

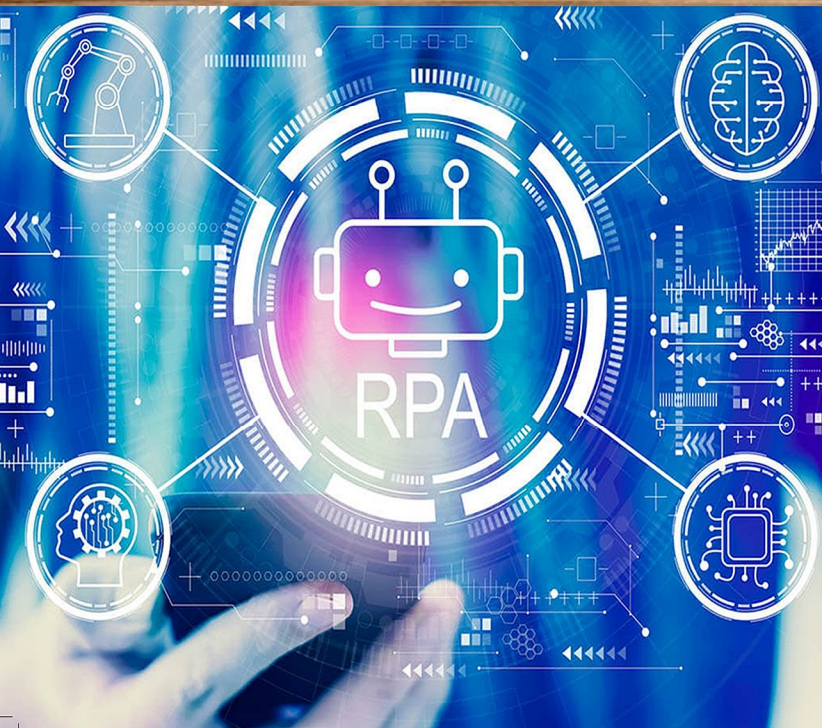


StockHolding Document Management Services Limited

ANNUAL REPORT 2020 - 2021



DIGITIZATION



BOARD OF STOCKHOLDING DMS



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



Umesh Punde
Vice Chairman (Executive)



Venkatraman Iyer
Independent Director



Sanjay Sharma
Independent Director



Jagdish Thakur
Director



Rita Kaul
Additional Director



Pandula Sreelakshmi
Additional Director



Sanjeev Vivrekar
Managing Director & CEO

CONTENTS

Particulars	Page No.
Board of Directors	03
Performance Highlights	04
Directors' Report	05
Independent Auditors' Report	26
Annexure to Independent Auditors' Report	30
Comments of the Comptroller and Auditor General of India	33
Balance Sheet	34
Statement of Profit and Loss	35
Statement of Changes in Equity	36
Cash Flow Statement	37
Notes to Financial Statements	40

Vision

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

Mission and Goals

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

BOARD OF DIRECTORS (AS ON JULY 22, 2021)

Shri Ramesh N.G.S.	-	Chairman (Non-Executive)
Shri Umesh Punde	-	Vice Chairman (Executive)
Shri Venkatraman Iyer	-	Independent Director
Shri Sanjay Sharma	-	Independent Director
Shri Jagdish Thakur	-	Director
Smt Rita Kaul	-	Additional Director
Smt Pandula Sreelakshmi	-	Additional Director
Shri Sanjeev Vivrekar	-	MD & CEO
Ms. Jyoti Katira	-	Chief Financial Officer
Ms. Jajvalya Raghavan	-	Company Secretary
Statutory Auditors	-	M/s. Karnavat & Co. Chartered Accountants, Mumbai
Internal Auditors	-	M/s. J Singh & Associates Chartered Accountants, Mumbai (For FY 2020-21)
Secretarial Auditors	-	M/s. SVVS & Associates, Company Secretaries, LLP, Navi Mumbai (For FY 2020-21)

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)

	Year ended March 31, 2021	Year ended March 31, 2020
Income from Operations	40.07	52.68
Other Income	2.48	0.62
Total Income	42.56	53.30
Expenditure		
- Cost of software licenses sold	-	-
- Financial Cost	9.60	8.11
- Employees Benefit Exp.	13.41	14.19
- Other Expenses	24.30	51.40
- Depreciation	6.34	6.75
- Right of use lease depreciation	8.31	8.05
Total Expenditure	61.96	88.50
Profit/(Loss) before tax & Prior Period Adjustment	(19.40)	(35.20)
- Exceptional Items / Prior period	2.37	(3.93)
Profit/ (Loss) before tax	(17.03)	(39.14)
Provision for Tax	(4.03)	(9.52)
Profit/(Loss) after tax	(13.00)	(29.62)
Other Comprehensive Income	0.004	(0.09)
Profit/(Loss) including other Comprehensive Income	(12.99)	(29.71)

DIRECTORS' REPORT

Dear Members,

The Directors are pleased to present the Fifteenth Annual Report of the Company along with the Audited Financial Statements for the financial year ended March 31, 2021.

Industry Overview

Presently, businesses are adopting document management software solutions at a fast pace. With the constant evolution of business, the demand for easily accessible information continues to increase. As a result, the document management software market in India has been in demand more than ever.

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

As per the recent studies, organizations that are best equipped to handle information requests that are instant, will be able to survive and surpass the competitors. The document management software market in India is ever-changing. With technology playing a major role in enhancing efficiency, the traditional way of document handling will pave the way for new technology driven system.

Additionally, document management services enable organizations to manage and control the documentation processes by creating a paperless environment. Moreover, these services control the various processes like centralization, creation, authentication, deletion, storage, distribution, retrieval & collaboration of documents. To cater to the rising demands of the above services, key players in the market are focused on the integrating technologies such as cloud and big data to develop Electronic Document Management (EDM) services. These advanced EDM services would assist in enhancing the users experience. The players are adopting various business strategies such as product differentiation mergers or acquisitions, partnerships and cost leaderships to cater to rising needs across end users.

Awards, Certifications and Memberships

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

The Company also has seven ISO certifications – ISO 9001:2015, ISO 27001:2013, ISO 15836:2017, ISO/TR

15489:2016, ISO/IEC 20000-1:2011, ISO 14721:2012 and ISO 10244:2010 in the end to end document management arena.

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

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

COVID-19 Pandemic:

In FY 2020-21, the widespread effect of COVID-19 pandemic and the humanitarian toll taken by it, turned out to be challenging for all businesses, across all sectors. The public health emergency called for social distancing measures to minimize the spread of COVID-19. Considering the required precautions of the COVID-19, the Company implemented the Work-From-Home policy.

Despite having challenging working conditions throughout the year, the Company has shown efficient adaptation and effective resilience to minimize the impact of this unforeseen business disruption. The Company has ensured smooth functioning of all critical business activities.

Though the Company did not fall under the "Essential Services" category, some of the clients of the Company come under the "Essential Services" category. Hence, the Company operated with minimum staff to ensure that business continues and clients do not suffer any impediments. With the subsequent relaxations in lockdown, the offices and branches were functioning within the guidelines of the local Government authorities, in full-fledged manner. In light of the precautions required to curb the spread of COVID-19, the Company issued Standard Operating Guidelines, from time to time, to carry out the operations at all offices and branches.

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

Financial Performance & Operations review

SDMS continues to offer Physical Record Management Services, Digitization Services, Document Management System, Hosting Services, Workflow Management System and Virtual Data Room (VDR). In Physical Storage Services, SDMS has been providing two types of storage services:



- ✓ Metal Container Storage and
- ✓ Compactor/Bin Storage

SDMS has 25 storage facilities in PAN India Locations for storing clients' documents and all facilities are highly secured which ensure proper protection to clients' documents in all respects.

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

The financial results are summarized below:

Particulars	(₹ in crores)	
	Year ended March 31, 2021	Year ended March 31, 2020
Total Income	42.56	53.30
Total Expenditure	61.96	88.50
Profit/(Loss) before Tax	(17.03)	(39.14)
Provision for Tax	(4.03)	(9.52)
Profit/(Loss) after tax	(13.00)	(29.62)
Other Comprehensive Income	0.004	(0.09)
Profit/(Loss) including other Comprehensive Income	(12.99)	(29.71)

The total income witnessed a 25% fall from ₹ 53.30 crs in FY 2019-20 to ₹ 42.56 crs in FY 2020-21. The Digitisation segment took the maximum hit (FY 19-20 – ₹ 16.71 crs & FY 20-21 – 3.44 crs). This was mainly due to the lockdown restrictions in many states and consequent closure of client locations. Even where the clients' locations were kept open, service providers like SDMS were not allowed to operate in the premises.

However, the income from Physical Storage segment increased by 3% from ₹ 23.79 cr. in FY 19-20 to ₹ 24.56 cr. in FY 20-21. The Company clocked almost the same income in the Software & software related service segment, on year-on-year basis.

Due to efficient cost control, the Company managed to drastically reduce the expenses by 43% from ₹ 88.50 crs in FY 2019-20 to ₹ 61.96 crs in FY 2020-21.

The Company also managed to bring down its Loss after Tax from ₹ 29.62 cr. in FY 2019-20 to ₹ 13.00 cr. in FY 2020-21. Despite the pandemic situation throughout the year, the Company, with its relentless & persistent efforts, could realize ₹ 55.16 cr. from its debtors.

Apart from regular business, the Company is executing major storage project & digital project of two large financial institutions which would boost the topline in FY 21-22.

The Company was slowly and steadily coming out of the unfortunate fire incident which had taken place in

StockHolding

December 2017. The COVID-19 pandemic slightly derailed the ambitious plans of turning around the Company. However, with a dedicated customer base and a healthy order book in all business segments (Storage, Digitization & Software/Hosting), the Company is confident of a turnaround in the near future.

Despite the pandemic situation, due to extensive marketing and sales initiatives during the FY 2020-21, the Company added 14 clients in the storage space, 7 clients in the digitization, 3 clients in the software/hosting services and 1 client in the VDR segment.

The Company is taking all possible measures to generate new businesses & recovery from existing clients, to lessen the impact to the extent possible and also working diligently to adapt to new circumstances while planning for the future.

Future Outlook:

The Company participates in tenders floated by entities / organizations for business opportunities in India and abroad. Due to COVID-19 pandemic throughout FY 20-21, many projects were put on hold or were called off. Hence, the Company could not bag any major tender for storage, digitization or software business.

The Company is looking at software products and Robotic Process Automation (RPA) as a great tool of business expansion. Automation will take on an even more critical role in a post-pandemic world as cost takeout and business resilience become the chief destinations on technology roadmap. RPA is seen as a technology that employs computer software equipped with bots to perform tasks by emulating human actions.

SDMS too would like to quickly adapt to changing markets and varying customer demands to capitalise on long-term success. To ensure this, the Company has already carved out the strategy including setting up of dedicated team of certified & trained employees from IT & Business Development departments who exclusively handle Robotic Process Automation.



The 50th National Safety Week 2021, in collaboration with StockHolding, was observed with fire evacuation training & fire safety equipments training

Dividend

In view of the loss, to conserve the limited resources available for business expansion, the Directors of the Company do not recommend any dividend for the FY 2020-21.

Retained Earnings

The closing balance of the retained earnings of the Company for FY 2020-21, after all appropriation and adjustments was ₹ (3356.79) lakhs.

Directors and Key Managerial Personnel (KMP)

Shri Ramesh N.G.S. is the Non-Executive Chairman of the Company. As on July 22, 2021, the Company has eight Directors which includes two Independent Directors. The Independent Directors have given declarations that they meet the criteria of Independence as laid down under Section 149 of the Companies Act, 2013.

