



StockHolding DMS

StockHolding Document Management Services Limited

ANNUAL REPORT 2017 - 2018



DOCUMENT STORAGE



VIRTUAL DATA ROOM

Documents

Scanning

Digital Storage

Physical Storage

View & Verification



DIGITIZATION

Vision

“ StockHolding DMS 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

- StockHolding DMS 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.
- StockHolding DMS 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.

StockHolding Document Management Services Limited

12th Annual Report 2017-18

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BOARD OF DIRECTORS (as on August 28, 2018)

Shri Ramesh NGS	-	Chairman (Non-Executive)
Shri R. H. Mewawala	-	Vice Chairman (Executive)
Shri Venkatraman Iyer	-	Independent Director
Shri Sanjay Sharma	-	Independent Director
Shri L. Viswanathan	-	Director
Shri Umesh Punde	-	Director
Shri Jagdish Thakur	-	Director
Ms. Meena Pednekar	-	Director
Shri Sanjeev Vivrekar	-	MD & CEO
Ms. Jyoti Katira	-	Chief Financial Officer
Ms. Jajvalya Raghavan	-	Company Secretary
Statutory Auditors	-	M/s. Chandabhoy & Jassoobhoy, Chartered Accountants, Mumbai
Internal Auditors	-	M/s. PKF Sridhar & Santhanam, LLP Chartered Accountants, Mumbai

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, 2018	Year ended March 31, 2017
Income from Operations	59.13	82.23
Other Income	1.21	0.70
Total Income	60.34	82.93
Expenditure		
- Cost of software licenses sold	1.89	-
- Finance Cost	3.65	3.57
- Employee benefit expenses	11.75	11.04
- Depreciation and amortization expenses	5.92	5.70
- Other expenses	34.10	47.70
Total Expenditure	57.31	68.01
Profit before tax	3.02	14.92
Provision for Tax	0.58	5.22
Profit after tax	2.44	9.69
Other Comprehensive Income	(0.02)	(0.01)
Profit including other Comprehensive Income	2.42	9.68

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Twelfth Annual Report of your Company along with the Audited Financial Statements for the financial year ended March 31, 2018.

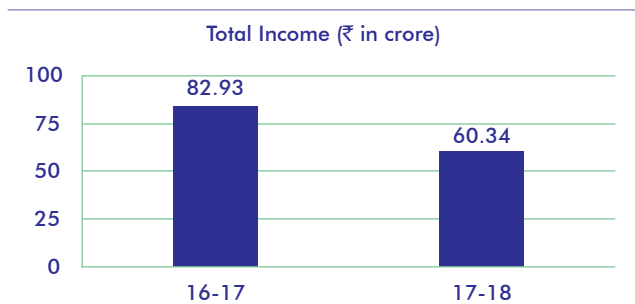
Financial Performance

Pursuant to the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs, your Company has adopted the Indian Accounting Standards (IndAS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

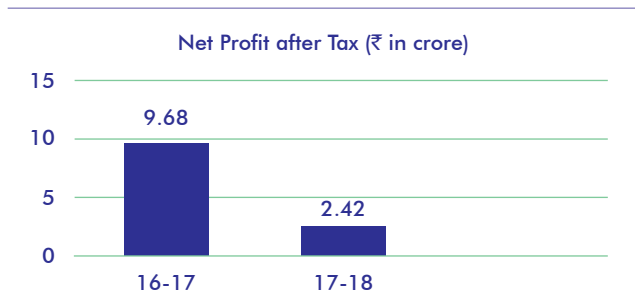
The financial results are summarized below:

Particulars	₹ in Crores)	
	Year ended March 31, 2018	Year ended March 31, 2017
Total Income	60.34	82.93
Total Expenditure	57.32	68.01
Profit before Tax	3.02	14.92
Provision for Tax	0.58	5.22
Profit after tax	2.44	9.69
Other Comprehensive Income	(0.02)	(0.01)
Profit including other Comprehensive Income	2.42	9.68

Your Company recorded a total income of ₹ 60.34 crores during FY 2017-18.



Your Company recorded a Net profit after tax (including other Comprehensive Income) of ₹ 2.42 crores during FY 2017-18.



Developments during the year:

The FY 2017-18 was a challenging year for the Company as there was a fire incident in our SHCIL House, Mahape Storage facility on December 11, 2017. Fortunately, there was no injury to any person or loss of life. Fire Brigades from Rabale MIDC, Vashi, Pawane and Mumbai were called to carry out the firefighting operations.

All the concerned authorities like Police, MIDC and New India Assurance Company (Insurer) were informed on the same day of the incident. On behalf of StockHolding Group, press releases were emailed to leading financial and business newspapers. Regular emails were being sent to all clients to maintain a continuous channel of communication for keeping them apprised about the developments during the firefighting operations.

The fire incident has resulted in loss, destruction and damage of physical documents and various other equipments, installations and properties. However, your Company has adequate insurance coverage for the loss and damage incurred.

StockHolding and its subsidiaries have shifted to a fully furnished office premises on rent for a temporary period on the 6th and 7th floor of ML Tower in Millennium Business Park, Mahape.

The physical storage business in Mahape was severely impacted by the incident. An alternate premises for document storage has been taken in Mahape itself to continue servicing the existing as well as new clients.

The digitization business was not affected by the fire. Digitisation at client locations continued unhampered.

The Data Centre was made functional on the intervening night of 11 & 12th December, 2017. The hosting services to clients are being provided seamlessly from the Data Centre, Mahape.

Taking cues from the fire, as paper-based storage carries an inherent risk of catching as well as spreading fire, your Company has taken a conscious decision to discontinue offering Corrugated Carton Storage (Cardboard Box Storage) not just at Mahape but across all branches in India. Going forward, all storage facilities across India will have Metal Container Storage and Compactor/ Bin Storage facility to eliminate any iota of source of fire. Also, SDMS is conducting fire and electricity audit across all its storage facilities in India to identify and eliminate risk, if any.

Operations review

Your Company continues to offer Physical Record Management Services, Document Management System, Digitization Services, Hosting Services, Workflow Management System, Customer Relationship Management System and Enterprise Content Management System.

Your Company participates in tenders floated by government and other organizations for business opportunities. During the FY 2017-18, your Company has bagged three tenders for storage, digitization and software business.

Your Company continues to pursue extensive marketing and sales initiatives to expand its client base. During the FY 2017-18, your Company added thirty two clients in the storage space, nineteen clients in the digitization and eight clients in the software/hosting services. The latest technology is put in place to achieve higher levels of speed, accuracy and perfection in the digitization space.

Awards, Certifications and Memberships

Your Company has received India's Most Trusted Company Award 2017 on September 24, 2017 in Mumbai, presented by International Brand Consulting Corporation, USA.



Mr. Yashraj Thakkar (Manager – Marketing) and Mr. Rajesh Sharma (Deputy Manager – Marketing) receiving the award.
(Left to right –Mr. Hemant Kaushik, CEO of IBC InfoMedia), Mr. Yashraj Thakkar (Manager – Marketing), Mr. Vijay Shivtare (Hon'ble Minister of State for Water Resources & Parliamentary Affairs – Maharashtra Government), Mr. Satinder Pal Singh Ahuja (Honorary Consul of Georgia in Mumbai) and Mr. Rajesh Sharma (Deputy Manager – Marketing)

Your Company has achieved CMMI Level 3 certification and is in the process of achieving CMMI Level 5 certification,

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

Your Company has also achieved seven ISO certifications –ISO 9001:2015, ISO 27001:2013, ISO 15836:2017, ISO 15489:2016, ISO 20001:1-2011, ISO 14721:2012 and ISO 10244:2012 in the end to end document management arena.

Your Company 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.

Your Company has taken membership of PRISM for its storage services. PRISM is an international certification program open to companies providing storage and protection of hard-copy records.

Future Outlook

Despite the slight dip in the performance of your Company in FY 2017-18, your company is confident of achieving and exceeding its targeted turnover for FY 2018-19. Your Company is focused on not just retaining its existing client base but on targeting new customers for its products and services.

The physical storage business is the main pillar and one of the steadiest sources of income for your Company. Your Company has continued patronage for its storage business from Government organizations, PSUs, Corporates, Banks and other entities.

Recognizing the demand for IT products, your Company plans to foray into new IT related products and services. The Company has added a feather to its cap by successfully developing and offering a new IT product - Virtual Data Room (VDR). VDR is an online repository of information (data) that is used for the storing and distribution of documents which is password protected and allows parties to securely and confidentially share information with the assurance that the documentation will not be lost, copied or leaked.

Aligning itself with the Digital India initiative of the Government of India, your Company is consciously targeting digitization projects to achieve higher topline.

Human Wealth Development & Training

Your Company is committed to creating an organizational culture which nurtures the talent and potential of its employees for the growth and prosperity of the Company. Your Company facilitates the development of employees'

knowledge base, skills, efficiency, innovativeness and self-expression, so that they contribute positively with commitment, while maintaining a high level of motivation and satisfaction.

The Company continuously explores new approaches to learning and development to keep the workforce relevant in an evolving technology landscape.

A robust induction training programme is conducted for new joiners which covers an overview of your Company, product knowledge, soft skills, etc.

In order to enhance the learning curve of employees, training programmes were conducted on topics such as Time Management, Communication Skills and Corporate Etiquette during the FY 2017-18 for the benefit of the employees.

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.



Corporate Etiquette training programme for employees was organized at Hotel Sarovar, Mahape

Your Company prioritizes good health of its employees. A free medical checkup camp was conducted at the Mahape office for all the employees.

Dividend

In order to acknowledge the continuous support and patronage of our shareholders, the Board of Directors are pleased to recommend for approval of the shareholders a final dividend of ₹ 0.16/- per equity share for the FY 2017-18. This dividend shall be subject to dividend distribution tax to be paid by your Company.

Transfer to Reserves

Your Company has transferred ₹ 2.44 crores to the Reserves during the FY 2017-18.

Directors and Key Managerial Personnel (KMP)

Your Company has nine Directors which includes two Independent Directors. All the Independent Directors

have given declarations that they meet the criteria of Independence as laid down under Section 149 of the Companies Act, 2013.

