

SBI DFHI LIMITED
Balance Sheet as at March 31, 2020

(In Rs. Lakhs)

Particulars	Note No.	As on 31st March 2020	As on 31st March 2019
A ASSETS			
1 Financial Assets			
(a) Cash and cash equivalents	2	129.15	4,296.23
(b) Bank balances other than (a) above	3	213.19	214.01
(c) Derivative financial instruments			-
(d) Receivables			
(i) Trade Receivables	4	23.52	297.66
(ii) Other Receivables		-	-
(e) Loans			
(f) Investments	5	1,111,586.14	713,223.43
(g) Other Financial assets	6	23,446.66	14,978.70
2 Non - Financial Assets			
(a) Inventories		-	-
(b) Current tax assets (net)		1,481.79	1,739.31
(c) Deferred tax assets (net)		-	-
(d) Investment Property			
(e) Biological assets other than bearer plants			
(f) Property, Plant and Equipment	7	102.37	110.96
(g) Right of Use Assets	8	456.61	-
(h) Capital work-in- progress			
(i) Intangible assets under development			
(j) Goodwill			
(k) Other Intangible assets	9	236.08	293.00
(l) Other non-financial assets	10	660.09	571.27
Total Assets		1,138,335.60	735,724.57
B LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial Liabilities			
(a) Derivative financial instruments			
(b) Payables			
(I) Trade Payables			
(i) total outstanding dues of micro enterprises and small enterprises			-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		5.76	3,924.63
(II) Other Payables		-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
(c) Debt Securities			
(d) Borrowings (Other than Debt Securities)	11	1,011,274.97	619,809.96
(e) Deposits			-
(f) Subordinated Liabilities			-
(g) Other financial liabilities	12	1,303.34	755.60
2 Non - Financial Liabilities			
(a) Current tax liabilities (Net)			-
(b) Provisions	13	442.64	346.83
(c) Deferred tax liabilities (Net)	14	2,102.75	3,554.90
(d) Lease Liabilities		471.99	-
(e) Other non - financial liabilities	15	569.32	453.65
3 Equity			
(a) Equity Share Capital	16	19,048.96	19,048.96
(b) Other Equity	17	103,115.87	87,830.04
Total Liabilities and Equity		1,138,335.60	735,724.57
Summary of Significant Accounting Policies	1		

Notes referred to above form an integral part of the Balance Sheet and should be read in conjunction therewith.

As per our report of even date attached

For Sorab S Engineer & Co.

Chartered Accountants

Firm Regn No - 110417W

For and on behalf of the Board of Directors

P.N. Anklesaria

CA Peshwan Anklesaria
Partner

Membership No.131394

Place : Mumbai

Dated : 30th April,2020



[Signature]

Dinesh Kumar Khara
Chairman

[Signature]

Sham K.
Company Secretary &
Compliance Officer

[Signature]

S.V.Sastry
Managing Director & CEO

[Signature]

Mont N.S.S
Executive Vice President
& CFO

Dated :30th April, 2020



SBI DFHI LIMITED
Statement of Profit and Loss for the year ended on March 31, 2020

(In Rs. Lakhs)

