

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Members of SBI Capital Markets Limited Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

1. We have audited the accompanying consolidated financial statements of SBI Capital Markets Limited ("the Holding Company") its subsidiaries (the Holding Company and its subsidiaries collectively referred to as "the Group"), and its associate, which comprise the consolidated Balance Sheet as at 31st March 2020, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind-AS) and other accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group and its associate as at March 31, 2020, their consolidated net profit (financial performance including other comprehensive income), their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### **Basis for Opinion**

2. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group and of its associate in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

## Emphasis of Matters

### 3.(i) With respect to SBICAP (UK) Ltd.

Included within note 1 within the notes to the financial statements SBICAP UK Limited discloses that the directors have decided to wind-up operations and have relinquished their license with the FCA that enables them to trade. The audit opinion is not modified in respect to the matter emphasized.

### (ii) With respect to SBICAP Securities Ltd.

We draw attention to note 47 to the Financial Statements for the year ended 31 March 2020 which describes the effect of COVID-19 on the business of the Company and states that the debtors realization might be impacted due to the COVID-19 and Management has considered the same while calculating the provision based on expected credit loss method. Our opinion is not modified in respect of this matter.

## Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described to be the key audit matters to be communicated in our report.

S.No	Key Audit Matter	Auditor's Response
<b>With respect to SBI Capital Markets Ltd.</b>		
(i)	<p><b><i>Assessment of Valuation of investments measured at fair value for which no listed price in an active market is available and valued using market information and significant unobservable input:</i></b></p> <p>The Company has certain Investments of which listed price in an active market is not available and has valued at fair value at Rs.1611.76 crore (Rs.757.59 crore as at 31.03.2019). The corresponding fair value change is recognised in Other Comprehensive Income (OCI) and deferred tax in accordance with related Accounting Standard (Ind-AS 109). In measuring these Investments, valuation methods are used based on inputs that are not directly observable from market information and certain other unobservable</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>We understood and tested the design and operating effectiveness of the Company's control over the assessment of valuation of investments.</p> <ul style="list-style-type: none"> <li>• We evaluated the independence, competence, capabilities and objectivity of Management's expert (independent professional valuer).</li> <li>• We evaluated together with the auditor's expert to assess the reasonableness of the valuation methodology and underlying assumptions relating to market multiples</li> </ul>

	<p>inputs. The Management has also used the services of an independent professional valuer. Key inputs used in the valuation of above investments are market multiples and growth rate, terminal rate, discount rate, NAV etc The valuation of these assets</p> <p>is important to our audit as it is highly dependent on estimates (various assumptions and techniques used) which contain assumptions that are not observable in the market. Given the inherent subjectivity in the valuation of the above investments, relative significance of these investments to the financial statements and the nature and extent of audit procedures involved, we determined this to be a key audit matter. (Refer Note 2.1(viii)(b) and Note 6 (1) to the Consolidated Financial Statements)</p>	<p>and growth rate, discount rate, NAV etc. used by the independent professional valuer to estimate the fair value of investments.</p> <ul style="list-style-type: none"> <li>• We validated the source data on sample basis and tested the arithmetical accuracy of the calculation of valuation of investments.</li> <li>• We assessed the adequacy of the disclosures in the financial statements.</li> </ul> <p>Based on our above audit procedures we consider that the management's assessment of the investment for which no listed price in an active market is available is reasonable.</p>
(ii)	<p><b><i>Allowance for credit losses:</i></b></p> <p>The Company determines the allowance for credit losses based on historical loss experience adjusted to reflect current and estimated future economic conditions. The Company considered the likelihood of increased credit risk and consequential default considering emerging situation due to COVID-19. The company closely monitors its receivables that are going through financial stress. The assessment is done in respect of receivables at Rs.92.29 crore (Gross: 151.01crore) as at 31th March 2020 after considering the allowance for credit loss of Rs.59.43 crore.</p> <p>We identified allowance for credit losses as a key audit matter because the Company exercises significant judgment in calculating the expected credit losses.</p> <p>(Refer Note 46 to the Consolidated Financial Statements)</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>Our audit procedures related to the allowance for credit losses for trade receivables and other receivables included the following, among others:</p> <p>We tested the effectiveness of controls over the:</p> <p>(1) development of the methodology for the allowance for credit losses, including consideration of the current and estimated future economic conditions and</p> <p>(2) We tested the mathematical accuracy and computation of the allowances using the same input data used by the Company</p>
(iii)	<p><b><i>Evaluation of uncertain tax positions</i></b></p> <p>The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these</p>	<p><b><i>Principal Audit Procedures</i></b></p> <p>We evaluated the Company's processes and controls for monitoring the tax disputes.</p> <p>Obtained risk assessment of tax litigation</p>

