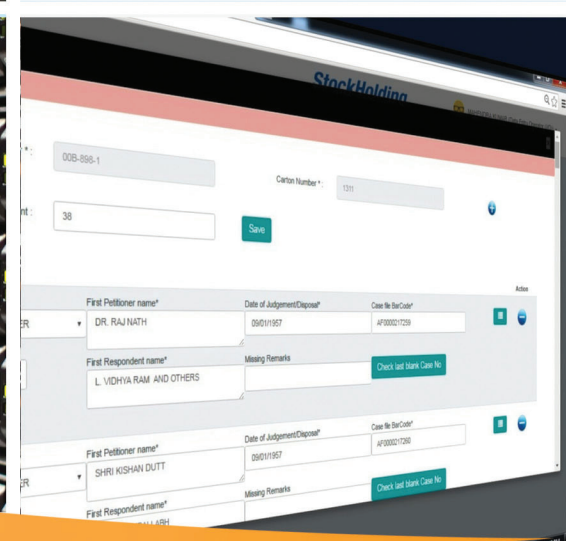




StockHolding DMS

# End To End Document Management Solution



DMS  
Software

- Linux Platform
- JAVA
- PostgreSQL

## ANNUAL REPORT 2015 - 2016

StockHolding Document Management Services Limited

[formerly known as SHCIL Projects Limited]

# Vision

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

# Mission and Goals

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

## StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited)

### 10th Annual Report 2015-16

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## BOARD OF DIRECTORS (as on July 22, 2016)

Ramesh NGS	Non-Executive Chairman
Venkatraman Iyer	Independent Director
R. H. Mewawala	Director
L. Viswanathan	Director
Umesh Punde	Director
Jagdish Thakur	Director
Meena Pednekar	Director
Sanjeev Vivrekar	MD & CEO
Jajvalya Raghavan	Company Secretary
Statutory Auditors	M/s. Chandabhoy & Jassoobhoy
Internal Auditors	M/s. PKF Sridhar & Santhanam

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### Registered office:

SHCIL House, P-51, T.T.C. Industrial Area,  
MIDC, Mahape, Navi Mumbai – 400 710  
CIN: U74140MH2006GOI163728  
Website: [www.stockholdingdms.com](http://www.stockholdingdms.com)  
Tel No.: 022 6177 8728 Fax No. 022 6177 8727

## PERFORMANCE HIGHLIGHTS FOR LAST 3 YEARS

(₹ in Lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2014
<b>Total Income</b>	<b>5,232.03</b>	2,898.98	3,192.68
Expenditure			
- Financial Cost	<b>252.24</b>	139.74	44.35
- Employees Benefit Exp.	<b>817.37</b>	638.64	504.55
- Other Expenses	<b>2,467.79</b>	1,657.97	1,895.79
- Depreciation	<b>498.70</b>	312.63	275.27
<b>Total Expenditure</b>	<b>4,036.10</b>	2,748.98	2,719.96
Profit Before Tax & Prior Period Adjustment	<b>1,195.93</b>	150.00	472.72
- Exceptional Items/prior period	<b>9.02</b>	17.55	0
<b>Profit before Tax</b>	<b>1,204.95</b>	167.55	472.72
Provision for Tax	<b>434.81</b>	65.93	155.41
<b>Profit after Tax</b>	<b>770.14</b>	101.62	317.31

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Tenth Annual Report of your Company along with the Audited Statement of Accounts for the financial year ended March 31, 2016.

### FINANCIAL PERFORMANCE

The financial results are summarized below

(₹ in Lacs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Total Income	5,232.03	2,898.98
Total Expenditure	4,036.10	2,748.98
Profit Before Tax and prior period adjustment	1,195.93	150
Exceptional Items/prior period	9.02	17.55
Profit before Tax	1,204.95	167.55
Provision for Tax	434.81	65.93
Profit After Tax	770.14	101.62

### PERFORMANCE REVIEW

Your Company clocked a turnover of a record, ₹ 5,232 lakhs, its highest ever till date. The profit after tax also reflected an impressive growth from ₹ 102 lakhs to ₹ 770.14 lakhs. The increase in revenue can be attributed to huge digitization contracts bagged by the Company during the year. The Digitisation business has seen a sharp growth of 164% from ₹ 1,166.22 lakhs in FY 2014 - 15 to ₹ 3,082.09 lakhs in FY 2015 -16. Your Company is confident of achieving higher turnover from this segment in FY 2016 -17 as well.

The physical storage business has witnessed an upward increase of 28% in FY 2015-16. It has risen from ₹ 1,116.59 lakhs in FY 2014-15 to ₹ 1,424.71 lakhs in FY 2015-16. The physical storage business has been showing a steady increase over the years. Your Company has storage facilities at 21 locations across India.

The income from software sale and related services has increased by 40% to ₹ 648.49 lakhs in FY 2015-16.

### OPERATIONS REVIEW

Your Company continues to offer physical storage, record management, document management,

digitisation, software and hosting services. Your Company has been working on client centric strategies for all its products with focus towards improving business and clientele.

Your Company participates in tenders floated by government and other organisations for business opportunities. During the FY 2015-16, your Company has bagged seven tenders for storage and digitisation business from prestigious organisations.

Your Company has been striving relentlessly to expand its client base. During the FY 2015-16, your Company added eighteen clients in the storage space, seven in the digitisation and software/hosting space.

Your Company has the capability and bandwidth of digitising over 50 lakh pages in a day. The latest technology is put in place to achieve higher levels of speed, accuracy and perfection in the digitisation space.

Your Company received the "Best Business Process Excellence Centre (BPEC) Team Activity Award – Scanning Team" award from our client, Bharat Petroleum Corporation Limited (BPCL)



Your Company as a part of its initiatives to enhance visibility for foreign and domestic business sponsored the 3rd India – CLMV Business Conclave "India – CLMV Economic Integration : Developing Regional Value Chains" in Chennai. The Conclave aimed at exploring new business opportunities in emerging markets of Cambodia, Laos, Myanmar and Vietnam (CLMV).



*Shri Sanjeev Vivrekar – MD & CEO, Shri Sun Chantol – Minister for Commerce, Cambodia, Shri Okhnha Sok Piseth, President of Young Entrepreneur Association of Cambodia and Shri Arun Bhagat – Executive Vice President GMR Group (Sitting from left to right)*

Your Company is in the process of achieving the PRISM Certification for its storage services. PRISM is an international certification program open to companies providing storage and protection of hard-copy records.

### **FUTURE OUTLOOK**

The order book of your Company is healthy and your Company is confident of achieving a remarkable growth in FY 2016-17.

Your Company is expecting a significant rise in the revenue from the physical storage business across India. Your Company has a strong confirmed order book for its storage and digitisation business from corporates, banks and other entities. On the software front, products like CRM are being developed which have a huge potential.

### **INFORMATION TECHNOLOGY**

Your Company has achieved CMMI Level 3 certification, an internationally recognised standard given by Carnegie Mellon University’s Software Engineering Institute (SEI) for assessing software development practices. This is a globally recognised standard and a testament of StockHolding DMS’s commitment to consistently deliver high quality, reliable, cost effective & efficient software solutions and related services to clients across the globe. Your Company has also achieved four ISO certifications – ISO 15836:2009, ISO/IEC 20000-1:2011, ISO/TR 15489-PART 1 & PART 2: 2001, ISO 14721:2012 in the end to end document management arena.

Your Company is taking steps to achieve CMMI Level 5 certification.

### **HUMAN WEALTH DEVELOPMENT & TRAINING**

Your Company considers its human resources as “human wealth”. The Human Wealth Department works towards the development of employees, thereby motivating them to achieve business goals.

Your Company conducts induction programmes periodically for its new joiners. Performance enhancement programmes under the slogan “Good to Great” were conducted for the employees at the Head Office. Corporate Grooming session was held for the benefit of all employees. An outbound experiential learning experience was also given to select employees focusing on Team Building and Team Bonding skills.



Your Company prioritizes good health of its employees. A free medical checkup camp was conducted at the Mahape office for all the employees. Tax saving session was conducted in the last quarter of the financial year to help and assist the employees in sound tax planning.

### **CHANGE OF THE NAME OF THE COMPANY**

The name of your company has changed from SHCIL Projects Limited to StockHolding Document Management Services Limited w.e.f. December 7, 2015. The Registrar of Companies, Maharashtra, Mumbai has issued new Certificate of Incorporation to your Company consequent to the name change.

## INSURANCE REPOSITORY

Your Company has exited from the Insurance Repository business during the year, so that the Holding Company, Stock Holding Corporation of India Limited can obtain the corporate agency license.

## DIVIDEND

To conserve resources for business expansion, the Directors do not recommend any dividend for the financial year 2015-16.

## TRANSFER TO RESERVES

Your Company has transferred ₹ 770.14 lakhs to the Reserves during the FY 2015-16.

