

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of DHFL Investment Limited**

**Report on the Audit of the Consolidated Ind AS Financial Statements**

### **Disclaimer Opinion**

We have audited the accompanying consolidated Ind AS financial statements of DHFL Investment Limited ("the Holding Company") and its associates and Joint Venture , which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> 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, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

We do not express opinion on the aforesaid Consolidated Ind AS financial statements. 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 Consolidated Ind AS financial statements.

### **Basis for Disclaimer of Opinion**

We draw your attention to Note no. \_\_\_ of the Consolidated Ind AS financial statement wherein the 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 financial year 2019-20 and do not have knowledge of the past affairs, finances and operations of the Company. They believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of yearly audited financial results.

The Board of Directors has approved the financial statement for the year 2019-20 as required under section 134(1) of Companies Act, 2013 and signed the financials for merely satisfying the regulatory

requirements for filing of yearly audited financial results and accordingly, form a basis for the Disclaimer of Opinion.

We draw your attention to Note no 4, of the Consolidated Ind AS financial statement, wherein the Company's Investments are carried in the Balance sheet at Rs 12,47,51,88,098/-. Management has stated the Investments net of the impairment, as per a valuation report taken by its Holding Company. The Valuer has taken Comparable Company Multiple (CCM) Method. The Companies taken for the comparison are to our opinion not comparable due to their size and market share. If appropriate comparables were taken, further impairment would be required. Accordingly the Investments and Shareholders fund would be impacted and would further reduce. Amount unascertained.

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 Consolidated Ind AS financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. However because of the matter described in the basis of 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 Consolidated Ind AS financial statement.

#### **Emphasis of Matter**

We draw your attention to the Financial of Pramerica Life Insurance Limited (Formerly known as DHFL Pramerica Life Insurance Company Limited) which have been prepared as per the insurance Act 1938, as amended by Insurance Laws (Amendment) Act 2015, The insurance Regulator and Development Act 1999, Insurance Regulator and development Authority (Preparation of Financial Statements and Auditors Report of insurance Companies) Regulation 2002, and Companies Act 2013 (to the extent applicable). However these financials need to be prepared under Ind AS for the purpose of consolidation having impact on the financial position of the Parent Company. Our opinion is not modified in respect of this matter.

### **Information Other than the consolidated Financial Statements and Auditor's Report Thereon**

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 Annexures to Board's Report, Corporate Governance and Shareholder's Information, 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.

### **Responsibility of Management for the Consolidated Ind AS Financial Statements**

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 Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian 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 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 Consolidated Ind AS financial statements, the respective board of directors of the companies included in the group and jointly controlled entities are responsible for assessing the group and jointly controlled entities ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective board of directors are also responsible for overseeing the company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS 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 Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate 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 Group and jointly controlled entities 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 Ind AS 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 jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS 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.

### **Other Matters**

The consolidated Ind AS financial statement also includes the financial statement of 1 joint venture which is audited and information is given as per insurance Act 1938, as amended by Insurance Laws (Amendment) Act 2015, The insurance Regulator and Development Act 1999, Insurance Regulator and development Authority (Preparation of Financial Statements and Auditors Report of insurance Companies) Regulation 2002, and Companies Act 2013 (to the extent applicable) , whose financial statement reflect the Net Total Assets of Rs.87,550 lacs as at 31st March 2020, Company's Share in Total Profit (net) of Rs. (6,721.64) lacs for the year ended on that date, as considered in these financial results. These Ind AS financial statements / financial information have been audited

by other auditors whose report have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far it relates to the amounts and disclosure in respect of the other auditors. Our opinion is not modified in respect of this matter.

We did not audit the financial statements of 1 associate company, whose financial statements / financial information reflect Net Total Assets of Rs.10.24 lacs as at 31st March 2020, Company's Share in Total Profit (net) after tax of Rs. 0.85 lacs for the year ended on that date as considered in the consolidated Ind AS financial statements. These financial statements/ financial information have been audited by other auditors whose report have been furnished to us by the Management and our opinion on the consolidation Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these associate, is based solely on the report of the auditor.