Shri Jagdish Thakur, Director will retire at the ensuing Annual General Meeting and being eligible offers himself for reappointment.

During the year, based on the recommendation of the Nomination and Remuneration Committee (NRC) and Audit Committee (ACB), the Board approved the appointment of Shri Umesh Punde as an Executive Vice Chairman (Whole-Time Director) w.e.f. November 1, 2020 till his retirement on February 29, 2024, in place of Shri R. H. Mewawala who superannuated from the office of Executive Vice Chairman (Whole-Time Director) on October 30, 2020. The shareholders of the Company also approved the reappointment of Shri Punde by passing a special resolution at 17th Extra-Ordinary General Meeting held on March 24, 2021.

During the year, Shri L. Viswanathan also demitted from the office of Director on December 31, 2020.

Shri R. H. Mewawala and Shri L. Viswanathan have been instrumental in setting up this organisation. They have been a part of the Company's growth story since its inception, by being one of the First Directors of the Company as well as amongst the seven subscribers to the Memorandum & Articles of Association of the Company. Both have always been in the forefront in providing valuable insights and guidance on various aspects of the business of the Company.

Further, based on the recommendation of the NRC, the Board approved the appointment of Smt. Pandula Sreelakshmi as Additional Director w.e.f. July 12, 2021 who will represent the Holding Company, Stock Holding Corporation of India Ltd. (StockHolding) in place of Shri Shreekant Patwardhan & Smt. Anita Dembla who had tendered their resignation from directorship w.e.f. April 22, 2021.

Also, based on the recommendation of the NRC, the Board approved the appointment of Smt. Rita Kaul as an Additional Director w.e.f. July 12, 2021 who will represent the Ultimate Holding Company, IFCI Ltd., in place of Shri Prasoon who had tendered his resignation from directorship w.e.f. June 9, 2021.

Further, Shri Sanjay Sharma, Independent Director was appointed for a term of 5 years, w.e.f. October 4, 2016. In the opinion of the Board, Shri Sharma's relevant expertise and rich experience in leadership positions across various sectors in the Industry will benefit the Company. Hence, the Board of Directors have recommended the appointment of Shri Sharma for another term of 5 years w.e.f. October 4, 2021.

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

Numbers of meetings of the Board

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

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

Directors' Responsibility Statement

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

- i) that in the preparation of the annual financial statements for the year ended March 31, 2021, the applicable accounting standards and there are no material departures;
- ii) that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the loss of the Company for the year ended on that date;
- iii) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the annual financial statements have been prepared on a going concern basis;
- v) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

Board Evaluation

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



The performance evaluation of the Independent Directors was carried out by the entire Board. In a separate meeting of the Independent Directors, the performance of the Chairman and the non-Independent Directors was carried out.

The Directors expressed their satisfaction with the evaluation process.

Internal Financial Controls

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

Dematerialization of Securities of the Company

The Equity Shares & Fully Convertible Debentures (FCDs) of the Company have been admitted with National Securities Depository Limited (NSDL). Link Intime India Pvt Limited has been appointed as Registrar and Transfer Agent. The ISIN allocated by NSDL to the Company w.r.t. equity shares & FCDs is "INE01DQ01017" & "INE01DQ08012", respectively. The Company's equity shares & FCDs are completely in dematerialized form.

Human Wealth Development & Training

The Company is committed to creating a healthy and employee-friendly organizational culture which encourages its employees to try new things, push the limits, develop their skills and go beyond what we know as acceptable in today's market place. It nurtures the talent and potential of its employees. Due to COVID-19 pandemic situation followed by lockdown restrictions, the Company could not arrange any employee engagement sessions this financial year other than the usual virtual induction programme for new employees.

Further, in order to facilitate Work From Home policy, laptops were given to all the employees with adequate technical support. In order to ensure safety of all employees, the parent Company in association with Reliance Hospital, Koparkhairane, has also carried out COVID-19 vaccination drive for all the employees and their families, free of cost, at the Mahape premises.

Nomination and Remuneration Policy

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

Auditors

The Statutory Auditors of the Company are appointed by the Comptroller and Auditor General of India (C&AG). M/s Karnavat & Co., Chartered Accountants were the Statutory Auditors for the FY 2020-21.

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

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

The Comptroller and Auditor General of India (C&AG) vide letter dated July 19, 2021, informed that C&AG has decided not to conduct the supplementary audit of the financial statements of your Company for the year ended March 31, 2021 under Section 143(6)(a) of the Companies Act, 2013. Copy of the same is placed next to Statutory Auditors' Report forming part of the financial statements.

Secretarial Auditors' report

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

Audit Committee

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

Nomination and Remuneration Committee

The details of the composition of the Nomination and Remuneration Committee of the Board and meetings held during the FY 2020-21 are included in the Corporate Governance report which forms part of this report.

Risk Management Policy

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

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

Corporate Social Responsibility

SDMS recorded net loss of ₹ 3913.58 lakhs in FY 19-20, of ₹ 941.02 lakhs in FY 18-19 and net profit of ₹ 302.28 lakhs in FY 17-18. Hence, as per section 135 of Companies Act, 2013, SDMS was not required to make expenditure towards CSR during FY 20-21. The Corporate Social Responsibility policy is available on the website of the Company at <https://www.stockholdingdms.com/userfiles/downloads/CSR-Policy-of-StockHolding-DMS.pdf>

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

Committee on Prevention of Sexual Harassment

The Company has in place Internal Complaints Committee (Prevention of Sexual Harassment Committee) as required under "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." The Committee includes an External Independent member viz. Smt. Sneha Khandekar. During the FY 2020-21, no

complaints were received. Regular awareness sessions are conducted by Smt. Khandekar to sensitize the employees.

Cost records and cost audit

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

Fixed Deposits

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

Particulars of Loans, Guarantees and Investments

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

Related Party Transactions

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

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

Subsidiaries, Joint Ventures, Associate Companies

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

Extract of Annual Return

As provided under Section 92 (3) of the Companies Act, 2013, the extract of annual return for FY 2020-21 in the prescribed Form MGT-9 is placed herewith at **Annexure 3**.

The same is available on www.stockholdingdms.com.

Corporate Governance

The Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms. A report thereof is placed herewith at **Annexure 4**.

Particulars of Employees

None of the employees of the Company were in receipt of remuneration in excess of the limits as laid down under Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

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

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

Conservation of energy & technology absorption

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

Foreign Exchange earnings and outgo:

Foreign Exchange earnings – Nil (Previous year – Nil)

Foreign Exchange outgo – Nil (Previous year – ₹ 4.96 Lakhs)

Acknowledgements

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

For and on behalf of the Board of Directors

Place: Mumbai

Date: July 22, 2021

Ramesh N.G.S.

Chairman (Non- Executive)

FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

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

The Members,
StockHolding Document Management Services Limited

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings¹;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')² :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

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

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

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

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes³.

¹ Not applicable to the Company during the Audit Period

² ibid

³ All resolutions were carried unanimously

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines (Please see Annexure B).

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

CS. Suresh Viswanathan

Designated Partner

UDIN : F004453C000581458

FCS : 4453

CP No : 11745

July 6, 2021

Mumbai

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



The Members,
StockHolding Document Management Services Limited

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

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

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

CS. Suresh Viswanathan

Designated Partner

UDIN : F004453C000581458

FCS : 4453

CP No : 11745

July 6, 2021
Mumbai

No. Laws applicable to the Company

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

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

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis - None

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

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

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

For and on behalf of the Board of Directors

Date: July 22, 2021

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

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on March 31, 2021

[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:

CIN	U74140MH2006GOI163728		
Registration Date	10	08	2006
	DATE	MONTH	YEAR
Name of the Company	StockHolding Document Management Services Limited		
Category / Sub-Category of the Company	Category	Public Company	
	Sub- Category	Government Company	
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		
Whether listed company	No		
Name, Address and contact details of Registrar and Transfer agent, if any	Link Intime India Pvt. Ltd. C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400083 Tel. No. +91 22 49186000		

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Physical Storage Services	9967	61.29
2	Digitisation	9997	8.59
3	Software services	9983	30.12

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, 2020				No. of Shares held at the end of the year i.e. March 31, 2021				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
1	Indian									
	Individual/HUF	-	-	-	-	-	-	-	-	-
	Central Govt	-	-	-	-	-	-	-	-	-
	State Govt (s)	-	-	-	-	-	-	-	-	-
	Bodies Corp.	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000	100	-
	Banks / FI	-	-	-	-	-	-	-	-	-
	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (1)	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000	100	-
2	Foreign									
a	NRIs - Individuals	-	-	-	-	-	-	-	-	-
b	Other – Individuals	-	-	-	-	-	-	-	-	-
c	Bodies Corp.	-	-	-	-	-	-	-	-	-
d	Banks / FI	-	-	-	-	-	-	-	-	-
e	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
	Total shareholding of Promoter (A) = (A)(1)+(A)(2)	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000	100	-
B	Public Shareholding									
1	Institutions									
a	Mutual Funds	-	-	-	-	-	-	-	-	-
b	Banks / FI	-	-	-	-	-	-	-	-	-
c	Central Govt	-	-	-	-	-	-	-	-	-
d	State Govt(s)	-	-	-	-	-	-	-	-	-
e	Venture Capital Funds	-	-	-	-	-	-	-	-	-
f	Insurance Companies	-	-	-	-	-	-	-	-	-
g	FIs	-	-	-	-	-	-	-	-	-
h	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(1)	-	-	-	-	-	-	-	-	-
2	Non-Institutions									
a	Bodies Corp.									
	i) Indian	-	-	-	-	-	-	-	-	-
	ii) Overseas	-	-	-	-	-	-	-	-	-
b	Individuals									
	i) Individual shareholders holding nominal share capital upto ` 1 lakh	-	-	-	-	-	-	-	-	-
	ii) Individual shareholders holding nominal share in excess of ` 1 lakh	-	-	-	-	-	-	-	-	-
c	Others (specify)	-	-	-	-	-	-	-	-	-
	Sub-total (B)(2)	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C	Shares held by Custodian for GDRs & ADRs									
	Grand Total (A+B+C)	5,57,50,000	-	5,57,50,000	100	5,57,50,000	-	5,57,50,000*	100	-

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

(ii) Shareholding of Promoters

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

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

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

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

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

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

(v) 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 N.G.S. – Non – Executive Chairman	-	-	-	-
2.	Shri R. H. Mewawala – Executive Vice Chairman (superannuated on October 30, 2020)	1 (as nominee of Stock Holding Corporation of India Ltd)	0	0 (Nomination changed to Shri Umesh Punde)	0
3.	Shri Venkatraman Iyer - Independent Director	-	-	-	-
4.	Shri Sanjay Sharma - Independent 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
5.	Shri L. Viswanathan – Director (Demitted office on December 31, 2020)	1 (as nominee of Stock Holding Corporation of India Ltd)	0	0 (Nomination changed to Smt Anita Dembla)	0
6.	Shri Umesh Punde – Executive Vice Chairman (appointed w.e.f. November 1, 2020)	-	-	1 (as nominee of Stock Holding Corporation of India Ltd)	-
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.	Shri Prasoon – Director	-	-	-	-
9.	Shri Shreekant Patwardhan – Director	1 (as nominee of Stock Holding Corporation of India Ltd)	-	1 (as nominee of Stock Holding Corporation of India Ltd)	-
10.	Ms. Anita Dembla – Director	-	-	1 (as nominee of Stock Holding Corporation of India Ltd)	-
11.	Shri Sanjeev Vivrekar – MD & CEO	-	-	-	-