## BOARD OF DIRECTORS

Present composition of the Board of Directors is as under:

Shri Ramesh NGS	- Non-Executive Chairman
Shri Venkatraman Iyer	- Independent Director
Shri R. H. Mewawala	- Director
Shri L. Viswanathan	- Director
Shri Umesh Punde	- Director
Shri Jagdish Thakur	- Director
Ms. Meena Pednekar	- Director
Shri Sanjeev Vivrekar	- MD & CEO

Shri L. Viswanathan, Director and Shri Umesh Punde, Director will retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Shri G. S. P. Sinha and Shri Venkatraman Iyer, Independent Directors, have submitted a declaration that each of them meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

Shri G.S.P. Sinha, Independent Director completed his term in the capacity of Independent Director on July 17, 2016. The Board places on record its appreciation for the valuable contribution made by Shri Sinha.

The Board met 9 (nine) times during the year 2015-16.

## KEY MANAGERIAL PERSONNEL

Shri Sanjeev Vivrekar - MD & CEO, Ms. Jyoti Katira – Chief Financial Officer and Ms. Jajvalya Raghavan – Company Secretary are the Key Managerial Personnel of your Company.

## AUDIT COMMITTEE

The details of the composition of the Audit Committee of the Board and meetings held during the FY 2015-16 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 2015-16 are included in the Corporate Governance report which forms part of this report.

## RISK MANAGEMENT COMMITTEE

Your Company has developed and implemented a risk management policy to identify, assess, measure, mitigate/control, monitor and report risks across the organisation 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 of the Risk Management Committee of the Board and meetings held during the FY 2015-16 are included in the Corporate Governance report which forms part of this report.

## SHARE ALLOTMENT AND TRANSFER COMMITTEE

The details of the composition of the Share Allotment and Transfer Committee of the Board and meetings held during the FY 2015-16 are included in the Corporate Governance report which forms part of this report.

## COMMITTEE ON PREVENTION OF SEXUAL HARASSMENT

Your Company has in place an Anti Sexual Harassment Committee as required under "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013." The Committee includes an external Independent Member viz., Ms. Sneha Khandekar. During the FY 2015-16, no complaints were received.

## CORPORATE SOCIAL RESPONSIBILITY

As per the Companies Act, 2013, all companies having net worth of ₹ 500 crore or more, or turnover of ₹ 1000 crore or more or a net profit of ₹ 5 crore or more during any financial year are required to constitute a Corporate Social Responsibility (CSR)





Committee of the Board of Directors comprising three or more Directors, at least one of whom should be an Independent Director and such Company shall spend at least 2% of the average net profits of the Company's three immediately preceding financial years towards CSR activities.

The Net Profit (Profit Before Tax) of StockHolding DMS for the FY 2015 -16 was ₹ 12.19 crores and hence the provisions of Corporate Social Responsibility became applicable to StockHolding DMS w.e.f. April 1, 2016. Accordingly, your Board has formed a Corporate Social Responsibility Committee of the Board.

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

## ANNUAL 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 its Audit Committee, Nomination & Remuneration Committee, Risk Management Committee and Share Allotment and Transfer Committee.

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

The Directors expressed their satisfaction with the evaluation process.

## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors hereby confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- ii) such accounting policies have been selected and applied consistently and judgements 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, 2016 and of the profit of the Company for the year ended on that date;
- iii) 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) the annual accounts have been prepared on a going concern basis;
- v) proper systems have been devised to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

## INTERNAL FINANCIAL CONTROLS

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

## AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller and Auditor General of India (C&AG). M/s. Chandabhoj & Jassoobhoj (C&J), Chartered Accountants, Mumbai were the Statutory Auditors for the FY 2015-16.

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

## COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG) AUDIT

The Comptroller and Auditor General of India (C & AG), vide report dated July 19, 2016, has informed that nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report. Copy of the same is placed next to the Statutory Auditors' Report forming part of the financial statements.

## FIXED DEPOSITS

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

## **PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

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

## **TRANSACTIONS WITH RELATED PARTIES**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. As prescribed under Section 177 (3) of the Companies Act, 2013, all the related party transactions have been approved by the Audit Committee of the Board.

None of the transactions with related parties fall under the scope of Section 188 (1) of the Act. There are no materially significant related party transactions by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

The Form AOC-2 pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is appended as Annexure 2 to this Directors' Report which is having nil report.

## **SUBSIDIARIES, JOINT VENTURES, ASSOCIATE COMPANIES**

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

## **EXTRACT OF ANNUAL RETURN**

As provided under Section 92 (3) of the Companies Act, 2013, the extract of annual return is given in Annexure 3 in the prescribed Form MGT-9, which forms part of this Report.

## **CORPORATE GOVERNANCE**

Your Company is not a listed entity. Nevertheless, it endeavours to comply with Corporate Governance norms. A report thereof is as per details at Annexure 4.

## **PARTICULARS OF EMPLOYEES**

Since none of the employees of your Company earned income in excess of the amount specified under the provisions of Section 197 of the Companies Act, 2013 read with the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, the relevant provisions are not applicable.

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

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

### Conservation of energy & technology absorption:

Your Company does not carry any manufacturing activities. However, it has taken steps towards conservation of energy and continues to use latest technologies for improving the productivity and quality of its services.

### Foreign Exchange earnings and outgo:

Foreign Exchange earnings – Nil (Previous year – Nil)

Foreign Exchange outgo – ₹ 2.93 lakhs (Previous year – ₹ 4.36 lakhs)

## **ACKNOWLEDGEMENTS**

The Board places on record its deep appreciation for the valuable support and patronage extended by Insurance Regulatory and Development Authority, 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, 2016

**Ramesh NGS**  
Non-Executive Chairman

### NOMINATION AND REMUNERATION POLICY

#### I. INTRODUCTION

##### A. DEFINITIONS:

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

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

##### B. APPLICABILITY

The Policy is applicable to

1. Directors (Executive and Non-Executive)
2. Key Managerial Personnel
3. Senior Management Personnel and other employees

##### C. EFFECTIVE DATE

This policy shall be effective from January 14, 2015.

##### D. OBJECTIVES:

The objectives of policy are:

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

##### E. NRC-B:

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

## II. MATTERS TO BE DEALT WITH AND RECOMMENDED BY THE NRC-B TO THE BOARD

The NRC-B shall:

1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
2. Identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management position (at one level below the MD & CEO/Executive Director) in accordance with the criteria laid down in this policy.
3. Recommend to the Board the appointment of Director, KMP and Senior Management Personnel.
4. Evaluate the performance of the Directors and recommend their remuneration.

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

### a. Appointment criteria and qualifications

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

### b. Term/Tenure

#### 1. Managing Director/Whole-time Director

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a

term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

## 2. Independent Director

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

## 3. Evaluation

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

## 4. Retirement

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

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

### A. Remuneration to Managing/ Executive/ Whole-Time Director

1. The Committee shall recommend to the Board the remuneration payable to the Managing Director & CEO/Executive Director, Key Managerial Personnel (KMP) and Senior Management Personnel (at one level below the MD & CEO / Executive Director).

2. Every Whole-time KMP (i.e. MD & CEO, Company Secretary & Chief Financial Officer) shall be appointed by means of a resolution of the Board conferring the terms and conditions of the appointment including the remuneration based on expertise, experience, qualification and other attributes.
  3. The remuneration payable to Directors is subject to the approval of the Board, shareholders of the Company and Central Government, wherever required, as per the provisions of the Companies Act, 2013, and the rules made thereunder.
  4. The remuneration payable to Managing Director & CEO/Executive Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
  5. Where any insurance is taken by the Company on behalf of its Managing Director & CEO/Executive Director, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.
  6. If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/Executive Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.
  7. If any Managing Director/Executive Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.
- B. Remuneration to Non- Executive / Independent Director**
- Sitting Fees:**
- The Non-Executive/Independent Director may receive sitting fees for attending meetings of Board or Committee thereof.
- Provided that the amount of such fees shall not exceed Rupees one lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.
- C. Remuneration to Key Managerial Personnel, Senior Management Personnel and other employees**
- The remuneration payable to Key Managerial Personnel, Senior Management Personnel and other employees shall be as per industry standards. The Committee shall, in consultation with the Human Resource department of the Company, decide remuneration payable to the Key Managerial Personnel, Senior Management Personnel and other employees.
- D. Remuneration to employees**
- The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience/merits, performance of each employee etc.

**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
- (b) Nature of contracts/ arrangements/ transactions
- (c) Duration of the contracts/ arrangements/ transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Justification for entering into such contracts or arrangements or transactions
- (f) Date(s) of approval by the Board
- (g) Amount paid as advances, if any
- (h) Date on which the special resolution was passed in general meeting as required under first provision to Section 188.

**2. Details of material contracts or arrangements or transactions at arm's length basis : None**

- (a) Name(s) of the related party and nature of relationship
- (b) Nature of contracts/ arrangements/ transactions
- (c) Duration of the contracts/ arrangements/ transactions
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any
- (e) Date(s) of approval by the Board, if any
- (f) Amount paid as advances, if any.