	Particulars	Note No.	As on 31st March, 2020	As on 31st March, 2019
I	Revenue from operations			
	(i) Interest Income	18	45,211.46	30,090.88
	(ii) Dividend Income		-	-
	(iii) Rental Income		-	-
	(iv) Fees and commission income	19	152.08	323.87
	(v) Net gain on fair value changes	20	5,123.32	3,691.27
	(vi) Sale of Investments classified under FVTPL category	21	15,369,198.61	19,242,396.94
	(vii) Profit/Loss on Interest Rate Futures		(3.53)	(7.26)
	Total revenue from operations		15,419,681.94	19,276,495.70
II	Other Income (to be specified)	22	95.74	84.74
III	Total Income (I+II)		15,419,777.68	19,276,580.44
	Expenses			
	(i) Finance Cost	23	45,887.28	36,885.87
	(ii) (Increase)/Decrease in Investments classified under FVTPL category	24	(397,928.18)	(140,014.76)
	(iii) Purchase of securities classified under FVTPL category	25	15,740,314.25	19,364,477.59
	(iv) Employee benefits expenses	26	1,541.17	1,307.26
	(v) Depreciation, amortisation and impairment		377.47	146.23
	(vi) Other expenses	27	1,872.27	1,854.75
	(vii) Impairment Loss		4,598.79	-
IV	Total Expenses (IV)		15,396,663.05	19,264,656.94
V	Profit/(Loss) before exceptional items and tax (III-IV)		23,114.63	11,923.50
VI	Exceptional items		-	-
VII	Profit/(Loss) before tax (V-VI)		23,114.63	11,923.50
VIII	Tax expense:			
	(1) Current Tax		6,730.00	3,469.00
	(2) Short/ (Excess) Provisions for earlier years		152.34	-
	(3) Deferred Tax Charge / (Credit)		(1,401.95)	768.53
IX	Profit/(Loss) for the year from continuing operations (VII-VIII)		17,634.24	7,685.97
X	Profit/(Loss) from discontinued operations		-	-
XI	Tax expenses of discontinued operations		-	-
XII	Profit/(Loss) from discontinued operations after tax (X-XI)		-	-
XIII	Profit/(Loss) for the year		17,634.24	7,685.97
XIV	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit or loss			
	- Fair Valuation of Equity Shares	26	(90.00)	1,833.17
	- Remeasurement of Employee Benefit Expenses		(12.16)	(21.63)
	(ii) Deferred Tax Charge / (Credit) relating to items that will not be reclassified to profit or loss		(50.20)	415.31
	Subtotal A		(51.96)	1,396.23
B	(i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Subtotal B		-	-
	Total other comprehensive income for the year (A+B)		(51.96)	1,396.23
XV	Total Comprehensive Income for the year		17,582.28	9,082.20
XVI	Earnings per equity share (for continuing operations)	28		
	Basic (Rs.)		92.57	40.35
	Diluted (Rs.)		92.57	40.35
XVII	Earnings per equity share (for discontinued operations)			
	Basic (Rs.)		-	-
	Diluted (Rs.)		-	-
XVIII	Earnings per equity share (for continuing and discontinued operations)	28		
	Basic (Rs.)		92.57	40.35
	Diluted (Rs.)		92.57	40.35

Summary of Significant Accounting Policies

Notes referred to above form an integral part of the Statement of Profit and Loss and should be read in conjunction therewith.

SSE & Co.
As per our report of even date attached
For Sorab S Engineer & Co.
Chartered Accountants
Firm Regn No - 110417W

P. N. Anklesaria

CA Peshwan Anklesaria
Partner
Membership No. 131394
Place : Mumbai
Dated : 30th April, 2020



Dinesh Kumar Khara
Chairman

Sham K.
Company Secretary &
Compliance Officer

S.V. Sastry
Managing Director & CEO

Monty N.S.S.
Executive Vice president & CFO
Dated: 30th April, 2020



SBI DFHI LIMITED

Statement of changes in equity for the year ended on March 31, 2020

(a) Equity Share Capital : Issued & Subscribed & Fully Paid up (Note No.16)

Particulars	(In Rs.Lakhs)
Balance as at April 1, 2019	19,048.96
Changes in Equity in FY 2019-20	-
Balance as at March 31, 2020	19,048.96

(b) Other Equity (Note No.17)

Particulars	Reserves and Surplus				Other Comprehensive Income (OCI)	Total
	Statutory Reserve	Capital Redemption Reserve	Balance in Statement of Profit and Loss Account	General Reserve		
Balance as at April 1, 2019	41,893.51	10,041.95	15,767.84	9,787.18	10,339.56	87,830.04
Net Profit after Tax transferred from Statement of Profit & Loss	-	-	17,634.24	-	-	17,634.24
Dividend paid including dividend distribution tax	-	-	(2,296.45)	-	-	(2,296.45)
Transfer to/from retained earnings	3,530.49	-	(3,530.49)	-	-	-
Changes in other comprehensive income	-	-	-	-	(102.16)	(102.16)
Less: Income Tax on changes in other comprehensive income	-	-	-	-	50.20	50.20
Balance as at March 31, 2020	45,424.00	10,041.95	27,575.14	9,787.18	10,287.60	103,115.87

As per our report of even date attached

For and on behalf of the Board of Directors

For Sorab S Engineer & Co.

