Ms. Jajvalya Raghavan – Company Secretary	-	-	-	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding /accrued but not due for payment (₹ in lakhs)

	Secured Loans* excluding deposits	Unsecured Loans**	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1455.29	994.92	-	2450.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	79.25	-	-	79.25
Total (i+ii+iii)	1534.54	994.92	-	2529.46
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	-	500	-	500
Net Change	-	500	-	500
Indebtedness at the end of the financial year				
i) Principal Amount	1472.89	499.82	-	1972.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	74.64	-	-	74.64
Total (i+ii+iii)	1547.53	499.82	-	2047.35

* 1,50,000 Secured, Fully paid-up, Redeemable, Non Convertible Debentures of ` 1000/- each from Stock Holding Corporation of India Limited (Holding Company).

**Inter Corporate Deposit from Stock Holding Corporation of India (Holding Company). Not a deposit within the meaning of Section 74 of Companies Act, 2013 and Companies (Acceptance of Deposits) Rules, 2014

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of the Whole Time Director
		Shri R.H.Mewawala
1	Gross Salary (excluding Commission)	61,65,213.70
	a) Salary as per provisions contained in Section 17 (1) of the Income tax Act,1961	
	(b) Value of perquisites u/s 17 (2) Income tax Act,1961	1,260.00
	(c) Profits in lieu of salary under section 173(3) Income-tax Act,1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as % of profit	-
5	Others –Employer contribution to provident and other funds	69,00,63.40
	Total	68,56,537.10
	Ceiling as per the Act calculated as per Section 198 read with Schedule V of the Companies Act, 2013	1,68,00,000

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of the Managing Director
		Shri Sanjeev Vivrekar
1	Gross Salary (excluding Commission)	40,36,213.74
	b) Salary as per provisions contained in Section 17 (1) of the Income tax Act,1961	
	(b) Value of perquisites u/s 17 (2) Income tax Act,1961	40,680.00
	(c) Profits in lieu of salary under section 173(3) Income-tax Act,1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as% of profit	-
5	Others –Employer contribution to provident and other funds	4,72,503.90
	Total	45,49,397.64
	Ceiling as per the Act calculated as per Section 198 read with Schedule V of the Companies Act, 2013	1,68,00,000

B. Remuneration to other directors: (other than Managing Director & Whole Time Director)

1.	Particulars of Remuneration	Fee for attending Board meetings	Fee for attending Committee meetings	Commission	Others, please specify	Total Amount
Independent Directors						
	Shri Venkatraman Iyer	2,50,000	4,80,000	-	-	7,30,000
	Shri Sanjay Sharma	2,50,000	4,00,000	-	-	6,50,000
	Total (1)	5,00,000	8,80,000	-	-	13,80,000
2. Other Non-Executive Directors						
	Shri Ramesh N.G.S.#	2,50,000	-	-	-	2,50,000
	Shri L. Viswanathan#	2,00,000	-	-	-	2,00,000
	Shri Umesh Punde#	50,000	40,000	-	-	90,000
	Shri Jagdish Thakur#	2,50,000	4,40,000	-	-	6,90,000
	Ms. Meena Pednekar#	50,000	-	-	-	50,000
	Shri Shreekanth Patwardhan#	1,50,000	80,000	-	-	2,30,000
	Ms. Anita Dembla#	2,00,000	120,000	-	-	3,20,000
	Total (2)	11,50,000	6,80,000	-	-	18,30,000
	Total (B)=(1+2)	16,50,000	15,60,000	-	-	32,10,000

#Fees for attending meetings paid to Stock Holding Corporation of India Limited.

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

(Amount in ₹)

Sr. No	Particulars of Remuneration	Ms. Jajvalya Raghavan, Company Secretary	Ms. Jyoti Katira, Chief Financial Officer	Total
1	Gross Salary (excluding Commission) c) Salary as per provisions contained in Section 17 (1) of the Income tax Act, 1961	10,33,120.00	23,64,493.56	33,97,613.56
	(b) Value of perquisites u/s 17 (2) Income tax Act, 1961	6,850.00	630.00	7,480.00
	(c) Profits in lieu of salary under section 173(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as% of profit	-	-	-
5	Others – Employer contribution to provident and other funds	70,296.00	2,90,551.11	3,60,847.11
	Total	11,10,266.00	26,55,674.67	37,65,940.67

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

No penalties/punishment/compounding of offences were levied under the Companies Act, 2013.

REPORT ON CORPORATE GOVERNANCE

(forming part of Directors' Report for the year ended March 31, 2020)

Your Company's philosophy on code of Governance

Your Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms. Your Company's philosophy on corporate governance recognizes the accountability of the Board, Management and employees of the Company and the importance of decisions to all constituents, including customers, employees, investors, business associates, statutory authorities and the community at large. Your Company believes that all its operations and actions must be totally transparent and serve the underlying goal of enhancing shareholder value.

Board of Directors

The Board sets the strategic goals for your Company, defines its policies and oversees the implementation of these policies to enable actions that would lead to the attainment of the goals. The Board as on July 21, 2020, consists of ten members, including two Independent Directors. The day-to-day management is being looked after by the Managing Director and CEO.

Details of the Board Meeting and Attendance

The Board of Directors meet at least once in every quarter. Five meetings were held during the FY 2019-20. Details of Board Meetings held are as follows:

Sr. No	Date of the Board Meeting	Board Strength	No. of Directors present
1	April 23, 2019	9	9
2	July 24, 2019	9	9
3	October 23, 2019	9	7
4	January 23, 2020	9	9
5	March 17, 2020	9	9

Attendance of Directors during FY 2019 -20 at each of the above meetings is as follows:

Sr. No.	Name of the Director	Attendance at the Board Meetings held on				
		23-April-19	24-July-19	23-Oct-19	23-Jan-20	17-Mar-20
1.	Shri Ramesh N.G.S.	√	√	√	√	√
2.	Shri R. H. Mewawala	√	√	√	√	√
3.	Shri Venkatraman Iyer	√	√	√	√	√
4.	Shri Sanjay Sharma	√	√	√	√	√
5.	Shri L. Viswanathan	√	√	LoA	√	√
6.	Shri Umesh Punde	√	Demitted office w.e.f. July 13, 2019			
7.	Shri Jagdish Thakur	√	√	√	√	√
8.	Ms. Meena Pednekar	√	Demitted office w.e.f. July 18, 2019			
9.	Shri Shreekant Patwardhan	-	√	LoA	√	√
10.	Ms. Anita Dembla	-	√	√	√	√
11.	Shri Sanjeev Vivrekar	√	√	√	√	√

LoA = Leave of absence, √ = attended

The details of Directorships held by some of the Directors in other companies are as follows:

Name of the Director	Name of institution	Designation
Shri Ramesh N.G.S.	Stock Holding Corporation of India Limited	MD & CEO
	SHCIL Services Limited	Non Executive Chairman
	StockHolding Securities IFSC Limited	Non Executive Chairman
	IFIN Securities Finance Limited	Non - Executive Chairman
	IFIN Credit Limited	Non - Executive Chairman
	IFCI Financial Services Limited	Non - Executive Chairman
	IFIN Commodities Limited	Director
	Wonder Home Finance Limited	Independent Director
Shri Venkatraman Iyer	Pahal Financial Services Pvt. Ltd	Director
	Anakage Technologies Pvt Ltd	Nominee Director
	Tranquility Advisory LLP	Designated Partner
Shri Sanjay Sharma	-	-
Shri R. H. Mewawala	-	-
Shri L. Viswanathan	Pranavaditya Spinning Mills Limited	Independent Director
Shri Umesh Punde	-	-
Shri Jagdish Thakur	-	-
Ms. Meena Pednekar	-	-
Shri Shreekant Patwardhan	-	-
Ms. Anita Dembla	-	-
Shri Sanjeev Vivrekar	-	-

Details of Audit Committee Meetings and Attendance

The Audit Committee met 4 times during the year. The details of attendance of the Directors at the Audit Committee meetings are as follows:

Sr. No.	Name of the Director	Category	Attendance at the Audit Committee Meeting held on			
			23-April-19	24-July-19	23-Oct-19	23-Jan-20
1	Shri Venkatraman Iyer	Non- Executive/ Independent	√	√	√	√
2	Shri Sanjay Sharma	Non- Executive/ Independent	√	√	√	√
3	Shri Jagdish Thakur	Non- Executive	√	√	√	√

√ = attended.

Details of Nomination and Remuneration Committee Meetings and Attendance

The Nomination and Remuneration Committee met 4 times during the year. The details of attendance of the Directors at the Nomination and Remuneration Committee meetings are as follows:

Sr. No.	Name of the Director	Category	Attendance at the Nomination & Remuneration Committee Meeting held on			
			23-April-19	24-July-19	23-Oct-19	23-Jan-20
1	Shri Venkatraman Iyer	Non- Executive/ Independent	√	√	√	√
2	Shri Sanjay Sharma	Non- Executive/ Independent	√	√	√	√
3	Shri Umesh Punde	Non -Executive	√	Demitted office w.e.f. July 13, 2019		
4	Shri Jagdish Thakur	Non- Executive	√	√	√	√
5	Shri Shreekant Patwardhan	Non- Executive	-	-	LoA	√

LoA = Leave of absence √ = attended.

Details of Risk Management Committee Meetings and Attendance

The Risk Management Committee met twice during the year. The details of attendance of the Directors at the Risk Management Committee meeting are as follows:

Sr. No.	Name of the Director	Category	Attendance at the Risk Management Committee Meeting held on	
			23-Oct-2019	17-Mar-2020
1	Shri Jagdish Thakur	Non- Executive	√	√
2	Shri Shreekant Patwardhan	Non- Executive	LoA	√
3	Ms. Anita Dembla	Non- Executive	√	√

√ = attended. LoA = Leave of absence.

Details of Corporate Social Responsibility Committee Meeting

The Corporate Social Responsibility Committee met once during the year. The details of attendance of the Directors at the Corporate Social Responsibility Committee meeting are as follows:

Sr. No.	Name of the Director	Category	Attendance at the Corporate Social Responsibility Committee meeting held on 23-Oct-19
1	Shri Venkatraman Iyer	Non- Executive / Independent	√
2	Shri Jagdish Thakur	Non- Executive	√
3	Ms. Anita Dembla	Non- Executive	√

√ = attended.

Committee of Independent Directors

In compliance of Schedule IV (Code for Independent Directors), the Independent Directors met on March 17, 2020.

The Committee comprises of Independent Directors, viz., Shri Venkatraman Iyer and Shri Sanjay Sharma. The details of attendance during the FY 2019-20 is as follows:

Sr. No.	Name of the Director	Category	Attendance at the Independent Directors Committee meeting held on 17-Mar-20
1	Shri Venkatraman Iyer	Non- Executive / Independent	√
2	Shri Sanjay Sharma	Non- Executive / Independent	√

√ = attended.