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

Date: July 22, 2016  
Place: Mumbai

**Ramesh NGS**  
Non-Executive Chairman

### FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

as on March 31, 2016

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

#### I. REGISTRATION AND OTHER DETAILS

i. CIN	U74140MH2006GOI163728
ii. Registration Date	10 08 2006 DATE MONTH YEAR
iii. Name of the Company	StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited)
iv. Category/Sub-Category of the Company	Category Public Company
v.	Sub- Category Government company
vi. Address of the Registered office and contact details	SHCIL House, P -51, T.T.C. Industrial Area, MIDC, Mahape, Navi Mumbai, 400 710. Tel. No.: 022 61778729 Fax No:022 61778727 Website : <a href="http://www.stockholdingdms.com">www.stockholdingdms.com</a> E-mail ID : <a href="mailto:Companysecretary@stockholdingdms.com">Companysecretary@stockholdingdms.com</a>
vii. Whether listed company	NO
viii. Name, Address and contact details of registrar and Transfer agent, if any	N.A.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1	Physical Storage Services	9967	27.46%
2	Digitisation	9997	59.41%
3	Sale of Software/software related services	9983	12.5%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. 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, 400 012	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, 2015				No. of Shares held at the end of the year i.e. March 31, 2016				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A Promoters</b>									
<b>1 Indian</b>									
a Individual/HUF	-	-	-	-	-	-	-	-	-
b Central Govt	-	-	-	-	-	-	-	-	-
c State Govt (s)	-	-	-	-	-	-	-	-	-
d Bodies Corp.	-	37000000*	37000000*	100	-	37000000*	37000000*	100	-
e Banks/FI	-	-	-	-	-	-	-	-	-
f Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	-	<b>37000000</b>	<b>37000000</b>	<b>100</b>	-	<b>37000000</b>	<b>37000000</b>	<b>100</b>	-
<b>2 Foreign</b>									
a NRIs – Individuals	-	-	-	-	-	-	-	-	-
b Other – Individuals	-	-	-	-	-	-	-	-	-
c Bodies Corp.	-	-	-	-	-	-	-	-	-
d Banks/FI	-	-	-	-	-	-	-	-	-
e Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	<b>37000000</b>	<b>37000000</b>	<b>100</b>	-	<b>37000000</b>	<b>37000000</b>	<b>100</b>	-
<b>B Public Shareholding</b>									
<b>1 Institutions</b>									
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)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1)</b>	-	-	-	-	-	-	-	-	-
<b>2 Non-Institutions</b>									
<b>a Bodies Corp.</b>									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b Individuals</b>									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
<b>c Others (specify)</b>	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	<b>37000000</b>	<b>37000000</b>	<b>100</b>	-	<b>37000000</b>	<b>37000000</b>	<b>100</b>	-

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



## (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1.	Stock Holding Corporation of India Limited	-	37000000*	37000000*	100	-	37000000*	37000000*	100	-

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

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

Sl. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company
1.	At the beginning of the year		
2.	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	There is no change in Promoters' Shareholding between April 1, 2015 to March 31, 2016	
3.	At the End of the Year		

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

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

## (v) Shareholding of Directors and Key Managerial Personnel

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
<b>DIRECTORS</b>					
1.	Shri Ramesh NGS – Non-Executive Chairman	-	-	-	-
2.	Shri G. S. P. Sinha – Independent Director*	-	-	-	-
3.	Shri Venkatraman Iyer-Independent Director	-	-	-	-
4.	Shri R. H. Mewawala-Director	1 (as nominee of Stock Holding Corporation of India Ltd.)	0	1 (as nominee of Stock Holding Corporation of India Ltd.)	0
5.	Shri L. Viswanathan-Director	1 (as nominee of Stock Holding Corporation of India Ltd.)	0	1 (as nominee of Stock Holding Corporation of India Ltd.)	0
6.	Shri Umesh Punde-Director	-	-	-	-

Sl. No.	Name of the Directors and Key Managerial Personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	Shri Jagdish Thakur-Director	1 (as nominee of Stock Holding Corporation of India Ltd.)	-	1 (as nominee of Stock Holding Corporation of India Ltd.)	0
8.	Ms Meena Pednekar-Director	-	-	-	-
9.	Shri Sanjeev Vivrekar-MD & CEO	-	-	-	-
<b>KEY MANAGERIAL PERSONNEL</b>					
1.	Shri Sanjeev Vivrekar – MD & CEO	-	-	-	-
2.	Ms. Jyoti Katira – Chief Financial Officer	-	-	-	-
3.	Ms. Jajvalya Raghavan – Company Secretary	-	-	-	-

\* Shri G. S. P. Sinha ceased to be an Independent Director w.e.f. July 18, 2016

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans* excluding deposits	Unsecured Loans	Deposits**	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	150000000	150000000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>-</b>	<b>150000000</b>	<b>150000000</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	150000000	-	-	150000000
• Reduction	-	-	-	-
<b>Net Change</b>	<b>150000000</b>	<b>-</b>	<b>-</b>	<b>150000000</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	150000000	-	150000000	300000000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>150000000</b>	<b>-</b>	<b>150000000</b>	<b>300000000</b>

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

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Managing Director Shri Sanjeev Vivrekar
1	Gross Salary (excluding Commission)	26,85,663
	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	41,101
	(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	2,65,379
	<b>Total</b>	<b>29,92,143</b>
	Ceiling as per the Act	84,00,000

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

Particulars of Remuneration	Fee for attending Board meetings	Fee for attending Committee meetings	Commission	Others, please specify	Total Amount
<b>1. Independent Directors</b>					
Shri G. S. P. Sinha	1,80,000	1,10,000	-	-	2,90,000
Shri Venkatraman Iyer	1,40,000	90,000	-	-	2,30,000
<b>Total (1)</b>	<b>3,20,000</b>	<b>2,00,000</b>	<b>-</b>	<b>-</b>	<b>5,20,000</b>
<b>2. Other Non-Executive Directors</b>					
Shri Ramesh NGS*	1,80,000	-	-	-	1,80,000
Shri R. H. Mewawala*	1,40,000	-	-	-	1,40,000
Shri L. Viswanathan*	1,40,000	-	-	-	1,40,000
Shri Jagdish Thakur*	1,60,000	1,50,000	-	-	3,10,000
Shri Umesh Punde*	1,80,000	80,000	-	-	2,60,000
Ms. Meena Pednekar*	1,80,000	40,000	-	-	2,20,000
<b>Total (2)</b>	<b>8,00,000</b>	<b>2,70,000</b>	<b>-</b>	<b>-</b>	<b>10,70,000</b>
<b>Total (B)=(1+2)</b>	<b>11,20,000</b>	<b>4,70,000</b>	<b>-</b>	<b>-</b>	<b>15,90,000</b>
Total Managerial Remuneration					Not Applicable
Overall Ceiling as per the Act					Not applicable

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

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Ms. Jajvalya Raghavan, Company Secretary	Ms. Jyoti Katira, Chief Financial Officer	Total
1	Gross Salary (excluding Commission)	6,86,177	17,37,613	24,23,790
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	3,455	887	4,342
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	40,991	87,572	1,28,563
<b>Total</b>		<b>7,30,623</b>	<b>18,26,072</b>	<b>2,556,695</b>

### VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

### REPORT ON CORPORATE GOVERNANCE

(forming part of Directors' Report for financial year ended March 31, 2016)

#### 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 & Officers and the importance of decisions to all constituents, including customers, employees, investors, business associates, regulatory authorities and the community at large. Your Company believes that all its operations and actions must be totally transparent and serve the underlying goal of enhancing shareholder value.

#### Board of Directors

The Board consists of nine members as on March 31, 2016. Shri G. S. P. Sinha, Independent Director, completed his term in the capacity of Independent Director on July 17, 2016. 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. Nine meetings were held during the financial year 2015-16. Details of Board Meetings held are as follows:

Sl. No.	Date of the Board Meeting	Board Strength	No. of Directors present
1	April 20, 2015	9	9
2	June 30, 2015	9	8
3	July 20, 2015	9	9
4	July 27, 2015	9	8
5	August 4, 2015	9	6
6	October 20, 2015	9	9
7	December 29, 2015	9	7
8	January 25, 2016	9	9
9	March 18, 2016	9	9

Attendance of Directors during FY 2015-16 at each of the above meetings is as follows:

Sl. No.	Name of the Director	Attendance at the Board Meetings held on								
		20-Apr-15	30-Jun-15	20-Jul-15	27-Jul-15	4-Aug-15	20-Oct-15	29-Dec-15	25-Jan-16	18-Mar-16
1.	Shri Ramesh NGS	√	√	√	√	√	√	√	√	√
2.	Shri G. S. P. Sinha	√	√	√	√	√	√	√	√	√
3.	Shri Venkatraman Iyer	√	√	√	LoA	LoA	√	√	√	√
4.	Shri R. H. Mewawala	√	√	√	√	LoA	√	LoA	√	√
5.	Shri L. Viswanathan	√	LoA	√	√	√	√	LoA	√	√
6.	Shri Umesh Punde	√	√	√	√	√	√	√	√	√
7.	Shri Jagdish Thakur	√	√	√	√	LoA	√	√	√	√
8.	Ms. Meena Pednekar	√	√	√	√	√	√	√	√	√
9.	Shri Sanjeev Vivrekar	√	√	√	√	√	√	√	√	√

LoA = Leave of absence, √ = attended.