Based on the recommendation of the Nomination and Remuneration Committee and subject to the approval of shareholders at ensuing Annual General Meeting (AGM), the Board at its meeting held on March 16, 2018 has appointed Shri R.H. Mewawala, as Whole Time Director, designated as Vice Chairman (Executive) w.e.f. April 1, 2018.

Shri Ramesh NGS, Chairman (Non-Executive) will be appointed as Director liable to retire by rotation at the ensuing AGM.

Shri Jagdish Thakur, Director and Shri Umesh Punde, Director will retire at the ensuing AGM and being eligible offer themselves for reappointment.

Shri R. H. Mewawala - Vice Chairman (Executive) (Whole Time Director) (w.e.f. April 1, 2018), Shri Sanjeev Vivrekar - MD & CEO, Ms. Jyoti Katira – Chief Financial Officer and Ms. Jajvalya Raghavan – Company Secretary are the Key Managerial Personnel of your 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, seven 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 accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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, 2018 and of the profit 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 accounts 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.

Internal Financial Controls

Your Company has laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were 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 viz. Audit, Nomination & Remuneration, Risk Management, Share Allotment and Transfer and Corporate Social Responsibility.

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.

Policy on Directors' Appointment and Remuneration

The Company's policy on Directors' appointment and remuneration etc as per Section 178(3) of the Companies Act, 2013, adopted by the Board, is appended as *Annexure 1* to the Directors' Report.

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.

Auditors

The Statutory Auditors of your Company are appointed by the Comptroller and Auditor General of India (C&AG).

M/s Chandabhoy & Jassoobhoy (C&J), Chartered Accountants, Mumbai were the Statutory Auditors for the FY 2017-18 C&AG has appointed M/s L S Nalwaya & Co., Chartered Accountants as Statutory Auditors of the Company for the FY 2018-19.

Your 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

The Comptroller and Auditor General of India (C&AG), vide report dated August 4, 2018 has informed that nothing significant has come to their knowledge which

would give rise to any comment upon or supplement to Statutory Auditors' report. Copy of the same is placed next to the Statutory Auditors' Report forming part of the financial statements.

Nomination and Remuneration Committee

The details of the composition of the Nomination and Remuneration Committee of the Board and meetings held during the FY 2017-18 are included in the Corporate Governance report which forms part of this report.

Risk Management Policy

Your 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 your Company and the initiatives undertaken on CSR during the year are set out in the *Annexure '2'* of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is also available on the website of your Company.

Committee on Prevention of Sexual Harassment

Your Company has in place an Internal 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 2017-18, no complaints were received.

Fixed Deposits

Your 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

Your 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 have been 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 are no materially significant related party transactions by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have 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

Your 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 in Form MGT-9 is placed herewith at *Annexure 4*.

Corporate Governance

Your 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 your 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

Your 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.

Foreign Exchange earnings and outgo:

Foreign Exchange earnings – Nil (Previous year – Nil)

Foreign Exchange outgo – ₹ 1.71 Lakhs (Previous year – ₹ 4.59 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, especially during the firefighting operations.

The Board would like to place on record its sincere appreciation for the co-operation and support rendered by Police authorities, Fire Brigades, MIDC during the fire incident.

For and on behalf of the Board of Directors

Place : Mumbai

Date : August 28, 2018

Ramesh NGS

Chairman (Non- Executive)

ANNEXURE 1**NOMINATION AND REMUNERATION POLICY****I. INTRODUCTION****A. DEFINITIONS:**

1. 'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. 'Board' means Board of Directors of the Company.
3. 'Director' means Directors of the Company.
4. 'Committee' means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board.
5. 'Company' means StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited) (StockHolding DMS)
6. 'Independent Director' means a director referred to in Section 149 (6) of the Companies Act, 2013.
7. 'Key Managerial Personnel' (KMP) means-
 - (i) Chief Executive Officer or Managing Director or Manager;
 - (ii) Whole-Time Director;
 - (i) Company Secretary;
 - (ii) Chief Financial Officer;
 - (iii) Such other officer as may be prescribed under the applicable statutory provisions / regulations.
8. 'Senior Management Personnel' mean personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the MD & CEO/ Whole time Director (WTD), including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time, shall have the meaning respectively assigned to them therein.

B. APPLICABILITY

The Policy is applicable to

1. Directors (Executive and Non Executive)
2. Key Managerial Personnel

3. Senior Management Personnel and other employees

C. EFFECTIVE DATE

This policy shall be effective from January 14, 2015.

D. OBJECTIVES:

The objectives of policy are:

1. To identify persons who are qualified to become Directors (Executive and Non-Executive), Key Managerial Personnel and persons who may be appointed in Senior Management (at one level below the MD & CEO / WTD).
2. To determine remuneration based on performance, Company's size, financial position, trends and practices on remuneration prevailing in the corporate sector etc.
3. To carry out evaluation of the performance of Directors.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons.

E. NRC-B:

The Committee shall comprise of three or more non-executive directors out of which not less than one-half shall be independent directors. The Chairman of the Company can be a member of the Committee but cannot chair the Committee. The Board has the power to reconstitute the Committee consistent with the applicable statutory requirement.

II. MATTERS TO BE DEALT WITH AND RECOMMENDED BY THE NRC-B TO THE BOARD**The NRC-B shall:**

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management position (at one level below the MD & CEO / WTD) in accordance with the criteria laid down in this policy.

3. Recommend to the Board the appointment of Director, KMP and Senior Management Personnel.
4. Evaluate the performance of the Directors and recommend their remuneration.

III. APPOINTMENT AND NOMINATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT PERSONNEL

a. Appointment criteria and qualifications

1. The Committee to examine that the person possesses requisite qualification, expertise and experience for appointment as Director, KMP or at Senior Management position (at one level below the MD & CEO / WTD). The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
2. Independent Director must comply with the criteria given under Section 149 of the Companies Act, 2013 and other applicable statutory provisions.
3. A Director shall not attract any disqualification as prescribed under Section 164 of the Companies Act, 2013 or any other statutory provision as applicable.

b. Term / Tenure

1. Managing Director & CEO / WTD

The Company shall appoint or re-appoint any person as its Managing Director & CEO or WTD for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director

- i. An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- ii. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

3. Evaluation

The Committee shall carry out evaluation of performance of every Director on a half yearly basis.

4. Retirement

The Director, KMP and Senior Management Personnel and other employees shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company.

IV. REMUNERATION TO DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

A. Remuneration to Managing Director & CEO / WTD

1. The Committee shall recommend to the Board the remuneration payable to the Managing Director & CEO / Executive Director, Key Managerial Personnel (KMP) and Senior Management Personnel (at one level below the MD & CEO / Executive Director).
2. Every Whole time KMP (i.e. MD & CEO, Company Secretary & Chief Financial Officer) shall be appointed by means of a resolution of the Board conferring the terms and conditions of the appointment including the remuneration based on expertise, experience, qualification and other attributes.
3. The remuneration payable to Directors is subject to the approval of the Board, shareholders of the Company and Central Government, wherever required, as per the provisions of the Companies Act, 2013, and the rules made thereunder.
4. The remuneration payable to Managing Director & CEO / Executive Director shall be in accordance with the Article of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
5. Where any insurance is taken by the Company on behalf of its Managing Director & CEO/ Executive Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

6. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director / Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
7. If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

B. Remuneration to Non- Executive / Independent Director

Sitting Fees:

The Non- Executive / Independent Director may receive sitting fees for attending meetings of Board or Committee thereof.

Provided that the amount of sitting fees shall not exceed Rupees one lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

C. Remuneration to Key Managerial Personnel, Senior Management Personnel and other employees

The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees shall be as per industry standards. The Committee shall, in consultation with the Human Resource department of the Company, decide remuneration payable to the Key Managerial Personnel, Senior Management Personnel and other employees.

D. Remuneration to employees

The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee etc.

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. Ensuring environmental sustainability, ecological balance including contribution to the clean Ganga fund set up by the Central Govt. for rejuvenation of river Ganga, etc.;
- iv. Contribution to the Prime Minister's National Relief Fund or other fund set up by the Central Government for socio economic development, relief and welfare;

- v. 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. Meena Pednekar - Director

3 Average net profit of the Company for last three financial years for the purpose of computation of CSR - ₹ 961.91 lakhs.

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

The Company is required to spend ₹ 19.24 lakhs.

5 Details of CSR spent for the financial year

- a. Total amount to be spent for the financial year : CSR contribution of ₹ 19.24 lakh is rounded off to ₹ 19.50 lakh
- b. Amount unspent, if any : Nil
- c. Manner in which the amount spent during the financial year is detailed below:

S. 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.	Yuva Foundation	Medical	Jharkhand, Hazaribagh,	₹ 10 lakhs	₹ 10 lakhs	₹ 10 lakhs	Through SHCIL Foundation
2.	Sethu Foundation	Medical	Goa	₹ 4.70 lakhs	₹ 4.70 lakhs	₹ 4.70 lakhs	Through SHCIL Foundation
3.	Osmania University	Sanitation (Health)	Telangana Hyderabad,	₹ 4.80 lakhs	₹ 4.80 lakhs	₹ 4.80 lakhs	Through SHCIL Foundation

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 2017-18, 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.

Place : Mumbai
Date : August 28, 2018

Shri. Sanjeev Vivrekar
MD & CEO

Shri Venkatraman Iyer
Chairman, CSR Committee

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

Place : Mumbai
Date : August 28, 2018

Shri Ramesh NGS
Chairman (Non-Executive)

ANNEXURE 4

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
AS ON MARCH 31, 2018

[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	N.A.		