Details of Advisory Committee of the Board

The Advisory Committee of the Board met twice during the year. The details of attendance of the Directors at the Advisory Committee of the Board meeting are as follows:

Sr. No.	Name of the Director	Category	Attendance at the Advisory Committee of the Board held on	
			23-Jan-20	17-Mar-20
1.	Shri Sanjay Sharma	Non- Executive/ Independent	LoA	√
2.	Shri Venkatraman Iyer	Non- Executive /Independent	√	√
3.	Shri R. H. Mewawala	Executive Vice Chairman	√	√

√ = attended. LoA = Leave of absence

General Meetings

Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) of the Company were held at Navi Mumbai / Mumbai and the details for the past three years are as under:

General Meeting	11th AGM	12th AGM	13th AGM
Year	2016-17	2017-18	2018-19
Venue	SHCIL House, P-51,T.T.C Industrial Area, MIDC, Mahape, Navi Mumbai- 400710	The Regenza by Tunga, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400703	301, Centre Point, Dr. B. Ambedkar Road, Parel, Mumbai- 400012.
Date of Meeting	September 8, 2017	September 7, 2018	September 9, 2019

General Meeting	13th EGM	14th EGM	15th EGM
Year	2017-18	2018-19	2019-20
Venue	301, Centre Point, Dr. B. Ambedkar Road, Parel, Mumbai-400012	301, Centre Point, Dr. B. Ambedkar Road, Parel, Mumbai-400012	301, Centre Point, Dr. B. Ambedkar Road, Parel, Mumbai- 400012.
Date of Meeting	November 2, 2017	October 24, 2018	March 12, 2020

The special resolutions passed during the last three General Meetings, were as under:

Meeting no.	Resolution No.	Particulars of Resolution
11th AGM	7	Reappointment of Shri. Sanjeev Vivrekar (DIN : 02561324) as Managing Director & CEO
12th AGM	6	Appointment of Shri R. H. Mewawala as Executive Vice Chairman (Whole Time Director) (DIN 00201096)
13th EGM	1	Infusion of capital by way of issue of 62,50,000 equity shares of ₹ 10/- each at a premium of ₹ 6/- per share aggregating to ₹ 10,00,00,000 (Rupees Ten crores only) to Stock Holding Corporation of India Limited on Private Placement basis.
14th EGM	1	Infusion of capital by way of Issue of 1,25,00,000 equity shares of ₹ 10/- each at a premium of ₹ 6/- per share aggregating to ₹ 20,00,00,000 (Rupees Twenty crores only) to Stock Holding Corporation of India Limited on Private Placement basis in two tranches.
15th EGM	1	Reappointment of Shri Venkat Iyer as an Independent Director for a second term of five years w.e.f. Oct 30, 2019.
	2	Reappointment of Shri Sanjeev Vivrekar, Managing Director and Chief Executive Officer (MD & CEO) w.e.f. April 01, 2020 till his superannuation i.e. July 31, 2022

Disclosures

There were no transactions of the Company of material nature with its Directors or relatives etc. that may have potential conflict of the interest with your Company at large.

Shareholder Information

a)	Annual General Meeting Date, time & Venue of the Annual General Meeting	Monday, October 12, 2020 at 3:00 p.m. 301, Centrepoint, Dr. Ambedkar Road, Parel, Mumbai - 400012.
b)	Date of Book closure/record date	N.A
c)	Dividend payment date	No dividend is announced and recommended by the Board for FY 2019-20.



d) Listing on Stock Exchange

Your Company's shares are not listed on any stock exchange.

e) Annual Report

The Annual Report containing inter alia Audited Annual Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto.

f) Distribution of shareholding as on March 31, 2020

The Company is a wholly owned subsidiary of Stock Holding Corporation of India Limited (StockHolding). However, six individuals are holding one share each in the company as a nominee of StockHolding.

g) Address of correspondence

The Company Secretary
StockHolding Document Management Services Limited
SHCIL House, P-51, T.T.C, Industrial Area
MIDC, Mahape
Navi Mumbai 400 710

UDIN: 20137686AAAACT1020

INDEPENDENT AUDITORS' REPORT

To

The Members of
StockHolding Document Management Services Limited

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED** (hereinafter referred to as "the Company"), which comprise the balance sheet as at March 31, 2020 and the Statement of Profit & Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as 'Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2020, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the

Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 47 in the financial statements regarding Company's liability to the third parties due to the fire occurred at Company's Premises.

Also we draw attention to Note 48 of the Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Company is evaluating the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Financial Statements for the year ended March 31, 2020. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No.	Key Audit Matter	Our Response
1	<p>Defined benefit obligation</p> <p>The valuation of the retirement benefit schemes in the Company is determined with reference to various actuarial assumptions including discount rate, future salary increases, rate of inflation, mortality rates and attrition rates. Due to the size of these schemes, small changes in these assumptions can have a material impact on the estimated defined benefit obligation.</p>	<p>We have examined the key controls over the process involving member data, formulation of assumptions and the financial reporting process in arriving at the provision for retirement benefits. We tested the controls for determining the actuarial assumptions and the approval of those assumptions by senior management. We found these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.</p> <p>We tested the employee data used in calculating the obligation and where material, we also considered the treatment of curtailments, settlements, past service costs, remeasurements, benefits paid, and any other amendments made to obligations during the year. From the evidence obtained, we found the data and assumptions used by management in the actuarial valuations for retirement benefit obligations to be appropriate.</p>

Sr. No.	Key Audit Matter	Our Response
2	<p>Related Party Transactions</p> <p>During the year the Company has entered into various transactions with related parties.</p> <p>Determination of transaction price for such related parties transactions outside the normal course of business is a key audit matter considering the significance of the transaction value and the significant judgements involved in determining the transaction value.</p>	<p>Our audit procedures included considering the compliance with the various requirements for entering in to such related party transactions.</p> <p>We have read the approvals obtained for the transactions.</p> <p>We have assessed the disclosures in accordance with Ind AS 24 "Related Party Disclosures".</p>
3	<p>Modified Audit Procedures carried out in light of COVID-19 outbreak:</p> <p>Due to COVID-19 pandemic, Nation-wide lockdown and travel restrictions imposed by Central/ State Government/ Local Authorities during the period of our audit to facilitate carrying out audit remotely wherever physical access was not possible, audit could not be conducted by visiting the premises of the Company.</p> <p>As we could not gather audit evidence in person/physically/ through discussions and personal interactions with the officials at the Company's Office, we have identified such modified audit procedures as a Key Audit Matter.</p> <p>Accordingly, our audit procedures were modified to carry out the audit remotely.</p>	<p>Due to the outbreak of COVID-19 pandemic that caused nationwide lockdown and other travel restrictions imposed by the Central and State Governments/local administration during the period of our audit, we could not travel to the Company's Office and carry out the audit processes physically.</p> <p>Wherever physical access was not possible, necessary records/ reports/ documents/ certificates were made available to us through digital medium and emails. To this extent, the audit process was carried out on the basis of such documents, reports and records made available to us which were relied upon as audit evidence for conducting the audit and reporting for the current period.</p> <p>Accordingly, we modified our audit procedures as follows:</p> <ol style="list-style-type: none"> Conducted verification of necessary records/ documents through emails wherever physical access was not possible. Carried out verification of scanned copies of the documents, deeds, certificates and the related records made available to us through emails. Making enquiries and gathering necessary audit evidence through Video Conferencing, dialogues and discussions over phone calls/conference calls, emails and similar communication channels. Resolution of our audit observations telephonically/ through email instead of a face-to-face interaction with the designated officials.

Other Information

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

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This

responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The comparative financial information of the Company for year ended March 31, 2019 are prepared in accordance with Ind AS included in these Ind AS Financial Statements have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated April 23, 2019 expressed an unqualified opinion.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" - a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;
 - c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion the Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements

of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by provisions of Section 197 read with Schedule V of the Act;

- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B"
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, we report that:
 - i) The Company does not have any pending litigations which would impact its financial position other than those mentioned in the notes to the accounts;
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii) There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company;
- i) As required under section 143(5), we report on the following directions issued under the section as under:

Sr. No	Directions	Replies
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes. No accounting transactions were processed outside the IT System.
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/ loans, interests, etc. made by the lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	Not Applicable
3.	Whether funds received / receivable for specific schemes from Central / State Agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation.	Not Applicable

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
ICAI Firm Regn No. 104863W

Viral Joshi
Partner
Membership No. 137686

Place : Mumbai
Dated : June 17, 2020

ANNEXURE - A TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 under the 'Report on Other Legal and Regulatory Requirements' our report to the members of STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED, ('the Company') for the year ended on March 31, 2020. We report that:-

- i. In respect of its fixed assets:
 - (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of fixed assets which is, in our opinion, reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
 - (c) As per the information and explanation given to us by the management, the Company does not have any immovable property held in the name of the Company and hence provisions of Clause 3(i)(c) of the aforesaid Order are not applicable to the Company.
- ii. In respect of its inventories:

As per the information and explanation given to us by the management, the Company does not hold any inventories and hence provisions of Clause 3(ii) of the aforesaid Order are not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any company, firm, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause 3 (iii) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has not given any loan or guarantee or provided any security nor made any investments as specified in Section 185 and 186 of the Act. Clause 3(iv) of the Order is, therefore, not applicable to the Company for the period under audit.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed thereunder to the extent notified.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. (a) According to the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, GST, sales tax, wealth tax, duty of customs, duty of excise, value added tax or cess and other statutory dues applicable to it.

Further, according to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, GST, sales tax, wealth tax, duty of customs, duty of excise, value added tax or cess and other statutory dues were outstanding, as at 31-03-2020, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, GST, sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and bank.
- ix. Based on our audit procedures and according to the information and explanations given to us by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Further, term loans have been applied for the purpose for which it is taken.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of the Section 197 read with Schedule V of the Act.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to the Company and hence provisions of Clause 3(xii) of the aforesaid Order are not applicable to the Company.



StockHolding

- xiii. The Company has entered into the transaction with the related parties in compliance with the provisions of the Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS)18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence provisions of Clause 3(xiv) of the aforesaid Order are not applicable to the Company.
- xv. The Company has not entered into any non-cash transactions with its directors or the persons connected with him and hence provisions of Clause 3(xv) of the aforesaid Order are not applicable to the Company.
- xvi. The Company is not required to be registered Section 45-IA of the Reserve Bank of India Act, 1934 and hence provisions of Clause 3(xvi) of the aforesaid Order are not applicable to the Company.

For and on behalf of
KARNAVAT & CO.
Chartered Accountants
ICAI Firm Regn No.
104863W

Place : Mumbai
Dated : June 17, 2020

Viral Joshi
Partner
Membership No. 137686

ANNEXURE-B TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 2(f) under the 'Report on Other Legal and Regulatory Requirements' our report to the members of STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED, ('the Company') for the year ended on March 31, 2020.

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Act

We have audited internal financial controls over financial reporting of STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year then ended on that date.