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

Name of the Director	Name of institution	Designation
Shri Ramesh NGS	Stock Holding Corporation of India Limited	MD & CEO
	SHCIL Services Limited	Non-Executive Chairman
Shri G. S. P. Sinha	-	-
Shri Venkatraman Iyer	Pahal Financial Services Pvt. Ltd.	Director
	Anakage Technologies Pvt. Ltd.	Nominee Director
Shri R. H. Mewawala	-	-
Shri L. Viswanathan	-	-
Shri Umesh Punde	-	-
Shri Jagdish Thakur	-	-
Ms. Meena Pednekar	-	-
Shri Sanjeev Vivrekar	-	-

#### Details of Audit Committee and Attendance

The Audit Committee met 7 times during the year. The details of attendance of the Directors at the Audit Committee meeting are as follows:

Sl. No.	Name of the Director	Category	Attendance at the Audit Committee held on						
			20-Apr-15	30-Jun-15	20-Jul-15	27-Jul-15	20-Oct-15	25-Jan-16	4-Feb-16
1	Shri G. S. P. Sinha	Non-Executive/Independent	√	√	√	√	√	√	√
2	Shri Venkatraman Iyer	Non-Executive/Independent	√	√	√	LoA	√	√	√
4	Shri Jagdish Thakur	Non-Executive	√	√	√	√	√	√	√

LoA = Leave of absence, √ = attended.

#### Details of Nomination and Remuneration Committee and Attendance

The Nomination and Remuneration Committee met 3 times during the year. The details of attendance of the Directors at the Nomination and Remuneration Committee meeting are as follows:

Sl. No.	Name of the Director	Category	Attendance at the Nomination & Remuneration Committee held on		
			20-Apr-15	30-Jun-15	20-Oct-15
1	Shri G. S. P. Sinha	Non-Executive/Independent	√	√	√
2	Shri Venkatraman Iyer	Non-Executive/Independent	√	√	√
3	Shri Umesh Punde	Non-Executive	√	√	√
4	Shri Jagdish Thakur	Non-Executive	√	√	√

√ = attended.

## Details of Risk Management Committee and Attendance

The Risk Management Committee met 4 times during the year. The details of attendance of the Directors at the Risk Management Committee meeting are as follows:

Sl. No.	Name of the Director	Category	Attendance at the Risk Management Committee held on			
			20-Apr-15	20-Jul-15	20-Oct-15	18-Mar-16
1	Shri Umesh Punde	Non-Executive	√	√	√	√
2	Shri Jagdish Thakur	Non-Executive	√	√	√	√
3	Ms. Meena Pednekar	Non-Executive	√	√	√	√

√ = attended.

## Details of Share allotment and transfer Committee and Attendance

The Share allotment and transfer Committee met once during the year. The details of attendance of the Directors at the Share allotment and transfer Committee meeting are as follows:

Sl. No.	Name of the Director	Category	Attendance at the Share allotment and transfer Committee held on
			1-Sep-15
1	Shri G. S. P. Sinha	Non-Executive/ Independent	√
2	Shri Umesh Punde	Non-Executive	√
3	Shri Jagdish Thakur	Non-Executive	√

√ = attended.

## Details of Corporate Social Responsibility Committee

The Committee was formed in April 2016. The composition of the Committee is as under:

Sl. No.	Name of the Director
1	Shri Venkatraman Iyer
2	Shri Jagdish Thakur
3	Ms. Meena Pednekar

## 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	7th AGM	8th AGM	9th AGM
Year	2012-13	2013-14	2014-15
Venue	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai- 400 710	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai- 400 710	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400 710
Date of Meeting	August 23, 2013	September 10, 2014	September 1, 2015

General Meeting	7th EGM	8th EGM	9th EGM
Year	2013-14	2013-14	2014-15
Venue	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400 710	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400 710	SHCIL House, P-51, T.T.C Industrial Area, MIDC Mahape, Navi Mumbai-400 710
Date of Meeting	April 17, 2013	February 28, 2014	July 9, 2014

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

Meeting No.	Resolution No.	Particulars of Resolution
7th AGM	3	Re-Appointment of M/s. PFK Sridhar & Santhanam as Statutory Auditors of the Company.
	5	Variation in terms of remuneration of MD & CEO
8th AGM	Not applicable	No special resolution was passed.
9th AGM	5	Re-appointment of Shri G.S.P. Sinha (DIN: 01072309), Independent Director
7th EGM	1	Issue of 1,00,00,000 Equity shares to SHCIL on Preferential basis
8th EGM	1	Re-Appointment of Shri Sanjeev Vivrekar as Managing Director & Chief Executive Officer (MD & CEO)
9th EGM	1	Amendment of Objects Clause

### 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	September 16, 2016 at 3.00 p.m. SHCIL House, P-51, T.T.C. Industrial Area, MIDC, Mahape, Navi Mumbai - 400 710
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b) Date of Book closure/record date

-----

c) Dividend payment date

NA

d) Listing on Stock Exchange

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

e) Distribution of shareholdings as on March 31, 2016

The Company is 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.

f) Address of correspondence

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



## INDEPENDENT AUDITORS' REPORT

To  
The Members of StockHolding Document Management Services Limited  
(Formerly known as SHCIL Projects Limited)

### REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying financial statements of StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

3. Our responsibility is to express an opinion on these financial statements based on our audit.

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

### OPINION

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

10. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

11. As required under Section 143(5), we report on the following directions issued under the section as under:

Sr. No.	Directions	Replies
1	Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	Not Applicable
2	Whether are any cases of waiver/write off of debts/loans/interest etc. If yes, the reason there for and amount involved	Bad debts amounting to ₹ 38.97 lakhs were written off in respect of 15 trade receivable/parties as Management of the Company is of the opinion that the same are non recoverable.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift / grant(s) from the Govt. or other authorities?	Not Applicable

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

**Ambesh A. Dave**  
 Partner  
 Membership No. F-49289  
 Mumbai: April 20, 2016

## ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

**Referred to in para 9 of Independent Auditors' Report of even date to the members of StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited) on the financial statements for the year ended March 31, 2016.**

- i. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has physically verified part of the fixed assets after the year end and no discrepancies were noticed on such verification. We have been informed that remaining assets will be verified in the subsequent financial year as part of physical verification plan of the Company. In our opinion, the frequency of verification of fixed assets is reasonable having regard to the size of the Company and nature of its assets.
- c) The Company does not have any immovable property. Hence Clause 3(i)(c) of the Order is not applicable to the Company for the year under audit.
- ii. The nature of the operations/business of the Company does not require it to maintain inventories. Accordingly, the provisions of Clause 3 (ii) of the Order are not applicable to the Company.
- iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to any company, firm, Limited Liability Partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of Clause 3 (iii) of the Order are not applicable to the Company.
- iv. According to the information and explanations given to us, the Company has not given any loan or guarantee or provided any security nor made any investments as specified in Section 185 and 186 of the Act. Clause 3(iv) of the Order is, therefore, not applicable to the Company for the year under audit.
- v. The Company has not accepted any deposits during the year and hence the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder are not applicable to the Company.
- vi. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Companies Act, 2013.
- vii. a) According to the information and explanations given to us and the records of the Company examined by us, the Company is generally regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, value added tax, profession tax, cess and any other applicable statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed statutory dues is outstanding as at March 31, 2016 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 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 except income tax amounting to ₹ 18,990/- for Financial Year 2010-11 which was pending with the Assessing officer as at the year end. The same has been subsequently paid in the next financial year.
- viii. According to the information and explanations given to us and based on the records examined by us, the Company has not defaulted in repayment of dues to financial institutions, banks, Government or dues to debenture holders.
- ix. According to the information and explanations given to us and the records of the Company examined by us, the moneys raised by way of secured redeemable non-convertible debentures during the year have been utilised for the purpose for which the same were obtained. The Company has not raised any money by way of public offer during the year.
- x. According to the information and explanations given to us by the Management, we report that no fraud by the Company or on the Company by the

officer or employees has been noticed or reported during the year.

- xi. In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company and hence Clause 3(xii) of the Order is not applicable to the Company.
- xiii. According to the information and explanations given to us, all transactions with related parties are in compliance with Section 177 and 188 of the Act where applicable and details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us, the Company has made private placement of secured redeemable non-convertible debentures during the year under review. The company has complied with the requirement of Section 42 of the Companies Act, 2013 and the amount raised from the private placement of debentures have been used for the purposes for which the funds were raised.
- xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Clause 3(xv) of the Order is, therefore, not applicable to the Company during the year.
- xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Clause 3(xvi) of the Order is, therefore, not applicable to the Company.