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. 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	33.68
2	Digitisation	9997	45.43
3	Software services	9983	20.90

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, 2017				No. of Shares held at the end of the year i.e. March 31, 2018				% 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)	-	-	-	-	-	-	-	-	-

Category of Shareholders		No. of Shares held at the beginning of the year i.e. April 1, 2017				No. of Shares held at the end of the year i.e. March 31, 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d	Bodies Corp.	-	3,70,00,000*	3,70,00,000*	100	-	4,32,50,000*	4,32,50,000*	100	16.89
e	Banks / FI	-	-	-	-	-	-	-	-	-
f	Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)		-	3,70,00,000	3,70,00,000	100	-	4,32,50,000	4,32,50,000	100	16.89
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)		-	3,70,00,000	3,70,00,000	100	-	4,32,50,000	4,32,50,000	100	16.89
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)		-	3,70,00,000	3,70,00,000	100	-	4,32,50,000	4,32,50,000	100	16.89

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

(ii) Shareholding of Promoters

Sl. 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	% of Total Shares
1.	Stock Holding Corporation of India Limited	-	3,70,00,000*	3,70,00,000*	100	-	4,32,50,000*	4,32,50,000*	100	16.89

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

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

Sl. 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	3,70,00,000	100	3,70,00,000	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):	62,50,000 (Allotment of Shares)		62,50,000	
3.	At the End of the Year	4,32,50,000	100	4,32,50,000	100

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

Sl. No.	For Each of the top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the Year				

100% shares are held by Promoter
i.e. Stock Holding Corporation of India Ltd
Hence, not applicable

(v) Shareholding of Directors and Key Managerial Personnel

Sl. 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 NGS – Non – Executive Chairman	-	-	-	-
2.	Shri Venkatraman Iyer - Independent Director	-	-	-	-
3.	Shri Sanjay Sharma - Independent Director	-	-	-	-
4.	Shri R. H. Mewawala – Director	1 (as nominee of Stock Holding Corporation of India Ltd)	0	1 (as nominee of Stock Holding Corporation of India Ltd)	0
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	-	-	-	-

Sl. 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
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	-	-	-	-
9.	Shri Sanjeev Vivrekar – MD & CEO	-	-	-	-
KEY MANAGERIAL PERSONNEL					
1.	Shri Sanjeev Vivrekar – MD & CEO	-	-	-	-
2.	Ms. Jyoti Katira – Chief Financial Officer	-	-	-	-
3.	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	1500.00	1500.00	-	3000.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	82.77	-	-	82.77
Total (i+ii+iii)	1582.77	1500.00	-	3082.77
Change in Indebtedness during the financial year				
• Addition	-	-	-	-
• Reduction	(82.77)	-	-	(82.77)
Net Change	(82.77)	-	-	(82.77)
Indebtedness at the end of the financial year				
i) Principal Amount	1500.00	1500.00	-	3000.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	82.77	-	-	82.77
Total (i+ii+iii)	1582.77	1500.00	-	3082.77

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

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 Managing Director
		Shri Sanjeev Vivrekar
1	Gross Salary (excluding Commission)	
	a) Salary as per provisions contained in Section 17 (1) of the Income tax Act,1961	34,74,739
	(b) Value of perquisites u/s 17 (2) Income tax Act, 1961	40,668
	(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	3,20,384
	Total	38,35,791
	Ceiling as per the Act calculated as per Section 198 read with Schedule V of the Companies Act, 2013	84,00,000

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

	Particulars of Remuneration	Fee for attending Board meetings	Fee for attending Committee meetings	Commission	Others, please specify	Total Amount
1. Independent Directors						
	Shri Venkatraman Iyer	2,00,000	2,70,000	-	-	4,70,000
	Shri Sanjay Sharma	1,80,000	2,80,000			4,60,000
	Total (1)	3,80,000	5,50,000	-	-	9,30,000
2. Other Non-Executive Directors						
	Shri Ramesh NGS [#]	2,00,000	-	-	-	2,00,000
	Shri R. H. Mewawala [#]	2,00,000	50,000	-	-	2,50,000
	Shri L. Viswanathan [#]	2,00,000	-	-	-	2,00,000
	Shri Umesh Punde [#]	1,80,000	1,80,000	-	-	3,60,000
	Shri Jagdish Thakur [#]	1,80,000	3,00,000	-	-	4,80,000
	Ms. Meena Pednekar [#]	1,80,000	80,000	-	-	2,60,000
	Total (2)	11,40,000	6,10,000	-	-	17,50,000
	Total (B)=(1+2)	15,20,000	11,60,000	-	-	26,80,000

[#] 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)	10,83,785	21,62,922	32,46,707
	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	9,351	24,679	34,030
	(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	54,349.80	1,40,606	1,94,955.80
Total		11,47,485.80	23,28,207	34,75,692.80

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, 2018)

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 consists of nine members, including two Independent Directors.

Shri R. H. Mewawala was appointed as Executive Vice Chairman w.e.f. April 1, 2018. 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 meets at least once in every quarter. Seven meetings were held during the FY 2017 -18. Details of Board Meetings held are as follows:

Sr. No	Date of the Board Meeting	Board Strength	No. of Directors present
1	April 25, 2017	9	9
2	June 22, 2017	9	8
3	July 21, 2017	9	9
4	August 10, 2017	9	8
5	October 27, 2017	9	7
6	January 24, 2018	9	9
7	March 16, 2018	9	9

Attendance of Directors during FY 2017 -18 at each of the above meetings is as follows:

Sr. No.	Name of the Director	Attendance at the Board Meetings held on						
		25-Apr-17	22-Jun-17	21-Jul-17	10-Aug-17	27-Oct-17	24-Jan-18	16-Mar-18
1.	Shri Ramesh NGS	√	√	√	√	√	√	√
2.	Shri Venkatraman Iyer	√	√	√	√	√	√	√
3.	Shri Sanjay Sharma	√	√	√	√	LoA	√	√
4.	Shri R. H. Mewawala	√	√	√	√	√	√	√
5.	Shri L. Viswanathan	√	√	√	√	√	√	√
6.	Shri Umesh Punde	√	√	√	LoA	√	√	√
7.	Shri Jagdish Thakur	√	LoA	√	√	√	√	√
8.	Ms. Meena Pednekar	√	√	√	√	LoA	√	√
9.	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 NGS	Stock Holding Corporation of India Limited	MD & CEO
	SHCIL Services Limited	Non-Executive Chairman
	Wonder Home Finance Limited	Additional Director (Independent w.e.f. June 1, 2018)
Shri Venkatraman Iyer	Pahal Financial Services Pvt. Ltd	Director
	Anakage Technologies Pvt Ltd	Nominee Director
Shri Sanjay Sharma	-	-
Shri R. H. Mewawala	-	-
Shri L. Viswanathan	-	-
Shri Umesh Punde	-	-
Shri Jagdish Thakur	-	-
Ms. Meena Pednekar	-	-
Shri Sanjeev Vivrekar	-	-

Details of Audit Committee Meetings and Attendance

The Audit Committee met 5 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				
			25-Apr-17	21-Jul-17	27-Oct-17	24-Jan-18	16-Mar-18
1	Shri Venkatraman Iyer	Non- Executive/ Independent	√	√	√	√	√
2	Shri Sanjay Sharma	Non- Executive/ Independent	√	√	LoA	√	√
3	Shri Jagdish Thakur	Non- Executive	√	√	√	√	√

LoA = Leave of absence, √ = attended.

Details of Nomination and Remuneration Committee Meetings and Attendance

The Nomination and Remuneration Committee met 3 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		
			25-Apr-17	27-Oct-17	16-Mar-18
1	Shri Venkatraman Iyer	Non- Executive/ Independent	√	√	√
2	Shri Sanjay Sharma	Non- Executive/ Independent	√	LoA	√
3	Shri Umesh Punde	Non -Executive	√	√	√
4	Shri Jagdish Thakur	Non- Executive	√	√	√

LoA = Leave of absence, √ = attended.

Details of Risk Management Committee Meetings and Attendance

The Risk Management Committee met 2 times 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	
			24-Jan-18	16-Mar-18
1	Shri Umesh Punde	Non- Executive	√	√
2	Shri Jagdish Thakur	Non- Executive	√	√
3	Ms. Meena Pednekar	Non- Executive	√	√

√ = attended.

Details of Share Allotment and Transfer Committee Meeting and Attendance

The Share Allotment and Transfer Committee met once during the year. The details of attendance of the Directors at the Share Allotment and Transfer Committee meeting is as follows:

Sr. No.	Name of the Director	Category	Attendance at the Share allotment and transfer Committee meeting held on 15-Nov-17
1	Shri Sanjay Sharma	Non- Executive / Independent	√
2	Shri Umesh Punde	Non- Executive	√
3	Shri Jagdish Thakur	Non- Executive	√

√ = attended

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 27-Oct-17
1	Shri Venkatraman Iyer	Non- Executive / Independent	√
2	Shri Jagdish Thakur	Non- Executive	√
3	Ms. Meena Pednekar	Non- Executive	LoA

LoA = Leave of absence, √ = attended.

Committee of Independent Directors

In compliance of Schedule IV (Code for Independent Directors), the Independent Directors met on March 16, 2018.

The Committee comprises of Independent Directors, viz., Shri Venkatraman Iyer and Shri Sanjay Sharma. The detail of attendance during the FY 2017-18 is as follows:

Sr. No.	Name of the Director	Category	Attendance at the Independent Directors Committee meeting held on 16-Mar-18
1	Shri Venkatraman Iyer	Non- Executive / Independent	√
2	Shri Sanjay Sharma	Non- Executive / Independent	√

Details of Advisory Committee of the Board

The Advisory Committee of the Board met 2 times 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	
			22-Jun -17	24-Jan-18
1.	Shri Sanjay Sharma	Non- Executive/ Independent	√	√
2.	Shri Venkatraman Iyer	Non- Executive /Independent	√	√
3.	Shri R. H. Mewawala	Non- Executive*	√	√

* Shri R. H. Mewawala has been appointed as Executive Vice Chairman w.e.f. April 1, 2018.