Management's Responsibility for the 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 Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities includes design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of business, including adherence to Company's policies, the safeguarding of the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 deemed to be prescribed under Section 143(10) of the Act 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 ICAI. Those Standards and Guidance note require that we comply with ethical requirements and plan and perform 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 procedure 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide a reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purpose 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 the transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial control 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



StockHolding

In our opinion, the Company has, in all material aspects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For and on behalf of
KARNAVAT & CO.**
Chartered Accountants
ICAI Firm Regn No. 104863W

Viral Joshi
Partner
Membership No. 137686

Place : Mumbai
Dated : June 17, 2020

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (B) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of StockHolding Document Management Services Limited for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 17 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of StockHolding Document Management Services Limited for the year ended 31 March 2020 under section 143(6)(a) of the Act.

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

(P. V. Hari Krishna)
Principal Director of Audit (Shipping), Mumbai

Place: Mumbai
Date: 22.09.2020



BALANCE SHEET AS AT MARCH 31, 2020

(₹ in lakhs)

Particulars	Note	As at Mar 31, 2020	As at Mar 31, 2019
I. ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	5,044.60	4,989.18
(b) Right of use lease assets	3	3,096.84	-
(c) Capital work-in-progress		-	-
(d) Investment Property		-	-
(e) Goodwill		-	-
(f) Other intangible assets	3	15.35	22.94
(g) Intangible assets under development		1.18	5.90
(h) Biological Assets other than bearer plants		-	-
(i) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Others		-	-
- Security deposits	4	404.48	408.41
- Margin money deposits with banks	5	208.62	244.61
(j) Deferred tax assets (net)	18	1136.81	-
(k) Non current tax assets (net)	6	569.16	361.33
(l) Other non-current assets	7	603.61	683.89
		11,080.65	6,716.26
Current assets			
(a) Inventories		-	-
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	8	4,106.99	5,204.34
(iii) Cash and cash equivalents	9	88.97	1218.32
(iv) Bank balances other than (iii) above	10	17.55	8.27
(v) Loans		-	-
(vi) Others		-	-
- Security deposits	11	155.78	41.28
- Interest accrued	12	-	2.02
(c) Current tax assets (net)		-	-
(d) Other current assets	13	1,055.56	1,076.47
		5,424.85	7,550.70
TOTAL ASSETS		16,505.50	14,266.96
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	5,575.00	5,575.00
(b) Other Equity	15	(773.06)	2,686.86
		4,801.94	8,261.86
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	1,547.53	2,029.46
(ii) Right of use lease liability	16	3,467.48	-
(iii) Trade payables		-	-
(iv) Other Financial Liabilities		-	-
(b) Provisions	17	45.82	29.94
(c) Deferred tax liabilities (Net)	18	-	6.25
		5,060.83	2,065.65
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	2419.07	1424.32
(ii) Trade payables	20	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		487.83	83.65
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1407.87	1214.65
(iii) Other financial liabilities	21	2,142.09	1,044.14
(b) Other current liabilities	22	141.11	137.49
(c) Provisions	23	44.76	35.20
(d) Current Tax Liabilities (Net)	24	-	-
		6,642.73	3,939.45
TOTAL EQUITY AND LIABILITIES		16,505.50	14,266.96

As per our report of even date
For Karnavat & Co
Chartered Accountants
Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi
Partner
Membership No: 137686

Jajvalya Raghavan
Company Secretary

Sanjeev Vivrekar
MD & CEO

Venkatraman Iyer
Jagdish Thakur
Directors

Place: Mumbai
Date : June 17, 2020

Jyoti Katira
Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Note	Year ended Mar 31, 2020	Year ended Mar 31, 2019
I. Revenue from operations	25	5,267.96	5,065.73
II. Other income	26	61.84	112.45
III. Total Income (I + II)		5,329.80	5,178.18
IV. Expenses:			
Cost of software licenses sold		-	-
Employee benefits expense	27	1,419.43	1,304.34
Finance costs	28	810.63	431.61
Depreciation and amortization expense	3	674.64	601.80
Right of use lease depreciation	3	804.81	-
Other expenses	29	5,140.39	3,615.35
Total expenses (IV)		8,849.90	5,953.10
V. Profit/ (loss) before exceptional items and tax (III-IV)		(3,520.10)	(774.92)
VI. Exceptional items	31	(393.48)	(166.10)
VII. Profit/ (loss) before tax (V - VI)		(3,913.58)	(941.02)
VIII. Tax Expense:			
(1) Current Tax			
- Current period		-	-
- Pertaining to previous period		-	(16.80)
(2) Deferred Tax		(951.61)	(230.93)
		(951.61)	(247.73)
IX. Profit/ (loss) for the period from continuing operations (VII-VIII)		(2,961.97)	(693.29)
X. Profit/ (loss) from discontinued operations		-	-
XI. Tax expense of discontinued operations		-	-
XII. Profit/ (loss) from discontinued operations (after tax) (X-XI)		-	-
XIII Profit/ (loss) for the period (IX+XII)		(2,961.97)	(693.29)
XIV Other Comprehensive Income	30		
A (i) Items that will not be reclassified to profit or loss		(12.68)	(2.25)
(ii) Income tax relating to items that will not be reclassified to profit or loss		3.19	0.63
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/ (loss) and Other Comprehensive Income for the period)		(2,971.46)	(694.91)
XVI Earnings per equity share (for continuing operation)	33		
(1) Basic		(5.31)	(1.53)
(2) Diluted		(5.31)	(1.53)
XVII Earnings per equity share (for discontinued operation)			
(1) Basic		-	-
(2) Diluted		-	-
XVIII Earnings per equity share (for discontinued & continuing operations)	33		
(1) Basic		(5.31)	(1.53)
(2) Diluted		(5.31)	(1.53)

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Karnavat & Co
Chartered Accountants
Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi
Partner
Membership No: 137686

Jajvalya Raghavan
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MD & CEO

Venkatraman Iyer
Jagdish Thakur
Directors

Place: Mumbai
Date : June 17, 2020

Jyoti Katira
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2020

A. EQUITY SHARE CAPITAL

(₹ in lakhs)

Period ended	Balances at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period
March 31, 2019	4,325.00	1,250.00	5,575.00
March 31, 2020	5,575.00	-	5,575.00

B. OTHER EQUITY

(₹ in lakhs)

Particulars	Equity component of borrowings from holding company	Securities premium	Retained earnings	Total
Opening Balance as on April 01, 2019	159.54	1,125.00	1,402.32	2,686.86
Amount received on preferential issue of equity shares	-	-	-	-
Profit/ (loss) for the year ended March 31, 2020	-	-	(2,961.97)	(2,961.97)
Actuarial gain/(loss) on defined employee benefit plan	-	-	(9.49)	(9.49)
Transition impact on implementation of Ind AS 116	-	-	(488.46)	(488.46)
Dividend paid	-	-	-	-
Tax on distributed profits	-	-	-	-
Closing Balance as on March 31, 2020	159.54	1,125.00	(2,057.60)	(773.06)

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Karnavat & Co
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Firm Registration no: 104863W

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Jagdish Thakur
Directors

Place: Mumbai
Date : June 17, 2020

Jyoti Katira
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Year ended Mar 31, 2020	Year ended Mar 31, 2019
Cash flows from operating activities :		
Profit/(Loss) before tax	(3,913.58)	(941.02)
Adjusted for:		
Depreciation/amortisation	674.64	601.80
Right of use lease depreciation	804.81	-
Provision for doubtful debts expense	1,766.13	-
Provision for expense written back	(19.06)	(49.04)
Provision for doubtful debts written back	-	(53.18)
Bad debts written off	77.84	218.56
Fixed assets written off	433.89	249.25
Deposits written off	-	-
Share issue/increase in authorised capital expenses	-	1.25
Interest/Dividend income	(24.60)	(44.18)
Interest on Inter-Corporate Deposit/ Non convertible debentures/Cash credit facility/ancillary borrowing costs	436.48	431.61
Right of use lease interest	374.15	-
Gain on termination of Ind As 116 leases	(8.06)	-
Actuarial gains/(losses) on employee benefits	(12.68)	(2.25)
	4,503.54	1,353.82
Operating Profit / (loss) before working capital changes	589.96	412.80
Changes in working capital		
(Increase)/ Decrease in Trade Receivables, Long term & Short term Loans & Advances and Other Current Assets	(834.35)	(429.88)
Increase / (Decrease) in Trade Payables, Other Liabilities & Provisions	1,318.67	567.54
	484.32	137.66
Cash generated from operations	1,074.28	550.46
Taxes paid (including taxes deducted at source)	(207.83)	(149.57)
Net cash generated from / (used in) operating activities	866.45	400.89
Cash flows from investing activities :		
Purchase of fixed assets including capital work in progress & capital advances	(1,073.67)	(1,627.28)
(Purchase)/sale of current investments (Net)	-	-
Redemption of fixed deposits	2,366.87	4,277.35
Investment in fixed deposits	(2,340.15)	(4,324.09)
Interest/dividend received	26.62	42.46
Net cash generated from / (used in) investing activities	(1,020.33)	(1,631.56)
Cash flows from financing activities :		
Proceeds from issue of capital	-	2,000.00
Share issue/increase in authorised capital expenses	-	(1.25)
Inter-corporate deposit from related party	(500.00)	(500.00)
9.5% non convertible debentures	-	-
Cash credit facility	83.32	(43.59)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	Year ended Mar 31, 2020	Year ended Mar 31, 2019
Bank overdraft facility	911.43	559.36
Interest on inter-corporate deposit/ non convertible debentures	(418.59)	(395.09)
Lease payments on right of use assets	(1,051.63)	-
Dividend paid	-	(69.20)
Tax on distributed profits	-	(14.22)
Net cash from financing activities	(975.47)	1,536.01
Net (decrease) / increase in cash and cash equivalents	(1,129.35)	305.34
Cash and cash equivalents, beginning of the period	1,218.32	912.98
Cash and cash equivalents, end of the period	88.97	1,218.32
Note: Cash and cash equivalents include the following :		
Cash balance	0.01	-
Balance with banks:		
- in current accounts	88.96	268.32
- in deposit accounts	-	950.00
- cheques on hand	-	-
	88.97	1,218.32

Note: Cash Flow Statement is prepared under "Indirect Method" as set out in Accounting Standard (IndAs-7) on "Cash Flow Statement".