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

As required by Section 143 (3) of the Act, based on our audit and on the consideration of reports of the other auditors on consolidated AS financial statements, as applicable, and the other financial information of associate company and joint ventures as noted in 'Other Matters' 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. However, as described in the Basis for Disclaimer of Opinion paragraph, we are unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the audit.
- (b) Due to the possible effect of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether proper books of account as required by law have been kept by the Holding Company so far as it appears from our examination of those books and the report of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account and records maintained for the purpose of preparation of the Consolidated Ind AS Financial Statement.

- (d) Due to the possible effect of the matter described in the Basis for Disclaimer of Opinion paragraph, we are unable to state whether the aforesaid Consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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, in our opinion and to the best of our information and according to the explanations given to us:
- i. There are no pending litigations which would impact its financial position.
  - ii. The Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standard, 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 Holding Company.

**For Vatsaraj & Co.**  
Chartered Accountants  
FRN: 111327W

**CA Dr. B. K. Vatsaraj**  
Partner  
M. No. 039894

Place: Mumbai  
Date: 5<sup>th</sup> September 2020  
UDIN:

**ANNEXURE A to Independent Auditors' Report on the Consolidated Ind AS Financial Statement of DHFL Investment Limited, Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act, referred to in paragraph (f) under "Report on Other Legal and Regulatory requirement" section of our report of even date.**

We have audited the internal financial controls over financial reporting of DHFL Investment Limited ("the Holding Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The respective board of directors of the Holding Company 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 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the 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.

Because of the matter described in 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 reporting system with reference to Consolidated Ind AS financial statement 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 consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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.

### **Basis for Disclaimer of Opinion**

We draw your attention to note no ( ) of the Consolidated Ind AS financial statement, we are unable to obtain sufficient appropriate audit evidence on which to base our opinion on the effectiveness of Company's internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statement wherein the 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 financial year 2019-20 and do not have knowledge of the past affairs, finances and operations of the Company. They believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of yearly audited financial results. Consequently to the material weakness in such internal controls, the possible effects on the financial statements of undetected misstatement could be both material and pervasive

### **Disclaimer Opinion**

As described in the basis of the disclaimer paragraph above, because of the significance of the matters, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion on whether the company had adequate internal financial controls over financial reporting with reference to these Consolidated Ind AS financial statements and whether such internal financial controls were operating effectively as at March 31, 2020 based on the internal control over financial controls 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.

We have considered the disclaimer reported above in determining the nature, timing and extent of audit tests applied in our audit of the Consolidated Ind AS financial statements of the company for the year ended March 31, 2020 and disclaimer has effected our opinion on the financial statements and Holding Company and we have issued a disclaimer of opinion on the financial statements for the ended on that date. (refer paragraph 2 of the main audit report).

**For Vatsaraj & Co.**  
Chartered Accountants  
FRN: 111327W

**Sd/-**  
**CA Dr. B. K. Vatsaraj**  
Partner  
M. No. 039894

Place: Mumbai  
Date: 5<sup>th</sup> September 2020  
UDIN:

**DHFL INVESTMENTS LIMITED**  
**Consolidated Balance Sheet as at 31st March, 2020**

Amount in (₹)