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	9 th AGM	10 th AGM	11 th AGM
Year	2014-15	2015-16	2016-17
Venue	SHCIL House, P-51, T.T.C Industrial Area, MIDC, Mahape, Navi Mumbai- 400710	SHCIL House, P-51, T.T.C Industrial Area, MIDC, Mahape, Navi Mumbai- 400710	SHCIL House, P-51, T.T.C Industrial Area, MIDC, Mahape, Navi Mumbai- 400710
Date of Meeting	September 1, 2015	September 16, 2016	September 8, 2017

General Meeting	11 th EGM	12 th EGM	13 th EGM
Year	2015-16	2015-16	2017-18
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	August 05, 2015	October 30, 2015	November 2, 2017

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

Meeting no.	Resolution No.	Particulars of Resolution
9 th AGM	5	Reappointment of Shri G.S.P. Sinha (DIN: 01072309), Independent Director
10 th AGM	Not applicable	No special resolution was passed.
11 th AGM	7	Reappointment of Shri. Sanjeev Vivrekar (DIN : 02561324) as Managing Director & CEO
11 th EGM	2	Approve the offer or invitation to subscribe to 1,50,000 Non-Convertible Debentures of ₹ 1000/-each on a private placement basis to Stock Holding Corporation of India Limited
12 th EGM	1	Change of the Name of the Company from SHCIL Projects Limited to StockHolding Document Management Services Limited.
13 th EGM	1	Infusion of capital by way of issue of Equity Shares to Stock Holding Corporation of India Limited on Private Placement basis.

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 Friday, September 7, 2018 at 3.30 p.m.
The Regenza by Tunga
Plot No.37, Sector 30-A, Vashi,
Navi Mumbai, Maharashtra 400703
- b) Date of Book closure/record date September 7, 2018
- c) Dividend payment date Dividend after September 7, 2018 but within the statutory time limit.
- 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, 2018
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

INDEPENDENT AUDITORS' REPORT

To

The Members of
StockHolding Document Management Services Limited

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying IndAS financial statements of StockHolding Document Management Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as IndAS Financial Statements).

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the IndAS financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the IndAS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the IndAS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the IndAS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the IndAS financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IndAS financial statements.

OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IndAS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the IndAS, of the financial position of the Company as at March 31, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

EMPHASIS OF MATTERS

9. Attention is invited to Note no. 46 of the financial statement regarding non provision for the loss and liability to third party due to the fire occurred at Company's premises. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central

Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

11. 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 it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid IndAS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;
- e) On the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) 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".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - 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 Investor Education and Protection Fund by the Company.

12. 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 clear title / lease deeds for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available?	Not Applicable
2.	Whether are any cases of waiver / write off of debts / loans / interest etc. If yes, the reason there for and the amount involved	Bad debts amounting to Rs. 122.60 lakhs were written off in respect of 37 trade receivable / parties as Management of the Company is of the opinion that the same are non recoverable.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from the Govt. or other authorities?	Not Applicable

For and on behalf of
Chandabhoy & Jassoobhoy
 Chartered Accountants
 Firm Registration No. 101647W

Dhwani Gala
 Partner
 Membership No. 139690
 Mumbai: April 26, 2018

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in para 10 of Independent Auditors' Report of even date to the members of StockHolding Document Management Services Limited on the IndAS financial statements for the year ended 31st March 2018.

- i. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b. The Company has physically verified part of the fixed assets after the year end and no discrepancies were noticed on such verification. We have been informed that remaining assets will be verified in the subsequent financial year as part of physical verification plan of the Company. During the year, major fire has occurred and destroyed Company's assets as referred in Note no 46. In our opinion, the frequency of verification of fixed assets is reasonable having regard to the size of the Company and nature of its assets.
- c. The company does not have any immovable property. Hence Clause 3(i)(c) of the Order is not applicable to the Company for the year under audit.
- ii. The nature of the operations/business of the Company does not require it to maintain inventories. Accordingly, the provisions of Clause 3 (ii) of the 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 year under audit.
- v. The Company has not accepted any deposits during the year and hence the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder are not applicable to the Company.
- 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 information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, profession tax, cess and any other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed statutory dues is outstanding as at March 31, 2018 for a period of more than six months from the date they became payable except payment of Contribution to Provident Fund of Rs. 3,680/-. We were informed that the same is due to mismatch of AADHAR and PAN data of the respective employees and non acceptance of the same on EPFO portal.
- b. According to the information and explanations given to us, there are no dues of 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. According to the information and explanations given to us and based on the records examined by us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government or dues to debenture holders.
- ix. According to the information and explanations given to us and the records of the Company examined by us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, Clause 3(ix) of the Order is not applicable.
- x. According to the information and explanations given to us by the Management, we report that no fraud by the Company or on the Company by the officer or employees has been noticed or reported during the year.
- xi. In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company and

hence Clause 3(xii) of the Order is not applicable to the Company.

- xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with Section 177 and 188 of the Act where applicable and details have been disclosed in the IndAS financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has made private placement of equity shares during the year under review. The Company has complied with the requirement of Section 42 of the Companies Act, 2013 and the amount raised from the private placement of equity shares have been used for the purposes for which the funds were raised.
- xv. According to the information and explanations given to us, the Company has not entered into any non-

cash transactions with directors or persons connected with him. Clause 3(xv) of the Order is, therefore, not applicable to the Company during the year.

- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Clause 3(xvi) of the Order is, therefore, not applicable to the Company.

For and on behalf of
Chandabhoj & Jassoobhoj
Chartered Accountants
Firm Registration No. 101647W

Dhwani Gala
Partner
Membership No. 139690
Mumbai: April 26, 2018

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in para 11 (f) under 'Report on Other Legal and Regulatory Requirements' in of the Independent Auditors' Report of even date to the members of StockHolding Document Management Services Limited on the IndAS financial statements for the year ended 31st March 2018

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

We have audited the internal financial controls over financial reporting of StockHolding Document Management Services Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the IndAS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial, reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Chandabhoy & Jassoobhoy
Chartered Accountants
Firm Registration No.: - 101647W

Dhwani Gala
Partner
Membership No. 139690
Mumbai: April 26, 2018

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 2018

The preparation of Financial Statements of StockHolding Document Management Services Limited for the year ended 31 March 2018 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 26 April 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143 (6) (a) of the Act of the financial statements of StockHolding Document Management Services Limited for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report.

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

(Roop Rashi)
Principal Director of Commercial Audit and
ex- officio Member, Audit Board – I, Mumbai

Place : Mumbai
Date : 4 August 2018

BALANCE SHEET AS AT MARCH 31, 2018

(₹ in lakhs)

Particulars	Note	As at March 31, 2018	As at March 31, 2017
I. ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	4,248.57	4,909.29
(b) Capital work-in-progress		0.94	19.69
(c) Investment Property		-	-
(d) Goodwill		-	-
(e) Other intangible assets	3	45.97	49.57
(f) Intangible assets under development		-	11.46
(g) Biological Assets other than bearer plants		-	-
(h) Financial Assets		-	-
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Others		-	-
- Security deposits	4	338.99	84.06
- Margin money deposits with banks	5	198.40	189.28
(i) Deferred tax assets (net)		-	-
(j) Non current tax assets (net)	6	194.96	-
(k) Other non-current assets	7	634.62	140.94
		5,662.45	5,404.29
Current assets			
(a) Inventories		-	-
(b) Financial Assets		-	-
(i) Investments		-	-
(ii) Trade receivables	8	4,849.64	3,361.86
(iii) Cash and cash equivalents	9	912.98	61.30
(iv) Bank balances other than (iii) above	10	7.74	-
(v) Loans		-	-
(vi) Others		-	-
- Security deposits	11	16.03	83.14
- Interest accrued	12	0.30	0.36
(c) Current tax assets (net)		-	-
(d) Other current assets	13	1,646.08	2,898.56
		7,432.77	6,405.22
TOTAL ASSETS		13,095.22	11,809.51
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	4,325.00	3,700.00
(b) Other Equity	15	2,715.19	2,397.20
		7,040.19	6,097.20
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	2,492.94	2,966.84
(ii) Trade payables		-	-
(iii) Other financial liabilities		-	-
(b) Provisions	17	21.02	16.72
(c) Deferred tax liabilities (Net)	18	237.81	286.12
		2,751.77	3,269.68
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	908.55	129.66
(ii) Trade payables	20	408.64	285.30
(iii) Other financial liabilities	21	1,806.91	1,841.39
(b) Other current liabilities	22	151.44	69.50
(c) Provisions	23	27.72	17.37
(d) Current Tax Liabilities (Net)	24	-	99.41
		3,303.26	2,442.63
TOTAL EQUITY AND LIABILITIES		13,095.22	11,809.51

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Chandabhoj & Jassoobhoj

Chartered Accountants

Firm Registration no: 101647W

Dhwani Gala

Partner

Membership No: 139690

Place: Mumbai

Date : April 26, 2018

Jajvalya Raghavan

Company Secretary

Jyoti Katira

Chief Financial Officer

For and on behalf of the Board

Sanjeev Vivrekar

MD & CEO

Venkatraman Iyer

Sanjay Sharma

Jagdish Thakur

Directors

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

Particulars	Note	Year ended	Year ended
		March 31, 2018	March 31, 2017
I. Revenue from operations	25	5,912.83	8,222.93
II. Other income	26	121.19	69.58
III. Total Income (I + II)		6,034.02	8,292.51
IV. Expenses:			
Cost of software licenses sold		188.84	-
Employee benefits expense	27	1,175.41	1,103.62
Finance costs	28	365.35	357.35
Depreciation and amortization expense	3	592.34	570.31
Other expenses	29	3,409.80	4,769.61
Total expenses (IV)		5,731.74	6,800.89
V. Profit before exceptional items and tax (III-IV)		302.28	1,491.62
VI. Exceptional items		-	-
VII. Profit before tax (V - VI)		302.28	1,491.62
VIII. Tax Expense:			
(1) Current Tax			
- Current period		113.00	447.48
- Pertaining to previous period		(7.54)	6.60
(2) Deferred Tax		(47.53)	68.26
		57.93	522.34
IX. Profit for the period from continuing operations (VII-VIII)		244.35	969.28
X. Profit from discontinued operations		-	-
XI. Tax expense of discontinued operations		-	-
XII. Profit from discontinued operations (after tax) (X-XI)		-	-
XIII Profit for the period (IX+XII)		244.35	969.28
XIV Other Comprehensive Income	30		
A (i) Items that will not be reclassified to profit or loss		(2.67)	(1.92)
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.78	0.66
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 and Other Comprehensive Income for the period)		242.46	968.02
XVI Earnings per equity share (for continuing operation)			
(1) Basic		0.62	2.62
(2) Diluted		0.62	2.62
XVII Earnings per equity share (for discontinued operation)			
(1) Basic		-	-
(2) Diluted		-	-
XVIII Earnings per equity share (for discontinued & continuing operations)			
(1) Basic		0.62	2.62
(2) Diluted		0.62	2.62