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Karnavat & Co
Chartered Accountants
Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi
Partner
Membership No: 137686

Jajvalya Raghavan
Company Secretary

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MD & CEO

Venkatraman Iyer
Jagdish Thakur
Directors

Place: Mumbai
Date : June 17, 2020

Jyoti Katira
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Foot Note:

Net Debt Reconciliation

(₹in lakhs)

	Year ended Mar 31, 2020	Year ended Mar 31, 2019
Cash and cash equivalents	88.97	1,218.32
Liquid investments	-	-
Current borrowings	(2,419.07)	(1,424.32)
Non current borrowings	(2,047.35)	(2,529.46)
Non current ROU lease liability	(3,467.48)	-
Net (debt)/ Cash & Cash Equivalents	(7,844.93)	(2,735.46)

	Other Assets		Liabilities from financing activities			Total
	Cash and bank overdraft	Liquid Investments	Non-current borrowings	Current borrowings	Non cash movements	
Net (debt)/ Cash & Cash Equivalents as at 1 April 2018	912.98	-	2,992.94	908.55	-	(2,988.51)
Cash Flows	305.34	-	(500.00)	515.77	-	289.57
Interest expense	-	-	272.05	152.75	-	(424.80)
Interest paid	-	-	(235.53)	(150.17)	-	385.70
Interest accrued	-	-	-	(2.58)	-	2.58
Other non-cash movements	-	-	-	-	-	-
-Acquisitions/disposals	-	-	-	-	-	-
-Fair value adjustments	-	-	-	-	-	-
(Net debt)/ Cash & Cash Equivalents as at 31 March 2019	1,218.32	-	2,529.46	1,424.32	-	(2,735.46)
Cash Flows	(1,129.35)	-	(500.00)	994.75	-	(1,624.10)
Interest expense	-	-	215.05	180.73	-	(395.78)
Interest paid	-	-	(197.15)	(181.89)	-	379.04
Interest accrued	-	-	-	1.16	-	(1.16)
Other non-cash movements	-	-	-	-	-	-
-Acquisitions/disposals	-	-	-	-	-	-
-Fair value adjustments	-	-	-	-	3,467.48	(3,467.48)
(Net debt)/ Cash & Cash Equivalents as at March 31, 2020	88.97	-	2,047.35	2,419.07	3,467.48	(7,844.93)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. Background

StockHolding Document Management Services Ltd (formerly known as SHCIL Projects Ltd.) was incorporated on August 10, 2006 and is a wholly owned subsidiary of Stock Holding Corporation of India Ltd (SHCIL) (A subsidiary of IFCI Ltd w.e.f March 28, 2014). The Company provides physical storage services, digitization services and sale of software products & services.

2. Significant Accounting Policies

i) Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below. These were used throughout all periods presented in the financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to Indian Accounting Standards (Ind AS).

ii) Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

iii) Basis of preparation

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.

The financial statements are presented in Indian National Rupees (INR) and all values are rounded to the nearest lakh, except when otherwise indicated.

iv) Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

v) Applicability of new and revised Ind AS:

a) New standards notified and adopted by the Company

1. Ind AS 116 – Leases:

Ind AS 116 replaces existing standard Ind AS 17 "Leases". The standard is effective for annual periods beginning on or after April 1, 2019.

Ind AS 116 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items.

Lessor accounting remains similar to the current standard.

Refer Note 34 to the financial statements for the implementation of this new accounting standard.

2. Other Amendments:

A number of other accounting standards have been modified on miscellaneous issues with effect from 1st April 2019. Such changes include clarification/guidance on:

- (i) business combination accounting in case of obtaining control of a joint operation;
- (ii) accounting in case of obtaining joint control of an operation wherein there was no joint control earlier;
- (iii) income tax consequences in case of dividends;

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- (iv) accounting for income tax when there is uncertainty over income tax treatment of an item by tax authorities;
- (v) accounting treatment for specific borrowings post capitalization of corresponding qualifying asset;
- (vi) accounting for prepayment features with negative compensation in case of debt instruments;
- (vii) accounting for plan amendment, curtailment or settlement occurring in-between the reporting periods in case of long-term employee benefit plans;
- (viii) accounting for long-term interests in associates and joint ventures to which the equity method is not applied but that in substance form part of the net investment in the associate or joint venture (long-term interests).

None of these amendments have any material effect on the Company's financial statements.

b) New standards notified and yet to be adopted by the Company - None

vi) Current / non-current classification

Assets and liabilities in the balance sheet are classified into current/ non-current. An asset is classified as current when it is:

- Expected to be realised or intended to 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.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

As the Company's normal operating cycle is not clearly identifiable due to the varying nature of each project, the normal operating cycle has been assumed to be twelve months.

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

vii) Revenue

Revenue is recognised on the basis of control-based revenue recognition model by adopting five step application principle:

- i. Identification of the contracts with the customer.
- ii. Identification of the performance obligations in the contract.
- iii. Determination of the transaction price.
- iv. Allocation of transaction price to the performance obligations in the contract (as identified in step ii).
- v. Recognition of revenue when the Company satisfies a performance obligation.

Based on the aforementioned model, timing of recognition of revenue for various products/services offered by the Company is as follows:

Income from Physical Storage Services is recognized on a monthly basis as per agreements with customers.

Income from Digitization Services is recognized on the basis of number of documents scanned.

Income from software products is recognized on delivery/installation of the software product. The revenue for Annual Maintenance Services provided in case of software products is recognized pro rata over the period in which the services are rendered.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Income from software services is recognized over the contract period.

Contract asset – Unbilled revenue represents contract revenue recognised over and above the amount invoiced and presented under 'Other current assets' in the financials.

Contract liabilities – Advance from customer represents contract revenue received over and above the revenue recognised and presented under 'Other current liabilities' in the financials.

viii) Interest and dividends

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Other income is comprised primarily of interest income. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

ix) Operating expenses

Operating expenses are recognised in statement of profit and loss upon utilisation of the service or as incurred.

x) Property, plant and equipment

Items of property, plant and equipment (PP&E) are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenses related to acquisition and installation of the concerned asset and excludes any tax for which input credit is taken. Subsequent expenditure related to an item of PP&E is added to its book value only if the increase in future benefits from the existing asset is beyond its previously assessed standard of performance.

Depreciation on PP&E is charged under the straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013, for the following:

Class of Assets	Useful life as per the Companies Act, 2013	Useful life adopted by the Company
Tangible Assets :		
Computers :		
- End user devices such as desktops, laptops etc.	3	3
Furniture & Fixtures	10	10
Plant & Machinery	15	15
Electrical Installations and Equipment	10	10
Office Equipment – Others	5	5
Leasehold improvements	Not specified	Amortised over the period of lease

For the below tabulated class of assets, a lesser useful life than prescribed in Schedule II has been estimated due to rapid advancement in technology:

Asset Class	Useful Life Adopted	Useful Life as per Companies Act, 2013
Computers - Servers & Networks	4	6
Office Equipment - Mobiles	2	5
Vehicles	3	8

Depreciation is charged on a pro-rata basis from / upto the month of acquisition /sale or disposal. Assets costing less than ₹ 5,000/- individually are depreciated fully in the year in which such assets are purchased.

An item of PP&E and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

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

xi) Intangible assets

(a) Initial recognition of other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

Computer software which forms an integral part of the related hardware is capitalised along with the hardware as fixed asset. Software which is not an integral part of computer hardware and from which future economic benefits are expected is treated as an intangible asset.

Software developed internally is recognized as an asset at cost when significant economic benefits are expected to accrue in future. Cost comprises all expenditure that can be directly attributed for creation, production and making the software ready for its intended use and excludes any tax for which input credit is taken.

(b) Subsequent measurement

All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

Asset	Useful life
Software	3 years

Amortisation has been included within 'depreciation and amortisation expense'.

Subsequent expenditures on the maintenance of intangible assets are expensed as incurred.

When an intangible asset is disposed off, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss within other income or other expenses.

xii) Leased assets

A right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments is recognized for all leases over 1 year on initial recognition basis. Discounted committed & expected future cash flows and depreciation on the asset portion on straight-line basis & interest on liability portion (net of lease payments) on EIR basis is recognized over the expected lease term. No right-of-use asset is created for short term leases (i.e. lease term less than 1 year) and leases of low value items (i.e. lease of asset with original cost of less than ₹ 1 lakh).

xiii) Impairment testing of intangible assets and property, plant & equipment

The Company reviews the carrying values of tangible and intangible assets for any possible impairment at each balance sheet date. An impairment loss is recognized in the statement of profit and loss when the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the assets net of selling price or value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on appropriate discount rate. If at the balance sheet date there is any indication that a previously assessed impaired loss no longer exists then such loss is reversed and the asset is restated to that extent.

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

Cash-generating units (determined by the Company's management as equivalent to its operating segments) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

xiv) Financial instruments

Recognition, initial measurement and derecognition

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are adjusted to the fair value on initial recognition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sells the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVOCI

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Fair value movements are recognized in the OCI. However, the Company recognizes interest income (recognised using the EIR method), impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Company may at initial recognition elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL, if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or
- It transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets which have not been fair valued to profit and loss:

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables and contract assets resulting from transactions within the scope of Ind-AS 115, if they do not contain a significant financing component.
- Trade receivables and contract assets resulting from transactions within the scope of Ind-AS 115 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the statement of profit and loss (P&L). This amount is reflected in a separate line in the P&L as an impairment loss or gain.

xv) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on such liabilities are recognised in the profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

xvi) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
- (c) Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

xvii) Segment reporting

The management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

The Company has three operating segments: physical storage services, digitisation services and software services. In identifying these operating segments, management generally follows the Company's service lines representing its main products and services.

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources.

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

xviii) Income taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year. Provision for current income tax is made on the basis of the assessable income under the Income tax Act, 1961.

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. 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 are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

xix) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

xx) Equity, reserves and dividend payments

Share capital represents the nominal (par) value of shares that have been issued. Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits. Other components of equity include the following:

- Re-measurement of net defined benefit liability – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets.
- reserves for financial instruments measured at FVOCI

Retained earnings includes all current and prior period retained profits

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

xxi) Post-employment benefits and short-term employee benefits

Post-employment benefit plans

The Company provides post-employment benefits through various defined contribution and defined benefit plans.

Defined contribution plans

Employee Benefits in the form of Provident Fund is considered as defined contribution plans and the contributions are charged to the Statement of Profit and Loss of the year when the respective contributions are due.

Defined benefit plans

Retirement Benefit in the form of gratuity is considered as defined benefit obligation and is provided for on the basis of an actuarial valuation using the projected unit credit method, as at the date of the Balance sheet. Actuarial gain or losses if any are immediately recognised in Other Comprehensive Income.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to government or high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the Company's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is recognised in the Statement of Profit and Loss. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income.

Long/Short-term employee benefits

Long term compensated absences are provided on actuarial valuation using the projected unit credit method as at the balance sheet date. Actuarial gains/losses if any are immediately recognized in the statement of profit and loss. Short term compensated absences are provided on estimated availment pattern.

xxii) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a realisable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost.

xxiii) Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss, over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset upto the date of capitalization of such asset is added to the cost of the assets.

xxiv) Contingent liabilities and Contingent assets

Contingent Liabilities are not recognised but are disclosed in notes in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are disclosed in the financial statements by way of notes to accounts, when an inflow of economic benefits is probable.

xxv) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the Year attributable to equity shareholders by the weighted average number of equity shares outstanding during the Year. For the purpose of calculating diluted earnings per share, the net profit or loss for the Year attributable to equity shareholders and the weighted average number of shares outstanding during the Year is adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

xxvi) Insurance claims

Insurance claims are accounted for on the basis of claims admitted/expected to be admitted to the extent that the amount recoverable can be measured reliably and it is virtually certain to expect ultimate collection.

xxvii) Significant accounting judgements, estimates and assumptions

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment.