KEY MANAGERIAL PERSONNEL

1.	Shri R. H. Mewawala – Executive Vice Chairman (superannuated on October 30, 2020)	1 (as nominee of Stock Holding Corporation of India Ltd)	0	0 (Nomination changed to Shri Umesh Punde)	0
2.	Shri Umesh Punde (appointed w.e.f. November 1, 2020)	-	0	1 (as nominee of Stock Holding Corporation of India Ltd)	-
3.	Shri Sanjeev Vivrekar – MD & CEO	-	-	-	-
4.	Ms. Jyoti Katira – Chief Financial Officer	-	-	-	-
5.	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	1472.89	499.82	-	1972.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	74.64	-	-	74.64
Total (i+ii+iii)	1547.53	499.82	-	2047.35

(₹ in lakhs)

	Secured Loans* excluding deposits	Unsecured Loans**	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
Addition	-	2640.30#	-	2640.30
Reduction	429.49	499.82	-	929.31
Net Change	429.49	2140.48	-	1710.99
Indebtedness at the end of the financial year				
i) Principal Amount	1067.00	2500.00	-	3567.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	51.04	140.30	-	191.34
Total (i+ii+iii)	1118.04	2640.30	-	3758.34

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

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

8.5% 2,50,000 Unsecured, Fully Paid-Up, Fully Convertible Debentures of ₹ 1000/- each amounting to ₹ 25 cr. 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 Whole Time Director
		Shri R. H. Mewawala (upto date of superannuation - October 30, 2020)
1	Gross Salary (excluding Commission)	40,07,228.69
	(a) Salary as per provisions contained in Section 17 (1) of the Income tax Act, 1961	
	(b) Value of perquisites u/s 17 (2) Income tax Act, 1961	717.62
	Profits in lieu of salary under section 173(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission - as% of profit	-
5	Others –Employer contribution to provident and other funds	4,50,792.80
	Total	44,58,739.11
	Ceiling as per the Act	*N.A.

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of the Whole Time Director
		Shri Umesh Punde (appointed w.e.f. November 1, 2020)
1	Gross Salary (excluding Commission)	25,00,674.25
	a) Salary as per provisions contained in Section 17 (1) of the Income tax Act, 1961	
	b) Value of perquisites u/s 17 (2) Income tax Act, 1961	439.17
	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	2,41,443.33
	Total	27,42,556.75
	Ceiling as per the Act	*N.A.

*The above managerial remuneration has been paid on the basis of effective capital of the Company as per Section 197 read with Schedule V of the Companies Act. Although Schedule V does not specify any upper limit of remuneration, as a matter of good corporate governance, SDMS has put ceiling of ₹ 1.68 cr. on total managerial remuneration.

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of the Managing Director	
		Shri Sanjeev Vivrekar	
1	Gross Salary (excluding Commission)	41,02,782.87	
	a) Salary as per provisions contained in Section 17 (1) of the Income tax Act,1961		
	b) Value of perquisites u/s 17 (2) Income tax Act,1961	40,654.47	
	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	5,03,317.07	
	Total	46,46,754.41	
	Ceiling as per the Act	*N.A.	

*The above managerial remuneration has been paid on the basis of effective capital of the Company as per Section 197 read with Schedule V of the Companies Act. Although Schedule V does not specify any upper limit of remuneration, as a matter of good corporate governance, SDMS has put ceiling of ₹ 1.68 cr. on total managerial remuneration.

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

Sr. No	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	3,00,000	5,60,000	-	-	8,60,000
	Shri Sanjay Sharma	3,00,000	5,20,000	-	-	8,20,000
	Total (1)	6,00,000	10,80,000	-	-	16,80,000
2.	Other Non-Executive Directors					
	Shri Ramesh N.G.S.#	3,00,000	-	-	-	3,00,000
	Shri L. Viswanathan#	2,00,000	-	-	-	2,00,000
	Shri Prasoon@	2,50,000	-	-	-	2,50,000
	Shri Jagdish Thakur#	3,00,000	4,80,000	-	-	7,80,000
	Shri Shreekant Patwardhan#	2,50,000	2,80,000	-	-	5,30,000
	Ms. Anita Dembla#	3,00,000	1,20,000	-	-	4,20,000
	Total (2)	16,00,000	8,80,000	-	-	24,80,000
	Total (B)=(1+2)	22,00,000	19,60,000	-	-	41,60,000

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

@ Fees for attending meetings paid to IFCI Ltd.

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)	10,82,509.00	25,01,765.36	35,84,274.36
	(a) Salary as per provisions contained in Section 17 (1) of the Income tax Act, 1961			
	(b) Value of perquisites u/s 17 (2) Income tax Act, 1961	6,332.00	615.11	6947.11
	(c) Profits in lieu of salary under section 173(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as% of profit	-	-	-
5	Others – Employer contribution to provident and other funds	70,988.00	3,25,368.59	3,96,356.59
Total		11,59,829.00	28,27,749.06	39,87,578.06

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

ANNEXURE 4

REPORT ON CORPORATE GOVERNANCE

(forming part of Directors' Report for the year ended March 31, 2021)

Your Company's philosophy on code of Governance

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

Board of Directors

The Board sets the strategic goals for your Company, defines its policies and oversees the implementation of these policies to enable actions that would lead to the attainment of the goals. The Board as on July 22, 2021, consists of eight members, including two Independent Directors. The day-to-day management is being looked after by the Managing Director and CEO.

Details of the Board Meeting and Attendance

The Board of Directors meet at least once in every quarter. Six meetings were held during the FY 2020-21. Details of Board Meetings held are as follows:

Sr. No	Date of the Board Meeting	Board Strength	No. of Directors present
1	June 17, 2020	9	9
2	July 6, 2020	10	10
3	July 21, 2020	10	9
4	October 29, 2020	10	10
5	January 21, 2021	9	9
6	March 10, 2021	9	9

Attendance of Directors during FY 2020-21 at each of the above meetings is as follows:

Sr. No.	Name of the Director	Attendance at the Board Meetings held on					
		17-Jun-20	06-July-20	21-July-20	29-Oct-20	21-Jan-21	10-Mar-21
1.	Shri Ramesh NGS	√	√	√	√	√	√
2.	Shri R. H. Mewawala	√	√	√	√	Superannuated on October 30, 2020	
3.	Shri Umesh Punde*	-	-	-	-	√	√
4.	Shri Venkatraman Iyer	√	√	√	√	√	√
5.	Shri Sanjay Sharma	√	√	√	√	√	√
6.	Shri L. Viswanathan	√	√	√	√	Resigned w.e.f. December 31, 2020	
7.	Shri Jagdish Thakur	√	√	√	√	√	√
8.	Shri Prason#	-	√	√	√	√	√
9.	Shri Shreekant Patwardhan	√	√	LoA	√	√	√
10.	Ms. Anita Dembla	√	√	√	√	√	√
11.	Shri Sanjeev Vivrekar	√	√	√	√	√	√

LoA = Leave of absence, √ = attended

* Appointed w.e.f. November 1, 2020.

#Appointed w.e.f. July 6, 2020.

The details of Directorships held by 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
	StockHolding Securities IFSC Limited	Non Executive Chairman
	IFIN Securities Finance Limited	Non – Executive Chairman
	IFIN Credit Limited	Non – Executive Chairman
	IFCI Financial Services Limited	Non – Executive Chairman
	IFIN Commodities Limited	Director
	Wonder Home Finance Limited	Independent Director
Shri Venkatraman Iyer	Pahal Financial Services Pvt. Ltd	Director
	Tranquility Advisory LLP	Designated Partner
Shri Sanjay Sharma	-	-
Shri R. H. Mewawala	-	-
Shri L. Viswanathan	Pranavaditya Spinning Mills Limited	Independent Director
Shri Umesh Punde	SHCIL Services Ltd.	Director (Resigned w.e.f. April 22, 2021)
Shri Jagdish Thakur	-	-
Shri Prasoon	IFCI Infrastructure Development Limited	Nominee Director
	IIDL Realtors Private Limited	Director
	IFCI Sycamore Capitals Advisors Private Limited (under Voluntary liquidation)	Director
Shri Shreekant Patwardhan	-	-
Ms. Anita Dembla	-	-
Shri Sanjeev Vivrekar	-	-

Details of Audit Committee Meetings and Attendance

The Audit Committee met five 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				
			17-Jun-20	06-July-20	21-July-20	29-Oct-20	21-Jan-21
1	Shri Venkatraman Iyer	Non- Executive/ Independent	√	√	√	√	√
2	Shri Sanjay Sharma	Non- Executive/ Independent	√	√	√	√	√
3	Shri Jagdish Thakur	Non- Executive	√	√	√	√	√

√ = attended

Details of Nomination and Remuneration Committee Meetings and Attendance

The Nomination and Remuneration Committee met thrice 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		
			17-Jun-20	06-July-20	28-Oct-20
1	Shri Venkatraman Iyer	Non- Executive/ Independent	√	√	√
2	Shri Sanjay Sharma	Non- Executive/ Independent	√	√	√
3	Shri Jagdish Thakur	Non- Executive	√	√	√
4	Shri Shreekant Patwardhan	Non- Executive	√	√	√

√ = attended.

Details of Risk Management Committee Meetings and Attendance

The Risk Management Committee met thrice 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		
			21-July-20	28-Oct-20	10-Mar-2021
1	Shri Jagdish Thakur	Non- Executive	√	√	√
2	Shri Shreekant Patwardhan	Non- Executive	√	√	√
3	Ms. Anita Dembla	Non- Executive	√	√	√

√ = attended.

Details of Share Allotment and Transfer Committee

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 are as follows:

Sr. No.	Name of the Director	Category	Attendance at the Share Allotment and Transfer Committee meeting held on 16-July-20
1	Shri Venkatraman Iyer	Non- Executive / Independent	√
2	Shri Jagdish Thakur	Non- Executive	√
3	Shri Shreekant Patwardhan	Non- Executive	√

√ = attended.

Committee of Independent Directors

In compliance of Schedule IV (Code for Independent Directors), the Independent Directors met on March 10, 2021.

The Committee comprises of Independent Directors, viz., Shri Venkatraman Iyer and Shri Sanjay Sharma. The detail of attendance during the FY 2020-21 is as follows:

Sr. No.	Name of the Director	Category	Attendance at the Independent Directors Committee meeting held on 10-Mar-21
1	Shri Venkatraman Iyer	Non- Executive / Independent	√
2	Shri Sanjay Sharma	Non- Executive / Independent	√

√ = attended.

Details of Advisory Committee of the Board

The Advisory Committee of the Board met thrice 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			
			17-Jun-20	28-Oct-20	21-Jan-21	10-Mar-21
1.	Shri Sanjay Sharma	Non- Executive/ Independent	√	√	√	√
2.	Shri Venkatraman Iyer	Non- Executive / Independent	√	√	√	√
3.	Shri R. H. Mewawala	Executive Vice Chairman	√	√	Superannuated on October 30, 2020.	
4.	Shri Umesh Punde*	Executive Vice Chairman	-	-	√	√

√ = attended.

* Appointed w.e.f. November 1, 2020.

Details of Corporate Social Responsibility Committee of the Board

The Corporate Social Responsibility (CSR) Committee of the Board comprises of Shri Venkat Iyer, Shri Jagdish Thakur and Ms. Anita Dembla. Since the provisions of Section 135 of Companies Act, 2013 were not applicable to the Company during the audit period, no meeting of CSR Committee was held during FY 20-21.

