

**CANBANK FINANCIAL SERVICES LIMITED**  
**BALANCE SHEET AS AT 31st MARCH, 2020**

(In ₹ thousands)

Particulars	Note No.	Figures as at 31st March, 2020	Figures as at 31st March, 2019
<b>I. EQUITY AND LIABILITIES</b>			
(1) Shareholder's Funds			
a) Share Capital	1	3,00,000	3,00,000
b) Reserves and Surplus	2	(1,38,362)	(7,60,622)
c) Money received against share warrants		-	-
(2) Share Application Money Pending Allotment		-	-
(3) Non - Current Liabilities			
a) Long term borrowings		-	-
b) Deferred Tax Liabilities (net)		-	-
c) Other Long Term Liabilities	3	6,24,363	7,04,363
d) Long Term Provisions	4	315	1,166
(4) Current Liabilities			
a) Short term borrowings		-	-
b) Trade payables		-	-
c) Other Current Liabilities	5	1,639	669
d) Short Term Provisions	6	-	7,224
<b>TOTAL</b>		<b>7,87,955</b>	<b>2,52,800</b>
<b>II. ASSETS</b>			
(1) Non - Current Assets			
a) Fixed Assets			
i) Tangible assets	7	78	151
ii) Intangible assets		-	-
iii) Capital work in progress		-	-
b) Non Current Investments		-	-
c) Deferred tax assets (net)		-	-
d) Long -term loans and advances	8	2,50,363	2,20,575
e) Other non-current assets	9	36	36
(2) Current Assets			
a) Current Investments	10	200	192
b) Inventories		-	-
c) Trade receivables	11	-	-
d) Cash and cash equivalents	12	5,35,833	23,197
e) Short term loans and advances		-	-
f) Other current assets	13	1,445	8,649
<b>TOTAL</b>		<b>7,87,955</b>	<b>2,52,800</b>

See accompanying notes to the financial statements.

For and on behalf of the Board of Directors of

*Deepshikha Sharma*  
**DEEPSHIKHA SHARMA**  
Company secretary

*K.K.S.*  
**KRISHNA KUMAR SINGH**  
Senior Vice President/  
Chief Financial Officer

*B.N.S.*  
**B N S RATNAKAR**  
Independent Director  
(DIN 03043997)

*M.M.*  
**M M CHINIWAR**  
Chairman  
(DIN 08515978)

As per our report of even date

For ABS & Co.,  
Chartered Accountants  
[Firm Regn No. 0082035]  
*CA. Anand Rao. H. N.*  
**CA. ANAND RAO. H. N**  
Partner  
(M No. 209444)

UDIN: **20209444AAA AFL3818**

PLACE : BANGALORE

DATE : 10/06/2020



**CANBANK FINANCIAL SERVICES LIMITED**  
**PROFIT AND LOSS STATEMENT FOR 31st MARCH, 2020**

( ₹ in Thousands)

Sl. No.	Particulars	Note No.	Year Ended 31st March, 2020	Year Ended 31st March, 2019
I	Revenue from operations		-	-
II	Other Income	14	8,42,989	32,518
III	<b>Total Revenue (I + II)</b>		<b>8,42,989</b>	<b>32,518</b>
IV	<b>EXPENSES :</b>	15		
	Employee Benefit expense		3,980	2,873
	Finance Cost		96,717	125
	Depreciation & Amortization expense		71	4
	Other Expenses		15,483	8,110
	<b>Total Expenses</b>		<b>1,16,251</b>	<b>11,112</b>
V	Profit before exceptional and extraordinary items and tax (III- IV)		7,26,738	21,406
VI	<b>Exceptional items:</b>			
	a) Court Settlements			
	a. i) Expenditure		-	-
	ii) Income		-	-
	b. Prior Period adjustments (Net)		493	-
VII	Profit before extraordinary items and tax (V - VI)		7,27,231	21,406
VIII	Extraordinary items		1	-
IX	Profit before tax (VII - VIII)		7,27,230	21,406
X	Tax Expense			
	Less: 1) Current tax		1,33,242	3,196
	2) Tax - Earlier years		1,516	-
	3) Deferred Tax		-	-
	Add: 4) MAT Credit Entitlement		29,788	2,798
XI	Profit/(Loss) from continuing operations (IX + X)		6,22,260	21,009
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(Loss) from Discontinuing operations (after tax)(XII-XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		<b>6,22,260</b>	<b>21,009</b>
XVI	Earnings Per Equity Share			
	- Basic (in ₹)		21	1
	- Diluted (in ₹)		21	1
	Nominal Value Per Share (in ₹)		10	10

See accompanying notes to the financial statements.