Lease term of right-to-use assets

Management reviews its estimate of the lease term of right-to-use assets at each reporting date, based on the expected utility of the leased property. Uncertainties in these estimate relate to business obsolescence/ discontinuance that may change the lease term for certain right-to-use assets.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

xxviii) Financial risk management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include security deposits, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

xxix) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

3 Property, Plant and Equipment	(₹ In lakhs)									
	Particulars	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK		
		As at April 1, 2019	Additions	Deductions	As at Mar 31, 2020	As at April 1, 2019	For the year ended	As at Mar 31, 2020	As at Mar 31, 2020	As at Mar 31, 2019
Tangible assets										
Computers - Hardware (Servers, networks etc)	543.72	13.27	-	556.99	386.53	105.31	491.84	65.15	157.19	
Computer end user devises	206.29	13.31	0.42	219.18	130.28	46.75	176.96	42.22	76.01	
Motor vehicles	15.61	-	-	15.61	10.95	2.07	13.02	2.59	4.66	
Furniture & fixtures	81.47	94.19	-	175.66	53.17	14.80	67.97	107.69	28.30	
Leasehold Improvements	263.04	58.62	76.74	244.92	55.79	49.95	82.67	162.25	207.25	
Office equipments - Mobiles	3.44	0.60	-	4.04	1.64	1.50	3.14	0.90	1.80	
Office equipments - Others	41.75	5.37	0.14	46.98	30.64	8.23	38.74	8.24	11.11	
P&M - Electricals	157.28	66.41	-	223.69	48.26	19.74	68.00	155.69	109.02	
P&M - Others	5438.34	890.20	543.26	5,785.28	1044.50	403.93	1285.41	4499.87	4393.84	
Total	6750.94	1141.97	620.56	7272.35	1761.76	652.28	2227.75	5044.60	4989.18	
Intangible assets										
Software	208.37	14.77	-	223.14	185.43	22.36	207.79	15.35	22.94	
Total	208.37	14.77	-	223.14	185.43	22.36	207.79	15.35	22.94	
Right of use lease assets										
Right of use lease assets	3347.44	1,633.92	11.66	4969.70	1072.44	804.81	1872.86	3096.84	-	
Total	3347.44	1,633.92	11.66	4969.70	1072.44	804.81	1872.86	3096.84	-	
As at 31.03.20	10306.74	2790.66	632.22	12465.19	3019.63	1479.45	4308.40	8156.79	5012.12	
As at 31.03.19	5833.28	1568.63	442.60	6959.31	1538.74	601.80	1947.19	5012.12	4294.54	

* Refer note 47

Note:

1. The gross block as on March 31, 2020 includes assets under deemed cost of ₹ 2470.12 lakhs.
2. Of the total assets of the company, assets of ₹ 1500 lakhs are hypothecated against issue of non convertible debentures.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Non Current Assets Financial Assets

(₹ in lakhs)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
4 Security and other deposits (Unsecured and considered good unless otherwise stated)	404.48	408.41
	404.48	408.41
5 Deposits with banks *	208.62	244.61
	208.62	244.61
* Placed as lien against bank guarantees		
6 Non Current Tax Assets		
Advance payment of tax and taxes deducted at source (net of provisions)	569.16	361.33
	569.16	361.33
7 Other Non Current Assets		
Capital advances	582.54	660.89
Advances other than capital advances	18.41	18.41
Prepaid expenses	2.56	4.49
Receivable from Stockholding Document Management Services Ltd's employees group gratuity scheme	0.10	0.10
	603.61	683.89
Current Assets Financial Assets		
8 Trade Receivables *		
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Secured	-	-
Unsecured		
Considered good	4529.52	5159.08
Credit impaired	1388.86	90.52
Less : Provision for doubtful debts	(1,811.39)	(45.26)
	4106.99	5204.34
* - Includes dues from SHCIL (holding company)	412.93	669.25
* - Includes dues from SSL (fellow subsidiary)	6.65	5.49
* - Includes dues from IFCI (ultimate holding company)	34.14	32.98
* - Includes dues from IFIN (fellow subsidiary)	7.54	-
* - Includes dues from IIDL (fellow subsidiary)	6.83	-
9 Cash and Cash equivalents		
- Cash on hand	0.01	-
- Bank balances		
- in current accounts	88.96	268.32
- in deposit accounts	-	950.00
- Cheques in hand	-	-
	88.97	1,218.32

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
10 Other Balances with Banks		
- In deposit accounts	17.55	8.27
	17.55	8.27
Other Current Financial Assets		
11 Security and other deposits (unsecured and considered good unless otherwise stated)	155.78	41.28
	155.78	41.28
12 Interest accrued on fixed deposits	-	2.02
	-	2.02
13 Other Current Assets		
Advances other than capital advances		
Prepaid expenses	73.91	100.51
Cenvat/GST credit receivable	445.18	277.44
Other advances receivable	10.36	3.48
Others		
Surplus in gratuity fund	-	-
Accrued income (other than interest accrued on fixed deposits) - Contract asset refer foot note 1 below	526.11	695.04
	1,055.56	1,076.47
foot note 1		
Changes in contract assets are as follows:		
Balance at the beginning of the period	695.04	1,002.43
Revenue recognised during the period	383.59	525.47
Invoices raised during the year for contract assets at the beginning of the period	552.52	832.86
Balance at the end of the period	526.11	695.04
14 Equity Share Capital		
Authorised		
600,00,000 (FY 2018-19: 600,00,000) equity shares of Rs 10 each	6,000.00	6,000.00
	6,000.00	6,000.00
Issued		
5,57,50,000 (FY 2018-19: 5,57,50,000) equity shares of Rs 10 each	5,575.00	5,575.00
	5,575.00	5,575.00
Subscribed & Paid up		
5,57,50,000 (FY 2018-19: 5,57,50,000) equity shares of Rs 10 each, fully paid-up	5,575.00	5,575.00
	5,575.00	5,575.00

Terms/rights attached to equity shares:

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Reconciliation of shares outstanding

Particulars	As at Mar 31, 2020 No. of shares	As at Mar 31, 2019 No. of shares
Shares outstanding at the beginning of the period	5,57,50,000	4,32,50,000
Add : Shares subscribed during the period	-	1,25,00,000
Less : Shares bought back during the period	-	-
Shares outstanding at the end of the period	5,57,50,000	5,57,50,000

Percentage of holding:

The entire paid up share capital is held by Stock Holding Corporation of India Ltd. and its nominees.

(₹ in lakhs)

	As at Mar 31, 2020	As at Mar 31, 2019
15 Other equity		
Equity component of borrowings from holding company		
Opening	159.54	159.54
Additions	-	-
Adjustments on account of preponement of principal repayment of ICD's	-	-
Closing	159.54	159.54
Securities premium		
Opening balance	1125.00	375.00
Add: Amount received on preferential issue of equity shares	-	750.00
Closing	1125.00	1,125.00
Retained earnings		
Opening	1402.32	2180.65
Transferred from current year's profit & loss account	(2961.97)	(693.29)
Transition impact on implementation of Ind AS 116	(488.46)	-
Less: Appropriations:		
Dividend paid	-	(69.20)
Tax on distributed profits	-	(14.22)
Actuarial gain/(loss) on defined employee benefit plan	(9.49)	(1.62)
Closing	(2057.60)	1402.32
Total Other Equity	(773.06)	2686.86
Non Current Liabilities		
16 Financial Liabilities - Borrowings		
Unsecured		
Inter Corporate Deposit from Related Party [see note (i)]	-	494.92
Right of use lease liability (net of current portion of ₹ 425.34 lakhs disclosed under note 21)	3,467.48	-
Secured		
1,50,000, 9.5% Secured, Redeemable Non Convertible Debentures of ₹ 1000/- each fully paid up [see note (ii)]	1,547.53	1,534.54
	5,015.01	2,029.46

- (i) The Company has taken inter-corporate deposit of ₹ 5 crores @ 9.25% p.a and ₹ 10 crores @ 9.75% from the holding company on April 16, 2013 and April 16, 2014 respectively. The interest is payable on quarterly basis. The loan is repayable at the end of 5th, 6th and 7th year from the date of first draw down with an option for pre-payment in full or parts subject to minimum of ₹ 2 crores per tranche. The scheduled cash flows of the loan have been discounted at 11% pa (market rate of interest) and the difference between the present value of discounted cash flows and the actual loan amount has been recognised as deemed equity.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

- (ii) All debentures are held by holding company. Debentures are secured by specified assets of the company. Tenure of the debentures is seven years. Interest is payable annually. The company may exercise call option at the beginning of the fourth year to redeem the debentures in full or in part, subject to such call option be exercised in multiples of 10% of the issued amount. Similarly, the debentureholder may exercise put option at the beginning of the fourth year in full or in part, subject to such put option be exercised in multiples of 10% of the issued amount. The charge on specified assets has been created. The scheduled cash flows of the debentures have been discounted at 11% pa (market rate of interest) and the difference between the present value of discounted cash flows and the actual debentures amount has been recognised as deemed equity.