Particulars	Note	As at 31.03.20	As at 31.03.19
<b>I Assets</b>			
<b>1 Financial Assets</b>			
(a) Cash and Cash Equivalent	3	10,18,033	24,17,403
(b) Bank Balance other than (a) above		-	-
(c) Derivative Financial Instrument		-	-
(d) Receivables			
(I) Trade Receivable		-	-
(II) Other Receivable		-	-
(e) Loans		-	-
(f) Investments	4	12,47,51,88,098	20,32,61,11,110
(g) Other Financial Assets			
Security Deposit		1,50,000	1,50,000
<b>2 Non-Financial Assets</b>			
(a) Inventories		-	-
(b) Current Tax Assets (Net)		-	-
(c) Deferred Tax Assets (Net)		-	-
(d) Investment Property		-	-
(e) Biological Assets other than Bearer Plants		-	-
(f) Property Plant and Equipment		-	-
(g) Capital WIP		-	-
(h) Intangible Assets under development		-	-
(i) Goodwill		-	-
(j) Other Intangible Assets		-	-
(k) Other Non Financial Assets (to be specified)		-	-
<b>Total Assets</b>		<b>12,47,63,56,131</b>	<b>20,32,86,78,512</b>
<b>II Liabilities and Equity</b>			
<b>1 Liabilities</b>			
(a) Derivative Financial Instrument			
(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		-	-
(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	5	10,42,483	13,16,028
(d) Borrowings (Other than Debt Securities)	6	-	-
(e) Deposits		-	-
(f) Subordinated Liabilities		-	-
(g) Other financial liabilities	7	3,31,510	3,22,405
<b>2 Non-Financial Liabilities</b>			
(a) Current tax liabilities (Net)		-	-
(b) Provisions		-	-
(c) Deferred tax liabilities (Net)		-	-
(d) Other non-financial liabilities (to be specified)		-	-
<b>3 EQUITY</b>			
(a) Equity Share capital	8	1,01,25,00,000	1,01,25,00,000
(b) Other Equity	9	11,46,24,82,138	19,31,45,40,080
<b>Total Liabilities and Equity</b>		<b>12,47,63,56,131</b>	<b>20,32,86,78,512</b>
<b>Significant accounting policies</b>	2		

As per our report of even date

**For Vatsaraj & Co.**  
**Chartered Accountants**  
**ICAI FRN: 111327W**

Sd/-  
**Dr. CA B. K. Vatsaraj**  
**Partner**  
**M No.: 39894**

**Place: Mumbai**  
**Date: 05/09/2020**

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

Sd/- Mr. Satya Narayan Baheti Director DIN : 00136476	Sd/- Mr. Sunil Kumar Bansal Director DIN : 00713868	Sd/- Mr. Pradeep Bhadauria Director DIN : 08696317
---	---	---

Mr. Naveen Manghani  
**Company Secretary**  
**ACS-20720**

**DHFL INVESTMENTS LIMITED**  
**Consolidated Statement of Profit and Loss for the year ended 31st March, 2020**

Amount in (₹)

	Particulars	Notes	Year ended 31.03.2020	Year ended 31.03.2019
	<b>Revenue from operations</b>			
(i)	Interest Income		-	-
(ii)	Dividend Income		-	-
(iii)	Rental Income		-	-
(iv)	Fees and Commission Income		-	-
(v)	Net gain on fair value changes		-	-
(vi)	Net gain on derecognition of financial instruments under amortised cost category		-	-
(vii)	Sale of products(including Excise Duty)		-	-
(viii)	Sale of services		-	-
(ix)	Others (to be specified)		-	-
(I)	<b>Total Revenue from operations</b>		-	-
(II)	Other Income (to be specified)		-	-
(III)	<b>Total Income (I-II)</b>		-	-
	<b>Expenses</b>			
(i)	Finance Costs	10	87,647	96,106
(ii)	Fees and commission expense		-	-
(iii)	Net loss on fair value changes		-	-
(iv)	Net loss on derecognition of financial instruments under amortised cost category		-	-
(v)	Impairment on financial instruments		-	-
(vi)	Cost of materials consumed		-	-
(vii)	Purchases of Stock -in -trade		-	-
(viii)	Changes in Inventories of finished goods, stock -in - trade and work -in - progress		-	-
(ix)	Employee Benefits Expenses		-	-
(ix)	Depreciation , amortization and impairment		7,17,88,44,212	-
(x)	Others expenses (to be specified)	11	10,47,283	4,33,320
(IV)	<b>Total Expenses (IV)</b>		7,17,99,79,142	5,29,426
(V)	Profit / (loss) before exceptional items and tax (III - IV)		(7,17,99,79,142)	(5,29,426)
(VI)	Exceptional items		-	-
(VII)	Profit/(loss) before tax (V -VI )		(7,17,99,79,142)	(5,29,426)
(VIII)	Tax Expenses		-	-
	(a) Current Tax		-	-
	(b) Deferred Tax		-	-
(IX)	Profit / (loss) for the period from continuing operations(VII -VIII )		(7,17,99,79,142)	(5,29,426)
(X)	Profit/(loss) from discontinued operations		-	-
(XI)	Tax Expense of discontinued operations		-	-
(XII)	Profit/(loss) from discontinued operations(After tax) (X -XI)		-	-
(XIII)	Profit/(loss) for the period (IX+XII)		(7,17,99,79,142)	(5,29,426)
(XIV)	<b>Other Comprehensive Income</b>			
	(A)			
	(i) Items that will not be reclassified to profit or loss (specify items and amounts)		-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
	<b>Subtotal (A)</b>		-	-
	(B)			
	(i) Items that will be reclassified to profit or loss (specify items and amounts)		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	<b>Subtotal (B)</b>		-	-
	<b>Other Comprehensive Income (A + B)</b>		-	-
	<b>Net Share of Profit from Associate</b>		84,700	71,235
	<b>Net Share of Profit from Joint Venture Partner</b>		(67,21,63,500)	43,77,33,000
(XV)	<b>Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and other Comprehensive Income for the period)</b>		(7,85,20,57,942)	43,72,74,809
(XVI)	Paid up Equity Share Capital ( Face value ₹10/- each)		1,01,25,00,000	1,01,25,00,000
(XVII)	<b>Earnings per equity share (for continuing operations)</b>			
	Basic (₹)		(77.55)	4.32
	Diluted (₹)		(3.92)	0.22
(XVIII)	<b>Earnings per equity share (for discontinued operations)</b>			
	Basic (₹)		-	-
	Diluted (₹)		-	-
(XIX)	<b>Earnings per equity share (for continuing and discontinued operations)</b>	12		
	Basic (₹)		(77.55)	4.32
	Diluted (₹)		(3.92)	0.22