Chartered Accountants

Firm Regn No - 110417W

P.N. Anklesaria

CA Peshwan Anklesaria
Partner

Membership No.131394

Place : Mumbai

Dated : 30th April,2020



Dinesh Kumar Khara

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Managing Director & CEO

Mont N.S.S.

Mont N.S.S.
Executive Vice president
& CFO

Dated :30th April, 2020



SBI DFHI LIMITED
Cash Flow Statement for the year ended on March 31, 2020

(In Rs.Lakhs)

Particulars	2019-20		2018-19	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and extraordinary items		23,114.63		11,923.50
Adjustments for non operating/ non-cash Items :				
Depreciation on PPE,Intangible & ROU Assets	377.47		146.23	
Input Credit Written-Off	165.25		120.73	
Provision for Leave Encashment & Gratuity	83.65		26.22	
Loss on sale of asset / written off	13.01		1.88	
Straight lining of advance lease rent (expense)	7.70		9.60	
Dividend Received	(67.50)		(67.50)	
CSR Expenditure	302.50		283.44	
Payment of lease for low value assets and variable lease payments not considered under Ind AS 116	46.07		-	
Interest portion of Lease Liability under Ind AS 116	30.49		2.00	
Implied Interest on Lease Deposit (income)	(7.45)	951.19	(9.03)	513.57
Net Operating Profit before working Capital changes		24,065.82		12,437.07
Adjustments for Working Capital Changes:				
Bank balances other than cash and cash equivalents	0.82		1,320.44	
Investments	(398,452.71)		(153,722.97)	
Short Term Borrowings	391,465.01		150,507.75	
Trade Payables & Others	(3,271.04)		(445.26)	
Trade Receivables & Others	(8,448.14)		(5,964.21)	
		(18,706.06)		(8,304.25)
Operating Profit after working Capital changes		5,359.76		4,132.82
Direct Taxes paid (including TDS)		6,624.82		3,104.44
Expense incurred on CSR activities		302.50		283.44
Net Cash from Operating activities A		(1,567.56)		744.94
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of PPE & Intangible Assets	(91.33)		(119.82)	
Sale of Fixed Assets	4.80		16.68	
Dividend Received	67.50	(19.03)	67.50	(35.64)
Net Cash from Investing Activities B		(19.03)		(35.64)
C CASH FLOW FROM FINANCING ACTIVITIES				
Interest portion of Lease Liability under Ind AS 116	(30.49)		-	
Principal Portion of Lease Liability under Ind AS 116	(253.55)		-	
Dividend Paid (Including tax thereon)	(2,296.45)		(1,604.88)	(1,604.88)
Net Cash used in financing activities C		(2,580.49)		(1,604.88)
Net Increase in Cash & Cash Equivalents (A+B+C)		(4,167.08)		(895.58)
Cash & Cash Equivalents at the start of the year		4,296.23		5,191.81
Cash & Cash Equivalents as at the end of the year		129.15		4,296.23

Note: The finance cost of borrowings worth Rs.45,856.79 lakhs in FY 2019-20 (previous year Rs. 36,885.87 lakhs) is an operating expense for the company and hence included in Cash Flow from Operating Activities.

See accompanying notes forming part of the financial statements

As per our report of even date attached
For Sorab S Engineer & Co.
Chartered Accountants
Firm Regn No - 110417W

P.N. Anklesaria

CA Peshwan Anklesaria
Partner
Membership No.131394
Place : Mumbai
Dated : 30th April,2020



For and on behalf of the Board of Directors

[Signature]
Dinesh Kumar Khara
Chairman

[Signature]
S.V.Sastry
Managing Director & CEO

[Signature]
Sham K.
Company Secretary &
Compliance Officer

[Signature]
Moni N.S.S
Executive Vice president
& CFO
Dated :30th April, 2020



SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS



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MUMBAI - 400 021

To,

The Board of Directors,

SBI DFHI Limited.