(₹ in lakhs)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
17 Provisions		
Provision for employee benefits		
Gratuity	-	-
Leave encashment	45.82	29.94
	45.82	29.94
18 Deferred Tax Liabilities/ (Assets) (Net)		
The major components of deferred tax assets and liabilities arising on account of timing differences are as under:		
Deferred Tax Assets (A)		
Provision for doubtful debts/advances	455.90	12.59
Employee benefits	22.80	18.12
Stamp duty & ROC form fees	-	-
Unabsorbed tax losses carried forward	673.09	301.82
Right of use lease assets	202.37	-
Deferred Tax Liabilities (B)		
Depreciation	217.35	338.78
Net Deferred Tax Liabilities/ (Assets) (B-A)	(1,136.81)	6.25
Deferred tax as on March 31, 2020 has been measured using the effective tax rate of 25.168%.		
Further changes in tax rates are expected in future years but these changes will be enacted separately in respective years and hence are not recognised in the financial statements.		
Current Liabilities		
19 Financial Liabilities - Borrowings		
Secured		
Cash credit facility *	611.28	527.96
Overdraft facility **	1807.79	896.36
	2,419.07	1,424.32
* With IDBI Bank secured by an exclusive charge on entire present & future current assets of the company including cash and cash equivalents.		
** With IDBI Bank (₹ 898.31 lakhs) and SBI (₹ 909.56 lakhs) secured against fixed deposits placed by the parent company viz Stockholding and with IDFC Bank (debit ₹ 0.08 lakhs) secured against fixed deposit placed by the company.		
20 Financial Liabilities - Trade Payables		
Dues to micro and small enterprises (Refer footnote below)	487.83	83.65
Dues to holding company	1,288.86	781.16
Dues to other creditors	119.01	433.49
	1,895.70	1,298.30
Footnote:-		
The disclosures relating to Micro and Small enterprises are as under:		
a) The principal amount remaining unpaid to supplier as at the end of the accounting period	487.83	83.65
b) The interest due thereon remaining unpaid to supplier as at the end of the accounting period	33.96	-
c) The amount of interest paid in terms of section 16, along with the amount of payment made to the supplier beyond the appointed day during the period	-	-
d) The amount of interest due and payable for the period	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

e)	The amount of interest accrued and remaining unpaid at the end of the accounting period	33.96	-
f)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

(₹ in lakhs)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
21 Other Current Financial Liabilities		
Current maturities of long term debt	499.82	500.00
Current portion of ROU lease liability	425.34	-
Accruals for expenses	977.01	465.10
Accruals for interest on current borrowings	13.77	12.61
Security deposits payable	2.63	2.63
Retention money payable	140.44	16.72
Capital creditors	74.54	40.15
Other liabilities	8.54	6.93
	2,142.09	1,044.14
22 Other Current Liabilities		
Advances from clients - Contract liability	0.07	8.14
Statutory liabilities	141.04	129.35
	141.11	137.49
23 Short-term Provisions		
Provision for employee benefits		
Gratuity	9.73	5.38
Leave encashment	35.03	29.82
	44.76	35.20
24 Current Tax Liabilities (Net)		
Provision for income tax (net of prepayments)	-	-
	-	-
25 Revenue from Operations		
Income from physical storage services	2,379.83	2,087.76
Income from digitization services	1,671.24	1,936.49
Income from software products/services	1,216.89	1,041.48
	5,267.96	5,065.73

The Company has opted for the modified retrospective application permitted by Ind AS 115 upon adoption of new standard. Accordingly, the standard has been applied for the year ended March 31, 2019 only (i.e. the initial application period). Modified retrospective application requires the recognition of cumulative impact of adoption of Ind AS 115 on all contracts as at April 01, 2018 ('transition date') in equity and the impact on such transition date is Nil.

Also the Company has elected to use the practical expedient that there is no financing component involved when the credit period offered to customers is less than 12 months.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Year ended Mar 31, 2020	Year ended Mar 31, 2019
26 Other Income		
Interest (Gross)		
- On deposits with banks	24.60	44.18
Provisions written back	19.06	54.78
Miscellaneous Income	18.18	13.49
	61.84	112.45
27 Employee Benefits Expense		
Salaries, allowances & bonus	915.01	827.90
Reimbursement of expenses for deputed personnel	243.64	215.38
Contribution to provident fund and other funds	112.65	93.40
Staff welfare expenses	148.13	167.66
	1,419.43	1,304.34
28 Finance Cost		
Interest on inter corporate deposits	54.78	113.71
Interest on 9.5% non convertible debentures	160.27	158.34
Interest on cash credit/overdraft facility	180.73	152.75
Interest others	36.03	1.43
Ancillary borrowing costs	4.67	5.38
Right of use lease interest	374.15	-
	810.63	431.61
29 Other Expenses		
Outsourcing expenses	1,085.68	1,058.64
Project trainees	233.42	242.89
Traveling and conveyance	186.88	140.12
Repairs and maintenance	366.98	230.21
Electricity charges	100.67	53.16
Postage, printing & stationery	62.35	71.53
Marketing expenses	37.81	33.71
Directors' sitting fees	32.10	45.50
Telephone and telecommunication	32.51	31.50
Commission	24.03	23.08
Rent	52.60	660.46
Rates and taxes	71.90	51.94
Legal and professional charges	227.45	147.31
Recruitment and training expenses	2.89	11.04
Payment made to statutory auditors		
- Audit fees	10.00	9.50
- Tax audit fees	3.00	2.40
- For others	1.00	1.34
- For out of pocket expenses	-	-
Insurance	43.95	35.42
Bank charges	5.26	3.24
Software expenses	159.07	104.21
Transportation expenses	196.02	142.79

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Year ended Mar 31, 2020	Year ended Mar 31, 2019
Packing expenses	8.62	9.07
Security expenses	221.02	200.39
Computer hire charges	13.55	5.13
Corporate Social Responsibility expenses	6.00	20.50
Bad debts written off	77.84	218.56
Brokerage on rental premises	11.61	4.00
Assets written off	48.46	-
Bank guarantee invocation charges	-	4.22
Provision for impairment of receivables	1,766.13	-
Other expenses	51.59	53.49
	5,140.39	3,615.35
30 OCI items not reclassified to profit and loss in subsequent periods:		
Remeasurement of net defined benefit liability	(12.68)	(2.25)
Income tax relating to Remeasurement of net defined benefit liability	3.19	0.63
	(9.49)	(1.62)
31 Exceptional items		
Income		
Claim received from insurance	-	807.98
Income from sale of salvage	2.85	40.63
	2.85	848.61
Expense		
Debris removal and incidental expenses on account of fire	-	239.23
Recreation cost of documents damaged due to fire	6.04	92.68
Loss on assets damaged due to fire	385.43	682.80
Claims paid to clients towards loss of documents	4.86	-
	396.33	1014.71
Net exceptional item	(393.48)	(166.10)

(₹ in lakhs)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
32 Contingent Liabilities and commitments		
Contingent liabilities:		
a) Claims against the company not acknowledged as debt (refer note 47 b)	-	-
b) Performance Bank guarantees	393.50	442.12
Commitments:		
a) Estimated amount of contract to be executed on capital account (net of advances) and not provided for	1,247.18	2,139.72
	1,640.68	2,581.84
Note: Excludes taxes/freight which may be payable		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
33 Earning per Share		
Number of shares at the beginning of the year	557.50	432.50
Number of shares at the end of the year	557.50	557.50
Weighted average number of shares outstanding during the year	557.50	452.53
Net Profit/(Loss) for the year	(2961.97)	(693.29)
Net Profit/(Loss) available for equity shareholders	(2961.97)	(693.29)
Basic & Diluted Earning per share (in ₹)	(5.31)	(1.53)

34 Operating Leases

1. Future Minimum Lease Payments under non-cancellable operating lease for the period		
(a) Not later than one year	247.76	367.36
(b) Later than one year but not later than 5 years	507.43	689.67
(c) More than 5 years	6.71	22.82
2. Lease payments charged to Profit and Loss Account		
Rental expenses	52.60	660.46
Depreciation	804.81	-
Interest	374.15	-

3. The Company has taken on lease a number of premises for storage business under operating leases. The lease typically runs for a period of 3 to 9 years with an option to renew the lease after that period. The lease payments for the entire lease period are fixed at the time of entering into the lease agreement and are renegotiated towards the end of the lease period in case of renewals.

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied to lease contracts existing on April 1, 2019 by electing the Modified Retrospective option (Para C5(b) of the Application Guidance of this Standard) and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 2274.99 lakhs and a lease liability of ₹ 2951.71 lakhs. The cumulative effect of applying the standard resulted in adjusting retained earnings net of taxes of ₹ 488.46 lakhs (including the impact of deferred tax asset created of ₹ 188.26 lakhs) as at April 1, 2019.

In the Statement of Profit and Loss account for the current quarter, the nature of expenses in respect of operating leases has changed from lease rent to depreciation cost for the right-to-use asset and finance cost for interest accrued on lease liability. The figures for the year (with and without the impact of the new Lease Standard) for comparative purposes only are as under:-

Particulars	Year ended March 31, 2020 (after adoption of Ind AS 116)	Year ended March 31, 2020 (before adoption of Ind AS 116)	Impact of adoption of Ind AS 116 for the year ended March 31, 2020
Expenses:			
Employee benefits expense	1419.43	1419.43	-
Finance costs	810.63	436.48	374.15
Depreciation and amortization expense	674.64	674.64	-
Right of use lease depreciation	804.81	-	804.81
Other expenses	5140.39	6192.03	(1,051.63)
Total expenses	8849.90	8722.58	127.33
Profit/ (loss) before tax	(3,913.58)	(3,786.26)	(127.33)
Profit/ (loss) after tax	(2,961.97)	(2,866.70)	(95.28)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

35 Related Parties

a. List of Related Parties

Ultimate Holding Company	IFCI Ltd
Holding Company	Stock Holding Corporation of India Ltd
Fellow Subsidiaries (with whom transactions have taken place)	SHCIL Services Ltd (SSL)
	IFCI Financial Services Ltd (IFIN)
	IFCI Infrastructure Development Ltd (IIDL)
	IFCI Factors Ltd
Key Management Personnel	Ramesh N.G.S. - Non Executive Chairman
	R H Mewawala - Executive Vice Chairman
	Venkatraman Iyer - Independent Director
	Sanjay Sharma - Independent Director
	L Viswanathan - Director
	Jagdish Thakur - Director
	Shreekant Patwardhan - Director
	Anita Dembla - Director
	Sanjeev Vivrekar - MD & CEO
	Jyoti Katira - CFO
	Jajvalya Raghavan - CS
Trust wherein the Company has control	StockHolding Document Management Services Ltd.
	Employees Group Gratuity Assurance Scheme

The ICAI - Ind AS Transition facilitation group's bulletin dated July 31, 2017 has clarified that under para 9 of Ind AS 24, independent and non executive directors are covered under definition of KMP. Accordingly disclosure is being made in this section for the said purpose.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

b. Transactions (including accruals) with related parties for the year ended March 31, 2020.

Particulars	For the year ended March 31, 2020										For the year ended March 31, 2019									
	Ultimate Holding Company	Holding Company	Fellow Subsidiary				Key Managerial Personnel	Trust wherein Co has control	Total	Ultimate Holding Company	Holding Company	Fellow Subsidiary				Key Managerial Personnel	Trust wherein Co has control	Total		
			SSL	IFIN	IIDL	IFCI Factors						SSL	IFIN	IIDL	IFCI Factors					
Reimbursement of Office Expenses	-	71.34	-	-	-	-	-	71.34	-	51.60	-	-	-	-	-	-	51.60			
Rent	-	115.41	-	-	-	-	-	115.41	-	93.26	-	-	-	-	-	-	93.26			
Managerial Remuneration	-	-	-	-	-	151.72	-	151.72	-	-	-	-	-	141.61	-	-	141.61			
Subscription to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Commission	-	24.03	-	-	-	-	-	24.03	-	23.03	-	-	-	-	-	-	23.03			
Sifting Fees Paid	-	-	-	-	-	32.10	-	32.10	-	-	-	-	-	45.50	-	-	45.50			
Inter Corporate Deposits (ICDs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
9.5% non convertible debentures (NCDs)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Interest on ICDs/ NCDs	-	215.05	-	-	-	-	-	215.05	-	272.05	-	-	-	-	-	-	272.05			
Reimbursement of deputed employees salary & gratuity and other funds	-	243.64	-	-	-	-	-	243.64	-	215.41	-	-	-	-	-	-	215.41			
Income - Physical Storage, Digitisation, Software sales & related software services	8.57	246.86	73.38	7.40	1.83	4.98	-	343.00	109.07	337.79	57.26	3.96	-	-	-	-	508.08			
Contributions	-	-	-	-	-	-	-	17.74	-	-	-	-	-	-	-	-	6.60			
	-	-	-	-	-	-	-	17.74	-	-	-	-	-	-	-	-	6.60			

* Excluding taxes

c. Outstanding balances as at March 31, 2020.