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	12th AGM	13th AGM	14th AGM	
Year	2017-18	2018-19	2019-20	
Venue	The Regenza by Tunga, Plot No.37, Sector 30-A, Vashi, Navi Mumbai – 400703	301, Centrepoint, Dr. B. Ambedkar Road, Parel, Mumbai- 400012.	301, Centrepoint, Dr. B. Ambedkar Road, Parel, Mumbai- 400012.	
Date of Meeting	September 7, 2018	September 9, 2019	October 12, 2020 (In view of the COVID pandemic situation, Registrar of Companies (ROC) Mumbai, vide order dated September 8, 2020 had given extension to hold AGM for FY 19-20 by an additional period of 3 months from the due date i.e. upto December 31, 2020)	
General Meeting	14th EGM	15th EGM	16th EGM	17th EGM
Year	2018-19	2019-20	2020-21	2020-21
Venue	301, Centrepoint, Dr. B. Ambedkar Road, Parel, Mumbai-400012	301, Centrepoint, Dr. B. Ambedkar Road, Parel, Mumbai- 400012.	301, Centrepoint, Dr. B. Ambedkar Road, Parel, Mumbai- 400012.	301, Centrepoint, Dr. B. Ambedkar Road, Parel, Mumbai- 400012.
Date of Meeting	October 24, 2018	March 12, 2020	July 7, 2020	March 24, 2021

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

Meeting no.	Resolution No.	Particulars of Resolution
12th AGM	6	Appointment of Shri R. H. Mewawala as Executive Vice Chairman (Whole Time Director) (DIN 00201096)
14th EGM	1	Infusion of capital by way of Issue of 1,25,00,000 equity shares of ₹ 10/- each at a premium of ₹ 6/- per share aggregating to ₹ 20,00,00,000 (Rupees Twenty crores only) to Stock Holding Corporation of India Limited on Private Placement basis in two tranches.
15th EGM	1	Reappointment of Shri Venkat Iyer as an Independent Director for a second term of five years w.e.f. Oct 30, 2019.
	2	Reappointment of Shri Sanjeev Vivrekar, Managing Director and Chief Executive Officer (MD & CEO) w.e.f. April 01, 2020 till his superannuation i.e. July 31, 2022
16th EGM	1	Increase in borrowing power of the Company upto ₹ 100 cr.
	2	Increase in Authorised Share Capital of the Company from ₹ 60 cr. to ₹ 85 cr.
	3	Issue of 8.5% 2,50,000 Fully Convertible Debentures of face value of ₹ 1000/- each aggregating to ₹ 25 cr., on private placement basis to Stock Holding Corporation of India Ltd.
17th EGM	1	Utilisation of balance proceeds of Fully Convertible Debentures issued to Stock Holding Corporation of India Limited (StockHolding)
	2	Appointment of Shri Umesh Punde as Executive Vice Chairman (Whole Time Director) [DIN: 00670403] w.e.f. November 1, 2020 till his retirement on February 29, 2024.

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 17, 2021 at 3:00 p.m. 301, Centrepoin, Dr. Ambedkar Road, Parel, Mumbai - 400012.
(b)	Date of Book closure/record date	N.A
(c)	Dividend payment date	No dividend is announced and recommended by the Board for FY 2020-21.

a) Listing on Stock Exchange

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

b) 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.

c) Distribution of shareholding as on March 31, 2021

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.

d) Address of correspondence

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



UDIN : 21137686AAAAEY1684

INDEPENDENT AUDITORS' REPORT

TO
THE MEMBERS OF
STOCKHOLDING DOCUMENT MANAGEMENT SERVICES
LIMITED

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of **STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED** (hereinafter referred to as "the Company"), which comprise the balance sheet as at March 31, 2021 and the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as 'Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, and amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2021, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 45 in the financial statements regarding Company's liability to the third parties due to the fire occurred at Company's Premises.

Also we draw attention to Note 47 of the Financial Statements regarding impact of COVID-19 pandemic. The situation continues to be uncertain and the Company is evaluating the situation on an ongoing basis with respect to the challenges faced.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key Audit Matters are those matters that in our professional judgment were of most significance in our audit of the Financial Statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

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

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

Other Information

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

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

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with provisions of the Act for safeguarding assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements



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

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

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

Auditor's Responsibilities for Audit of the Financial Statements

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

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

- Identify and assess risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate appropriateness of the accounting policies used and reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" - a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion the Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by provisions of Section 197 read with Schedule V of the Act;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B"
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us, we report that:
- i) The Company does not have any pending litigations which would impact its financial position other than those mentioned in the notes to the accounts;
- ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
- iii) There were no amounts which were required to be transferred to the Investors Education and Protection Fund by the Company;
- i) As required under section 143(5), we report on the following directions issued under the section as under:

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

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

(Viral Joshi)
Partner
Membership No. 137686

Place : Mumbai
Dated : April 27, 2021

ANNEXURE-A TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 1 under the 'Report on Other Legal and Regulatory Requirements' our report to the members of STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED, ('the Company') for the year ended on March 31, 2021. We report that:

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

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

Further, according to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, GST, sales tax, wealth tax, duty of customs, duty of excise, value added tax or cess and other statutory dues were outstanding, as at March 31, 2021, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, GST, sales tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute.
- viii. Based on our audit procedures and according to the information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and bank.
- ix. Based on our audit procedures and according to the information and explanations given to us by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). Further, term loans have been applied for the purpose for which it is taken.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- xi. The Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provision of the Section 197 read with Schedule V of the Act.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to the Company and hence provisions of Clause 3(xii) of the aforesaid Order are not applicable to the Company.

- xiii. The Company has entered into the transaction with the related parties in compliance with the provisions of the Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS)18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares. Further, the Company has made private placement of fully convertible debentures during the year in compliance with the requirements of section 42 of the Act and the funds raised have been used for the purposes for which the funds were raised.
- xv. The Company has not entered into any non-cash transactions with its directors or the persons connected with him and hence provisions of Clause 3(xv) of the aforesaid Order are not applicable to the Company.
- xvi. The Company is not required to be registered Section 45-IA of the Reserve Bank of India Act, 1934 and hence provisions of Clause 3(xvi) of the aforesaid Order are not applicable to the Company.

**For and on behalf of
KARNAVAT & CO.**

Chartered Accountants
Firm Regn No. 104863W

(Viral Joshi)

Partner

Membership No. 137686

Place : Mumbai

Dated : April 27, 2021

ANNEXURE-B TO INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in paragraph 2(f) under the 'Report on Other Legal and Regulatory Requirements' our report to the members of STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED, ('the Company') for the year ended on March 31, 2021.

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

We have audited internal financial controls over financial reporting of STOCKHOLDING DOCUMENT MANAGEMENT SERVICES LIMITED ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year then ended on that date.

Management's Responsibility for the Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and Guidance note require that we comply with ethical requirements and plan and perform audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide a reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purpose in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. Provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

(Viral Joshi)
Partner
Membership
No. 137686

Place : Mumbai
Dated : April 27, 2021

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 2021.

The preparation of financial statements of StockHolding Document Management Services Limited for the year ended 31 March 2021 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 27 April 2021.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of StockHolding Document Management Services Limited for the year ended 31 March 2021 under section 143(6)(a) of the Act.

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

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

Place: Mumbai

Date: 19.07.2021



BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Note	(₹ in lakhs)	
		As at March 31, 2021	As at March 31, 2020
I. ASSETS			
Non-current assets			
(a) Property, Plant and Equipment	3	5,530.37	5,044.60
(b) Right of use lease assets	3	2,939.55	3,096.84
(c) Capital work-in-progress		-	-
(d) Investment Property		-	-
(e) Goodwill		-	-
(f) Other intangible assets	3	12.05	15.35
(g) Intangible assets under development		2.39	1.18
(h) Biological Assets other than bearer plants		-	-
(i) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Others		-	-
- Security deposits	4	487.57	404.48
- Margin money deposits with banks	5	269.91	208.62
(j) Deferred tax assets (net)	18	1566.49	1136.81
(k) Non current tax assets (net)	6	180.79	569.16
(l) Other non-current assets	7	242.30	603.61
		11,231.42	11,080.65
Current assets			
(a) Inventories		-	-
(b) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables	8	2,766.31	4,106.99
(iii) Cash and cash equivalents	9	1039.08	88.97
(iv) Bank balances other than (iii) above	10	34.62	17.55
(v) Loans		-	-
(vi) Others		-	-
- Security deposits	11	30.11	155.78
- Interest accrued	12	1.20	-
(c) Current tax assets (net)		-	-
(d) Other current assets	13	1,092.97	1,055.56
		4,964.29	5,424.85
TOTAL ASSETS		16,195.71	16,505.50
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	14	5,575.00	5,575.00
(b) Other Equity	15	(2,072.25)	(773.06)
		3,502.75	4,801.94
Liabilities			
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	16	3,067.00	972.89
(ii) Right of use lease liability	16	3,501.69	3,467.48
(iii) Trade payables		-	-
(iv) Other financial liabilities		-	-
(b) Provisions	17	90.88	45.82
(c) Deferred tax liabilities (Net)	18	-	-
		6,659.57	4,486.19
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	19	1931.09	2419.07
(ii) Right of use lease liability	19	278.40	425.34
(iii) Trade payables	20	-	-
(a) Total outstanding dues of micro enterprises and small enterprises		31.66	487.83
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		1921.01	1407.87
(iv) Other financial liabilities	21	1,752.22	2,291.39
(b) Other current liabilities	22	72.87	141.11
(c) Provisions	23	46.14	44.76
(d) Current Tax Liabilities (Net)		-	-
		6,033.39	7,217.37
TOTAL EQUITY AND LIABILITIES		16,195.71	16,505.50

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Karnavat & Co

Chartered Accountants

Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi

Partner

Membership No: 137686

UDIN : 21137686AAAAEY1684

Jajvalya Raghavan

Company Secretary

Sanjeev Vivrekar

MD & CEO

Venkatraman Iyer

Sanjay Sharma

Jagdish Thakur

Directors

Place: Mumbai

Date : April 27, 2021

Jyoti Katira

Chief Financial Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note	₹ in lakhs	
		Year ended March 31, 2021	Year ended March 31, 2020
I. Revenue from operations	24	4,007.45	5,267.96
II. Other income	25	248.44	61.84
III. Total Income (I + II)		4,255.89	5,329.80
IV. Expenses:			
Cost of software licenses sold		-	-
Employee benefits expense	26	1,340.76	1,419.43
Finance costs	27	959.88	810.63
Depreciation and amortization expense	3	634.09	674.64
Right of use lease depreciation	3	830.69	804.81
Other expenses	28	2,430.08	5,140.39
Total expenses (IV)		6,195.50	8,849.90
V. Profit/ (loss) before exceptional items and tax (III-IV)		(1,939.61)	(3,520.10)
VI. Exceptional items	30	236.59	(393.48)
VII. Profit/ (loss) before tax (V - VI)		(1,703.02)	(3,913.58)
VIII. Tax Expense:			
(1) Current Tax			
- Current period		-	-
- Pertaining to previous period		26.35	-
(2) Deferred Tax		(429.81)	(951.61)
		(403.46)	(951.61)
IX. Profit/ (loss) for the period from continuing operations (VII-VIII)		(1,299.56)	(2,961.97)
X. Profit/ (loss) from discontinued operations		-	-
XI. Tax expense of discontinued operations		-	-
XII. Profit/ (loss) from discontinued operations (after tax) (X-XI)		-	-
XIII Profit/ (loss) for the period (IX+XII)		(1,299.56)	(2,961.97)
XIV Other Comprehensive Income	29		
A (i) Items that will not be reclassified to profit or loss		0.50	(12.68)
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.13)	3.19
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
XV Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit/ (loss) and Other Comprehensive Income for the period)		(1,299.19)	(2,971.46)
XVI Earnings per equity share (for continuing operation)	32		
(1) Basic		(2.33)	(5.31)
(2) Diluted		(2.33)	(5.31)
XVII Earnings per equity share (for discontinued operation)			
(1) Basic		-	-
(2) Diluted		-	-
XVIII Earnings per equity share (for discontinued & continuing operations)	32		
(1) Basic		(2.33)	(5.31)
(2) Diluted		(2.33)	(5.31)

Accompanying notes are an integral part of the financial statements.

