

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DHFL CHANGING LIVES FOUNDATION

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of M/s DHFL Changing Lives Foundation ("the Company"), which comprises of the Balance Sheet as at March 31, 2020, the Income and Expenditure account (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Unutilised Grant balances as appeared in Note No. 7 (Grant received with specific instruction about utilisation of the funds from grantor is credited to earmarked fund account) to financial statements do not match with the balances in bank accounts as appeared in Note No. 4 to financial statements. This implies that the expenses on account of schemes for which grant has been routed through some other head or the grant amount has been utilized for other purpose other than for which grant has been granted.

In view of the foregoing, we are unable to comment upon the completeness; correctness about the carrying value of the earmarked fund and their consequential effect/ impact on the financial statements.

2. The matter as stated in Note 16 to the financial statements regarding that, the Present Board members Mr. Pradeep Sawant and Mr. Asish Saraf have been appointed and functioning as Directors of the Company since 7th and 8th December, 2020 respectively, on the Board of the Company, merely for the purpose of regulatory compliance and not for any other purpose. The said two Directors have not been able to analyse in-depth the accuracy, validity, completeness or authenticity of the information and figures mentioned in the financial statements of the Company for the year ended 31st March 2020 and as such the said two Directors do not assume any risk, responsibility and liability whatsoever, in their personal capacity. The said two Directors believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of financial statements.

In view of the foregoing, we have not been able to comment upon the completeness; correctness and adequacy / inadequacy of the financial figures mentioned in the financial statements of the Company for the year ended 31st March 2020.

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

The Company's Board of Directors/ Management 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, changes in equity 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. 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Board of Directors/ 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 /Management are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the entity.

Other Matter

The financial statements of the Company for the year ended March 31, 2019 were audited by the predecessor statutory auditors, who have expressed unmodified opinion on those financial statements.

Report on Other Legal and Regulatory Requirements

1. The Company is a company licensed to operate under section 8 of the Companies Act, 2013, (erstwhile Section 25 of the Companies Act, 1956) and hence, 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 Companies Act, 2013, is not applicable to it.
2. As required by Section 143(3) of the Act, we report that:
 - a) *As described in the Basis for Disclaimer of Opinion section above*, we sought but were not able to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) *Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether 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) *Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether the Balance Sheet, the Income and Expenditure account including Other Comprehensive Income, Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account.*
- d) *Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.*
- e) *The matter described in the Basis for Disclaimer of Opinion section above, in our opinion, may have an adverse effect on the functioning of the Company.*
- f) We are unable to state whether any director is disqualified as on March 31, 2020 from being appointed as a director in the terms of Section 164 (2) of the Act, as we have not been provided by the Company any written representation from any director in this respect.
- g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in *the Basis for Disclaimer of Opinion section above.*
- h) 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". Our report expresses disclaimer of opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
- i) The provisions of Section 197 read with Schedule V to the Act are not applicable to the company for the year ended 31st March, 2020.
- j) 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. *Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether the Company has disclosed the impact of pending litigations on its financial position in its financial statements;*
 - ii. *Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;*

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

Sd/-

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on Behalf of

K .K. MANKESHWAR & CO.

Chartered Accountants

FRN: 106009W

UDIN:

New Delhi, dated the

08th December 2020

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

We were engaged to audit the internal financial controls over financial reporting of M/s DHFL Changing Lives Foundation ("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 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.

Auditor's Responsibility

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

Because of the matter described in Basis for Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial controls system over financial reporting of the Company.

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 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.

Basis for Disclaimer of Opinion

We refer to the matter described in the Basis for Disclaimer Opinion paragraph in main report regarding limitations in confirming the accuracy, validity, completeness or authenticity of the information and figures mentioned in the financial statements of the Company for the year ended 31st March 2020.

In view of the foregoing we have not been able to comment upon the completeness; correctness and adequacy / inadequacy of the internal financial controls framework of the Company.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer Opinion paragraph above, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at 31 March, 2020. Accordingly, we do not express an opinion on the Company's internal financial controls over financial reporting.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended 31 March, 2020, and the disclaimer has affected our opinion on the said financial statements of the Company and we have issued a disclaimer of opinion on the financial statements of the Company.