Particulars	As at March 31, 2020										As at March 31, 2019									
	Ultimate Holding Company	Holding Company	Fellow Subsidiary				Key Managerial Personnel	Trust wherein Co has control	Total	Ultimate Holding Company	Holding Company	Fellow Subsidiary				Key Managerial Personnel	Trust wherein Co has control	Total		
			SSL	IFIN	IIDL	IFCI Factors						SSL	IFIN	IIDL	IFCI Factors					
Trade and other receivables	34.14	412.93	6.65	7.54	6.83	-	-	468.09	32.98	669.25	5.49	-	-	-	-	-	707.73			
Dues payable	-	1288.86	-	-	-	-	-	1288.86	-	781.16	-	-	-	-	-	-	781.16			
Inter corporate deposits (ICDs)	-	499.82	-	-	-	-	-	499.82	-	994.92	-	-	-	-	-	-	994.92			
9.5% non convertible debentures (NCDs)	-	1547.53	-	-	-	-	-	1547.53	-	1534.54	-	-	-	-	-	-	1534.54			

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	Year ended Mar 31, 2020	Year ended Mar 31, 2019
36 Payment of managerial remuneration		
(a) To Executive Vice Chairman and MD & CEO		
Short-term employee benefits	102.41	95.63
Post-employment gratuity and medical benefits	5.92	5.25
Termination benefits	5.73	4.71
(b) To Other Managerial Personnel		
Short-term employee benefits	33.98	32.12
Post-employment gratuity and medical benefits	2.26	1.95
Termination benefits	1.42	1.94
	151.72	141.61

Note: Excludes leave accrued determined actuarially, by Holding Company Stockholding.

37 Disclosure pursuant to Ind As accounting standard – 19 'Employee Benefits'

a) Defined Contribution plans

Contribution to provident fund ₹ 79.77 Lakhs (Previous period: ₹ 57.60 Lakhs) is recognized as an expense and included under the head in Company's contribution to Employees Provident Fund & Gratuity Fund.

b) Defined benefit plan

The Company is statutorily required to provide for gratuity a defined benefit retirement plan covering eligible employees. Gratuity plan provides for a lump sum payment to employees on retirement, death, incapacitation, termination of employment, of amounts that are based on salaries and tenure of the employees.

The gratuity liability is funded by the company through contributions made to LIC.

Present Liability of Gratuity is accounted based on actuarial valuation done by a professional actuary.

Particulars	Year ended Mar 31, 2020	Year ended Mar 31, 2019
I. Actuarial assumptions :		
Discount Rate	6.82%	7.78%
Rate of Return on Plan Assets *	6.82%	7.78%
Future Salary Rise**	5.00%	5.00%
Attrition Rate Current Year	2.00%	2.00%

* This is based on expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

** The Estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in employment markets.

(₹ in lakhs)

Particulars	Year ended Mar 31, 2020	Year ended Mar 31, 2019
II. Change in Benefit Obligation:		
Liability at the beginning of the period	47.88	36.38
Interest cost	3.72	2.86
Current service cost	9.00	8.17
(Benefit paid from the Fund)	(1.14)	(0.23)
Actuarial (gains)/losses on obligations - Due to Change in Financial Assumptions	9.27	0.62
Actuarial (gains)/losses on obligations - Due to Experience	3.07	0.08
Liability at the end of the period	71.81	47.88
III. Fair Value of Plan Assets:		
Fair value of plan assets at the beginning of the period	42.50	34.93
Expected Return on plan assets	3.31	2.75
Contributions	17.74	6.60
(Benefit paid from the Fund)	(1.14)	(0.23)
Actuarial gains/(losses) on plan assets	(0.33)	(1.55)
Fair value of plan assets at the end of the period	62.08	42.50

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

37 Disclosure pursuant to IndAS accounting standard – 19 'Employee Benefits' (Continued)

(₹ in lakhs)

Particulars	Year ended Mar 31, 2020	Year ended Mar 31, 2019
IV. Total Actuarial (Gain) / Loss to be recognized in Other Comprehensive Income (OCI)	12.68	2.25
V. Actual Return on Plan Assets	19.58	7.57
VI. Amount Recognised in the Balance Sheet :		
Fair value of plan assets at the end of the period	62.08	42.50
Liability at the end of the period	(71.81)	(47.88)
Funded Status	(9.73)	(5.38)
Unrecognized past service cost	-	-
Unrecognized Transition Liability	-	-
Net (liability)/Asset recognized in the Balance Sheet	(9.73)	(5.38)
VII. 100% of the Plan assets has been invested in Insurer Managed Funds		
VIII. Expenses Recognised in the statement of profit or loss		
Current service cost	9.00	8.17
Net interest cost	0.42	0.11
Expense recognised	9.42	8.28
IX. Expenses Recognised in the other comprehensive income (OCI)		
Actuarial (gains)/losses	12.35	0.70
Return on plan assets excluding interest income	0.33	1.55
Expense recognised in OCI	12.68	2.25
X. Balance Sheet Reconciliation		
Opening net liability	5.38	1.45
Expenses recognised in statement of profit or loss	9.42	8.28
Expenses recognised in OCI	12.68	2.25
Employers contribution	(17.74)	(6.60)
Amount recognised in balance sheet - Net liability/ (Asset)	9.73	5.38
XI. Sensitivity Analysis		
Projected benefit obligation on current assumptions	71.81	47.88
Delta Effect of +1% change in rate of discounting	(9.62)	(6.25)
Delta Effect of -1% change in rate of discounting	11.81	7.66
Delta Effect of +1% change in rate of salary increase	11.91	7.80
Delta Effect of -1% change in rate of salary increase	(9.86)	(6.45)
Delta Effect of +1% change in rate of employee turnover	2.08	2.22
Delta Effect of -1% change in rate of employee turnover	(2.45)	(2.62)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

37 Disclosure pursuant to IndAS accounting standard – 19 'Employee Benefits' (Continued)

This plan typically exposes the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. When there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit. Currently, for these plans, investments are made in government securities, debt instruments, Short term debt instruments, Equity instruments and Asset Backed, Trust Structured securities as per notification of Ministry of Finance.

Interest risk A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's investments.

Longevity risk The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

XII. Expected employer's contribution in next year is ₹ 21.62 Lakhs (Actual contribution in current year is ₹ 17.74 Lakhs).

c) Compensated Absences for Employees

The Company permits encashment of leaves accumulated by its employees on retirement, separation and during the course of service. The liability for unexpired leave is determined and provided on the basis of actuarial valuation at the Balance Sheet date. The compensated absences liability is not funded.

(i) Actuarial Assumptions at the Valuation date

Particulars	Year ended Mar 31, 2020	Year ended Mar 31, 2019
Discount Rate	6.82% p.a	7.78% p.a
Salary Escalation Rate	5.00% p.a	5.00% p.a
Attrition Rate	2.00% p.a	2.00% p.a
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
(ii) Amount recognized in Balance Sheet and movements in net liability:		
Opening Balance of Compensated Absences (X)	24.96	8.48
Present value of Compensated Absences (As per actuary valuation) (Y)	50.46	33.44
Unfunded / (Excess) liability of Compensated Absences recognised in the Profit and Loss account for the year (Y – X)	25.49	24.96

38 Foreign currency related disclosures

Particulars		
(a) Expenditure in Foreign currency - Travelling expenses	4.96	13.27
(b) Earning in foreign currency	-	-
(c) Unhedged foreign currency exposure as on reporting date	-	-
(d) Derivative contracts outstanding as on reporting date	-	-

39 Dividend - distribution and proposed

Declared and paid during the current period	-	69.20
Proposed dividend	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

40 CSR Expenditure

a) Gross amount required to be spent by the Company during the year ended Mar 31, 2020 is ₹ 6.00 lakhs (previous year: ₹ 20.50 lakhs)

b) Amount spent during the half year on:		(₹ in lakhs)	
CSR activities	Paid	Total	
(i) Construction/ acquisition of any asset	-	-	
(ii) On purposes other than (i) above	6.00	6.00	

41 Segment Reporting

a) Physical Storage Services, Digitisation of Documents & software services have been considered as primary segments. The Profit & Loss account of the reportable segments is set out here below:

(₹ in lakhs)

	Year ended Mar 31, 2020	Year ended Mar 31, 2020
b) Segment Revenue		
Physical Storage Services	2379.83	2087.76
Digitisation Services	1671.24	1936.49
Software Services	1216.89	1041.48
Total Revenue	5267.96	5065.73
Segment Cost		
Physical Storage Services	3327.45	1934.17
Digitisation of Documents	2575.93	1738.43
Software Services	1293.75	608.12
Total Cost	7197.13	4280.72
c) Segment Results		
Physical Storage Services	(947.62)	153.59
Digitisation of Documents	(904.69)	198.06
Software Services	(76.86)	433.36
Total Net Revenue	(1929.17)	785.01
Unallocated Expenses		
Operating Expenses	1549.95	1657.58
Depreciation & Amortisation	102.83	14.81
Operating Profit/ (loss)	(3581.94)	(887.37)
Other income	61.84	112.45
Profit/ (loss) before exceptional items and tax	(3520.10)	(774.92)
Exceptional items	(393.48)	(166.10)
Profit/ (loss) before tax	(3913.58)	(941.02)
Less: Tax	(951.61)	(247.73)
Profit/ (loss) for the period	(2961.97)	(693.29)
Other comprehensive income (net of tax)	(9.49)	(1.62)
Total Comprehensive Income for the period (Comprising Profit/ (loss) and Other Comprehensive Income for the period)	(2971.46)	(694.91)

Note: The segment operating profit is arrived at before allocating certain expenses to segments and such unallocable expense are separately disclosed.

The assets and liabilities of the reportable segments are set out here below:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	As on Mar 31, 2020	As on Mar 31, 2019
d) Segment Assets		
Physical Storage Services	10,090.15	6,635.52
Digitisation of Documents	2,094.80	3,284.22
Software Services	1,852.49	2,177.98
Unallocable Assets	2,468.05	2,169.24
Total Assets	16,505.50	14,266.96
e) Segment Liabilities		
Physical Storage Services	5,998.80	2,927.29
Digitisation of Documents	521.49	1,088.31
Software Services	334.03	484.07
Unallocable Liabilities	4,849.24	1,505.43
Total Liabilities	11,703.56	6,005.10
f) Capital Employed		
Physical Storage Services	4,091.35	4,398.10
Digitisation of Documents	1,573.32	2,461.40
Software Services	1,518.46	1,777.03
Unallocable	(2,381.18)	(374.67)
Total Capital Employed (d-e)	4,801.94	8,261.86

Note: There are no reportable geographical segments.