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Chandabhoy & Jassoobhoy

Chartered Accountants

Firm Registration no: 101647W

For and on behalf of the Board

Dhwani Gala

Partner

Membership No: 139690

Jajvalya Raghavan

Company Secretary

Sanjeev Vivrekar

MD & CEO

Venkatraman Iyer

Sanjay Sharma

Jagdish Thakur

Directors

Place: Mumbai

Date : April 26, 2018

Jyoti Katira

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from operating activities :		
Profit/(Loss) before tax	302.28	1,491.62
<i>Adjusted for:</i>		
Depreciation/amortisation	592.34	570.31
Provision for doubtful debts expense	43.76	43.04
Provision for expense written back	(54.49)	-
Provision for doubtful debts written back	(12.25)	-
Bad debts written off	122.60	189.00
Fixed assets written off	-	1.26
Deposits written off	-	-
Share issue/increase in authorised capital expenses	10.50	
Interest/Dividend income	(52.42)	(60.41)
Interest on Inter-Corporate Deposit/ Non convertible debentures/Cash credit facility/ancillary borrowing costs	339.25	333.82
Finance Expense - Inter Corporate Deposit	11.84	10.67
Finance Expense - Non Convertible Debentures	14.27	12.86
Actuarial gains/(losses) on employee benefits	(2.67)	(1.92)
	1,012.73	1,098.63
Operating Profit / (loss) before working capital changes	1,315.01	2,590.25
Changes in working capital		
(Increase)/ Decrease in Trade Receivables, Long term & Short term Loans & Advances and Other Current Assets	(184.08)	(2,329.04)
Increase / (Decrease) in Trade Payables, Other Liabilities & Provisions	(260.06)	807.05
	(444.14)	(1,521.99)
Cash generated from operations	870.87	1,068.27
Taxes paid (including taxes deducted at source)	(399.83)	(43.41)
Net cash generated from / (used in) operating activities	471.04	1,024.86
Cash flows from investing activities :		
Purchase of fixed assets including capital work in progress & capital advances	(784.63)	(946.22)
(Purchase)/sale of current investments (Net)	-	-
Redemption of fixed deposits	899.67	740.43
Investment in fixed deposits	(916.54)	(659.77)
Interest/dividend received	52.48	65.68
Net cash generated from / (used in) investing activities	(749.02)	(799.86)
Cash flows from financing activities :		
Proceeds from issue of capital	1,000.00	-
Share issue/increase in authorised capital expenses	(10.50)	
Inter-corporate deposit from related party	-	-
9.5% non convertible debentures	-	-

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018 (Continued)

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash credit facility	778.89	(245.24)
Interest on inter-corporate deposit/ non convertible debentures	(339.25)	(251.05)
Dividend paid	(248.82)	
Tax on distributed profits	(50.65)	
Net cash from financing activities	1,129.67	(496.29)
Net (decrease) / increase in cash and cash equivalents	851.68	(271.29)
Cash and cash equivalents, beginning of the period	61.30	332.59
Cash and cash equivalents, end of the period	912.98	61.30
Note: Cash and cash equivalents include the following :		
Cash balance	-	-
Balance with banks:		
- in current accounts	96.70	61.30
- in deposit accounts	816.28	
- cheques on hand	-	-
	912.98	61.30

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

As per our report of even date

For Chandabhoy & Jassoobhoy

Chartered Accountants

Firm Registration no: 101647W

For and on behalf of the Board

Dhwani Gala

Partner

Membership No: 139690

Place: Mumbai

Date : April 26, 2018

Jajvalya Raghavan

Company Secretary

Jyoti Katira

Chief Financial Officer

Sanjeev Vivrekar

MD & CEO

Venkatraman Iyer

Sanjay Sharma

Jagdish Thakur

Directors

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2018

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, 2017	3,700	-	3,700
March 31, 2018	3,700	625	4,325

B. OTHER EQUITY

(₹ in lakhs)

Particulars	Equity component of borrowings from holding company	Securities premium	Retained earnings	Other comprehensive income	Total
Opening Balance as on April 01, 2016	159.54	-	1,270.91	(1.27)	1,429.18
Profit for the year ended March 31, 2017	-	-	969.28	-	969.28
Actuarial gain/(loss) on defined employee benefit plan	-	-	-	(1.26)	(1.26)
Closing Balance as on March 31, 2017	159.54	-	2,240.19	(2.53)	2,397.20
Amount received on preferential issue of equity shares	-	375.00	-	-	375.00
Profit for the year ended March 31, 2018	-	-	244.35	-	244.35
Actuarial gain/(loss) on defined employee benefit plan	-	-	-	(1.89)	(1.89)
Dividend paid	-	-	(248.82)	-	(248.82)
Tax on distributed profits	-	-	(50.65)	-	(50.65)
Closing Balance as on March 31, 2018	159.54	375.00	2,185.07	(4.42)	2,715.19

As per our report of even date
For Chandabhoj & Jassoobhoj
 Chartered Accountants
 Firm Registration no: 101647W

For and on behalf of the Board

Dhwani Gala
 Partner
 Membership No: 139690

Jajvalya Raghavan
 Company Secretary

Sanjeev Vivrekar
 MD & CEO

Venkatraman Iyer
Sanjay Sharma
Jagdish Thakur
 Directors

Place: Mumbai
 Date : April 26, 2018

Jyoti Katira
 Chief Financial Officer

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 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 custody 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 bases 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 (IndAS).

ii) Basis of preparation

These financial statements are prepared in accordance with IndAS under the historical cost convention on the accrual basis except for certain financial instruments and long term employee benefits which are measured at fair values, the provisions of the Companies Act, 2013 ('Act') (to the extent notified). The IndAS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and related amendments till date.

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.

iii) Use of Estimates

The preparation of the financial statements in conformity with IndAS 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.

iv) Applicability of new and revised IndAS:

a) New standards notified and adopted by the Company

As per Companies (Indian Accounting Standards) (Amendment) Rules, 2017 dated 17 March 2017, Ministry of Corporate Affairs (MCA) had notified amendments to two standards namely IndAS 102 Share-based Payment and IndAS 7 Statement of Cash Flows which will be effective prospectively from 1 April 2017. There are no share based payment transactions and hence IndAS 102 is not applicable to the Company.

Further, amendment in IndAS 7 pertains to additional disclosure requirement such as "An entity will be required to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes."

During the year, the Company has not entered into any non-cash financing activities.

b) New standard notified but not early adopted by the Company

MCA on 29 March 2018 notified the new standard for revenue recognition (effective from 1 April 2018) which overhauls the existing revenue recognition standards including IndAS 18 – Revenue and IndAS 11 – Construction contracts. The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

- 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.

The management is in the process of assessing the impact of this new standard on the Company's financial information.

A number of other standards have been modified on miscellaneous issues with effect from 1st April 2018. Such changes include principle for transfer of asset to, or from, Investment Property (Amendment to IndAS 40), determination of exchange rate for translation of foreign currency where a pre-payment asset or a deferred income liability is recognized (Amendment to IndAS 21), segregation of deductible temporary differences in accordance with tax laws and assessing them on that basis to recognise deferred tax asset (Amendment to IndAS 12), permitting election of fair value or equity method of accounting for investments in associates and joint ventures by venture capital ,mutual fund and other similar organisations (Amendment to IndAS 28) and Applicability of disclosure requirements to interests classified as held for sale or as discontinued operation (Amendment to IndAS 112).

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

v) **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.

vi) **Revenue**

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

Income from Digitization Services is recognized on percentage completion method.

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.

Income from software services is recognized on percentage completion method.

vii) 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.

viii) Operating expenses

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

ix) 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 Rs. 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.

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.

x) 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.

xi) Leased assets

Company as a lessee

Finance leases

Management applies judgment in considering the substance of a lease agreement and whether it transfers substantially all the risks and rewards incidental to ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life of the asset, the present value of the minimum lease payments in relation to the asset's fair value, and whether the Company obtains ownership of the asset at the end of the lease term.

For leases of land and buildings, the minimum lease payments are first allocated to each component based on the relative fair values of the respective lease interests. Each component is then evaluated separately for possible treatment as a finance lease, taking into consideration the fact that land normally has an indefinite economic life.

The interest element of lease payments is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Associated costs, such as maintenance and insurance, are expensed as incurred.

xii) 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.

xiii) 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.

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 IndAS 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 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 IndAS 109

Impairment of financial assets

In accordance with IndAS 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 resulting from transactions within the scope of IndAS 18, if they do not contain a significant financing component
- Trade receivables resulting from transactions within the scope of IndAS 18 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.

xiv) 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.

xv) 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.

xvi) 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 custody 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.

xvii) 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.

xviii) 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.

xix) 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.

xx) 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.

xxi) 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.

xxii) 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.

xxiii) 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.

xxiv) 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.

xxv) 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 reasonable to expect ultimate collection.

xxvi) 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.

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.

xxvii) 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)

3 Property, Plant and Equipment

Particulars	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK		
	As at April 1, 2017	Additions	Deductions	As at Mar 31, 2018	Upto April 1, 2017	For the year ended	Deductions	As at Mar 31, 2018	As at Mar 31, 2017
Tangible assets									
Computers - Hardware (Servers, networks etc)	447.94	72.49	-	520.43	162.08	116.92	-	279.00	285.86
Computer end user devises	176.50	25.80	0.86	201.44	93.96	42.26	0.86	135.36	82.55
Motor vehicles	9.39	-	-	9.39	9.39	0.00	-	9.39	0.00
Furniture & fixtures	110.36	3.47	-	113.83	45.71	18.25	-	63.96	64.65
Leasehold Improvements	160.27	1.31	-	161.58	22.02	17.92	-	39.94	138.25
Office equipments - Mobiles	0.50	0.84	-	1.34	0.36	0.20	-	0.56	0.14
Office equipments - Others	28.08	7.87	-	35.95	13.81	6.85	-	20.66	14.26
P&M - Electricals	176.19	24.15	-	200.34	32.73	22.28	-	55.01	143.46
P&M - Others	4719.83	175.87	512.11	4,383.59	539.71	331.22	95.49	775.44	4180.12
Total	5829.06	311.80	512.97	5627.89	919.77	555.90	96.35	1379.32	4909.29
Intangible assets									
Bought out software	64.91	32.84	-	97.75	38.83	29.19	-	68.02	26.08
Internally developed software	107.64	-	-	107.64	84.15	7.25	-	91.40	23.49
Total	172.55	32.84	-	205.39	122.98	36.44	-	159.42	49.57
As at 31.03.18	6001.61	344.64	512.97	5833.28	1042.75	592.34	96.35	1538.74	4958.86
As at 31.03.17	4575.77	1433.32	7.48	6001.61	478.66	570.31	6.22	1042.75	4097.11

* refer note no 46

Note:

- The gross block as on March 31, 2018 includes assets under deemed cost of ₹ 2882.09 lakhs.
- Of the total assets of the company, assets of ₹ 1500 lakhs are hypothecated against issue of non convertible debentures.