As per our report of even date

For Karnavat & Co

Chartered Accountants

Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi

Partner

Membership No: 137686

UDIN : 21137686AAAAEY1684

Jajvalya Raghavan

Company Secretary

Sanjeev Vivrekar

MD & CEO

Venkatraman Iyer

Sanjay Sharma

Jagdish Thakur

Directors

Place: Mumbai

Date : April 27, 2021

Jyoti Katira

Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2021

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, 2020	5,575.00	-	5,575.00
March 31, 2021	5,575.00	-	5,575.00

B Other Equity

(₹ In Lakhs)

Particulars	Equity component of borrowings from holding company	Securities premium	Retained earnings	Total
Opening Balance as on April 01, 2020	159.54	1,125.00	(2,057.60)	(773.06)
Amount received on preferential issue of equity shares	-	-	-	-
Profit/ (loss) for the year ended March 31, 2021	-	-	(1,299.56)	(1,299.56)
Actuarial gain/(loss) on defined employee benefit plan	-	-	0.37	0.37
Dividend paid	-	-	-	-
Tax on distributed profits	-	-	-	-
Closing Balance as on March 31, 2021	159.54	1,125.00	(3,356.79)	(2,072.25)

As per our report of even date

For Karnavat & Co

Chartered Accountants

Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi

Partner

Membership No: 137686

UDIN : 21137686AAAAEY1684

Jajvalya Raghavan

Company Secretary

Sanjeev Vivrekar

MD & CEO

Venkatraman Iyer

Sanjay Sharma

Jagdish Thakur

Directors

Place: Mumbai

Date : April 27, 2021

Jyoti Katira

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(₹ In Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Cash flows from operating activities :		
Profit/(Loss) before tax	(1,703.02)	(3,913.58)
Adjusted for:		
Depreciation/amortisation	634.09	674.64
Right of use lease depreciation	830.69	804.81
Provision for doubtful debts expense	598.08	1,766.13
Provision for expense written back	(41.34)	(19.06)
Bad debts written off	59.79	77.84
Fixed assets written off	0.06	433.89
Interest/Dividend income	(45.04)	(24.60)
Interest on Inter-Corporate Deposit/ Non convertible debentures/Fully convertible debentures/ Cash credit facility/ancillary borrowing costs	533.33	436.48
Right of use lease interest	426.55	374.15
Gain on termination of Ind As 116 leases	(88.38)	(8.06)
Actuarial gains/(losses) on employee benefits	0.50	(12.68)
	2,908.33	4,503.54
Operating Profit / (loss) before working capital changes	1,205.31	589.96
Changes in working capital		
(Increase)/ Decrease in Trade Receivables, Long term & Short term Loans & Advances and Other Current Assets	699.75	(834.35)
Increase / (Decrease) in Trade Payables, Other Liabilities & Provisions	537.06	1,318.67
	1,236.81	484.32
Cash generated from operations	2,442.12	1,074.28
Taxes paid (including taxes deducted at source)	362.02	(207.83)
Net cash generated from / (used in) operating activities	2,804.14	866.45
Cash flows from investing activities :		
Purchase of fixed assets including capital work in progress & capital advances	(768.24)	(1,073.67)
Redemption of fixed deposits	10,599.84	2,366.87
Investment in fixed deposits	(10,678.21)	(2,340.15)
Interest/dividend received	43.84	26.62
Net cash generated from / (used in) investing activities	(802.77)	(1,020.33)
Cash flows from financing activities :		
Inter-corporate deposit from related party	(500.00)	(500.00)
9.5% non convertible debentures	(500.00)	-
8.55% fully convertible debentures	2,500.00	-
Term loan	78.96	
Cash credit facility	(116.45)	83.32
Bank overdraft facility	(371.53)	911.43

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

(₹ In Lakhs)

	Year ended March 31, 2021	Year ended March 31, 2020
Interest on inter-corporate deposit/ non convertible debentures	1018.00	(418.59)
Lease payments on right of use assets	(1,124.24)	(1,051.63)
Net cash from financing activities	1051.26	(975.47)
Net (decrease) / increase in cash and cash equivalents	950.11	(1,129.35)
Cash and cash equivalents, beginning of the period	88.97	1,218.32
Cash and cash equivalents, end of the period	1039.08	88.97
Note: Cash and cash equivalents include the following :		
Cash balance	-	0.01
Balance with banks:		
- in current accounts	75.86	88.96
- in deposit accounts	963.22	-
	1,039.08	88.97

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 Karnavat & Co
 Chartered Accountants
 Firm Registration no: 104863W

For and on behalf of the Board

Viral Joshi
 Partner
 Membership No: 137686
 UDIN : 21137686AAAAEY1684

Jajvalya Raghavan
 Company Secretary

Sanjeev Vivrekar
 MD & CEO

Venkatraman Iyer
Sanjay Sharma
Jagdish Thakur
 Directors

Place: Mumbai
 Date : April 27, 2021

Jyoti Katira
 Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Foot Note:

Net Debt Reconciliation

	(₹ In Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Cash and cash equivalents	1,039.08	88.97
Liquid investments	-	-
Current borrowings	(1,931.09)	(2,419.07)
Current ROU lease liability	(278.40)	(425.34)
Non current borrowings	(3,567.00)	(1,972.71)
Non current ROU lease liability	(3,501.69)	(3,467.48)
Net (debt)/ Cash & Cash Equivalents	(8,239.10)	(8,195.63)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

1. Background

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

2. Significant Accounting Policies

i) Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement basis summarised below.

ii) Statement of Compliance

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

iii) Basis of preparation

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

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

iv) Use of Estimates

The preparation of the financial statements in conformity with 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.

v) Applicability of new and revised Ind AS:

a) New amended standards and interpretation

- i. Ind AS 1 Presentation of Financial Statements - Substitution of the definition of term 'Material'.
- ii. Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors - In order to maintain consistency with Ind AS 1, the respective changes have been made to Ind AS 8 also.
- iii. Ind AS 10 Events after the Reporting Period - Clarification on the disclosures requirements to be made in case of a material non- adjusting event.
- iv. Ind AS 34 Interim Financial Reporting - In order to maintain consistency with the amendments made in other Ind AS, respective changes have been made to Ind AS 34.
- v. Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets - Clarification on the accounting treatment for restructuring plans.
- vi. Ind AS 103 Business Combination - Detailed guidance on term 'Business' and 'Business Combination' along with providing an Optional test to identify concentration of Fair Value.
- vii. Ind AS 107 Financial Instruments: Disclosures - Clarification on certain disclosures to be made in respect of uncertainty arising from interest rate benchmark reforms.
- viii. Ind AS 109 Financial Instruments - Clarification on temporary exceptions from applying specific hedge accounting requirements along with providing guidance on transition for hedge accounting.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- ix. Ind AS 116 Leases - Clarification on whether rent concessions as a direct consequence of COVID- 19 pandemic can be accounted as lease modification or not.

None of the amendments has any material impact on the financial statements for the current year.

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

vi) Current / non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

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

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

vii) Revenue

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Income from software services is recognized over the contract period.

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

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

viii) Interest and dividends

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

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

ix) Operating expenses

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

x) Property, plant and equipment

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

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

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

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

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

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

An item of PP&E and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

xi) Intangible assets

(a) Initial recognition of other intangible assets

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

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

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

(b) Subsequent measurement

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

Asset	Useful life
Software	3 years

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

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

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

xii) Leased assets

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

xiv) Financial instruments

Recognition, initial measurement and derecognition

Initial recognition and measurement

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

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.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Equity investments

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

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

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial 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 Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets which have not been fair valued to profit and loss:

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

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

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

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

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

xv) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

xvi) Fair value measurement

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

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

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

xvii) Segment reporting

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

The Company has three operating segments: physical 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.

xviii) Income taxes

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

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

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilised against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

xix) Cash and cash equivalents

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

xx) Equity, reserves and dividend payments

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

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

Retained earnings includes all current and prior period retained profits

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

Post-employment benefit plans

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

Defined contribution plans

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

Defined benefit plans

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

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

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

Long/Short-term employee benefits

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

xxii) Provisions

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

xxiii) Borrowing costs

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

xxiv) Contingent liabilities and Contingent assets

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

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

xxv) Earnings Per Share

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

xxvi) Insurance claims

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

xxvii) Significant accounting judgements, estimates and assumptions

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

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

Useful lives of depreciable assets

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

Lease term of right-of-use assets

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

Impairment of non-financial assets

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Defined benefit obligation (DBO)

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

xxviii) Financial risk management

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

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

xxix) Recent pronouncements

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

3 Property, Plant and Equipment

(₹ In lakhs)

Particulars	GROSS BLOCK AT COST		DEPRECIATION		NET BLOCK	
	As at April 1, 2020	As at Mar 31, 2021	As at April 1, 2020	For the year ended	As at Mar 31, 2021	As at Mar 31, 2020
Tangible assets						
Computers - Hardware (Servers, networks etc)	556.99	570.88	491.84	39.21	526.28	65.15
Computer end user devises	219.18	225.01	176.96	31.59	192.85	42.22
Motor vehicles	15.61	15.61	13.02	2.07	15.09	2.59
Furniture & fixtures	175.66	179.66	67.97	21.54	88.69	107.69
Leasehold Improvements	244.92	366.80	82.67	50.40	132.27	162.25
Office equipments - Mobiles	4.04	4.22	3.14	0.77	3.91	0.90
Office equipments - Others	46.98	63.31	38.74	16.41	54.98	8.24
P&M - Electricals	223.69	292.16	68.00	27.02	95.02	155.69
P&M - Others	5785.28	6,641.21	1285.41	433.99	1719.40	4499.87
Total	7272.35	8358.86	2227.75	623.00	2828.49	5044.60
Intangible assets						
Software	223.14	230.91	207.79	11.07	218.86	15.35
Total	223.14	230.91	207.79	11.07	218.86	15.35
Right of use lease assets						
Right of use lease assets	4969.70	5643.10	1872.86	830.69	2703.55	3096.84
Total	4969.70	5643.10	1872.86	830.69	2703.55	3096.84
As at 31.03.21	12465.19	14232.87	4308.40	1464.76	5750.90	8156.79
As at 31.03.20	10306.74	12465.19	3019.63	1479.45	4308.40	5012.12

Note:

1. The gross block as on March 31, 2021 includes assets under deemed cost of ₹ 2467.90 lakhs.
2. Of the total assets of the company, assets of ₹ 1500 lakhs are hypothecated against issue of non convertible debentures.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Non Current Assets

Financial Assets

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
4 Security and other deposits (Unsecured and considered good unless otherwise stated)	487.57	404.48
	487.57	404.48
5 Deposits with banks *	269.91	208.62
	269.91	208.62
* Placed as lien against bank guarantees		
6 Non Current Tax Assets		
Advance payment of tax and taxes deducted at source (net of provisions)	180.79	569.16
	180.79	569.16
7 Other Non Current Assets		
Capital advances	233.00	582.54
Advances other than capital advances	8.37	18.41
Prepaid expenses	0.83	2.56
Receivable from Stockholding Document Management Services Ltd's employees group gratuity scheme	0.10	0.10
	242.30	603.61