See accompanying notes to the financial statements

As per our report of even date

**For Vatsaraj & Co.**  
**Chartered Accountants**  
**ICAI FRN: 111327W**

Sd/-  
**Dr. CA B. K. Vatsaraj**  
**Partner**  
**M No.: 39894**

Place: Mumbai  
Date: 05/09/2020

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

Sd/-	Sd/-	Sd/-
Mr. Satya Narayan Baheti	Mr. Sunil Kumar Bansal	Mr. Pradeep Bhaduria
Director	Director	Director
DIN : 00136476	DIN : 00713868	DIN : 08696317

**Mr. Naveen Manghani**  
**Company Secretary**  
**ACS-20720**

# DHFL INVESTMENTS LIMITED

## Consolidated Cash Flow Statement for the Year Ended 31st March 2020

(₹)

	Year Ended 31.03.2020		Year Ended 31.03.2019	
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) Before Tax		(7,85,20,57,942)		43,72,74,809
<b>Adjustments for:</b>				
Profit share of JV partner & Associate		(67,20,78,800)		43,78,04,235
Depreciation and Impairment of asset		7,17,88,44,212		
IND AS adjustment		-		-
<b>Operating Profit before Working capital changes</b>		<b>(11,34,930)</b>		<b>(5,29,426)</b>
<b>Changes in Working capital</b>				
Other Non-Current Liabilities	(2,73,545)		77,096	
Other Current Liabilities	9,105		1,26,395	
Other Current Assets	-		(1,50,000)	
Working Capital changes		(2,64,439)		53,491
Cash generated from operations during the year		(13,99,369)		(4,75,935)
<b>Net Cash From Operating Activities</b>		<b>(13,99,369)</b>		<b>(4,75,935)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Current Investments not considered as Cash or cash equivalents				
Investments in Equity Shares	-	-	-	-
<b>Net Cash used in Investing Activities</b>		<b>-</b>		<b>-</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of Equity Shares			-	
Loan received/(paid) from Holding Company			-	
Proceeds from issue of CCD's	-	-		-
<b>Net Cash generated From / (Used In) Financing Activities</b>		<b>-</b>		<b>-</b>
Net Increase/ (Decrease) in Cash Equivalents		(13,99,369)		(4,75,935)
Cash and Cash Equivalents at the beginning of the year		24,17,403		28,93,337
<b>Cash and Cash Equivalents at the close of the year</b>		<b>10,18,033</b>		<b>24,17,402</b>

This is the Cash Flow referred to in our Report of even date.  
Negative Figure (-) represents Cash Outflow.