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN:- 106009W

UDIN:

New Delhi, dated the

08th December 2020

DHFL CHANGING LIVES FOUNDATION

Balance Sheet as at 31st March, 2020

(₹)

Particulars	Note	As at 31.03.20	As at 31.03.19
Assets			
Non-current Assets			
Other Intangible Assets	3	16,88,626	-
Current Assets			
Financial Asset			
Cash & Cash Equivalent	4	85,14,857	7,32,87,646
Total Assets		1,02,03,483	7,32,87,646
Equity and Liabilities			
Equity			
Equity Share Capital		-	-
Other Equity	5	(10,97,587)	(3,85,202)
Liabilities			
Current Liabilities			
Financial Liabilities			
Trade payables	6	1,62,000	10,06,934
Other Current Liabilities	7	1,11,39,070	7,26,65,914
Total Equity and Liabilities		1,02,03,483	7,32,87,646
Notes forming part of the Financial Statement	1-16		

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

Sd/-

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN:- 106009W

Sd/-

Pradeep Sawant

Director

DIN: 08957171

Sd/-

Govindan Srinivasan

Director

DIN: 06813777

Sd/-

Asish Saraf

Director

DIN: 08988184

New Delhi, dated the 8th December' 2020

DHFL CHANGING LIVES FOUNDATION

Income and Expenditure account for year ended 31st March, 2020

(₹)

Particulars	Notes	Year Ended 31.03.20	Year Ended 31.03.19
INCOME			
Grant Income	8	6,14,09,192	11,96,40,622
Other Income	9	15,00,170	23,07,947
TOTAL		6,29,09,362	12,19,48,569
EXPENSES			
Depreciation on Software	3	5,02,995	-
Other Expenses	10	6,31,18,752	12,21,70,197
TOTAL		6,36,21,747	12,21,70,197
Income/ (Deficit) before tax		(7,12,385)	(2,21,628)
Tax Expense		-	-
Net Income/ (Deficit) after tax		(7,12,385)	(2,21,628)
Other Comprehensive Income		-	-
Total Other Comprehensive Income for the year		(7,12,385)	(2,21,628)
Notes forming part of the Financial Statement	1-16		

This is the statement of Income and Expenditure referred to in my report of even date

Sd/-

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN:- 106009W

For and on behalf of the Board

Sd/-

Pradeep Sawant

Director

DIN: 08957171

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Govindan Srinivasan

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Asish Saraf

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DIN: 08988184

New Delhi, dated the 8th December' 2020

DHFL CHANGING LIVES FOUNDATION

Cash Flow Statement for the Half Year Ended 31st March, 2020

(₹)

Particulars	Year Ended 31.03.20	Year Ended 31.03.19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Deficit in Income compared to Expenditure	(7,12,385)	(2,21,628)
<i>Adjusted for:</i>		
Transfer from Earmarked Corporate Social Responsibility Fund	(6,14,09,192)	(11,96,35,122)
Depreciation on Software	5,02,995	-
Interest Income	(15,00,170)	(23,07,947)
Operating profit before working capital changes	(6,31,18,752)	(12,21,64,697)
(Increase)/ Decrease in loans and advances	-	1,65,200
Increase/ (Decrease) in trade payables	(8,44,934)	1,96,934
Increase/ (Decrease) in other current liabilities	(1,17,652)	(2,22,95,860)
Cash generated from operations	(6,40,81,338)	(14,40,98,423)
Earmarked grant received	-	16,53,64,000
Net cash generated from operating activities	(6,40,81,338)	2,12,65,577
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of other intangible assets	- 21,91,621	-
Interest received	15,00,170	23,07,947
Net cash generated from investing activities	(6,91,451)	23,07,947
C. CASH FLOW FROM FINANCING ACTIVITIES		
Net Increase in Cash and Cash Equivalents (A+B+C)	(6,47,72,789)	2,35,73,524
Cash and cash equivalents as at the beginning of the year	7,32,87,646	4,97,14,122
Cash and cash equivalents as at the end of the year (Refer note 4)	85,14,857	7,32,87,646
Notes forming part of the Financial Statement	1-16	