Current Assets

Financial Assets

8 Trade Receivables *

Particulars	As at March 31, 2021	As at March 31, 2020
Secured	-	-
Unsecured		
Considered good	2271.66	4529.52
Less : Provision for expected credit losses	(126.56)	(122.26)
	2145.10	4407.26
Credit impaired	2904.12	1388.86
Less : Provision for doubtful debts	(2,282.91)	(1689.13)
	621.21	(300.27)
	2766.31	4106.99
* - Includes dues from SHCIL (holding company)	243.29	412.93
* - Includes dues from SSL (fellow subsidiary)	8.11	6.65
* - Includes dues from IFCI (ultimate holding company)	0.09	34.14
* - Includes dues from IFIN (fellow subsidiary)	4.05	7.54
* - Includes dues from IIDL (fellow subsidiary)	-	6.83
9 Cash and Cash equivalents		
- Cash on hand	-	0.01
- Bank balances		
- in current accounts	75.86	88.96
- in deposit accounts	963.22	-
	1,039.08	88.97

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
10 Other Balances with Banks		
- In deposit accounts	34.62	17.55
	34.62	17.55
Other Current Financial Assets		
11 Security and other deposits (unsecured and considered good unless otherwise stated)	30.11	155.78
	30.11	155.78
12 Interest accrued on fixed deposits	1.20	-
	1.20	-
13 Other Current Assets		
Advances other than capital advances		
Prepaid expenses	78.31	73.91
Cenvat/GST credit receivable	570.13	445.18
Other advances receivable	6.03	10.36
Others		
Accrued income (other than interest accrued on fixed deposits) - Contract asset refer foot note 1 below	438.50	526.11
	1,092.97	1,055.56
foot note 1		
Changes in contract assets are as follows:		
Balance at the beginning of the period	526.11	695.04
Revenue recognised during the period	112.92	383.59
Invoices raised during the year for contract assets at the beginning of the period	200.53	552.52
Balance at the end of the period	438.50	526.11
14 Equity Share Capital		
Authorised		
8,50,00,000 (FY 2019-20: 600,00,000) equity shares of ₹ 10 each	8,500.00	6,000.00
	8,500.00	6,000.00
Issued		
5,57,50,000 (FY 2019-20: 5,57,50,000) equity shares of ₹ 10 each	5,575.00	5,575.00
	5,575.00	5,575.00
Subscribed & Paid up		
5,57,50,000 (FY 2019-20: 5,57,50,000) equity shares of ₹ 10 each, fully paid-up	5,575.00	5,575.00
	5,575.00	5,575.00

Terms/rights attached to equity shares:

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Reconciliation of shares outstanding

Particulars	As at March 31, 2021 No. of shares	As at March 31, 2020 No. of shares
Shares outstanding at the beginning of the period	5,57,50,000	5,57,50,000
Add : Shares subscribed during the period	-	-
Less : Shares bought back during the period	-	-
Shares outstanding at the end of the period	5,57,50,000	5,57,50,000

Percentage of holding:

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

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
15 Other equity		
Equity component of borrowings from holding company		
Opening	159.54	159.54
Additions	-	-
Adjustments on account of preponement of principal repayment of ICD's	-	-
Closing	159.54	159.54
Securities premium		
Opening balance	1125.00	1,125.00
Add: Amount received on preferential issue of equity shares	-	-
Closing	1125.00	1,125.00
Retained earnings		
Opening	(2057.60)	1402.32
Transferred from current year's profit & loss account	(1299.56)	(2961.97)
Transition impact on implementation of Ind AS 116	-	(488.46)
Less: Appropriations:		
Actuarial gain/(loss) on defined employee benefit plan	0.37	(9.49)
Closing	(3356.79)	(2057.60)
Total Other Equity	(2072.25)	(773.06)
16 Non Current Liabilities		
Financial Liabilities - Borrowings		
Unsecured		
2,50,000, 8.55% Fully Convertible Debentures of ₹ 1000/- each fully paid up [see note (i)]	2,500.00	-
Right of use lease liability (net of current portion of ₹ 278.41 lakhs disclosed under note 19)	3,501.69	3,467.48
	6,001.69	3,467.48
Secured		
1,50,000, 9.5% Secured, Redeemable Non Convertible Debentures of ₹ 1000/- each fully paid up [see note (ii)]	539.08	1,047.53
Interest accrued & payable within 12 months	(51.04)	(74.64)
Term loan [see note (iii)]	78.96	-
	567.00	972.89
	6,568.69	4,440.38

- (i) All the fully convertible debentures (FCD's) are held by holding company. The holding company shall have put option after expiry of one year from the date of allotment and annually thereafter. SDMS shall not have any call option. If put option is not exercised, the FCDs would get converted into equity shares of SDMS at the then prevailing book value per share at the end of three years. The interest rate of 8.55% (based on prevailing rate scenarios and corporate spreads) is constant for the full tenure of FCD's and hence the entire amount of FCD's is being considered as debt and interest expense recognised at 8.55%.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

- (ii) All debentures are held by holding company. Debentures are secured by specified assets of the company. Tenure of the debentures is seven years. Interest is payable annually. The company may exercise call option at the beginning of the fourth year to redeem the debentures in full or in part, subject to such call option be exercised in multiples of 10% of the issued amount. Similarly, the debentureholder may exercise put option at the beginning of the fourth year in full or in part, subject to such put option be exercised in multiples of 10% of the issued amount. The charge on specified assets has been created. The scheduled cash flows of the debentures have been discounted at 11% pa (market rate of interest) and the difference between the present value of discounted cash flows and the actual debentures amount has been recognised as deemed equity.
- (iii) A term loan of ₹ 32.37 crores has been sanctioned by State Bank of India for setting up infrastructure of the SBI Storage project. The tenure of the loan is 8 years and 1 month including a moratorium period of 1 year and 1 month. The interest rate is 0.75% above 3 months MCLR (Present effective rate is 7.40% p.a). The loan is secured by the hypothecation of plant and machinery of the Company created out of bank finance and corporate guarantee given by the parent company viz Stockholding Corporation of India Ltd.

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
17 Provisions		
Provision for employee benefits		
Leave encashment	90.88	45.82
	90.88	45.82
18 Deferred Tax Liabilities/ (Assets) (Net)		
The major components of deferred tax assets and liabilities arising on account of timing differences are as under:		
Deferred Tax Assets (A)		
Provision for doubtful debts/advances	606.42	455.90
Employee benefits	34.48	22.80
Unabsorbed tax losses carried forward	987.84	673.09
Right of use lease assets	238.81	202.37
Deferred Tax Liabilities (B)		
Depreciation	301.06	217.35
Net Deferred Tax Liabilities/ (Assets) (B-A)	(1,566.49)	(1,136.81)
Deferred tax as on March 31, 2021 has been measured using the effective tax rate of 25.168%.		
Further changes in tax rates are expected in future years but these changes will be enacted separately in respective years and hence are not recognised in the financial statements.		
Current Liabilities		
19 Financial Liabilities - Borrowings		
<u>Secured</u>		
Cash credit facility *	494.83	611.28
Overdraft facility **	1436.26	1807.79
	1931.09	2419.07
<u>Unsecured</u>		
Current portion of ROU lease liability	278.40	425.34
	2,209.49	2844.41
* 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 (₹ 438.58 lakhs) and SBI (₹ 997.77 lakhs) secured against fixed deposits placed by the parent company viz Stockholding and with IDFC Bank (debit ₹ 0.08 lakhs) secured against fixed deposit placed by the company.		
20 Financial Liabilities - Trade Payables		
Dues to micro and small enterprises (Refer footnote below)	31.66	487.83
Dues to holding company	1,755.54	1,288.86
Dues to other creditors	165.47	119.01
	1,952.67	1,895.70

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Footnote:-		
The disclosures relating to Micro and Small enterprises are as under:		
a) The principal amount remaining unpaid to supplier as at the end of the accounting period	31.49	453.87
b) The interest due thereon remaining unpaid to supplier as at the end of the accounting period	0.17	33.96
c) The amount of interest paid in terms of section 16, along with the amount of payment made to the supplier beyond the appointed day during the period	373.57	102.24
d) The amount of interest due and payable for the period	11.62	33.96
e) The amount of interest accrued and remaining unpaid at the end of the accounting period *	0.17	33.96
f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
* Paid on April 20, 2021		

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
21 Other Current Financial Liabilities		
Current maturities of long term debt	500.00	999.82
Accruals for expenses	817.53	977.01
Accruals for interest on current borrowings	11.35	13.77
Accruals for interest on non current borrowings	191.34	74.64
Security deposits payable	2.20	2.63
Retention money payable	77.27	140.44
Capital creditors (excluding MSME's)	145.33	74.54
Other liabilities	7.20	8.54
	1,752.22	2,291.39
22 Other Current Liabilities		
Advances from clients - Contract liability	-	0.07
Statutory liabilities	72.87	141.04
	72.87	141.11
23 Short-term Provisions		
Provision for employee benefits		
Gratuity	11.57	9.73
Leave encashment	34.57	35.03
	46.14	44.76

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
24 Revenue from Operations		
Income from physical storage services	2,456.02	2,379.83
Income from digitization services	344.26	1,671.24
Income from software products/services	1,207.17	1,216.89
	4,007.45	5,267.96

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
25 Other Income		
Interest (Gross)		
- On deposits with banks	45.04	24.60
- On Income tax refund	38.64	-
Provisions written back	41.34	19.06
Miscellaneous Income	123.42	18.18
	248.44	61.84
26 Employee Benefits Expense		
Salaries, allowances & bonus	913.55	915.01
Reimbursement of expenses for deputed personnel	255.48	243.64
Contribution to provident fund and other funds	99.90	112.65
Staff welfare expenses	71.83	148.13
	1,340.76	1,419.43
27 Finance Cost		
Interest on inter corporate deposits	2.15	54.78
Interest on 9.5% non convertible debentures	130.06	160.27
Interest on 8.55% fully convertible debentures	151.67	-
Interest on cash credit/overdraft facility	187.88	180.73
Interest on term loan	0.24	-
Interest others	13.56	36.03
Ancillary borrowing costs	35.97	4.67
Right of use lease interest	438.35	374.15
	959.88	810.63
28 Other Expenses		
Outsourcing expenses	389.08	1,085.68
Project trainees	167.70	233.42
Traveling and conveyance	58.82	186.88
Repairs and maintenance	130.21	366.98
Electricity charges	62.08	100.67
Postage, printing & stationery	30.37	62.35
Marketing expenses	9.77	37.81
Directors' sitting fees	41.60	32.10
Telephone and telecommunication	31.50	32.51
Commission	14.90	24.03
Rent	137.60	52.60
Rates and taxes	38.04	71.90
Legal and professional charges	130.96	227.45
Recruitment and training expenses	4.01	2.89
Payment made to statutory auditors		
- Audit fees	12.53	10.00
- Tax audit fees	2.85	3.00
- For others	0.42	1.00
Insurance	31.50	43.95

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Bank charges	5.83	5.26
Software expenses	112.57	159.07
Transportation expenses	121.77	196.02
Packing expenses	6.52	8.62
Security expenses	171.17	221.02
Computer hire charges	16.35	13.55
Corporate Social Responsibility expenses	-	6.00
Bad debts written off	59.79	77.84
Brokerage on rental premises	3.17	11.61
Assets written off	0.06	48.46
GST expenses	12.50	-
Provision for impairment of receivables	598.08	1,766.13
Other expenses	28.33	51.59
	2,430.08	5,140.39
29 OCI items not reclassified to profit and loss in subsequent periods:		
Remeasurement of net defined benefit liability	0.50	(12.68)
Income tax relating to Remeasurement of net defined benefit liability	(0.13)	3.19
	0.37	(9.49)
30 Exceptional items		
Income		
Claim received from insurance	248.73	-
Income from sale of salvage	-	2.85
	248.73	2.85
Expense		
Recreation cost of documents damaged due to fire	-	6.04
Loss on assets damaged due to fire	-	385.43
Claims paid to clients towards loss of documents	12.14	4.86
	12.14	396.33
Net exceptional item	236.59	(393.48)