**For Vatsaraj & Co.**  
Chartered Accountants  
ICAI FRN: 111327W

For and behalf of the Board of Directors

Sd/-

Dr. CA B. K. Vatsaraj  
Partner  
M No.: 39894

Sd/-

Mr. Satya Narayan  
Baheti  
Director  
DIN : 00136476

Sd/-

Mr. Sunil  
Kumar Bansal  
Director  
DIN : 00713868

Sd/-

Mr. Pradeep  
Bhadoria  
Director  
DIN : 08696317

Sd/-

Mr. Naveen  
Manghani  
Company Secretary  
ACS-20720

Place: Mumbai

Date: 05/09/2020

**DHFL Investments Limited**

TCG Financial Centre, 10th Floor,  
Bandra Kurla Complex, Bkc Road,  
Bandra (East).

**Trial Balance**

1-Apr-2019 to 31-Mar-2020

Particulars	DHFL Investments Limited		
	1-Apr-2019 to 31-Mar-2020		
	Opening Balance	Transactions	
		Debit	Credit
<b>Capital Account</b>	<b>20006153969.00 Cr</b>		
Other Equity	18993653969.00 Cr		
<i>CCD'S Equity</i>	19008845925.00 Cr		
<i>Reserves &amp; Surplus</i>	15191956.00 Dr		
<i>Share Capital</i>	1012500000.00 Cr		
<b>Loans (Liability)</b>	<b>1316028.00 Cr</b>	<b>874809.00</b>	<b>601264.00</b>
Debt Securities	1316028.00 Cr	874809.00	601264.00
<i>Debt Securities</i>	973846.00 Cr	119615.00	17162.00
<i>Interest Payable on CCD</i>	342182.00 Cr	755194.00	584102.00
<b>Current Liabilities</b>	<b>322405.00 Cr</b>	<b>1876949.00</b>	<b>1886054.00</b>
Duties & Taxes	46510.00 Cr	105385.00	97385.00
<i>TDS on Interest</i>	19010.00 Cr	19010.00	19010.00
<i>Tds on Professional Fees</i>	27500.00 Cr	86375.00	78375.00
Sundry Creditors	113895.00 Cr	761647.00	647752.00
<i>Audit Fees Payable</i>	162000.00 Cr	487000.00	487000.00
<i>Directors Sitting Fees Payable</i>			40500.00
<i>Provision for Expenses</i>		522917.00	613417.00
<b>Investments</b>	<b>20005225000.00 Dr</b>		
<i>DHFL Pramerica Life Insurance Company Ltd.</i>	20005000000.00 Dr		
<i>Dhfl Venture Trustees Company Pvt. Ltd.</i>	225000.00 Dr		
<b>Current Assets</b>	<b>2567402.50 Dr</b>		<b>1399370.00</b>
Deposits (Asset)	150000.00 Dr		
<i>Security Deposit NSDL</i>	150000.00 Dr		
Cash-in-hand	4311.00 Dr		
Cash	4311.00 Dr		
Bank Accounts	2413091.50 Dr		1399370.00
<i>Axis Bank Account 917020022866896</i>	1453994.25 Dr		1399370.00
<i>Axis Bank Account 917020023554778</i>	959097.25 Dr		
<b>Indirect Expenses</b>		<b>2515474.00</b>	<b>1380544.00</b>
<i>Annual Custody Fees</i>		119250.00	44250.00
<i>Audit Fees</i>		475000.00	325000.00
<i>Bank Charges</i>		16638.00	
<i>Demat Charges</i>		5440.00	
<i>Directors Sitting Fees</i>		45000.00	
<i>Duties And Taxes GST</i>		134107.00	
<i>Filing Fees</i>		6078.00	
<i>Interest on CCD</i>		620274.00	532627.00
<i>Professional Fees</i>		1093687.00	478667.00
Profit & Loss A/c	0.50 Cr		
<b>Grand Total</b>		<b>5267232.00</b>	<b>5267232.00</b>