For and on behalf of the Board of Directors of

*Deepshikha Sharma*

**DEEPSHIKHA SHARMA**  
Company secretary

*K. K. Singh*  
**KRISHNA KUMAR SINGH**  
Senior Vice President/  
Chief Financial Officer

*B. N. S. Ratnakar*  
**B N S RATNAKAR**  
Independent Director  
(DIN 03043997)

*M. M. Chiniwar*  
**M M CHINIWAR**  
Chairman  
(DIN 08515978)

As per our report of even date  
For ABS & Co.,  
Chartered Accountants  
[Firm Regn No. 0082035]

*CA. Anand Rao. H. N.*  
**CA. ANAND RAO. H. N**  
Partner  
(M No. 209444)

UDIN: 20209444AAAAFL3818

PLACE : BANGALORE  
DATE : 10/06/2020



**CANBANK FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020**

Particulars	₹ ( in Thousands ) Figures as at 31.03.2020	Figures as at 31.03.2019
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Profit Before Tax	727,230	21,406
Adjustment for :-		
- Depreciation	71	4
- Interest on Income Tax	-	-
- Sale of fixed assets	1	(5)
Operating Profit before changes in operating assets	<u>727,302</u>	<u>21,405</u>
(Increase)/Decrease in Operating Assets:		
- Fixed assets	-	(67)
- Longterm Loans and Advances	-	(2,948)
- Other Non- Current Assets	(29,787)	1,775
- Other Current Assets	7,204	242,698
- Current Investments	(8)	123
Increase/(Decrease) in Operating Liabilities:		
- Other long-term liabilities	(80,000)	(270,000)
- Long Term Provisions	(851)	206
- Other Current liabilities	970	(2,326)
- Short Term Provisions	(7,224)	2,420
Net Cash from Operating Activities before Income Tax	<u>617,606</u>	<u>(6,716)</u>
Taxes refund/(paid)	133,242	(3,195)
Tax Expense of Earlier years	1,516	-
MAT Credit Entitlement	29,788	2,798
Net Cash Flows from Operating Activities	<u>512,636</u>	<u>(7,113)</u>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
- Purchase of Fixed Assets	-	-
- Sale of Investments	-	-
Net Cash Flows from Investing Activities	<u>-</u>	<u>-</u>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES:</b>	Nil	Nil
Net Increase/Decrease in cash and cash equivalents	512,636	(7,113)
Cash and Cash Equivalent at the beginning of the year	23,197	30,309
Cash and Cash Equivalent at the end of the year	535,833	23,197 #

For and on behalf of the Board

*Deepshikha Sharma*  
**DEEPSHIKHA SHARMA**  
Company Secretary

*KRISHNA KUMAR SINGH*  
**KRISHNA KUMAR SINGH**  
Senior Vice President/  
Chief Financial Officer

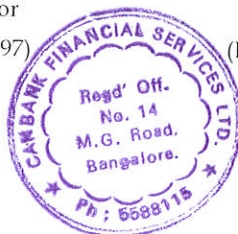
*B N S RATNAKAR*  
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(DIN 03043997)

*M M CHINIWAR*  
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Chairman  
(DIN 08515978)

As per our report of  
Even Date  
For ABS & Co.,  
Chartered Accountants  
[Firm Regn No.. 0082035]

*CA. ANAND RAO. H. N.*  
**CA. ANAND RAO. H. N.**  
Partner  
(M No. 209444 )  
UDIN: 20209444AAAA  
FL3818

PLACE : BANGALORE  
DATE : 10/06/2020





CANBANK FINANCIAL SERVICES LIMITED  
NOTES TO FINANCIAL STATEMENTS

₹ ( in thousands)