Non Current Assets

Financial Assets

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
4 Security and other deposits (Unsecured and considered good unless otherwise stated)	338.99	84.06
	338.99	84.06
5 Deposits with banks *	198.40	189.28
	198.40	189.28
* Placed as lien against bank guarantees		
6 Non Current Tax Assets		
Advance payment of tax and taxes deducted at source (net of provisions)	194.96	-
MAT credit entitlement	-	-
	194.96	-
7 Other Non Current Assets		
Capital advances	607.20	137.00
Advances other than capital advances	18.41	-
Prepaid expenses	8.91	3.84
Receivable from StockHolding Document Management Services Ltd's employees group gratuity scheme	0.10	0.10
	634.62	140.94

Current Assets

Financial Assets

8 Trade Receivables * (Unsecured)

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Outstanding for a period over six months		
Considered good	2109.68	1059.86
Considered doubtful	98.44	66.94
Less : Provision for doubtful debts	(98.44)	(66.94)
	2109.68	1059.86
Others		
Considered good	2739.96	2,302.00
Considered doubtful	-	-
	2739.96	2302.00
	4849.64	3361.86
* - Includes dues from SHCIL (holding company)	427.18	346.47
* - Includes dues from SSL (fellow subsidiary)	4.86	0.70
* - Includes dues from IFCI (ultimate holding company)	0.13	0.09

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
9 Cash and Cash equivalents		
- Cash on hand	0.00	-
- Bank balances		
- in current accounts	96.70	61.30
- in deposit accounts	816.28	-
- Cheques in hand	-	-
	912.98	61.30
10 Other Balances with Banks		
- In deposit accounts	7.74	-
	7.74	-
Other Current Financial Assets		
11 Security and other deposits (unsecured and considered good unless otherwise stated)	16.03	83.14
	16.03	83.14
12 Interest accrued on fixed deposits	0.30	0.36
	0.30	0.36
13 Other Current Assets		
Advances other than capital advances		
Prepaid expenses	85.64	91.69
Cenvat/GST credit receivable	78.82	223.10
Other advances receivable	9.77	25.59
Insurance claim receivable	469.42	-
Others		
Surplus in gratuity fund	-	-
Accrued income (other than interest accrued on fixed deposits)	1,002.43	2,558.18
	1,646.08	2,898.56

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
14 Equity Share Capital		
Authorised		
500,00,000 (FY 2016-17: 400,00,000) equity shares of ₹ 10 each	5,000.00	4,000.00
	5,000.00	4,000.00
Issued		
432,50,000 (FY 2016-17: 370,00,000) equity shares of ₹ 10 each	4,325.00	3,700.00
	4,325.00	3,700.00
Subscribed & Paid up		
432,50,000 (FY 2016-17: 370,00,000) equity shares of ₹ 10 each, fully paid-up	4,325.00	3,700.00
	4,325.00	3,700.00

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.

Reconciliation of shares outstanding

Particulars	No. of shares	No. of shares
Shares outstanding at the beginning of the period	37,000,000	37,000,000
Add : Shares subscribed during the period	6,250,000	-
Less : Shares bought back during the period	-	-
Shares outstanding at the end of the period	43,250,000	37,000,000

Percentage of holding:

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

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2018	March 31, 2017
15 Other equity		
Equity component of borrowings from holding company		
Opening	159.54	159.54
Additions	-	-
Promoters contribution	-	-
Closing	159.54	159.54
Securities Premium Account		
Opening balance	-	-
Add: Amount received on preferential issue of equity shares	375.00	-
Closing	375.00	-

(₹ in lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Retained Earnings		
Opening	2237.66	1269.64
Transferred from current year's profit & loss account	244.35	969.28
Less: Appropriations:		
Dividend paid	(248.82)	-
Tax on distributed profits	(50.65)	-
Actuarial gain/(loss) on defined employee benefit plan	(1.89)	(1.26)
Closing	2180.65	2237.66
Total Other Equity	2715.19	2397.20

(₹ in lakhs)

Particulars	As at	
	March 31, 2018	March 31, 2017
Non Current Liabilities		
16 Financial Liabilities - Borrowings		
Unsecured		
Inter Corporate Deposit from Related Party [see note (i)]	979.01	1,467.17
Secured		
1,50,000, 9.5% Secured, Redeemable Non Convertible Debentures of Rs.1000/- each fully paid up [see note (ii)]	1,513.93	1,499.67
	2,492.94	2,966.84

- (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% p.a. (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.
- (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% p.a. (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 March 31, 2018	As at March 31, 2017
17 Provisions		
Provision for employee benefits		
Gratuity	-	-
Leave encashment	21.02	16.72
	21.02	16.72
18 Deferred Tax Liabilities (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	28.67	23.17
Employee benefits	14.19	11.80
Stamp duty & ROC form fees	-	1.34
Deferred Tax Liabilities (B)		
Depreciation	280.67	322.43
Net Deferred Tax Liabilities (B-A)	237.81	286.12
The change of tax rate from 30% to 25% was enacted on 26 feb 18 and will be effective from 1 apr 18. As a result the relevant deferred tax balances have been remeasured. Deferred tax expected to be reversed in the year ended Mar 31,19 and later, has been measured using the effective rate which is 29.12%.		
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		
<u>Secured</u>		
Cash credit facility *	571.55	129.66
Overdraft facility **	337.00	-
	908.55	129.66

* 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 secured against a fixed deposit of Rs.10 crores placed by the parent company viz StockHolding.

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
20 Financial Liabilities - Trade Payables		
Dues to micro and small enterprises (Refer footnote below)	72.59	19.43
Dues to holding company	-	-
Dues to other creditors	336.05	265.87
	408.64	285.30
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 year	72.59	19.43
b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year	-	-
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 year	-	-
d) The amount of interest due and payable for the year	-	-
e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
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	-	-
21 Other Current Financial Liabilities		
Current maturities of long term debt	500.00	-
Accruals for expenses	682.23	1,219.60
Security deposits payable	2.63	2.63
Retention money payable	10.47	13.70
Other liabilities #	611.58	605.46
	1,806.91	1,841.39
# Includes due to SHCIL (holding company)	437.85	574.77
22 Other Current Liabilities		
Advances from clients	3.58	3.24
Statutory liabilities	147.86	66.26
	151.44	69.50
23 Short-term Provisions		
Provision for employee benefits		
Gratuity	1.45	2.88
Leave encashment	26.27	14.49
	27.72	17.37

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
24 Current Tax Liabilities (Net)		
Provision for income tax (net of prepayments)	-	99.41
	-	99.41
25 Revenue from Operations		
Income from physical custody	1,991.27	1,688.06
Income from digitization services	2,686.03	5,772.03
Income from software products/services	1,235.53	762.84
	5,912.83	8,222.93
26 Other Income		
Interest (Gross)		
- Deposits with banks	34.54	16.57
- Interest on Income Tax Refund	17.88	43.84
Miscellaneous Income	68.77	9.17
	121.19	69.58
27 Employee Benefits Expense		
Salaries, allowances & bonus	819.21	819.98
Reimbursement of expenses for deputed personnel	122.09	115.50
Contribution to provident fund and other funds	87.06	68.28
Staff welfare expenses	147.05	99.86
	1,175.41	1,103.62
28 Finance Cost		
Interest on inter corporate deposits	155.58	154.42
Interest on 9.5% non convertible debentures	156.77	155.36
Interest on cash credit facility	45.26	45.97
Ancillary borrowing costs	7.74	1.60
	365.35	357.35

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
29 Other Expenses		
Outsourcing expenses	1,189.27	2,959.76
Project trainees	209.06	169.21
Traveling and conveyance	120.23	95.23
Repairs and maintenance	153.84	113.22
Electricity charges	69.80	70.63
Postage, printing & stationery	81.88	37.43
Marketing expenses	22.97	27.83
Directors' sitting fees	26.85	15.26
Telephone and telecommunication	34.97	40.03
Commission	25.23	26.11
Rent	472.21	397.34
Rates and taxes	20.55	6.55
Legal and professional charges	98.80	50.97
Recruitment and training expenses	3.63	7.13
Payment made to statutory auditors		
- Audit fees	10.35	11.67
- Tax audit fees	1.65	1.51
- For others	1.42	1.14
- For out of pocket expenses	0.32	0.60
Insurance	10.25	10.37
Bank charges	5.30	6.01
Software expenses	134.35	94.41
Transportation expenses	133.52	113.03
Packing expenses	56.07	128.24
Security expenses	126.63	81.61
Computer hire charges	11.36	32.98
Corporate Social Responsibility expenses	19.50	12.30
Bad debts written off	122.60	189.00
Brokerage on rental premises	2.99	0.45
Asset written off	-	1.26
Provision for doubtful debts	43.76	43.04
Fire fighting & debris removal expenses	167.74	-
Other expenses	32.70	25.29
	3,409.80	4,769.61