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

**Ambesh A. Dave**  
Partner  
Membership No. F-49289  
Mumbai: April 20, 2016

## ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in para 10 (f) under 'Report on Other Legal and Regulatory Requirements' of the Independent Auditors' Report of even date to the members of StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited) on the financial statements for the year ended March 31, 2016

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

We have audited the internal financial controls over financial reporting of StockHolding Document Management Services Limited (Formerly known as SHCIL Projects Limited) ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both Issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate

internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system

over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

**Ambesh A. Dave**  
Partner  
Membership No. F-49289  
Mumbai: April 20, 2016

## 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 2016

The preparation of Financial Statements of StockHolding Document Management Services Limited for the year ended 31 March 2016 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 20 April 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 143(6)(a) of the Act of the Financial Statements of StockHolding Document Management Services Limited for the year ended 31 March 2016. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report.

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

**(Roop Rashi)**

Principal Director of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : July 19, 2016

## BALANCE SHEET AS AT MARCH 31, 2016

(₹ in lakhs)

Particulars	Note	As at March 31, 2016	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	3,700.00	3,700.00
Reserves and surplus	4	1,298.00	527.86
		<b>4,998.00</b>	<b>4,227.86</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	3,000.00	1,500.00
Deferred tax liabilities	12	218.52	175.54
Long-term provisions	6	8.58	5.32
		<b>3,227.10</b>	<b>1,680.86</b>
<b>Current liabilities</b>			
Short-term borrowings	7	374.90	-
Trade payables	8	47.05	50.49
Other current liabilities	9	1,351.56	513.01
Short-term provisions	10	7.76	11.38
		<b>1,781.27</b>	<b>574.88</b>
<b>Total</b>		<b>10,006.37</b>	<b>6,483.60</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets:			
Tangible assets	11	4,035.72	3,115.69
Intangible assets	11	61.39	116.18
Capital work-in-progress		172.25	137.91
Intangible assets under development		15.82	12.27
		<b>4,285.18</b>	<b>3,382.05</b>
Long-term loans and advances	13	880.43	1,166.17
Other non-current assets	15	197.82	101.33
		<b>1,078.25</b>	<b>1,267.50</b>
<b>Current assets</b>			
Trade receivables	14	2,090.42	1,359.40
Cash and bank balances	16	404.73	47.66
Short-term loans and advances	17	254.87	105.42
Other current assets	18	1,892.92	321.57
		<b>4,642.94</b>	<b>1,834.05</b>
<b>Total</b>		<b>10,006.37</b>	<b>6,483.60</b>

Accompanying notes are an integral part of the financial statements

As per our report of even date

**For Chandabhoj & Jassoobhoj**

Chartered Accountants

Firm Registration No.: 101647W

**Ambesh Dave**

Partner

Membership No. 49289

Place: Mumbai

Date: April 20, 2016

**Jajvalya Raghavan**

Company Secretary

**Jyoti Katira**

Chief Financial Officer

**Sanjeev Vivrekar**

M D & CEO

For and on behalf of the Board

**G.S.P. Sinha**

Venkatraman Iyer

Jagdish Thakur

Directors



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

		(₹ in lakhs)	
Particulars	Note	Year ended March 31, 2016	Year ended March 31, 2015
<b>INCOME :</b>			
I	Revenue from operations	5,187.61	2,758.16
II	Other Income	44.42	140.82
III	Total Revenue	<b>5,232.03</b>	<b>2,898.98</b>
<b>IV EXPENDITURE:</b>			
	Cost of software licenses sold	-	107.01
	Employee benefits expense	817.37	638.64
	Finance cost	252.24	139.74
	Depreciation	498.70	312.63
	Other expenses	2,467.79	1,550.96
	Total expenses	<b>4,036.10</b>	<b>2,748.98</b>
V	<b>PROFIT/(LOSS) BEFORE PRIOR PERIOD ADJUSTMENT AND TAX (III - IV)</b>	<b>1,195.93</b>	150.00
VI	Prior period adjustment	9.02	17.55
VII	<b>PROFIT/(LOSS) BEFORE TAX (V - VI)</b>	<b>1,204.95</b>	167.55
VIII	Tax Expense		
	- Current tax	391.54	22.00
	- Less: MAT credit entitlement	-	(22.00)
	- Income tax adjustment for earlier periods	0.29	-
	- Deferred tax	42.98	65.93
		<b>434.81</b>	65.93
IX	<b>PROFIT/(LOSS) FOR THE PERIOD (VII-VIII)</b>	<b>770.14</b>	101.62
	Earnings per equity share (Face value ₹ 10 per share)	<b>2.08</b>	0.27
	Basic and Diluted (in Rupees)		

Accompanying notes are an integral part of the financial statements.

As per our report of even date  
**For Chandabhoy & Jassoobhoy**  
 Chartered Accountants  
 Firm Registration No.: 101647W

For and on behalf of the Board

**Ambesh Dave**  
 Partner  
 Membership No. 49289

**Jajvalya Raghavan**  
 Company Secretary

**Sanjeev Vivrekar**  
 M D & CEO

**G.S.P Sinha**  
**Venkatraman Iyer**  
**Jagdish Thakur**  
 Directors

Place: Mumbai  
 Date: April 20, 2016

**Jyoti Katira**  
 Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016	(₹ in lakhs) Year ended March 31, 2015
<b>Cash flows from operating activities :</b>		
<b>Profit/(Loss) before tax</b>	<b>1,204.95</b>	167.55
Adjusted for:		
Depreciation/amortisation	<b>498.70</b>	312.63
Provision for doubtful debts expense	<b>21.56</b>	-
Provision for expense written back	-	(34.03)
Provision for doubtful debts written back	-	(57.82)
Bad debts written off	<b>38.97</b>	82.00
Fixed assets written off	<b>0.01</b>	0.36
Deposits written off	-	-
Interest/Dividend income	<b>(40.44)</b>	(46.86)
Interest on Inter-Corporate Deposit/ Non-convertible debentures/Cash credit facility/ancillary borrowing costs	<b>252.24</b>	139.74
	<b>771.04</b>	396.02
Operating Profit/(loss) before working capital changes	<b>1,975.99</b>	563.56
<b>Changes in working capital</b>		
(Increase )/ Decrease in Trade Receivables, Long term & Short term Loans & Advances and Other Current Assets	<b>(2,516.23)</b>	531.71
Increase / (Decrease) in Trade Payables, Other Liabilities & Provisions	<b>834.75</b>	(461.96)
	<b>(1,681.48)</b>	69.75
<b>Cash generated from operations</b>	<b>294.51</b>	633.32
Taxes paid (including taxes deducted at source)	<b>(159.16)</b>	(385.21)
<b>Net cash generated from / (used in) operating activities</b>	<b>135.34</b>	248.11
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets including capital work-in-progress & capital advances	<b>(1,339.81)</b>	(1,129.80)
(Purchase)/sale of current investments (Net)	-	-
Redemption of fixed deposits	<b>1,846.34</b>	1,449.65
Investment in fixed deposits	<b>(1,942.85)</b>	(1,534.45)
Interest/dividend received	<b>35.38</b>	46.46
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,400.94)</b>	(1,168.14)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016	Year ended March 31, 2015
	(₹ in lakhs)	
<b>Cash flows from financing activities:</b>		
Proceeds from issue of capital	-	-
Inter-corporate deposit from related party	-	1,000.00
9.5% non-convertible debentures	<b>1,500.00</b>	-
Cash credit facility	<b>374.90</b>	-
Interest on inter-corporate deposit/ non-convertible debentures	<b>(252.24)</b>	(139.74)
<b>Net cash from financing activities</b>	<b>1,622.66</b>	860.26
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>357.07</b>	(59.77)
Cash and cash equivalents, beginning of the period	<b>47.66</b>	107.43
Cash and cash equivalents, end of the period	<b>404.73</b>	47.66
Note: Cash and cash equivalents include the following:		
Cash balance	-	0.02
Balance with banks:		
- in current accounts	<b>118.59</b>	47.64
- in deposit accounts	<b>286.14</b>	-
- cheques on hand	-	-
	<b>404.73</b>	47.66

Note: Cash Flow Statement is prepared under "Indirect Method" as set out in Accounting Standard (AS-3) on "Cash Flow Statement".

As per our report of even date  
**For Chandabhoy & Jassoobhoy**  
 Chartered Accountants  
 Firm Registration No.: 101647W

For and on behalf of the Board

**Ambesh Dave**  
 Partner  
 Membership No. 49289

**Jajvalya Raghavan**  
 Company Secretary

**Sanjeev Vivrekar**  
 M D & CEO

**G.S.P. Sinha**  
**Venkatraman Iyer**  
**Jagdish Thakur**  
 Directors

Place: Mumbai  
 Date: April 20, 2016

**Jyoti Katira**  
 Chief Financial Officer

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

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

### 1. Background

StockHolding Document Management Service Ltd was incorporated on August 10, 2006 and is a wholly owned subsidiary of Stock Holding Corporation of India Ltd (SHCIL) (A subsidiary of IFCI Ltd w.e.f. March 28, 2014). The Company provides physical custody services, digitisation services, sale of software products & services and insurance repository services.