Particulars	Figures as at 31st March,2020	Figures as at 31st March, 2019
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**Note 1 - Share Capital**

(a) The number and amount of shares authorized:-

i. 100,000,000 Equity shares	10,00,000	10,00,000
ii. 5,000,000 Preference shares	50,000	50,000
<b>Total</b>	<b>10,50,000</b>	<b>10,50,000</b>

(b) The number of shares issued, subscribed and fully paid, and subscribed but not fully paid:-

i. Equity Shares		
30,000,000 Equity shares fully paid up	3,00,000	3,00,000
ii. Preference Shares		
No shares have been issued	-	-

(c) Par value per share

10/- 10/-

(d) A reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period.

No. of shares outstanding at the beginning	3,00,00,000	3,00,00,000
No. of shares outstanding at the end of the reporting period	3,00,00,000	3,00,00,000

(e) the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

- -

(f) shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

Out of 3,00,00,000 Equity shares, Canara Bank, a Nationalized Bank is holding 29999940. Equity shares & balance 60 Equity shares are held by 6 Executives of Canara Bank as beneficial owners as per Section 89 of the Co. Act., 2013.

(g) shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held

Total 2,99,99,940 Equity shares held by Canara Bank

(h) shares reserved for issue under options and contracts commitments for the sale of shares/investment including the terms and amount

NIL

(i) for the period of five years immediately preceding the date of balance sheet:-

i) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

NIL

ii) Aggregate number and class of shares allotted as fully paid up by way of bonus shares

NIL

iii) Aggregate number and class of shares bought back

NIL

(j) Terms of any securities convertible into equity/ preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date

NIL

(k) Calls unpaid (showing aggregate value of calls unpaid by directors and officers)

NIL

(l) Forfeited shares (amount originally paid up)

NIL





## NOTES TO FINANCIAL STATEMENTS

Canbank 19-20

₹ ( in thousands)

Particulars	Figures as at 31st March,2020	Figures as at 31st March 19
<b>Note 2 - Reserves &amp; Surplus</b>		
Balance in Profit & Loss statement :-		
Opening Balance as on 01.04.2019	(7,60,622)	(7,81,631)
Less : Profit for the year as per Profit and loss statement	6,22,260	21,009
	<u>(1,38,362)</u>	<u>(7,60,622)</u>
<b>Note 3 - Other Long- Term Liabilities</b>		
- Payable to PMS	6,24,363	6,24,363
- Other liabilities	-	80,000
	<u>6,24,363</u>	<u>7,04,363</u>
<b>Note 4 - Long Term Provisions</b>		
i. Provision for employee"s benefits		
Leave Salary & Gratuity	<u>315</u>	<u>1,166</u>
<b>Note 5 - Other Current Liabilities</b>		
Sundry creditors for expenses	806	217
TDS Payable	313	150
GST Payable	380	237
APOB - Dividend	140	65
Payable to Canara Bank	-	-
	<u>1,639</u>	<u>669</u>
<b>Note 6 - Short Term Provisions</b>		
i. Others		
Income Tax	-	7,224
	<u>-</u>	<u>7,224</u>
<b>Note 8 - Long Term Loans and Advances</b>		
(Unsecured, Considered good; except as otherwise stated)		
<b>i. Bridge Finance</b>		
a. Secured considered good	-	-
b. Unsecured : - Considerd good	-	-
c. Doubtful	-	-
Less: Allowance for doubtful Advances	-	-
	<u>-</u>	<u>-</u>
<b>ii. Sundry Adv. / Deb. Redemption proceeds receivables</b>		
a. Secured considered good	-	-
b. Unsecured : - Considerd good	150	150
c. Doubtful	2,246	4,121
	<u>2,396</u>	<u>4,271</u>
Less: Allowance for doubtful Advances	2,246	4,121
	<u>150</u>	<u>150</u>
<b>iii. Other Loans &amp; Advances</b>		
MAT Credit	2,50,213	2,20,425
	<u>2,50,363</u>	<u>2,20,575</u>