This is the Cash flow Statement referred to in my report of even date

For and on behalf of the Board

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN:- 106009W

Sd/-

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DIN: 08988184

New Delhi, dated the 8th December' 2020

DHFL CHANGING LIVES FOUNDATION

Statement of Changes in Equity

A Equity Share Capital

(₹)

Particulars	As at 31.03.2020		As at 31.03.19	
	Number	Amount	Number	Amount
Equity Shares at the beginning of the year	-	-	-	-
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of the year	-	-	-	-

B Other Equity

Particulars	Reserves & Surplus
As at 01 Apr '18	(1,63,574)
Less: Deficit in Income compared to Expenditure for the year	(2,21,628)
As at 31 Mar'19/01 Apr '19	(3,85,202)
Less: Surplus in Income compared to Expenditure for the Period	(7,12,385)
As at 31st Mar'20	(10,97,587)

Company is incorporated under Section 8 of the Companies Act, 2013, limited by gurantee. Therefore, there is no Equity Share Capital.

This is the Statement of Changes in Equity referred to in my report of even date

For and on behalf of the Board

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN:- 106009W

Sd/-

Pradeep Sawant

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DIN: 06813777

Sd/-

Asish Saraf

Director

DIN: 08988184

New Delhi, dated the 8th December' 2020

DHFL CHANGING LIVES FOUNDATION

Notes to Financial Statements for the year ended 31st March, 2020

3 Other Intangible assets

DESCRIPTION OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2019	Additions during the year	As at 31.03.2020	As at 01.04.2019	For the year	As at 31.03.2020	As at 31.03.2020	As at 31.03.2019
Management Tool (Software)	-	21,91,621	21,91,621	-	5,02,995	5,02,995	16,88,626	-
Total	-	21,91,621	21,91,621	-	5,02,995	5,02,995	16,88,626	-

DHFL CHANGING LIVES FOUNDATION

Notes to Financial Statements for the year ended 31st March, 2020

4 CASH AND CASH EQUIVALENTS

(₹)

Particulars	As at 31.03.20	As at 31.03.19
Balances with Bank Account	85,11,457	7,32,86,746
Cash in Hand	3,400	900
Total	85,14,857	7,32,87,646

5 OTHER EQUITY

(₹)

Particulars	As at 31.03.20	As at 31.03.19
Reserves and Surplus		
Balance in Income and Expenditure account		
Opening Balance	(3,85,202)	(1,63,574)
Deficit in Income compared to Expenditure for the year	(7,12,385)	(2,21,628)
Total	(10,97,587)	(3,85,202)

6 TRADE PAYABLES

(₹)

Particulars	As at 31.03.20	As at 31.03.19
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,62,000	10,06,934
Total	1,62,000	10,06,934

There are no dues payable to Micro, Small and Medium Enterprises and therefore disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 are not applicable.

DHFL CHANGING LIVES FOUNDATION

Notes to Financial Statements for the year ended 31st March, 2020

7 Other Current Liabilities

(₹)

Particulars	As at 31.03.20	As at 31.03.19
EARMARKED FUND		
Corporate Social Responsibility Fund		
Opening Balance	7,25,33,262	2,68,04,384
Add: Received during the year	-	16,53,64,000
Less: Transferred to Income and Expenditure account being amount spent during the year	6,14,09,192	11,96,35,122
Total=A	1,11,24,070	7,25,33,262
Statutory dues	15,000	1,32,652
Total=B	15,000	1,32,652
Total (A+B)	1,11,39,070	7,26,65,914

8 GRANT INCOME

(₹)

Particulars	Year Ended 31.03.20	Year Ended 31.03.19
Transfer from Earmarked Corporate Social Responsibility Fund	6,14,09,192	11,96,35,122
Grant Received from Others	-	5,500
Total	6,14,09,192	11,96,40,622

9 OTHER INCOME

(₹)

Particulars	Year Ended 31.03.20	Year Ended 31.03.19
Interest on Saving Account	15,00,170	23,07,947
Total	15,00,170	23,07,947

DHFL CHANGING LIVES FOUNDATION

Notes to Financial Statements for the year ended 31st March, 2020

10 OTHER EXPENSES

(₹)