### 2. Significant Accounting Policies

#### a) Basis of preparation

The financial statements have been prepared on accrual basis under the historical cost convention, in accordance with the Generally Accepted Accounting Principles (GAAP) in India. GAAP comprises of Accounting Standards (AS) as prescribed under section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied except where a newly issued accounting standard is first time adopted or revision in existing accounting standard required change in the accounting policy hitherto in use.

#### b) Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the balance sheet date, reported amounts of revenues and expenses for the period ended and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively.

#### c) Revenue recognition

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

Income from Digitisation Services & Insurance Repository is recognised on percentage completion method.

Income from software products is recognized on delivery/installation of the software product. Income from software services is recognized on percentage completion method.

Dividend income from investment is recognised as and when right to receive the income is established.

Interest income is recognised on time proportion basis.

#### d) Fixed assets

##### Tangible assets

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes expenses related to acquisition and installation of the concerned asset and excludes any tax for which input credit is taken.

##### Intangible assets

Software bought out is capitalised at acquisition price. 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.

Advance given towards acquisition of fixed assets and the cost of assets not ready for use as at the balance sheet date are disclosed under long term loans & advances and capital work in progress / intangible assets under development respectively.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 2. Significant Accounting Policies (Continued)

#### e) Investments

Current investments are stated at cost of acquisition or market value which ever is lower.

#### f) Depreciation

##### Tangible assets

Depreciation on fixed assets is charged under the straight line method over the useful life of the assets as specified in Schedule II to the Companies Act, 2013 except for the below tabulated class of assets wherein a lesser useful life 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.

##### Intangible Assets

Software both bought out and internally developed is amortised on straight-line method over a period of 3 years.

#### g) Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognized in the statement of profit and loss. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

#### h) Accounting of operating leases (as a lessee)

Lease rentals have been recognized as an expense in the statement of Profit and Loss as per the terms of the lease.

#### i) Employee benefits

##### 1. Defined contribution plan:

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contribution to the plan at a predetermined rate (presently 12%) of the employee's basic salary. These contributions are made to the fund administered and managed by the Government of India.

##### 2. Defined benefit plan:

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 balance sheet date. Actuarial gains/losses if any are immediately recognised in the statement of profit and loss.

##### 3. Compensated absences:

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 recognised in the statement of profit and loss. Short-term compensated absences are provided on estimated availment pattern.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 2. Significant Accounting Policies (Continued)

#### i) Taxation

##### Current tax

The Company provides for income tax on the basis of taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

##### Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the accounting income as per the Company's financial statements and the taxable income for the period.

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets other than unabsorbed depreciation and carry forward losses, are recognised only to the extent there is reasonable certainty that the assets can be realised in future. When there is unabsorbed depreciation or carried forward of losses under tax laws, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are reviewed as at each Balance Sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

#### k) Provision, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that arose from past events but its existence is confirmed by the occurrence of one or more uncertain future events, not wholly within the control of the Company.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognised nor disclosed.

#### l) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding (including shares applied but allotment yet to be made) during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, if any.

#### m) 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.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in lakhs)	
	As at March 31, 2016	As at March 31, 2015
<b>3 Share Capital</b>		
<b>Authorised</b>		
400,00,000 (FY 2014-15: 400,00,000) equity shares of ₹ 10 each	4,000.00	4,000.00
	4,000.00	4,000.00
<b>Issued</b>		
370,00,000 (FY 2014-15: 370,00,000) equity shares of ₹ 10 each	3,700.00	3,700.00
	3,700.00	3,700.00
<b>Subscribed &amp; Paid-up</b>		
370,00,000 (FY 2014-15: 370,00,000) equity shares of ₹ 10 each, fully paid-up	3,700.00	3,700.00
	3,700.00	3,700.00
<b>Terms/rights attached to equity shares:</b>		
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.		
<b>Reconciliation of shares outstanding</b>		
<b>Particulars</b>	<b>No. of shares</b>	No. of shares
Shares outstanding at the beginning of the period	37,000,000	37,000,000
Add: Shares subscribed during the period	-	-
Less: Shares bought back during the period	-	-
<b>Shares outstanding at the end of the period</b>	<b>37,000,000</b>	37,000,000
<b>Percentage of holding:</b>		
The entire paid up share capital is held by Stock Holding Corporation of India Ltd. and its nominees.		
<b>4 Reserves &amp; Surplus</b>		
<b>Profit and Loss Account</b>		
Balance as per last Balance Sheet	527.86	478.64
Less: Adjustment for depreciation on account of transitory provision in Schedule II of Companies Act, 2013	-	(52.40)
Add: Net profit/(loss) for the year/period	770.14	101.62
	1,298.00	527.86

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in lakhs)	
	As at March 31, 2016	As at March 31, 2015
<b>5 Long-Term Borrowings</b>		
<b>Unsecured</b>		
Inter Corporate Deposit from Related Party [see note (i)]	1,500.00	1,500.00
<b>Secured</b>		
1,50,000, 9.5% Secured, Redeemable Non-Convertible Debentures of ₹1000/- each fully paid-up [see note (ii)]	1,500.00	-
	<b>3,000.00</b>	<b>1,500.00</b>
(i) The Company has taken inter-corporate deposit of ₹ 5 crores @ 9.25% p.a and ₹10 crores @ 9.75% from the holding company on April 16, 2013 and April 16, 2014 respectively. The interest is payable on quarterly basis. The loan is repayable at the end of 5th, 6th and 7th year from the date of first draw down with an option for pre-payment in full or parts subject to minimum of ₹ 2 crores per tranche.		
(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 debenture holder 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.		
<b>6 Long-Term Provisions</b>		
Provision for employee benefits		
Gratuity	-	-
Leave encashment	8.58	5.32
	<b>8.58</b>	<b>5.32</b>
<b>7 Short-Term Borrowings</b>		
<b>Secured</b>		
Cash credit facility *	374.90	-
	<b>374.90</b>	<b>-</b>
*With IDBI Bank secured by an exclusive charge on entire present & future current assets of the Company including cash and cash equivalents.		
<b>8 Trade Payables</b>		
Dues to holding company	-	-
Dues to other creditors	47.05	50.49
	<b>47.05</b>	<b>50.49</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in lakhs)

	As at March 31, 2016	As at March 31, 2015
<b>9 Other Current Liabilities</b>		
Statutory liabilities	56.26	36.04
Provision for expenses	771.24	240.89
Security deposits payable	2.03	0.73
Retention money payable	17.37	11.77
Other liabilities * #	504.66	223.58
	<b>1,351.56</b>	<b>513.01</b>
* - Amount due to micro and small enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" - ₹ Nil (FY 2014-15 : ₹ Nil).		
# Includes due to SHCIL (holding company)	364.97	90.93
<b>10 Short-term Provisions</b>		
Provision for employee benefits		
Gratuity	-	-
Leave encashment	7.76	11.38
	<b>7.76</b>	<b>11.38</b>

## 11 FIXED ASSETS

(₹ in lakhs)

Particulars	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at April 1, 2015	Additions	Deductions	As at March 31, 2016	Upto April 1, 2015	For the year	Deductions	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Tangible assets</b>										
Computers - Hardware (Servers, networks etc)	189.48	170.42	1.58	358.32	85.55	52.86	1.58	136.83	221.49	103.93
Computer end user devises	408.17	14.94	122.73	300.38	312.95	86.44	122.73	276.66	23.72	95.22
Motor vehicles	28.14	-	-	28.14	18.75	7.50	-	26.25	1.89	9.39
Furniture & fixtures	134.48	11.29	0.89	144.88	48.52	25.90	0.89	73.53	71.35	85.96
Leasehold Improvements	7.78	10.31	-	18.09	0.86	3.42	-	4.28	13.81	6.92
Office equipments - Mobiles	1.64	0.18	1.11	0.71	1.54	0.14	1.11	0.57	0.14	0.10
Office equipments - Others	14.74	15.90	0.08	30.56	7.41	4.19	0.08	11.52	19.04	7.33
P&M - Electricals	80.40	101.65	-	182.05	16.72	12.67	-	29.39	152.66	63.68
P&M - Others	3,026.20	1,019.59	-	4,045.79	283.05	231.13	-	514.18	3531.61	2,743.15
<b>Total</b>	<b>3,891.04</b>	<b>1,344.28</b>	<b>126.39</b>	<b>5,108.93</b>	<b>775.35</b>	<b>424.25</b>	<b>126.39</b>	<b>1,073.21</b>	<b>4,035.72</b>	<b>3115.69</b>
<b>Intangible assets</b>										
Bought out software	108.25	19.66	-	127.91	99.71	23.15	-	122.86	5.05	8.54
Internally developed software	224.41	-	-	224.41	116.77	51.30	-	168.07	56.34	107.64
<b>Total</b>	<b>332.66</b>	<b>19.66</b>	<b>-</b>	<b>352.32</b>	<b>216.48</b>	<b>74.45</b>	<b>-</b>	<b>290.92</b>	<b>61.39</b>	<b>116.18</b>
<b>As at 31.03.16</b>	<b>4,223.70</b>	<b>1,363.94</b>	<b>126.39</b>	<b>5,461.25</b>	<b>991.83</b>	<b>498.70</b>	<b>126.39</b>	<b>1,364.13</b>	<b>4,097.11</b>	<b>3,231.87</b>
As at 31.03.15	3,206.08	1,018.15	0.52	4,223.70	626.96	365.03	0.16	991.83	3,231.87	2,579.12