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
30 OCI items not reclassified to profit and loss in subsequent periods:		
Remeasurement of net defined benefit liability	(2.67)	(1.92)
Income tax relating to Remeasurement of net defined benefit liability	0.78	0.66
	(1.89)	(1.26)
31 Capital and other commitments/ Contingent Liabilities		
a) Estimated amount of contract to be executed on capital account (net of advances)	1,959.32	615.96
b) Contingent liabilities - Performance Bank guarantees	300.44	236.70
c) Claims against the company not acknowledged as debt (refer note 46 c)	-	-
	2,259.76	852.66
Note: Excludes taxes/freight which may be payable		
32 Payment of managerial remuneration		
(a) To Managing Director & CEO		
Short-term employee benefits	35.15	30.85
Post-employment gratuity and medical benefits	1.66	1.47
Termination benefits	1.55	1.40
(b) To Other Managerial Personnel		
Short-term employee benefits	32.81	27.55
Post-employment gratuity and medical benefits	1.95	1.42
Termination benefits	-	-
	73.12	62.68
Note: Excludes leave accrued determined actuarially, by Holding Company SHCIL,		
33 Earning per Share		
Number of shares at the beginning of the year	370.00	370.00
Number of shares at the end of the year	432.50	370.00
Weighted average number of shares outstanding during the year	393.46	370.00
Net Profit/(Loss) for the year	244.35	969.28
Net Profit/(Loss) available for equity shareholders	244.35	969.28
Basic & Diluted Earning per share (in ₹)	0.62	2.62

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
34 Operating Leases		
1. Future Minimum Lease Payments under non-cancellable operating lease for the period		
(a) Not later than one year	100.42	90.63
(b) Later than one year but not later than 5 years	200.32	124.38
(c) More than 5 years	44.10	69.46
2. Lease payments charged to Profit and Loss Account	472.21	397.34
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.		

35 Related Partiesa. List of Related Parties

Ultimate Holding Company

IFCI Ltd.

Holding Company

Stock Holding Corporation of India Ltd.

Fellow Subsidiary

SHCIL Services Ltd.

Key Management Personnel

Ramesh NGS - Non Executive Chairman
Venkatraman Iyer - Independent Director
Sanjay Sharma - Independent Director
R H Mewawala - Director
L Viswanathan - Director
Umesh Punde - Director
Jagdish Thakur - Director
Meena Pednekar - 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 - IndAS Transition facilitation group's bulletin dated July 31, 2017 has clarified that under para 9 of IndAS 24, independent and non executive directors are covered under definition of KMP. Accordingly disclosure is being made in this section for the said purpose.

35. Related Parties (Continued)

b. Transactions (including accruals) with related parties for the year ended March 31, 2018.

Particulars	For the year ended March 31, 2018					For the year ended March 31, 2017						
	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
Reimbursement of Office Expenses	-	99.87	-	-	-	99.87	-	109.91	-	-	-	109.91
Rent	-	147.64	-	-	-	147.64	-	112.99	-	-	-	112.99
Managerial Remuneration	-	-	-	73.12	-	73.12	-	-	-	62.68	-	62.68
Subscription to Share Capital	-	-	-	-	-	-	-	-	-	-	-	-
Commission	-	22.98	-	-	-	22.98	-	25.98	-	-	-	25.98
Sitting Fees Paid	-	-	-	26.80	-	26.80	-	-	-	-	-	0.00
Inter Corporate Deposits (ICDs)	-	-	-	-	-	-	-	-	-	-	-	-
9.5% non convertible debentures (NCDs)	-	-	-	-	-	-	-	-	-	-	-	0.00
Interest on ICDs/ NCDs	-	312.35	-	-	-	312.35	-	309.78	-	-	-	309.78
Reimbursement of deputed employees salary & gratuity and other funds	-	120.28	-	-	-	120.28	-	107.50	-	-	-	107.50
Income - Physical Custody, Digitisation, Software sales & related software services	50.01	807.60	71.15	-	-	928.76	0.20	330.16	68.30	-	-	398.66
Contributions	-	-	-	-	11.98	11.98	-	-	-	-	4.18	4.18

* Excluding taxes

c. Outstanding balances as at March 31, 2018.

Particulars	As at March 31, 2018					As at March 31, 2017						
	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
Trade and other receivables	0.13	427.18	4.86	-	-	432.17	0.23	346.47	7.64	-	-	354.34
Dues payable	-	437.85	-	-	-	437.85	-	574.77	-	-	-	574.77
Inter corporate deposits (ICDs)	-	1479.01	-	-	-	1479.01	-	1467.17	-	-	-	1467.17
9.5% non convertible debentures (NCDs)	-	1513.93	-	-	-	1513.93	-	1499.67	-	-	-	1499.67

36 Disclosure pursuant to IndAS accounting standard – 19 ‘Employee Benefits’**a) Defined Contribution plans**

Contribution to provident fund ₹ 52.11 Lakhs (Previous period: ₹ 43.51 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	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
I. Actuarial assumptions:		
Discount Rate	7.87%	7.71%
Rate of Return on Plan Assets *	7.87%	7.71%
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.		
II. Change in Benefit Obligation:		
Liability at the beginning of the year	26.11	17.20
Interest cost	2.01	1.37
Current service cost	6.85	5.61
(Benefit paid from the Fund)	(0.86)	-
Actuarial (gains)/losses on obligations - Due to Change in Financial Assumptions	(0.88)	0.92
Actuarial (gains)/losses on obligations - Due to Experience	3.15	1.01
Liability at the end of the year	36.38	26.11
III. Fair Value of Plan Assets:		
Fair value of plan assets at the beginning of the year	23.23	18.20
Expected Return on plan assets	1.79	1.45
Contributions	11.17	3.57
(Benefit paid from the Fund)	(0.86)	0.00
Actuarial gains/(losses) on plan assets	(0.40)	0.01
Fair value of plan assets at the end of the year	34.93	23.23
IV. Total Actuarial (Gain) / Loss to be recognized in Other Comprehensive Income (OCI)	2.67	1.92
V. Actual Return on Plan Assets	11.71	5.03

36 Disclosure pursuant to IndAS accounting standard – 19 'Employee Benefits' (Continued) (₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
VI. Amount Recognised in the Balance Sheet :		
Fair value of plan assets at the end of the year	34.93	23.23
Liability at the end of the year	(36.38)	(26.11)
Funded Status	(1.45)	(2.88)
Unrecognized past service cost	-	-
Unrecognized Transition Liability	-	-
Net (liability)/Asset recognized in the Balance Sheet	(1.45)	(2.88)
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	6.85	5.61
Net interest cost	0.22	(0.08)
Expense recognised	7.07	5.53
IX. Expenses Recognised in the other comprehensive income (OCI)		
Actuarial (gains)/losses	2.27	1.93
Return on plan assets excluding interest income	0.40	(0.01)
Expense recognised in OCI	2.67	1.92
X. Balance Sheet Reconciliation		
Opening net liability	2.88	(1.00)
Expenses recognised in statement of profit or loss	7.07	5.53
Expenses recognised in OCI	2.67	1.92
Employers contribution	(11.17)	(3.57)
Amount recognised in balance sheet	1.45	2.88
XI. Sensitivity Analysis		
Projected benefit obligation on current assumptions	36.38	26.11
Delta Effect of +1% change in rate of discounting	(4.88)	(3.55)
Delta Effect of -1% change in rate of discounting	6.01	4.39
Delta Effect of +1% change in rate of salary increase	6.13	4.47
Delta Effect of -1% change in rate of salary increase	(5.04)	4.47
Delta Effect of +1% change in rate of employee turnover	1.76	1.12
Delta Effect of -1% change in rate of employee turnover	(2.10)	(1.36)

36. 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 ₹ 9.61 Lakhs (Actual Contribution in Current Year: ₹ 11.17 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	(₹ in lakhs)	
	Year ended March 31, 2018	Year ended March 31, 2017
Discount Rate	7.87% p.a	7.71% 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:

Particulars	(₹ in lakhs)	
	Year ended March 31, 2018	Year ended March 31, 2017
Opening Balance of Compensated Absences (X)	15.04	3.64
Present value of Compensated Absences (As per actuary valuation) (Y)	23.52	18.68
Unfunded / (Excess) liability of Compensated Absences recognised in the Profit and Loss account for the year (Y – X)	8.48	15.04

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
37 Expenditure & Earning in Foreign Currency		
(a) Expenditure in Foreign currency - Travelling expenses	1.71	4.59
(b) Earning in foreign currency	-	-
38 Dividend - distribution and proposed		
Declared and paid during the year	-	-
Proposed dividend @ ₹ 0.16 per equity share (2016-17: ₹ 0.67 per share), subject to approval in AGM (not recognised as a liability as at March 31, 2018)	69.20	248.82
39 CSR Expenditure		
a) Gross amount required to be spent by the Company during the year is ₹ 19.50 lakhs (previous year: ₹ 12.30 lakhs)		
b) Amount spent during the year on:		(₹ in lakhs)
CSR activities	Paid	Total
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	19.50	19.50

40 Segment Reporting

- a) Physical Custody 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)

Particulars	As at March 31, 2018	As at March 31, 2017
b) Segment Revenue		
Physical Custody Services	1991.27	1688.06
Digitisation Services	2686.03	5772.03
Software Services	1235.53	762.84
Total Revenue	5912.83	8222.93
Segment Cost		
Physical Custody Services	1777.98	1344.30
Digitisation of Documents	1827.55	3513.09
Software Services	753.77	450.37
Insurance Repository	-	-
Total Cost	4359.30	5307.76
c) Segment Results		
Physical Custody Services	213.29	343.76
Digitisation of Documents	858.48	2258.94
Software Services	481.76	312.47
Total Net Revenue	1553.53	2915.17

(₹ in lakhs)

Particulars	As at March 31, 2018	As at March 31, 2017
Unallocated Expenses		
Operating Expenses	1328.82	1388.45
Depreciation & Amortisation	43.61	104.68
Operating Profit	181.09	1422.04
Other income	121.19	69.58
Prior Period (Expenses) / Income (net)	-	
Profit before Taxation	302.28	1491.62
Less: Tax	(57.93)	(522.34)
Profit for the period	244.35	969.28
Other comprehensive income (net of tax)	(1.89)	(1.26)
Total Comprehensive Income for the period (Comprising Profit and Other Comprehensive Income for the period)	242.46	968.02
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:		
d) Segment Assets		
Physical Custody Services	5257.53	5179.60
Digitisation of Documents	4508.65	4969.15
Software Services	1462.54	986.68
Unallocable Assets	1866.50	674.07
Total Assets	13095.22	11809.51
e) Segment Liabilities		
Physical Custody Services	100.90	88.01
Digitisation of Documents	683.61	1138.09
Software Services	12.14	0.17
Unallocable Liabilities	5258.38	4593.68
Total Liabilities	6055.03	5819.96
f) Capital Employed		
Physical Custody Services	-	-
Digitisation of Documents	-	-
Software Services	-	-
Insurance Repository	-	-
Unallocable	7040.19	5989.55
Total Capital Employed (d-e)	7040.19	5989.55
Note: There are no reportable geographical segments.		