<b>Closing Balance</b>
<b>20006153969.00 Cr</b>
18993653969.00 Cr
19008845925.00 Cr
15191956.00 Dr
1012500000.00 Cr
<b>1042483.00 Cr</b>
1042483.00 Cr
871393.00 Cr
171090.00 Cr
<b>331510.00 Cr</b>
38510.00 Cr
19010.00 Cr
19500.00 Cr
162000.00 Cr
40500.00 Cr
90500.00 Cr
<b>20005225000.00 Dr</b>
20005000000.00 Dr
225000.00 Dr
<b>1168032.50 Dr</b>
150000.00 Dr
150000.00 Dr
4311.00 Dr
4311.00 Dr
1013721.50 Dr
54624.25 Dr
959097.25 Dr
<b>1134930.00 Dr</b>
75000.00 Dr
150000.00 Dr
16638.00 Dr
5440.00 Dr
45000.00 Dr
134107.00 Dr
6078.00 Dr
87647.00 Dr
615020.00 Dr
0.50 Cr

**DHFL INVESTMENTS LIMITED**

**Consolidated Statement of Changes in Equity for the Year ended 31st March '20**

**A Equity Share Capital**

Particulars	As at 31.03.2020	As at 31.03.2019
<b>Authorised</b>		
12,00,00,000 (PY 17-18 12,00,00,000, PY 18-19 12,00,00,000) Equity Shares of (₹) 10/- each	1,20,00,00,000	1,20,00,00,000
	<b>1,20,00,00,000</b>	<b>1,20,00,00,000</b>
<b>Issued, Subscribed and Paid up</b>		
10,12,50,000 (PY. 17-18 10,00,50,000 PY 18-19 10,12,50,000) Equity Shares of (₹) 10/- each fully paid up	1,01,25,00,000	1,01,25,00,000
	<b>1,01,25,00,000</b>	<b>1,01,25,00,000</b>

**B Other Equity**

Amount in (₹)

Particulars	Reserves & Surplus		
	Retained Earnings	Equity Portion of Compound Financial Instrument	Total
<b>As at 31st March '18</b>	(13,15,80,655)	19,00,88,45,925	18,87,72,65,270
Profit/(Loss) for the Period	43,72,74,809	-	43,72,74,809
<b>As at 1st April '19</b>	30,56,94,154	19,00,88,45,925	19,31,45,40,079
Profit/(Loss) for the Period	(7,85,20,57,942)	-	(7,85,20,57,942)
<b>As at 31st March '20</b>	<b>(7,54,63,63,787)</b>	<b>19,00,88,45,925</b>	<b>11,46,24,82,138</b>

As per our report of even date

**For Vatsaraj & Co.**

Chartered Accountants

ICAI FRN: 111327W

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

Sd/-

Dr. CA B. K. Vatsaraj

Partner

M No.: 39894

Sd/-

**Mr. Satya Narayan**

**Baheti**

**Director**

**DIN : 00136476**

Sd/-

**Mr. Sunil Kumar**

**Bansal**

**Director**

**DIN : 00713868**

Sd/-

**Mr. Pradeep**

**Bhadoria**

**Director**

**DIN : 08696317**

Sd/-

**Mr. Naveen**

**Manghani**

**Company Secretary**

**ACS-20720**

Place: Mumbai

Date: 05/09/2020



**Notes**

**Financial instruments – Fair values**

**Financial Risk Management**

The Company has exposure to the following risks arising from financial instruments:

Credit risk

Liquidity risk and

Market risk

**Risk management framework**

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

**Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk.

Financial instruments affected by market risk include FVTPL investments.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

**Equity price risk**

The Company's non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. Company's investment in its group company - DHFL Pramara Life Insurance Company Limited, which is non-listed, is significant. But being the strategic investment, company is not influenced by equity price risk.

**Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities from its other financial instruments.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's board of directors. Investments of surplus funds are made only with approval of Board of directors.

**Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities.

**Capital Management**

Capital includes equity attributable to the equity holders to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year ended March 31, 2020 and March 31, 2019.

Previous year figures have been regrouped, re-arranged and re-classified wherever necessary to confirm to current year's classification.

**FINANCIAL INSTRUMENTS – FAIR VALUES AND RISK MANAGEMENT**
**A. Accounting classification**

The carrying value of financial instruments by categories are as follows:

Particulars	Carrying Value					
	March 31, 2020			March 31, 2019		
	At Cost	Fair Value through profit or loss	Amortised Cost	At Cost	Fair Value through profit or loss	Amortised Cost
<b>Financial assets</b>						
Cash and cash equivalents	-	-	10,18,033	-	-	24,17,403
Others	-	-	1,50,000	-	-	1,50,000
<b>Investments:</b>						
Investment in associates / joint ventures	12,47,51,88,098	-	-	20,32,61,11,110	-	-
	<b>12,47,51,88,098</b>	-	<b>11,68,033</b>	<b>20,32,61,11,110</b>	-	<b>25,67,403</b>
<b>Financial liabilities</b>						
Borrowings	-	-	-	-	-	-
Other financial liability	-	-	3,31,510	-	-	3,22,405
	-	-	<b>3,31,510</b>	-	-	<b>3,22,405</b>

**B. Fair Values**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

**As at March 31, 2020**

Financial asset measured at Fair Value	Fair value as at March 31, 2020	Fair Value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
FVTPL - Unquoted equity instrument	20,00,52,25,000	-	20,00,52,25,000	-

**As at March 31, 2019**

Financial asset measured at Fair Value	Fair value as at March 31, 2019	Fair Value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
FVTPL - Unquoted equity instrument	20,00,52,25,000	-	20,00,52,25,000	-

There have been no transfers between Level 1 and Level 2 during the year.

The management assessed that cash and cash equivalents, trade receivables, trade payables, other financial assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**1 CORPORATE INFORMATION**

DHFL Investments Ltd.(DIL) is wholly owned subsidiary company of Dewan Housing finance Corporation Limited and has been incorporated under the provisions of Companies Act, 2013. DIL has been incorporated with the intent of becoming a "core investment company" under the Master Directions issued by Reserve Bank of India on August 25, 2016. DIL's business objective is to acquire any shares, stock, debentures stocks or securities in accordance with the Reserve Bank of India Act, 1934 and other applicable statutory and legal provisions. DIL has registered office in Mumbai.

**2 SIGNIFICANT ACCOUNTING POLICIES:**

**2.1 Basis of preparation of financial statements :**

- a) The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules 2015 by Ministry of Corporate Affairs ('MCA') as amended by the Companies (Indian Accounting Standards) Rules, 2016.
- b) For all periods up to and including the year ended March 31, 2018 the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP) as amended from time to time.
- c) The financial statements for the year ended March 31, 2019 are the Company's first Ind AS financial statements. The Company has adopted Ind AS standards effective from April 01, 2017 with comparatives for year ending March 31, 2018 and April 01, 2017 being restated and the adoptions were carried out in accordance with Ind AS 101 – First time adoption of Indian Accounting Standards. All applicable Ind AS have been applied consistently and retrospectively wherever required.
- d) The financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.
- e) The preparation of financial statements requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.
- f) Amounts in the financial statements are presented in ₹, unless otherwise stated.
- g) Based on the nature of its activities, the company has determined its operating cycle as 12 months for the purpose of classification of its Assets and Liabilities as current and non-current.

**2.2 Revenue Recognition :**

**Dividend Income**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**Other Income**

Revenue is recognised when there is reasonable certainty as to measurement and ultimate realization of the same.

**2.3 Financial Instrument**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

**(I)Financial Asset:**

**Initial recognition and measurement :**

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through the statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the company commits to purchase or sell the asset.

**Subsequent measurement :** For the purpose of subsequent measurement financial assets are classified as measured at: • Amortised cost • Fair value through profit and loss (FVTPL) • Fair value through other comprehensive income (FVTOCI).