Mumbai.

Dear Sirs,

This communication has been issued at the request of SBI DFHI Limited (the Company). The Company has received e mail instructions from State Bank of India (SBI) for obtaining the financial data ("reporting formats") for the year ended March 31, 2020 from the Company for the preparation of consolidated financial statements of SBI. The data contained in these reporting formats has been extracted from the IGAAP based financials primarily converted from the audited IND AS Financials of the Company as on March 31, 2020.

SSE&Co.

For Sorab S. Engineer and Co.

Chartered Accountants

Firm Regn No. 110417W

P. N. Anklesaria

CA P.N. Anklesaria

Partner

Memb. No. 131394

UDIN : 20131394AAAABS8404

Place : Mumbai

Date : May 12, 2020





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SBI DFHI LIMITED

Report on the IND AS Financial Statements

Opinion

We have audited the accompanying standalone IND AS financial statements of **SBI DFHI Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone IND AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone IND AS 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 the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2020, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone IND AS financial statements.

Information other than the Standalone Financial Statements and Auditor's Report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other



information and, in doing so, consider whether the other information is materially inconsistent with the standalone 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.

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

The 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 standalone IND AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 IND AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,



as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.



- (d) In our opinion, the aforesaid standalone IND AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors 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 Company 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 Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 35 to the standalone IND AS financial statements;
 - 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.
3. With respect to the directions issued by the Comptroller and Auditor General of India under sub section 5 of section 143 of the Act, refer to "Annexure B" attached.

SSE & Co.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration Number 110417W

P. N. Anklesaria

CA. P. N. Anklesaria
Partner
Membership No. 131394
UDIN: 20131394AAAABK6394



Mumbai
April 30, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Re : SBI DFHI LIMITED

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) Major part of the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deeds/ transfer deeds provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold and disclosed as property, plant and equipment in the standalone financial statements, are held in the name of the Company as at the balance sheet date.
In respect of immovable properties of buildings that have been taken on lease and disclosed as right of use assets in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The Company is engaged in the business of dealing in government securities and has no inventory. Hence clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirement of clauses (iii,a), (iii,b) and (iii,c) of paragraph 3 of the Order are not applicable.
- (iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under Sections 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the Order are not applicable.
- (v) The Company has not accepted any deposits from the public to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder and directions issued by Reserve Bank of India would apply.
- (vi) The Company is not engaged in production, processing, manufacturing or mining activities. Therefore, the provisions of maintenance of cost records specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable.



- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Goods and Service Tax, Municipal Tax, Cess and other statutory dues applicable to it, except for the following statutory due, as on March 31, 2020 which was outstanding for a period of more than six months from the date it has become payable:

Particulars	Amount (Rs. In Lakhs)	Period to which the amount relates
Profession Tax	0.001	FY 2017-18

- (b) According to the information and explanations given to us, the dues of Income Tax and Municipal Tax which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax (Penalty)	4.00	A.Y. 2006-07	Bombay High Court
Income Tax Act, 1961	Income Tax	1.67	A.Y. 2013-14	Assessing Officer, Mumbai
Mumbai Municipal Corporation Act, 1888	Municipal Tax	61.75	FY 2000-01 to FY 2009-10	Court of Small Causes, Mumbai

There are no dues of Service Tax, Goods and Service Tax, Cess and other statutory dues as applicable to the Company, which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company has not taken any loan from financial institutions or from any debenture holders.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans. Consequently, provisions of clause (ix) of paragraph 3 of the order are not applicable.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



SORAB S. ENGINEER & CO. (Regd.)

- (xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the Order are not applicable.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the Order are not applicable.
- (xv) To the best of our knowledge and belief and 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.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is required to be registered under section 45IA of the Reserve Bank of India Act, 1934 and the registration has been obtained by the Company.