Information about major customers

Company's significant revenues, more than 45% (FY 2018-19: 59%) are derived from sales to government, quasi government enterprises and public sector units. The total sales to such companies amounted to ₹ 2407.13 lakhs in the year ended March 31, 2020 and ₹ 2978.73 lakhs in the year ended March 31, 2019.

Revenue from physical storage and digitisation of two customers is ₹ 1560.95 lakhs (FY 2018-19: Two customers - ₹ 1383.35 Lakhs) which is 30% (FY 2018-19: 27%) of the Company's total revenue.

42 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The objective of the Company's capital management is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The amounts managed as capital by the Company for the reporting periods under review are summarised as follows:

(₹ in lakhs)

	As at Mar 31, 2020	As at Mar 31, 2019
Total equity	4801.94	8261.86
Capital	4801.94	8261.86
Non current and current borrowings	3966.60	3453.78
Overall financing	8768.54	11715.64
Capital-to-overall financing ratio	55%	71%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

43 Financial Risk Management

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include security deposits, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. The financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

	(₹ in lakhs)	
	Year ended Mar 31, 2020	Year ended Mar 31, 2019
The following is the sensitivity analysis of various types of risks:		
a) <u>Interest rate sensitivity analysis</u>		
Profit for the period including other comprehensive income	(2,971.46)	(694.91)
Effect of +1% change in rate of interest	(20.22)	(25.21)
Effect of -1% change in rate of interest	20.22	25.21
b) <u>Credit risk analysis</u>		
Customer credit risk is managed as per the company's established policy, procedures and control relating to customer credit risk management. Outstanding trade receivables are regularly monitored.		

The trade receivables at reporting date analysed by the length of time past due are as per below:

	(₹ in lakhs)	
	As at Mar 31, 2020	As at Mar 31, 2019
90 Days	1,003.00	1,400.48
91-180 Days	839.24	427.70
181-365 days	1,028.36	718.56
more than 365 days	2,634.85	2,033.61
	5,505.45	4,580.35
Add: SHCIL debtors	412.93	669.25
Less: Provision for doubtful debts	1,811.39	45.26
Debtors as per books	4,106.99	5,204.34

Major customers, being govt. undertakings and private companies having highest credit ratings, carry negligible credit risk. Concentration of credit risk to any private counterparty (except for one customer - 7.69%) did not exceed 5% of total debtors at any time during the year ended March 31, 2020.

c) Liquidity risk analysis

The contractual cash flows of the company's financial liabilities (including interest payments where applicable) are as below:

	(₹ in lakhs)	
Particulars	As at Mar 31, 2020	As at Mar 31, 2019
<u>Current:</u>		
<u>Borrowings</u>		
-Within 6 months	3563.70	2092.74
-Between 6 and 12 months	-	23.96
<u>Trade payables</u>		
-Within 6 months	1895.70	1298.30
-Between 6 and 12 months	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

Particulars	As at Mar 31, 2020	As at Mar 31, 2019
Other current financial liabilities		
-Within 6 months	2327.96	1136.57
-Between 6 and 12 months	-	-
Non Current:		
Borrowings		
- upto 5 years	1142.50	2287.13
- Later than 5 years	-	-
Other non current financial liabilities		
- upto 5 years	45.82	29.94
- Later than 5 years	-	-
The company has access to committed credit facilities as described below, of which ₹ 92.21 lakhs were unused at the end of the reporting period (as at March 31, 2019 - ₹ 3.64 lakhs). The company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.		

(₹ in lakhs)

	As at Mar 31, 2020	As at Mar 31, 2019
Secured bank overdraft and cash credit facility reviewed annually and payable at call		
Amount used	2419.07	1424.32
Amount unused	92.21	3.64

44 Carrying amount and movement in provision for doubtful debts

Carrying amount as at the beginning of the period	45.26	98.44
Additional provisions	1811.39	45.26
Amount utilised	-	-
Reversals	45.26	98.44
Carrying amount as at the end of the period	1811.39	45.26

45 Financial assets and liabilities

(₹ in lakhs)

	As at Mar 31, 2020	As at Mar 31, 2019
Categories of financial assets		
Carrying values of financial assets measured at amortised cost		
Non Current financial assets		
	Fair value hierarchy	
Security and other deposits	Level 3	404.48
Margin money deposits with banks	Level 3	208.62
Current financial assets		
Security and other deposits	Level 3	155.78
Trade and other receivables	Level 3	4106.99
Cash and cash equivalent	Level 3	88.97
Other balances with banks	Level 3	17.55
Accrued interest on fixed deposits	Level 3	-
		2.02

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

Fair values of financial assets measured at amortised cost

Management considers that the carrying amounts of financial assets recognised at amortised costs in financial statements approximate their fair values.

(₹ in lakhs)

		As at Mar 31, 2020	As at Mar 31, 2019
Categories of financial liabilities			
<u>Carrying value of financial liabilities measured at amortised cost</u>			
Non Current financial liabilities	Fair value heirarchy		
Inter - corporate deposits	Level 3	-	494.92
Non Convertible Debentures	Level 3	1,547.53	1,534.54
Current financial liabilities			
Current maturities of long term debt	Level 3	499.82	500.00
Cash Credit/ Overdraft facility	Level 3	2,419.07	1,424.32
Trade payables	Level 3	1,895.70	1,298.30
Accruals for expenses	Level 3	990.78	477.71
Security deposits	Level 3	2.63	2.63
Retention money	Level 3	140.44	16.72
Other current financial liabilities	Level 3	83.08	47.08

Fair value of financial liabilities measured at amortised cost

Management considers that the carrying amounts of financial liabilities recognised at amortised costs in financial statements approximate their fair values.

Financial assets/liabilities measured at fair value through profit or loss or other comprehensive income - Nil

(₹ in lakhs)

		As at Mar 31, 2020	As at Mar 31, 2019
46 Income taxes			
(a) Income tax expense			
Current taxes			
- For current year		-	-
- For earlier years		-	(16.80)
Total of current tax		-	(16.80)
(b) Deferred taxes			
Deferred tax charge/(credit) - For Current Year		(951.61)	(230.93)
Total of deferred tax		(951.61)	(230.93)
Total of tax expense		(951.61)	(247.73)
(c) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:			
Profit/ (Loss) before tax		(3,913.58)	(941.02)
Enacted tax rates in India		25.168%	27.82%
Computed expected current tax expense		-	-
Add: Tax effect of items not allowed as deduction		-	-
Less: Tax effect of items allowed as deduction		-	-
Add: Tax effect on notional interest cost calculated as per IndAs		-	-
Less: Tax effect on other comprehensive income calculated as per IndAs		-	-
Add: Rounding off		-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in lakhs)

	As at Mar 31, 2020	As at Mar 31, 2019
(d) The gross movement in the deferred income tax account is as per below:		
Net deferred income tax liability/ (asset) at the beginning	6.25	237.81
Transition impact of Ind AS 116	(188.26)	-
Credits/Charge relating to temporary differences - Recognised in statement of profit and loss	(951.61)	(230.93)
Temporary differences on defined benefit obligation - Recognised in other comprehensive income	(3.19)	(0.63)
Temporary differences recognised directly in equity	-	-
Temporary differences reclassified from equity to statement of profit and loss	-	-
Net deferred income tax liability/ (asset) at the end	(1,136.81)	6.25

- 47 (a) A fire incident occurred on December 11, 2017 at Mahape premise of the company. The insurance company has not yet settled the claim. The company has written off fixed assets of galvanized containers (93400 nos) and the corresponding amount net of depreciation viz ₹ 374.89 lakhs has been debited to expenditure and shown under exceptional items in the statement of profit and loss.
- (b) The company has been receiving claims for loss of documents from its clients. Majority of the clients have completed audit while others are in various stages of conducting audit through their auditors to assess damage to their documents for the final claims. Pending ascertainment of actual claim, the company has not provided/ disclosed for such claim/contingent liabilities and corresponding insurance claim receivable in the books of account as on March 31, 2020. However, ₹ 4.86 lakhs have been settled upon 4 clients and same has been shown as expense under exceptional items.
- 48 (a) Based on internal information and indicators, the company is of the view that there is no impairment to financial and other assets as on March 31, 2020 due to the COVID-19 pandemic.
- (b) There have been no significant changes in the way assets have been used or are expected to be used.
- (c) There have been no significant changes in the legal factors or business climate that could affect the value of the asset.
- (d) There is no decline or cessation of, the need of services provided by the assets.
- (e) The impairment of receivables reflects conditions already existing as on March 31, 2020.
- 49 Previous period/year figures have been regrouped/reclassified wherever necessary to make them comparable with the current year classification.

50 Approval of financial statements

The Financial Statements have been approved for issue by the Board of Directors on June 17, 2020.

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Karnavat & Co
Chartered Accountants
Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi
Partner
Membership No: 137686

Jajvalya Raghavan
Company Secretary

Sanjeev Vivrekar
MD & CEO

Venkatraman Iyer
Jagdish Thakur
Directors

Place: Mumbai
Date : June 17, 2020

Jyoti Katira
Chief Financial Officer

PHOTO GALLERY



SDMS (Women) 1st Runner Up team holding the trophy with Shri R.H. Mewawala - Executive Vice Chairman and Shri Sanjeev Vivrekar - MD & CEO at StockHolding Premier League Cricket Tournament 2020.



Award winning poems & drawings by our talented employees – Ms. Prachi Pawaskar (Deputy Manager – Finance) and Ms. Shalaka Ghule (Executive – HR), as a part of Fire Safety Week celebration.



SDMS has contributed towards the purchase of Laptops for Agnels Balbhavan, Vashi, Navi Mumbai – a home for orphans and underprivileged boys through SHCIL Foundation.



Diwali celebrations - 2019 at Stock Holding DMS



Innovative greeting cards prepared by SDMS employees as a part of "Best out of waste" competition.

CERTIFICATE of ACHIEVEMENT

This is to acknowledge that



StockHolding DMS

(StockHolding Document Management Services Limited)
(formerly known as SHCIL Projects Limited),
P-51, SHCIL House, TTC Industrial Area, MIDC Mahape, Navi Mumbai -400710

Has achieved Maturity Level 5
For the CMMI-DEV V1.3 Model Framework
Assessed vide SCAMPI v1.3 Method.



CMMI DEV / 5SM
Exp. 2022-02-13 / Appraisal #2440

Consulting Partner

Kris Puthucode & Rakesh Singh

(Lead Appraiser & Lead Instructor)

Our Credentials



CMMIDEV/5SM
Exp: 2022-02-13 / Appraisal #3440



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Products & Services



StockHolding Document Management Services Limited

SHCIL House, Plot No. P-51, T.T.C Industrial Area, MIDC, Mahape, Navi Mumbai-400710

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