**Financial assets at fair value through profit or loss (FVTPL) :** Financial asset are measured at fair value through profit and loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the statement of profit and loss.

**Equity Instruments :**All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

## 2.4 Financial Liability

### Initial recognition and measurement :

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

### Subsequent measurement :

Financial liabilities are subsequently measured at amortised cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

**Financial liabilities at amortized cost:** Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount. The company is classifying the following under amortized cost. (1) Borrowings from banks (2) Borrowings from others (3) Trade payables (4) Other financial liabilities.

**Derecognition:** A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

## 2.5 Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash at banks and on hand, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## 2.6 Impairment of Assets :

The carrying amounts of assets are reviewed at each reporting date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposals and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value is the price that would be received to sell an asset or paid to transfer a liability in orderly transaction between market participants at the measurement date. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. Impairment losses are recognised in the Statement of Profit and Loss in expense categories.

## 2.7 Earnings Per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 2.8 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. Deferred tax assets are recognized only to the extent there is virtual certainty of realization in future.

## 2.9 Provisions, Contingent Liability and Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are disclosed where an inflow of economic benefits is probable.

**16 Segment Reporting**

The income of the Company comprises of solely dividend and interest income and accordingly there are no reportable segments as specified in IND AS 108 ("Operating Segment") which needs to be reported.

17 Deferred Tax Assets not recognised as a matter of prudence.

18 Contingent Liability : NIL

**19 Micro, small and medium enterprises disclosure**

The identification of Micro, Small and Medium enterprises is based on the management's knowledge of their status. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

**20 Details of Loans and Investments as required u/s 186(4) of Companies Act, 2013:-**

1. Investments made are disclosed under note no. 4.
2. Loans and advances in the nature of loans to related parties - Nil
3. Gurantees given by the Company in respect of loans as on 31st March 2020 - Nil

**21 Terms Of Debentures**

One Non-redeemable, non-participating, fully, mandatorily and compulsory convertible debentures (CCD's) shall convert into one equity share of DIL ("Conversion Ratio") The CCD can be converted any time after expiry of 100 months from deemed date of allotment (i.e.30th Mar'17) of the CCD's further they shall compulsorily convert into equity shares of DIL as per the conversion ratio on the date falling at the expiry of 110 months from the deemed date of allotment of the CCD's. Rate of interest/CCD yield : 0.001%.

22 Figures for the previous year have been regrouped, rearranged and reclassified wherever necessary. Accordingly, amounts and other disclosure for the previous year are included as an integral part of the current year's financial statement and are to be read in relation to the amounts and other disclosures relating to the current year.

23 The Present Board members Mr. Satya Narayan Baheti, Mr. Sunil Kumar Bansal and Mr. Pradeep Bhadauria have joined the Company on 11th February, 2020 and the present company secretary while being an employee on the rolls of Dewan Housing Finance Corporation Limited, the 100% holding company of the company, has been appointed as the Company Secretary of the company solely for the purpose of satisfying the regulatory requirement and hence 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 financial year 2019-20 and do not have knowledge of the past affairs, finances and operations of the Company. They believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of yearly audited financial results. The CFO of the Company had submitted his resignation on 1st June, 2019, which is yet to be accepted by the Board.

**For Vatsaraj & Co.**  
**Chartered Accountants**  
**ICAI FRN: 111327W**

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

Sd/-  
**Dr. CA B. K. Vatsaraj**  
**Partner**  
**M No.: 39894**

Sd/-	Sd/-	Sd/-
<b>Mr. Satya Narayan Baheti</b>	<b>Mr. Sunil Kumar Bansal</b>	<b>Mr. Pradeep Bhadauria</b>
<b>Director</b>	<b>Director</b>	<b>Director</b>
<b>DIN : 00136476</b>	<b>DIN : 00713868</b>	<b>DIN : 08696317</b>

Place : Mumbai  
Date: 05/09/2020

Sd/-  
**Mr. Naveen Manghani**  
**Company Secretary**  
**ACS-20720**