SSE&Co

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration Number 110417W

P. N. Anklesaria

CA. P. N. Anklesaria
Partner
Membership No. 131394
UDIN: 20131394AAAABK6394



Mumbai
April 30, 2020

ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SBI DFHI LIMITED

Report on the Internal Financial Controls 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 SBI DFHI Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the 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 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 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 Act.

Auditor's 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 judgement, 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 authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Institute of Chartered Accountants of India".

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For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W

P. N. Anklesaria

CA. P. N. Anklesaria
Partner
Membership No. 131394
UDIN: 20131394AAAABK6394



Mumbai
April 30, 2020

ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SBI DFHI LIMITED

Report on the directions issued by the Comptroller and Auditor General of India under Sub-section 5 of Section 143 of the Companies Act, 2013 ("the Act")

Sr. No	Directions	Action Taken	Impact on Accounts and Financial Statements
A. Directions			
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 implication, if any, may be stated	To the best of our knowledge and as per the information & explanations given to us, during the year under audit, the Company has systems in place to process all the accounting transactions through IT system. Since the balance sheet is drawn from the trial balance generated from strabus (system), hence in our opinion there is no implication of processing of accounting transactions outside IT system on the integrity of the accounts.	Nil
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 financial impact may be stated	To the best of our knowledge and as per the information & explanations given to us, during the year under audit, the Company has no restructuring of any 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.	Nil



SORAB S. ENGINEER & CO. (Regd.)

3	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilised as per terms and conditions?. List the case of deviation	To the best of our knowledge and as per the information & explanations given to us, the Company has not received any funds nor are any funds receivable for specific schemes from Central/State agencies during the year.	Not Applicable
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SSE & Co
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration Number 110417W

P. N. Anklesaria

CA. P. N. Anklesaria
Partner
Membership No. 131394
UDIN: 20131394AAAAABK6394



Mumbai
April 30, 2020

SORAB S. ENGINEER & CO. (Regd.)

The Board of Directors,
SBI DFHI Limited, Mumbai

In addition to the report made under section 143 of the Companies Act 2013 on the financial statements of SBI DFHI Limited ("the Company") for the year ended 31st March 2020 as required by the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 notified vide Notification no. DNBS.PPD.03/66.15.001/2016-17 dated 29th September 2016, we report that:

1. The Company is engaged in the business of Non-Banking Financial Institution (NBFC) and it has obtained a Certificate of Registration (CoR) from the Reserve Bank of India (RBI) granting the certificate vide letter dated 9th December, 1997 in pursuance of Section 45-IA of Reserve Bank of India Act 1934.
2. In accordance with the circular no. DNBS.PPD.03/66.15.001/2016-17 dated 29th September 2016, the Company is entitled to hold CoR in terms of its financial asset / income pattern as on 31st March 2020.
3. The non-banking financial company is meeting the net owned fund requirement as laid down in Master Direction -Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
4. The Board of Directors has decided not to accept deposits from the public in terms of Board Resolution dated 16th April 2008.
5. The Company has not accepted any public deposits during the year ended 31st March 2020.
6. The Company has complied with prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
7. The Capital Adequacy Ratio as disclosed in the return submitted to the Reserve Bank of India in form NBS-7 by the Company has been correctly arrived at and such ratio is in compliance with the minimum CRAR prescribed by the Reserve Bank of India.
8. The Company has furnished to the Reserve Bank of India the annual statement of Capital Funds, Risk Assets/ Exposures and Risk Asset Ratio (NBS-7) as on 31st March 2020 within the stipulated period.

This report is being issued only to comply with the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016 and shall not be relied upon for any other purpose.

SSE & Co.
For Sorab S. Engineer & Co.
Chartered Accountants
Firm Registration Number 110417W

P. N. Anklesaria

CA. P. N. Anklesaria

Partner

Membership No. 131394

UDIN: 20131394AAAABK6394

Mumbai

April 30, 2020