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in lakhs)	
	As at March 31, 2016	As at March 31, 2015
<b>12 Deferred Tax Liabilities (Net)</b>		
The major components of deferred tax assets and liabilities arising on account of timing differences are as under:		
<b>Deferred Tax Assets (A)</b>		
Provision for doubtful debts/advances	8.27	0.76
Employee benefits	5.65	5.42
Stamp duty and ROC form fees	2.14	2.09
<b>Deferred Tax Liabilities (B)</b>		
Depreciation	234.58	183.81
<b>Net Deferred Tax Liabilities (B-A)</b>	<b>218.52</b>	<b>175.54</b>
<b>13 Long-term Loans and Advances</b>		
(Unsecured and considered good unless otherwise stated)		
Capital advances	467.18	529.20
Security and other deposits	100.81	90.42
Advance payment of tax and taxes deducted at source (net of provisions)	246.43	479.10
MAT credit entitlement	64.83	64.83
Others	1.18	2.62
	<b>880.43</b>	<b>1,166.17</b>
<b>14 Trade Receivables*</b>		
(Unsecured)		
Outstanding for a period over six months		
Considered good	690.16	260.33
Considered doubtful	23.89	2.34
Less: Provision for doubtful debts	(23.89)	(2.34)
	<b>690.16</b>	<b>260.33</b>
Others		
Considered good	1,400.26	1,099.07
Considered doubtful	-	-
	<b>1,400.26</b>	<b>1,099.07</b>
	<b>2,090.42</b>	<b>1,359.40</b>
* - Includes dues from SHCIL (holding company)	188.70	97.08
* - Includes dues from SSL (fellow subsidiary)	6.49	11.39
* - Includes dues from IFCI (ultimate holding company)	23.50	-
<b>15 Other Non-Current Assets</b>		
Margin money deposits with banks	197.82	101.33
	<b>197.82</b>	<b>101.33</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in lakhs)	
	As at March 31, 2016	As at March 31, 2015
<b>16 Cash and Bank Balances</b>		
<b>Cash and Cash equivalents</b>		
- Cash on hand	-	0.02
- Bank balances		
- In current accounts	118.59	47.64
- In deposit accounts	286.14	0.00
- Cheques in hand	-	-
	<b>404.73</b>	47.66
<b>Other Balances with Banks</b>		
- In deposit accounts	-	-
- In margin money deposits	197.82	101.33
	<b>197.82</b>	101.33
<b>Total Cash and Bank Balances</b>	<b>602.55</b>	148.99
Less: Margin money deposits classified as non-current	197.82	101.33
	<b>404.73</b>	47.66
<b>17 Short term Loans and Advances</b>		
(Unsecured and considered good unless otherwise stated)		
<b>Loans and advances to related parties</b>	-	-
<b>Others</b>		
Advances recoverable in cash or in kind	208.01	69.02
Surplus in gratuity fund	1.00	1.79
Security and other deposits	45.86	34.61
	<b>254.87</b>	105.42
<b>18 Other Current Assets</b>		
Accrued income	1,892.92	321.57
	<b>1,892.92</b>	321.57

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>19 Revenue from Operations</b>		
Income from physical custody	1,424.71	1,116.59
Income from digitization services	3,082.09	1,166.22
Income from software products/services	648.49	461.75
Income from insurance repository services	32.32	13.60
	<b>5,187.61</b>	<b>2,758.16</b>
<b>20 Other Income</b>		
Interest (Gross)		
- Deposits with banks	40.44	46.86
Miscellaneous Income	3.98	93.96
	<b>44.42</b>	<b>140.82</b>
<b>21 Employee Benefits Expense</b>		
Salaries, allowances & bonus	565.67	435.85
Reimbursement of expenses for deputed personnel	120.06	108.70
Contribution to provident fund and other funds	52.63	36.21
Staff welfare expenses	79.01	57.88
	<b>817.37</b>	<b>638.64</b>
<b>22 Finance Cost</b>		
Interest on inter corporate deposits	143.75	139.74
Interest on 9.5% non-convertible debentures	82.93	-
Interest on cash credit facility	10.57	-
Ancillary borrowing costs	14.99	-
	<b>252.24</b>	<b>139.74</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>23 Other Expenses</b>		
Outsourcing expenses	1,216.26	552.60
Project trainees	111.06	46.24
Travelling and conveyance	93.28	58.37
Repairs and maintenance	75.82	80.65
Electricity charges	61.11	64.51
Postage, printing and stationery	25.47	22.03
Marketing expenses	39.23	17.22
Directors' sitting fees	17.95	6.50
Telephone and telecommunication	41.81	40.60
Commission	30.68	43.21
Rent	332.47	268.68
Rates and taxes	17.09	10.19
Legal and professional charges	53.00	23.49
Recruitment and training expenses	10.06	3.38
Payment made to statutory auditors		
- Audit fees	6.01	5.00
- Tax audit fees	1.20	1.00
- For others	1.20	
- For out of pocket expenses	0.45	0.24
Insurance	8.08	8.64
Bank charges	10.52	2.23
Software expenses	55.56	26.39
Transportation expenses	76.88	41.25
Packing expenses	28.45	28.62
Security expenses	54.08	45.72
Computer hire charges	12.54	49.82
Furniture hire charges	-	4.33
Bad debts written off	38.97	82.00
Brokerage on rental premises	3.43	-
Asset written off	0.01	0.36
Provision for doubtful debts	21.56	-
Other expenses	23.56	17.68
	<b>2,467.79</b>	<b>1,550.96</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	(₹ in lakhs)	
	As at March 31, 2016	As at March 31, 2015
<b>24 Capital and other commitments</b>		
Estimated amount of contract to be executed on capital account (net of advances)	528.59	596.00
	<b>528.59</b>	<b>596.00</b>
Note: Excludes taxes/freight which may be payable		
<b>25 Payment of managerial remuneration</b>		
(a) To Managing Director & CEO		
Salary and Allowances	26.86	25.84
Contribution to PF and other Funds	2.65	2.46
Perquisites (As per Income Tax Rules)	0.41	0.41
(b) To Other Managerial Personnel		
Salary and Allowances	24.24	21.04
Contribution to PF and other Funds	1.29	1.12
Perquisites (As per Income Tax Rules)	0.04	0.05
	<b>55.49</b>	<b>50.92</b>
Note: Excludes leave accrued determined actuarially, by Holding Company SHCIL,		
<b>26 Earning Per Share</b>		
Number of shares at the beginning of the year/period	370.00	370.00
Number of shares at the end of the year/period	370.00	370.00
Weighted average number of shares outstanding during the year/period	370.00	370.00
Net Profit/(Loss) for the year/period	770.14	101.62
Net Profit/(Loss) available for equity shareholders	770.14	101.62
Basic and Diluted Earning per share (in ₹)	<b>2.08</b>	<b>0.27</b>
<b>27 Operating Leases</b>		
<b>1. Future Minimum Lease Payments under non-cancellable operating lease for the period</b>		
(a) Not later than one year	105.40	75.85
(b) Later than one year but not later than 5 years	130.39	60.80
(c) More than 5 years	25.92	35.42
<b>2. Lease payments charged to Profit and Loss Account</b>	<b>332.47</b>	<b>271.33</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 28 Related Parties

#### a. List of Related Parties

Ultimate Holding Company	IFCI Ltd (w.e.f. March 28, 2014)
Holding Company	Stock Holding Corporation of India Ltd.
Fellow Subsidiary	SHCIL Services Ltd.
Key Management Personnel	Sanjeev Vivrekar - MD & CEO Jyoti Katira - CFO Jajvalya Raghavan - CS

#### b. Transactions (including accruals) with related parties for the year ended March 31, 2016.

(₹ in lakhs)

Particulars	For the year ended March 31, 2016					For the year ended March 31, 2015				
	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Managerial Personnel	Total	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Managerial Personnel	Total
Reimbursement of Office Expenses	-	104.32	-	-	104.32	-	108.13	-	-	108.13
Rent	-	117.38	-	-	117.38	-	102.11	-	-	102.11
Managerial Remuneration	-	-	-	55.49	55.49	-	-	-	50.92	50.92
Subscription to Share Capital	-	-	-	-	-	-	-	-	-	-
Commission	-	24.11	-	-	24.11	-	41.66	-	-	41.66
Sitting Fees Paid	-	12.50	-	-	12.50	-	4.50	-	-	4.50
Inter Corporate Deposits (ICDs)	-	-	-	-	-	-	1,000.00	-	-	1,000.00
9.5% non-convertible debentures (NCDs)	-	1,500.00	-	-	1,500.00	-	-	-	-	-
Interest on ICDs/NCDs	-	226.68	-	-	226.68	-	139.74	-	-	139.74
Reimbursement of deputed employees salary and gratuity and other funds	-	112.38	-	-	112.38	-	103.89	-	-	103.89
Income - Physical Custody, Digitisation, Software sales and related software services	9.30	303.71	64.88	-	377.89	11.41	836.78	57.47	-	905.66

\* Excluding taxes

#### c. Outstanding balances as on March 31, 2016.

(₹ in lakhs)

Particulars	As at March 31, 2016					As at March 31, 2015				
	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Managerial Personnel	Total	Ultimate Holding Company	Holding Company	Fellow Subsidiary	Key Managerial Personnel	Total
Trade and other receivables	23.50	188.70	6.49	-	218.69	10.20	97.08	11.39	-	118.67
Dues payable	-	364.97	-	-	364.97	-	90.93	-	-	90.93
Inter corporate deposits (ICDs)	-	1,500.00	-	-	1,500.00	-	1,500.00	-	-	1,500.00
9.5% non-convertible debentures (NCDs)	-	1,500.00	-	-	1,500.00	-	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 29 Disclosure pursuant to Accounting Standard – 15 ‘Employee Benefits’

#### a) Defined Contribution plans

Contribution to provident fund ₹ 33.41 Lakhs (Previous year: ₹ 22.47 Lakhs) is recognized as an expense and included under the head in Company’s contribution to Employees Provident Fund and 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.