(₹ in lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
31 Contingent Liabilities and commitments		
Contingent liabilities:		
a) Claims against the company not acknowledged as debt (refer note 47 b)	-	-
b) Performance Bank guarantees	460.69	393.50
Commitments:		
a) Estimated amount of contract to be executed on capital account (net of advances) and not provided for	1,144.33	1,247.18
	1,605.02	1,640.68
Note: Excludes taxes/freight which may be payable		

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
32 Earning per Share		
Number of shares at the beginning of the year	557.50	557.50
Number of shares at the end of the period	557.50	557.50
Weighted average number of shares outstanding during the year	557.50	557.50
Net Profit/(Loss) for the period	(1299.56)	(2961.97)
Net Profit/(Loss) available for equity shareholders	(1299.56)	(2961.97)
Basic & Diluted Earning per share (in ₹)	(2.33)	(5.31)
33 Operating Leases		
1. Future Minimum Lease Payments under non-cancellable operating lease for the period		
(a) Not later than one year	208.73	247.76
(b) Later than one year but not later than 5 years	314.77	507.43
(c) More than 5 years	-	6.71
2. Lease payments charged to Profit and Loss Account		
Rental expenses	137.60	52.60
Depreciation	830.69	804.81
Interest	438.35	374.15
3. The Company has taken on lease a number of premises for storage business under operating leases. The lease typically runs for a period of 3 to 9 years with an option to renew the lease after that period. The lease payments for the entire lease period are fixed at the time of entering into the lease agreement and are renegotiated towards the end of the lease period in case of renewals.		

34 Related Parties

a. List of Related Parties

Ultimate Holding Company	IFCI Ltd
Holding Company	Stock Holding Corporation of India Ltd
Fellow Subsidiaries (with whom transactions have taken place)	SHCIL Services Ltd (SSL)
	IFCI Financial Services Ltd (IFIN)
	IFCI Infrastructure Development Ltd (IIDL)
	IFCI Factors Ltd
Key Management Personnel	Mr. Ramesh NGS - Non Executive Chairman
	Mr. R H Mewawala - Executive Vice Chairman (upto October 30, 2020)
	Mr. Umesh Punde - Executive Vice Chairman (from November 01, 2020)
	Mr. Venkatraman Iyer - Independent Director
	Mr. Sanjay Sharma - Independent Director
	Mr. Prasoon - Director
	Mr. L Viswanathan - Director (upto December 31, 2020)
	Mr. Jagdish Thakur - Director
	Mr. Shreekant Patwardhan - Director
	Ms. Anita Dembla - Director
	Mr. Sanjeev Vivrekar - MD & CEO
	Ms. Jyoti Katira - CFO
	Ms. Jajvalya Raghavan - CS
Trust wherein the Company has control	StockHolding Document Management Services Ltd.
	Employees Group Gratuity Assurance Scheme

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

b. Transactions (including accruals) with related parties for the year ended March 31, 2021

Particulars	For the year ended March 31, 2021										For the year ended March 31, 2020									
	Ultimate Holding Company	Holding Company	Fellow Subsidiary			Key Managerial Personnel	Trust wherein Co has control	Total	Ultimate Holding Company	Holding Company	Fellow Subsidiary			Key Managerial Personnel	Trust wherein Co has control	Total				
			SSL	IFIN	IIDL	IFCI Factors				SSL	IFIN	IIDL	IFCI Factors							
Reimbursement of Office Expenses	-	67.69	-	-	-	-	-	-	71.34	-	-	-	-	-	-	71.34				
Rent	-	107.57	-	-	-	-	-	-	115.41	-	-	-	-	-	-	115.41				
Managerial Remuneration	-	-	-	-	-	158.36	-	-	-	-	-	-	151.72	-	-	151.72				
Commission	-	14.45	-	-	-	-	-	-	24.03	-	-	-	-	-	-	24.03				
Sitting Fees Paid	-	-	-	-	-	41.60	-	-	-	-	-	-	32.10	-	-	32.10				
8.55% fully convertible debentures (FCDs)	-	2,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Interest on ICDs/ NCDs/ FCDs	-	283.88	-	-	-	-	-	-	215.05	-	-	-	-	-	-	215.05				
Reimbursement of deputed employees salary & gratuity and other funds	-	255.48	-	-	-	-	-	-	243.64	-	-	-	-	-	-	243.64				
Income - Physical Custody, Digitisation, Software sales & related software services	1.99	265.63	71.05	-	-	-	-	8.57	246.86	73.38	7.40	1.83	4.98	-	-	343.00				
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17.74	17.74				

* Excluding taxes

c. Outstanding balances as at March 31, 2021

Particulars	As at March 31, 2021										As at March 31, 2020									
	Ultimate Holding Company	Holding Company	Fellow Subsidiary			Key Managerial Personnel	Trust wherein Co has control	Total	Ultimate Holding Company	Holding Company	Fellow Subsidiary			Key Managerial Personnel	Trust wherein Co has control	Total				
			SSL	IFIN	IIDL	IFCI Factors				SSL	IFIN	IIDL	IFCI Factors							
Trade and other receivables	0.09	243.29	8.11	4.05	-	-	-	34.14	412.93	6.65	7.54	6.83	-	-	-	468.09				
Dues payable	-	1,755.54	-	-	-	-	-	-	1288.86	-	-	-	-	-	-	1288.86				
Inter corporate deposits (ICDs)	-	-	-	-	-	-	-	-	499.82	-	-	-	-	-	-	499.82				
9.5% non convertible debentures (NCDs)	-	988.04	-	-	-	-	-	-	1472.89	-	-	-	-	-	-	1,472.89				
8.55% fully convertible debentures (FCDs)	-	2,500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-				

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
35 Payment of managerial remuneration		
(a) To Executive Vice Chairman and MD & CEO		
Short-term employee benefits	106.50	102.41
Post-employment gratuity and medical benefits	6.14	5.92
Termination benefits	5.84	5.73
(b) To Other Managerial Personnel		
Short-term employee benefits	35.84	33.98
Post-employment gratuity and medical benefits	2.40	2.26
Termination benefits	1.63	1.42
	158.36	151.72

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

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

a) Defined Contribution plans

Contribution to provident fund ₹ 70.68 Lakhs (Previous period: ₹ 79.77 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.

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
I. Actuarial assumptions :		
Discount Rate	6.93%	6.82%
Rate of Return on Plan Assets *	6.93%	6.82%
Future Salary Rise**	5.00%	5.00%
Attrition Rate Current Year	3.00%	2.00%

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

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

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
II. Change in Benefit Obligation:		
Liability at the beginning of the period	71.81	47.88
Interest cost	4.90	3.72
Current service cost	11.88	9.00
(Benefit paid from the Fund)	(0.78)	(1.14)
Actuarial (gains)/losses on obligations - Due to Change in Demographic Assumptions	2.50	
Actuarial (gains)/losses on obligations - Due to Change in Financial Assumptions	(1.22)	9.27
Actuarial (gains)/losses on obligations - Due to Experience	(1.98)	3.07
Liability at the end of the period	87.12	71.81

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

36 Disclosure pursuant to Ind As accounting standard – 19 'Employee Benefits' (Continued)

Particulars	(₹ in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
III. Fair Value of Plan Assets:		
Fair value of plan assets at the beginning of the period	62.08	42.50
Expected Return on plan assets	4.23	3.31
Contributions	10.21	17.74
(Benefit paid from the Fund)	(0.78)	(1.14)
Actuarial gains/(losses) on plan assets	(0.20)	(0.33)
Fair value of plan assets at the end of the period	75.55	62.08
IV. Total Actuarial (Gain) / Loss to be recognized in Other Comprehensive Income (OCI)	(0.50)	12.68
V. Actual Return on Plan Assets	13.47	19.58
VI. Amount recognised in the balance sheet :		
Fair value of plan assets at the end of the period	75.55	62.08
Liability at the end of the period	(87.12)	(71.81)
Funded Status	(11.57)	(9.73)
Unrecognized past service cost	-	-
Unrecognized Transition Liability	-	-
Net (liability)/Asset recognized in the Balance Sheet	(11.57)	(9.73)
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	11.88	9.00
Net interest cost	0.66	0.42
Expense recognised	12.55	9.42
IX. Expenses Recognised in the other comprehensive income (OCI)		
Actuarial (gains)/losses	(0.70)	12.35
Return on plan assets excluding interest income	0.20	0.33
Expense recognised in OCI	(0.50)	12.68
X. Balance Sheet Reconciliation		
Opening net liability	9.73	5.38
Expenses recognised in statement of profit or loss	12.55	9.42
Expenses recognised in OCI	(0.50)	12.68
Employers contribution	(10.21)	(17.74)
Amount recognised in balance sheet - Net liability/ (Asset)	11.57	9.73
XI. Sensitivity Analysis		
Projected benefit obligation on current assumptions	87.12	47.88
Delta Effect of +1% change in rate of discounting	(10.05)	(6.25)
Delta Effect of -1% change in rate of discounting	12.14	7.66
Delta Effect of +1% change in rate of salary increase	12.25	7.80
Delta Effect of -1% change in rate of salary increase	(10.31)	(6.45)
Delta Effect of +1% change in rate of employee turnover	2.26	2.22
Delta Effect of -1% change in rate of employee turnover	(2.62)	(2.62)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

36 Disclosure pursuant to Ind As accounting standard – 19 'Employee Benefits' (Continued)

Particulars	(₹ in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
XII. Maturity analysis of the benefit payments		
Projected benefits payable in future years from date of reporting		
1st following year	3.33	1.80
2nd following year	3.61	2.00
3rd following year	3.74	2.19
4th following year	6.69	2.29
5th following year	3.84	5.05
Sum of years 6-10	21.20	13.59
Sum of years 11 and above	213.99	214.22

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.