Particulars	Year Ended 31.03.20	Year Ended 31.03.19
Donation Granted	5,86,74,860	11,48,49,693
Other Expenses related to Grant	27,34,332	29,34,109
Website Development Expenses	-	15,26,920
Payment to Auditors	1,77,000	1,50,000
Professional Fees	15,20,950	26,76,225
Other Miscellaneous Expenses	11,610	33,250
Total	6,31,18,752	12,21,70,197

11 RELATED PARTY TRANSACTIONS

As per Indian Accounting Standard (Ind AS-24) on "Related Party Disclosures" details of transactions with related parties as defined therein are given below:

A) List of related party with whom transactions have taken place during the year and relationship:

Enterprise over which KMPs is able to exercise significant influence

Dewan Housing Finance Corporation Limited

B) Details of transactions :

(₹)

Particulars	Year Ended 31.03.20	Year Ended 31.03.19
<u>Dewan Housing Finance Corporation Limited</u>		
Earmarked grant received for Corporate Social Responsibility Fund	-	16,53,64,000

12 CONTINGENT LIABILITY AND COMMITMENTS

Particulars	As at 30.09.19	As at 31.03.19
a) Contingent liability	-	-
b) Estimated amount of commitments remaining to be executed on CSR activities and not provided for	-	6,23,500
c) Estimated amount of contract remaining to be executed on capital account (net of advances) and not provided for	-	-

13 Fair Value Measurement

The carrying amounts of cash and cash equivalent and other liabilities and assets etc. are considered to be the same as their fair values, due to current and short term nature of such balances.

DHFL CHANGING LIVES FOUNDATION

Notes to Financial Statements for the year ended 31st March, 2020

- 14** Balances grouped under Non-Current and Current Liabilities and Non-Current and Current Assets in certain cases are subject to confirmation and reconciliation from respective parties. Impact of the same, if any, shall be accounted as and when determined.
- 15** The figures of the previous year were audited by the firm of Chartered Accountant other than K.K.Mankeshwar & Co.
- 16** Previous year's figures have been regrouped / reclassified wherever necessary to make them comparable with the current year's classification/ disclosure.
- 17** One of the Present Board members/Directors viz. Mr. S Govindan was an employee of Dewan Housing Finance Corporation Ltd ("DHFL") working full-time in the employment of DHFL and was also head of CSR of the Company. By virtue of the same Mr. S. Govindan accepted the directorship/nomination on the Board of DHFL Changing Life Foundation ("DCLF") with NIL remuneration with effect from 01.12.2017. While Mr. S. Govindan has now been working with DHFL as a Consultant, the other two new members/Directors on the Board of DCLF viz. Mr. Pradeep Sawant and Mr. Asish Saraf are in the full-time employment of DHFL and have been nominated/appointed on the Board of DCLF by the present management of DHFL, with effect from 07.12.2020 and 08.12.2020 respectively, with NIL remuneration. DCLF was incorporated by DHFL and promoters of DHFL to take forward the Company's CSR Vision and implement social programmes in a far more collaborative and participative way. The accounting activities of DCLF are being maintained by the Accounts Department of DHFL. Of the three Directors, two of them namely Pradeep Sawant and Asish Saraf ("the said two Directors") have been appointed and functioning as Directors of DCLF since 7th and 8th December, 2020 respectively, on the Board of DCLF, merely for the purpose of regulatory compliance and not for any other purpose. The said two Directors have not been able to analyse in-depth the accuracy, validity, completeness or authenticity of the information and figures mentioned in the financial statements of DCLF for the financial year 2019-20 and as such the said two Directors do not assume any risk, responsibility and liability whatsoever, in their personal capacity. The said two Directors believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of yearly audited financial results.

DINESH KUMAR BACHCHAS

Partner

Membership No. 097820

For and on behalf of

K.K.MANKESHWAR & CO.,

Chartered Accountants

FRN:- 106009W

New Delhi, dated the 8th December' 2020

For and on behalf of the Board

Sd/-	Sd/-	Sd/-
Pradeep Sawant	Govindan Srinivasan	Asish Saraf
Director	Director	Director
DIN: 08957171	DIN: 06813777	DIN: 08988184