	Year ended March 31, 2016	Year ended March 31, 2015
(₹ in lakhs)		
<b>I. Actuarial assumptions:</b>		
Discount Rate	7.95%	8.08%
Rate of Return on Plan Assets *	7.95%	8.08%
Future Salary Rise**	5.00%	5.00%
Attrition Rate Current Year	2.00%	2.00%

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

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

	Year ended March 31, 2016	Year ended March 31, 2015
(₹ in lakhs)		
<b>II. Change in Benefit Obligation:</b>		
Liability at the beginning of the year	10.70	5.68
Interest cost	0.86	0.53
Current service cost	3.92	2.80
(Benefit paid from the Fund)	(0.28)	(1.25)
Actuarial (gains)/losses on obligations - Due to Change in Financial Assumptions	0.33	1.79
Actuarial (gains)/losses on obligations - Due to Experience	1.66	1.15
Liability at the end of the year	17.20	10.70
<b>III. Fair Value of Plan Assets:</b>		
Fair value of plan assets at the beginning of the year	12.49	9.16
Expected Return on plan assets	1.01	0.80
Contributions	4.94	3.84
(Benefit paid from the Fund)	(0.28)	(1.25)
Actuarial gains/(losses) on plan assets	0.05	(0.06)
Fair value of plan assets at the end of the year	18.20	12.49



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016	(₹ in lakhs) Year ended March 31, 2015
<b>IV. Total Actuarial (Gain)/Loss to be recognised</b>	<b>1.94</b>	3.00
<b>V. Actual Return on Plan Assets</b>	<b>1.06</b>	0.73
<b>VI. Amount Recognised in the Balance Sheet:</b>		
Fair value of plan assets at the end of the year	<b>18.20</b>	12.49
Liability at the end of the year	<b>(17.20)</b>	(10.70)
Funded Status	<b>1.00</b>	1.79
Unrecognised past service cost	-	-
Unrecognised Transition Liability	-	-
Net (liability)/Asset recognised in the Balance Sheet	<b>1.00</b>	1.79
<b>VII. 100% of the Plan assets has been invested in Insurer Managed Funds</b>		
<b>VIII. Expenses Recognised in the Income Statement:</b>		
Current service cost	<b>3.92</b>	2.80
Interest cost	<b>0.86</b>	0.53
(Expected return on plan assets)	<b>(1.01)</b>	(0.80)
Actuarial (gains)/losses	<b>1.94</b>	3.00
Expense recognised in Profit and Loss	<b>5.72</b>	5.54
<b>IX. Balance Sheet Reconciliation</b>		
Opening net liability	<b>(1.79)</b>	(3.48)
Expense as above	<b>5.72</b>	5.54
Employers contribution	<b>(4.94)</b>	(3.84)
Amount recognised in balance sheet	<b>(1.00)</b>	(1.79)
<b>X. Expected Employer's Contribution in next year is ₹ 4.60 Lakhs (Actual Contribution in Current Year: ₹ 4.94 lakhs).</b>		

### 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

	Year ended March 31, 2016	Year ended March 31, 2015
Discount Rate	<b>7.95% p.a</b>	8.08% p.a
Salary Escalation Rate	<b>5.00% p.a</b>	5.00% p.a
Attrition Rate	<b>2.00% p.a</b>	2.00% p.a
Mortality	<b>Indian Assured Lives Mortality (2006-08) Ultimate</b>	Indian Assured Lives Mortality (2006-08) Ultimate

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

(ii) Amount recognised in Balance Sheet and movements in net liability: (₹ in lakhs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Opening Balance of Compensated Absences (X)	5.98	5.01
Present value of Compensated Absences (As per actuary valuation) (Y)	9.62	5.98
Unfunded/(Excess) liability of Compensated Absences recognised in the Profit and Loss account for the year (Y – X)	3.64	0.97
<b>30 Prior Period Adjustment</b>		
(a) Prior Period Income	14.40	28.52
(b) Prior Period Expense		
Rent to Sify Bangalore Data Centre	-	2.65
Outsourcing Expenses	-	7.70
Security Expenses	-	0.17
Computer Hire Charges	-	0.46
Provision for bonus for FY 2014-15	5.38	-
Net Prior Period Adjustment	9.02	17.55
<b>31 Expenditure &amp; Earning in Foreign Currency</b>		
<b>Particulars</b>		
(a) Expenditure in Foreign currency - Travelling expenses	2.93	4.36
(b) Earning in foreign currency	-	-
<b>Total</b>	<b>2.93</b>	<b>4.36</b>

**32** Disclosure required under clause 5 (iii), 5 (vii) and 5 (viii)(a),(c),(d) of part II of Schedule III to the Companies Act, 2013 are not applicable to the Company for the year/period under report.

**33** Balances appearing under trade payables, trade receivables, loans and advances, other current liabilities and other current assets are subject to confirmation and consequential adjustment, if any.

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

### 35 Segment Reporting

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

Particulars	(₹ in lakhs)	
	Year ended March 31, 2016	Year ended March 31, 2015
<b>b) Segment Revenue</b>		
Physical Custody Services	1,424.71	1,116.59
Digitisation Services	3,082.09	1,166.22
Software Services	648.49	461.75
Insurance Repository	32.32	13.60
<b>Total Revenue</b>	<b>5,187.61</b>	<b>2,758.16</b>
<b>Segment Cost</b>		
Physical Custody Services	982.70	695.43
Digitisation of Documents	1,442.24	728.36
Software Services	274.40	355.04
Insurance Repository	77.20	114.62
<b>Total Cost</b>	<b>2,776.54</b>	<b>1,893.45</b>
<b>c) Segment Results</b>		
Physical Custody Services	442.01	421.16
Digitisation of Documents	1,639.85	437.86
Software Services	374.09	106.71
Insurance Repository	(44.88)	(101.02)
<b>Total Net Revenue</b>	<b>2,411.07</b>	<b>864.71</b>
<b>Unallocated Expenses</b>		
Operating Expenses	1,151.59	849.28
Depreciation & Amortisation	107.97	6.25
<b>Operating Profit</b>	<b>1,151.51</b>	<b>9.18</b>
Other income	44.42	140.82
Prior Period (Expenses) / Income (net)	9.02	17.55
<b>Profit before Taxation</b>	<b>1,204.95</b>	<b>167.55</b>
Less: Tax	(434.81)	(65.93)
<b>Profit After Taxation</b>	<b>770.14</b>	<b>101.62</b>

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, 2016

### 35 Segment Reporting (contd.)

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

(₹ in lakhs)

	As at March 31, 2016	As at March 31, 2015
<b>d) Segment Assets</b>		
Physical Custody Services	4,752.17	3,669.30
Digitisation of Documents	3,153.74	1,238.42
Software Services	892.42	543.66
Insurance Repository	24.41	35.44
Unallocable Assets	1,183.63	996.78
<b>Total Assets</b>	<b>10,006.37</b>	<b>6,483.60</b>
<b>e) Segment Liabilities</b>		
Physical Custody Services	93.75	19.36
Digitisation of Documents	508.42	128.39
Software Services	6.45	7.54
Insurance Repository	-	0.76
Unallocable Liabilities	4,399.75	2,099.69
<b>Total Liabilities</b>	<b>5,008.37</b>	<b>2,255.74</b>
<b>f) Capital Employed</b>		
Physical Custody Services	-	-
Digitisation of Documents	-	-
Software Services	-	-
Insurance Repository	-	-
Unallocable	4,998.00	4,227.86
<b>Total Capital Employed (d-e)</b>	<b>4,998.00</b>	<b>4,227.86</b>

Note: There are no reportable geographical segments.

**36** The operating income includes amount realised on transfer of client accounts of discontinued Insurance repository business.









## PRODUCTS

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



## SERVICES

- **Digitization Services**
- **Physical Record Management Services**
- **Hosting Services**
- **Secure Document Destruction Services**
- **Logistics**



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