XIII. Expected employer's contribution in next year is ₹ 23.62 Lakhs (Actual contribution in current period is ₹ 21.62 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, 2021	Year ended March 31, 2020
Discount Rate	6.93% p.a	6.82% p.a
Salary Escalation Rate	5.00% p.a	5.00% p.a
Attrition Rate	3.00% 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, 2021	Year ended March 31, 2020
Opening Balance of Compensated Absences (X)	25.49	24.96
Present value of Compensated Absences (As per actuary valuation) (Y)	125.45	50.46
Unfunded / (Excess) liability of Compensated Absences recognised in the Profit and Loss account for the year (Y – X)	99.96	25.49

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
37 Foreign currency related disclosures		
Particulars		
(a) Expenditure in Foreign currency - Travelling expenses	-	4.96
(b) Earning in foreign currency	-	-
(c) Unhedged foreign currency exposure as on reporting date	-	-
(d) Derivative contracts outstanding as on reporting date	-	-
38 CSR Expenditure		
a) Gross amount required to be spent by the Company during the year ended March 31, 2021 is Nil (previous year: ₹ 6 lakhs)		
b) Amount spent during the quarter on:		(₹ in lakhs)
CSR activities	Paid	Total
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	-	-

39 Segment Reporting

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

(₹ in lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
b) Segment Revenue		
Physical Storage Services	2456.02	2379.83
Digitisation Services	344.26	1671.24
Software Services	1207.17	1216.89
Total Revenue	4007.45	5267.96
Segment Cost		
Physical Storage Services	3042.07	3327.45
Digitisation of Documents	979.77	2575.93
Software Services	800.46	1293.75
Total Cost	4822.30	7197.13
c) Segment Results		
Physical Storage Services	(586.05)	(947.62)
Digitisation of Documents	(635.51)	(904.69)
Software Services	406.71	(76.86)
Total Net Revenue	(814.85)	(1929.17)
Unallocated Expenses		
Operating Expenses	1312.78	1549.95
Depreciation & Amortisation	60.42	102.83
Operating Profit/ (loss)	(2188.05)	(3581.94)
Other income	248.44	61.84
Profit/ (loss) before exceptional items and tax	(1939.61)	(3520.10)
Exceptional items	236.59	(393.48)
Profit/ (loss) before tax	(1703.02)	(3913.58)
Less: Tax	(403.46)	(951.61)
Profit/ (loss) for the period	(1299.56)	(2961.97)
Other comprehensive income (net of tax)	0.37	(9.49)
Total Comprehensive Income for the period (Comprising Profit/ (loss) and Other Comprehensive Income for the period)	(1299.19)	(2971.46)

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

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

39 Segment Reporting (Continued)

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

Particulars	(₹ in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
d) Segment Assets		
Physical Storage Services	11140.66	10090.15
Digitisation of Documents	1211.22	2094.80
Software Services	1445.91	1852.49
Unallocable Assets	2397.93	2468.05
Total Assets	16195.71	16505.50
e) Segment Liabilities		
Physical Storage Services	9644.79	5998.80
Digitisation of Documents	343.15	521.49
Software Services	325.65	334.03
Unallocable Liabilities	2379.36	4849.24
Total Liabilities	12692.96	11703.56
f) Capital Employed		
Physical Storage Services	1,495.87	4,091.35
Digitisation of Documents	868.07	1,573.32
Software Services	1,120.25	1,518.46
Unallocable	18.56	(2,381.18)
Total Capital Employed (d-e)	3502.75	4801.94

Note: There are no reportable geographical segments.

Information about major customers

Company's revenues, more than 33% (FY 2019-20: 45%) are derived from sales to government, quasi government enterprises and public sector units. The total sales to such companies amounted to ₹ 1350.83 lakhs in the year ended March 31, 2021 and ₹ 2407.13 lakhs in the year ended March 31, 2020.

Revenue from physical storage and digitisation of two customers is ₹ 1589.17 lakhs (FY 2019-20: Two customers - ₹ 1560.95 Lakhs) which is 40% (FY 2019-20: 30%) of the Company's total revenue.

40 Capital Management

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

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

	(₹ in lakhs)	
	As at March 31, 2021	As at March 31, 2020
Total equity	3502.75	4801.94
Capital	3502.75	4801.94
Non current and current borrowings	5498.09	4391.78
Overall financing	9000.84	9193.72
Capital-to-overall financing ratio	39%	52%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

41 Financial Risk Management

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

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

	(₹ in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
The following is the sensitivity analysis of various types of risks:		
a) <u>Interest rate sensitivity analysis</u>		
Profit for the period including other comprehensive income	(1,299.19)	(2,971.46)
Effect of +1% change in rate of interest	(29.84)	(20.22)
Effect of -1% change in rate of interest	29.84	20.22
b) <u>Credit risk analysis</u>		
Customer credit risk is managed as per the company's established policy, procedures and control relating to customer credit risk management. Outstanding trade receivables are regularly monitored.		

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

	As at March 31, 2021	As at March 31, 2020
90 Days	992.76	1,003.00
91-180 Days	441.70	839.24
181-365 days	608.69	1,028.36
more than 365 days	2,889.33	2,634.85
	4,932.48	5,505.45
Add: SHCIL debtors	243.30	412.93
Less: Provision for doubtful debts	2,409.47	1811.39
Debtors as per books	2,766.31	4,106.99

Major customers, being govt. undertakings and private companies having highest credit ratings, carry negligible credit risk. Concentration of credit risk to any private counterparty (except for one customer - 10.58%) did not exceed 5% of total debtors at any time during the year ended March 31, 2021.

c) Liquidity risk analysis

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

	As at March 31, 2021	As at March 31, 2020
<u>Current:</u>		
<u>Borrowings</u>		
- Within 6 months	3018.24	3989.04
- Between 6 and 12 months		-
<u>Trade payables</u>		
- Within 6 months	1952.67	1895.70
- Between 6 and 12 months	-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

41 Financial Risk Management (Continued)

	As at March 31, 2021	As at March 31, 2020
<u>Other current financial liabilities</u>		
- Within 6 months	1752.22	2291.39
- Between 6 and 12 months	-	-
<u>Non Current:</u>		
<u>Borrowings</u>		
- upto 5 years	3527.64	1142.50
- Later than 5 years	26.32	-

The company has access to committed credit facilities as described below, of which ₹ 463.74 lakhs were unused at the end of the reporting period (as at March 31, 2020 - ₹ 92.21 lakhs). The company expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

	As at March 31, 2021	As at March 31, 2020
Secured bank overdraft and cash credit facility reviewed annually and payable at call		
Amount used	1931.09	2419.07
Amount unused	463.74	92.21

42 Carrying amount and movement in provision for doubtful debts

Carrying amount as at the beginning of the period	1811.39	45.26
Additional provisions	598.08	1766.13
Amount utilised	-	-
Reversals	-	-
Carrying amount as at the end of the period	2409.47	1811.39

43 Financial assets and liabilities

		As at March 31, 2021	As at March 31, 2020
<u>Categories of financial assets</u>			
Carrying values of financial assets measured at amortised cost			
<u>Non Current financial assets</u>	Fair value heierarchy		
Security and other deposits	Level 3	487.57	404.48
Margin money deposits with banks	Level 3	269.91	208.62
<u>Current financial assets</u>			
Security and other deposits	Level 3	30.11	155.78
Trade and other receivables	Level 3	2766.31	4106.99
Cash and cash equivalent	Level 3	1,039.08	88.97
Other balances with banks	Level 3	34.62	17.55
Accrued interest on fixed deposits	Level 3	1.20	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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.

		As at March 31, 2021	As at March 31, 2020
Categories of financial liabilities			
<u>Carrying value of financial liabilities measured at amortised cost</u>			
<u>Non Current financial liabilities</u>	Fair value heirarchy		
Inter - corporate deposits	Level 3	-	-
Non convertible debentures	Level 3	488.04	972.89
Fully convertible debentures	Level 3	2,500.00	-
Term loan	Level 3	78.96	-
Current financial liabilities			
Current maturities of long term debt	Level 3	500.00	999.82
Cash Credit/ Overdraft facility	Level 3	1,931.09	2,419.07
Trade payables	Level 3	1,952.67	1,895.70
Accruals for expenses	Level 3	1,020.22	1,065.42
Security deposits	Level 3	2.20	2.63
Retention money	Level 3	77.27	140.44
Other current financial liabilities	Level 3	152.53	83.08

Fair value of financial liabilities measured at amortised cost

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

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

		(₹ in lakhs)	
Particulars		Year ended March 31, 2021	Year ended March 31, 2020
44 Income taxes			
(a) Income tax expense			
Current taxes			
- For current year		-	-
- For earlier years		26.35	-
Total of current tax		26.35	-
(b) Deferred taxes			
Deferred tax charge/(credit) - For Current Year		(429.81)	(951.61)
Total of deferred tax		(429.81)	(951.61)
Total of tax expense		(403.46)	(951.61)
(c) A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:			
Profit/ (Loss) before tax		(1,703.02)	(3,913.58)
Enacted tax rates in India		25.168%	25.168%
Computed expected tax expense		-	-
Add: Tax effect of items not allowed as deduction		-	-
Less: Tax effect of items allowed as deduction		-	-
Add: Tax effect on notional interest cost calculated as per IndAs		-	-
Less: Tax effect on other comprehensive income calculated as per IndAs		-	-
Add: Rounding off		-	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

44 Income taxes (Continued)

Particulars	(₹ in lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
(d) The gross movement in the deferred income tax account is as per below:		
Net deferred income tax liability/ (asset) at the beginning	(1,136.81)	6.25
Transition impact of Ind AS 116	-	(188.26)
Credits/Charge relating to temporary differences - Recognised in statement of profit and loss	(429.81)	(951.61)
Temporary differences on defined benefit obligation - Recognised in other comprehensive income	0.13	(3.19)
Temporary differences recognised directly in equity	-	-
Temporary differences reclassified from equity to statement of profit and loss	-	-
Net deferred income tax liability/ (asset) at the end	(1,566.49)	(1,136.81)

- 45** (a) A fire incident occurred on December 11, 2017 at Mahape premise of the company. The insurance company has not yet settled the claim.
- (b) The company has been receiving claims for loss of documents from its clients. Majority of the clients have completed audit while others are in various stages of conducting audit through their auditors to assess damage to their documents for the final claims. Pending ascertainment of actual claim, the company has not provided/ disclosed for such claim/contingent liabilities and corresponding insurance claim receivable in the books of account as on March 31, 2021.
- 46** The company has repaid the first instalment of NCD's of ₹ 5 crores which was due on Aug 31, 2020. As per requirements of the companies act 2013, a debenture redemption reserve (DRR) had to be created by April 30, 2020. This date has been further extended upto Dec 31, 2020 in view of the COVID 19 pandemic. Rule 18(7)(a) of Companies (Share capital and debentures) Rules states that the DRR shall be created out of the profits of the company available for payment of dividend. Since the reserves of the company are negative, such DRR has not been created.
- 47** (a) Based on internal information and indicators, the company is of the view that there is no impairment to financial and other assets as on March 31, 2021 due to the covid 19 pandemic.
- (b) There have been no significant changes in the way assets have been used or are expected to be used.
- (c) There have been no significant changes in the legal factors or business climate that could affect the value of the asset.
- (d) There is no decline or cessation of, the need of services provided by the assets.
- (e) The impairment of receivables reflects conditions already existing as on March 31, 2021.
- 48** Previous period/year figures have been regrouped/reclassified wherever necessary to make them comparable with the current period's classification.

49 Approval of financial statements

The Financial Statements have been approved for issue by the board of directors on April 27, 2021.

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

For and on behalf of the Board

Viral Joshi
 Partner
 Membership No: 137686
 UDIN : 21137686AAAAEY1684

Jajvalya Raghavan
 Company Secretary

Sanjeev Vivrekar
 MD & CEO

Venkatraman Iyer
Sanjay Sharma
Jagdish Thakur
 Directors

Place: Mumbai
 Date : April 27, 2021

Jyoti Katira
 Chief Financial Officer

CERTIFICATE of ACHIEVEMENT

This is to acknowledge that



StockHolding DMS

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

Has achieved Maturity Level 5

For the CMMI-DEV V1.3 Model Framework

Assessed vide SCAMPI v1.3 Method.



CMMI DEV / 5SM

Exp. 2022-02-13 / Appraisal #2440

Consulting Partner

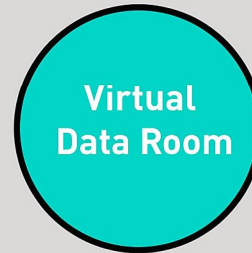
Kris Puthucode & Rakesh Singh

(Lead Appraiser & Lead Instructor)

OUR PRODUCTS



OUR SERVICES



Our Credentials



StockHolding Document Management Services Limited

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

Tel: +91-22-61778708. Website: www.stockholdingdms.com.

CIN: U74140MH2006G01163728