	disputes. (Refer Notes 8 to the Consolidated Financial Statements)	from our internal tax expert to assess management's judgment and assumption on such matters to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. They also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.
<b>With respect to SBICAP Trustee Company Ltd.</b>		
(iv)	<p><b>Revenue recognition for one time acceptance fees</b></p> <p>As per Ind AS 115 An entity shall recognize revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer.</p> <p>The Company recognizes the revenue from trusteeship acceptance fees on the acceptance of trusteeship assignment.</p> <p>There is a risk of revenue been booked for such contracts for which performance obligations continues after the reporting date.</p>	<p><b>Our results:</b></p> <p>Based on the management representation on the activities performed, the revenues are booked for one time acceptance fees for which performance Obligation is satisfied. The management believes that for all the revenue booked the performance obligation is satisfied.</p>
(v)	<p><b>Revenue recognition for penal interest income</b></p> <p>The Company recognizes revenue of penal interest for the cases referred to NCLT.</p> <p>Provision for ECL on penal interest for NCLT account raised during the year, is done on the basis of 40% of the amounts without considering the status of account for its recoverability.</p> <p>Further the penal interest on service charges are not charged on regular accounts.</p>	<p><b>Our results:</b></p> <p>The Company accrues revenue for interest on NCLT cases and makes provision as per the policy as determined by the management.</p>
(vi)	<p><b>Impact of COVID-19 pandemic on Provisioning of trade receivables</b></p> <p>The company is following expected credit loss (ECL) model for provisioning of trade receivables and minimum 40%</p>	<p><b>Our results:</b></p> <p>The Company believes that there will not be any impact on the impairment of financial assets due to the peculiar nature</p>

<p>provisioning policy for trade receivables of NCLT cases and simplified provisioning approach for trade receivables of other than NCLT cases.</p> <p>Further The widespread contraction in economic activity across the globe due to rapid spread of COVID-19 is likely to have an impact on the recovery of current debtors.</p> <p>There is a risk of less provisioning for ECL and risk that financial assets may become credit-impaired.</p>	<p>of the business and hence has not included any COVID impact in the ECL Model.</p>
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### **Information Other than the Consolidated Financial Statements and Auditor's Report thereon**

5. The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management discussion and Analysis, Board's Report including its annexures containing details of its subsidiaries & associate and Corporate Governance Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

### **Management's Responsibility for the Consolidated Financial Statements**

6. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group including share of its associate, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of directors of the companies included in the Group and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate for preventing and detecting frauds and other irregularities;

selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its associate are responsible for assessing the ability of the Group and of its associate to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and of its associate or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group and of its associate are also responsible for overseeing the financial reporting process of the Group and its associate.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding Company, its subsidiary companies and its associate, which are incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be



communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Matters**

#### **8. (i) With respect to SBI Capital Markets Ltd**

We did not audit the financial statements of five subsidiaries whose financial statements reflect total assets of Rs.926.70 crore as at 31st March, 2020, total net assets of Rs.611.03 crore, total revenue of Rs.569.08 crore and net cash inflows of Rs.171.30 crore for the year ended on that date as considered in the consolidated financial statements. The consolidated financial statements also include Group's share in Net Profit using equity method of Rs.0.46 crore for the year ended March, 2020, in respect of an Associate. These financial statements of subsidiaries and associate have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of sub section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such auditors.

#### **(ii) With respect to SBICAP Securities Ltd.**

The financial statements of the Company as on 31 March, 2020 were audited under exceptional circumstances due to prevailing lockdown conditions on account of COVID-19 pandemic. The audit was conducted remotely through VPN access over client's system and books of accounts. Documentation and other requirements along with discussion with the Management were held through video conference and discussed over emails with some restrictions over confidential data which could not be provided by the Company remotely through VPN. We had adopted relevant alternative audit procedures to issue our audit opinion in respect of these matters.

Our opinion on the consolidated financial statements, and our report on the other legal and regulatory requirements as mentioned below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Holding company's management.

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

9. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associate as noted in the 'other matter' paragraph, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.



- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- (e) We are informed that the provisions of Section 164(2) of the Act are not applicable to the Holding Company and its subsidiary companies incorporated in India being Government companies in terms of notification no. G.S.R.463(E) dated 5th June 2015 issued by Ministry of Corporate Affairs. On the basis of the report of the statutory auditor of associate incorporated in India, none of the directors of associate company incorporated in India is disqualified as on 31st March, 2020 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 Holding company, its subsidiary companies and associate incorporated in India and the operating effectiveness of such controls, refer to our separate report in “Annexure A”
- (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 Auditor’s) Rules, 2014, to the extent applicable, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary companies and associate, as noted in the ‘Other matter’ paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and of its associate; Refer Note 31 to the consolidated financial statements.
  - ii. The Group and its associate 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 Holding Company, its subsidiary companies and associate incorporated in India.

10. As required by Section 143(5) of the Companies Act, 2013 we give in “Annexure-B” our comments on the directions issued by the Comptroller and Auditor General of India.

for UMMED JAIN & CO.  
Chartered Accountants,  
FRN : 119250W

[CA Akhil Jain ]  
Partner  
M.No. 137970

UDIN : 20137970AAAAAL4497  
Place : Jaipur  
Date : 29<sup>th</sup> April 2020

## **Annexure “A” to the Independent Auditor’s Report**

(Referred to in paragraph 8(f) under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the consolidated financial statements of the SBI Capital Markets Limited for the year ended March 31, 2020 on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 )

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2020, we have audited the internal financial controls over Financial reporting of SBI Capital Markets Limited (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”), and associate, which are companies incorporated in India, as of that date.

### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies and associate, which are incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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, both issued by the Institute of Chartered Accountants of India 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,. 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 and the audit evidence obtained by the other auditors of the subsidiaries and associate, incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, 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 Holding Company, its subsidiary companies and associate, which are companies incorporated in India, have, 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 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

### **Other Matters**

The Internal Financial Control over Financial Reporting of three subsidiaries incorporated in India and one associate incorporated in India have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the Internal Financial Control over Financial Reporting of these companies, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the reports of such auditors.

Our opinion on internal financial control over financial reporting, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors on the internal financial control over financial reporting.

for UMMED JAIN & CO.  
Chartered Accountants,  
FRN : 119250W

[CA Akhil Jain ]  
Partner  
M.No. 137970

UDIN : 20137970AAAAAL4497  
Place : Jaipur  
Date : 29<sup>th</sup> April 2020

## Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 9 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the consolidated financial statements of the SBI Capital Markets Limited for the year ended March 31, 2020 on directions issued by the Comptroller and Auditor General of India under section 143(5) of Companies Act, 2013 in respect of the holding company and subsidiaries incorporated in India, wherever these provisions are applicable)

1. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.
  - In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements, the holding company and its subsidiary companies incorporated in India, has system in place to process all the accounting transactions through IT system.
2. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? if yes, the financial impact may be stated.
  - In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements, in respect of the holding company and its subsidiary companies incorporated in India, there is no restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by a lender to the holding company or subsidiary companies incorporated in India, except in One subsidiary Company.

In one subsidiary Company, during the year, debts aggregating to Rs.1.05 crores were written off in 51 cases. Accordingly the profit of the company for the year has been reduced to this extent. A summary of debtors written off during the year along with the reasons for write off is given below

Reasons	Write off's	
	No. of cases	Amount in crores
Liquidity Crisis faced by clients	33	0.83/-
Deal did not Materialise	3	0.07/-
Disputed services/billing	15	0.15/-
<b>Total</b>	<b>51</b>	<b>1.05/-</b>

During the year, Service charges aggregating to Rs.0.36 crores were reversed in 12 cases. Accordingly the profit of the Company for the year has been reduced to this extent. A summary of Service charges de-accrued during the year along with the reasons for de-accrual is given below:

Reasons	De-accruals	
	No. of Cases	Amount in crores
Deal did not Materialise	10	0.30/-
Disputed services/billing	2	0.06/-
<b>Total</b>	<b>12</b>	<b>0.36/-</b>

3. Whether funds received/receivable for specific schemes from central/state agencies were properly accounted for/utilized as per its term and conditions? List the cases deviation.
- In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements, in respect of the holding company and its subsidiary companies incorporated in India, no funds have been received / receivable for specific schemes from central / state agencies.

for UMMED JAIN & CO.  
Chartered Accountants,  
FRN : 119250W

[CA Akhil Jain]  
Partner  
M.No. 137970

UDIN : 20137970AAAAAL4497  
Place : Jaipur  
Date : 29<sup>th</sup> April 2020