Information about major customers

Company's significant revenues, more than 69% (FY 2016-17: 81%) are derived from sales to government and quasi government enterprises. The total sales to such companies amounted to ₹ 4093.48 lakhs in FY 2017-18 and ₹ 6713.67 lakhs in FY 16-17.

Revenue from one customer from the “digitisation” segment is ₹ 1837.71 lakhs (FY 2016-17: ₹ 5292.75 Lakhs) which is 31.08% (FY 2016-17: 64.40%) of the Company’s total revenue.

41 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:

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
Total equity	7040.19	6097.20
Capital	7040.19	6097.20
Non current and current borrowings	3401.49	3096.50
Overall financing	10441.68	9193.70
Capital-to-overall financing ratio	67%	66%

42 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.

The following is the sensitivity analysis of various types of risks:

a) Interest rate sensitivity analysis

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
Profit for the year including other comprehensive income	242.46	968.02
Effect of +1% change in rate of interest	(30.00)	(30.00)
Effect of -1% change in rate of interest	30.00	30.00

b) Credit risk analysis

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

90 Days	1,797.38	1,394.83
91-180 Days	549.53	559.89
181-365 days	791.28	830.70
more than 365 days	1,382.71	296.91
	4,520.90	3,082.33
Add: SHCIL debtors	427.18	346.47
Less: Provision for doubtful debts	98.44	66.94
Debtors as per books	4,849.64	3,361.86

Major customers, being govt. undertakings and private companies having highest credit ratings, carry negligible credit risk. Concentration of credit risk to any private counterparty did not exceed 5% of total debtors at any time during the year.

c) **Liquidity risk analysis**

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

Particulars	(₹ in lakhs)	
	As at March 31, 2018	As at March 31, 2017
Current:		
<i>Borrowings</i>		
– Within 6 months	500.00	-
– Between 6 and 12 months	1116.03	129.66
<i>Trade payables</i>		
– Within 6 months	408.64	285.30
– Between 6 and 12 months	-	-
<i>Other current financial liabilities</i>		
– Within 6 months	1986.07	2717.72
– Between 6 and 12 months	-	-
Non Current:		
<i>Borrowings</i>		
– upto 5 years	3109.84	2056.07
– Later than 5 years	-	547.50
<i>Other non current financial liabilities</i>		
– upto 5 years	21.02	16.72
– Later than 5 years	-	-

43 Carrying amount and movement in provision for doubtful debts

Carrying amount as at the beginning of the period	66.94	23.89
Additional provisions	98.44	66.94
Amount utilised	-	-
Reversals	66.94	23.89
Carrying amount as at the end of the period	98.44	66.94

44 Financial assets and liabilities

Categories of financial assets

Carrying values of financial assets measured at amortised cost

(₹ in lakhs)

Particulars	Fair value hierarchy	As at March 31, 2018	As at March 31, 2017
<u>Non Current financial assets</u>			
Security and other deposits	Level 3	338.99	84.06
Margin money deposits with banks	Level 3	198.40	189.28
<u>Current financial assets</u>			
Security and other deposits	Level 3	16.03	83.14
Other deposits with banks	Level 3	-	-
Trade and other receivables	Level 3	4849.64	3361.86
Cash and cash equivalent	Level 3	912.98	61.30
Other balances with banks	Level 3	7.74	0.00
Accrued interest on fixed deposits	Level 3	0.30	0.36

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.

Categories of financial liabilities

Carrying value of financial liabilities measured at amortised cost

(₹ in lakhs)

Particulars	Fair value hierarchy	As at March 31, 2018	As at March 31, 2017
<u>Non Current financial liabilities</u>			
Inter - corporate deposits	Level 3	979.01	1,467.17
Non Convertible Debentures	Level 3	1,513.93	1,499.67
<u>Current financial liabilities</u>			
Current maturities of long term debt	Level 3	500.00	-
Cash Credit facility	Level 3	908.55	129.66
Trade payables	Level 3	408.64	285.30
Accruals for expenses	Level 3	682.23	1,219.60
Security deposits	Level 3	2.63	2.63
Retention money	Level 3	10.47	13.70
Other current financial liabilities	Level 3	611.58	605.46

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

45 Income taxes

(₹ in lakhs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Income tax expense		
Current taxes		
- For current year	113.00	447.48
- For earlier years	(7.54)	6.60
Total of current tax	105.46	454.08
(b) Deferred taxes		
Deferred tax charge/(credit) - For Current Year	(47.53)	68.26
Deferred tax charge/(credit) - For earlier Year	-	-
Total of deferred tax	(47.53)	68.26
Total of tax expense	57.93	522.34
(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 before tax	302.28	1,491.62
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expense	104.61	516.22
Add: Tax effect of items not allowed as deduction	229.38	224.50
Less: Tax effect of items allowed as deduction	229.27	300.72
Add: Tax effect on notional interest cost calculated as per IndAS	9.03	8.14
Less: Tax effect on other comprehensive income calculated as per IndAS	0.92	0.66
	112.83	447.48
(d) The gross movement in the deferred income tax account is as per below:		
Net deferred income tax liability at the beginning	286.12	218.52
Credits/Charge relating to temporary differences - Recognised in statement of profit and loss	(47.53)	68.26
Temporary differences on defined benefit obligation - Recognised in other comprehensive income	(0.78)	(0.66)
Temporary differences recognised directly in equity	-	-
Temporary differences reclassified from equity to statement of profit and loss	-	-
Net deferred income tax liability at the end	237.81	286.12

- 46 (a) During the year, a fire incident occurred on December 11, 2017 at Mahape premises of the company. The insurance company have appointed surveyors. The surveyors are in the process of assessing the damage to the property of the company
- (b) The company has continued to carry the corresponding fixed assets of interior furnishing, electricals, networking, air conditioning, IT, galvanized containers and storage racks at basement level 3 at their written down values on a going concern basis as on March 31, 2018, due to difficulty in identification and measurability of value of the said assets. The robotics storage, bins and vaults with gross value of ₹ 558.93 lakhs have been removed from the fixed assets register, based on supplier's report and clear identification and measurability. The corresponding amount net of depreciation has been shown as "Insurance Claim Receivable" grouped under " Other Current

Assets". The loss (if any)/ claim in this regard will be provided/disclosed as and when the amount and liability is ascertained.

- (c) The company has been receiving claims for loss of documents from its clients. 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, 2018.
- (d) Fire fighting and debris removal expense of ₹ 167.74 lakhs has been debited to P&L account.
- (e) The income of ₹ 65.42 lakhs has not been billed or accrued for the year ended March 31, 2018, due to fire incident. Also, income of ₹ 48.54 lakhs towards robotic metal containers billing has been accounted as accrued income for the year ended March 31, 2018. The same will be billed after assessment in next financial year.

47 Previous year figures have been regrouped/reclassified wherever necessary to make them comparable with the current year/period classification.

48 Approval of financial statements

The Financial Statements have been approved for issue by the board of directors on April 26, 2018.

PHOTO GALLERY

CSR INITIATIVES



Vehicle donated by SDMS (through SHCIL Foundation) to Yuva Foundation, Hazaribagh, Jharkhand for plying disabled, differently-abled and mentally challenged kids to the hospital for therapy.

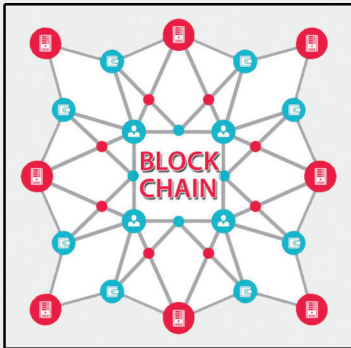


SDMS has contributed towards the "Early Intervention Clinic Project" of Sethu Foundation, Goa through SHCIL Foundation. Sethu Foundation tries to detect delays in development of babies as early as possible to provide corrective intervention. Sethu promotes development in high-risk babies with conditions such as Down syndrome, birth injury, complications of prematurity. Clinic-based early interventions are held by a multi-disciplinary team.

PHOTO GALLERY

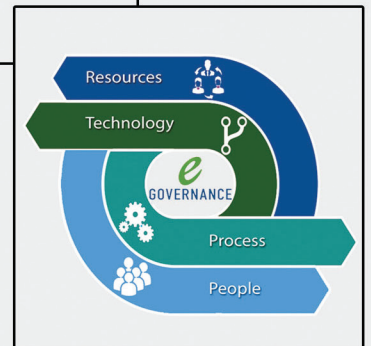


*Winning team of SDMS in Inter Stock Holding Group (Men)
Cricket Tournament held at Vashi Sports Club, Navi Mumbai*



new INITIATIVES

- INTEGRATED PROJECT MANAGEMENT
- PROPERTY ASSET MANAGEMENT
- LEGAL CASE SYSTEM
- LAND ACQUISITION / ALLOTMENT SYSTEM
- CYBER SECURITY SOLUTIONS
- INTERNET OF THINGS
- BLOCKCHAIN
- CITIZEN SERVICES
- ATTESTATION SERVICES





PRODUCTS

- ◆ Document Management Solution
- ◆ Record Management System
- ◆ Workflow Management Solution
- ◆ Customer Relationship Management System
- ◆ Enterprise Content Management



SERVICES

- ◆ Digitization Services
- ◆ Physical Record Management Services
- ◆ Hosting Services
- ◆ Secure Document Destruction Services
- ◆ Logistics Services
- ◆ Virtual Data Room Services

OUR CREDENTIALS

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