Particulars	Figures as at 31st March,2020	Figures as at 31st March, 2019
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**Note 9 - Other Non Current Assets**

Interest and dividend accrued

- On Investments

- Considered Doubtful

Less : Allowance for doubtful

FD - SLR

2	2
2	2
-	-
36	36
36	36

**Note 10 - Current Investments**

a. Investment in equity Instruments

Quoted

Unquoted

b. Investment in Government or trust securities

Aggregate provision for diminution in value  
of investmentsi. Aggregate amount of quoted investments and  
market value thereof

200	192
-	-
75,593	75,593
75,793	75,785
75,593	75,593
200	192
12,974	35,462

a. 11.5% GOI Loan, 2008 of book value Rs.7,55,93,148 (Previous Year Rs.7,55,93,148) valued at Re.1. This security was purchased from Bank of Karad (under liquidation). The Company is holding Bankers Receipt (BR) issued by Bank of Karad (under liquidation).

**Note 11 - Trade Receivables (Unsecured-Doubtful)**Trade Receivables outstanding for a period of exceeding 6 months  
from the date they are due for payment

Less: Provision for doubtful debts

Net Trade Receivables

4,136	4,136
4,136	4,136
0	-

**Note 12 - Cash and Cash Equivalents**

Balance with Banks

i. Current Account

ii. Fixed deposit

Cash on hand

5,26,833	97
9,000	23,100
-	0
5,35,833	23,197

**Note 13 - Other Current Assets**

IT Refund 2019-20

Interest accrued on deposits

Claims Receivable

Taxes recoverable

927	8,358
437	242
81	-
-	49
-	-
1,445	8,649



## CANBANK FINANCIAL SERVICES LIMITED

## NOTES TO FINANCIAL STATEMENTS

Canbank 19-20

## NOTE NO. 7 - FIXED ASSETS

( ₹ in thousands)

SI no	Particulars	Gross Block as on 01.04.2019	Additions	Sub Total	Deletion	Gross Block as on 31.03.2020	Cumulative Dep. as on 01.04.2019	Dep. for the year	Dep. on Deletion	Cumulative Dep. as on 31.03.2020	Net carrying Value	Provision reversed	Net Carrying Value after Provision
1	Plant & Equipments												
	Own	-	-	-	-	-	-	-	-	-	-	-	-
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
2	Office Equipment												
	Own	335	-	335	-	335	318	8	-	326	9	-	9
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
3	Vehicles												
	Own	-	-	-	-	-	-	-	-	-	-	-	-
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
4	Furniture & Fixtures												
	Own	564	-	564	-	564	536	7	-	543	21	-	21
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
5	Others												
	a. Computers												
	Own	157	-	157	36	121	78	49	34	93	28	-	28
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
	b. Electrical Fittings												
	Own	167	-	167	-	167	140	7	-	147	20	-	20
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL - 31.03.2020	1,223	-	1,223	36	1,187	1,072	71	34	1,109	78	-	78
	As on 31.03.2019	1,223	74	1,297	74	1,223	1,139	4	71	1,072	151	-	151



*Deepthi*  
*Shravan*  
*19.12.2019*



## NOTES TO FINANCIAL STATEMENTS

canbank 19-20

( ₹ in thousands)

Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
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## NOTE NO. 14 - OTHER INCOME

a. Interest Income		
- On Bank Deposits	1,688	1,529
b. Dividend Income	750	6,009
c. Net gain on sale of investment	234	21,638
d. Other income	8,40,317	3,343
<b>Total</b>	<b>8,42,989</b>	<b>32,518</b>

## NOTE NO. 15 - EXPENSES

## (a) EMPLOYEE BENEFIT EXPENSES

- Salaries & wages	3,796	2,758
- Contribution to Provident Fund & other funds	180	112
- Staff Welfare Expenses	4	3
	<b>3,980</b>	<b>2,873</b>

## (b) OTHER EXPENSES

- Director's Sitting Fees	240	290
- Rent	336	183
- Electricity	85	89
- Insurance	2	4
- Telephone and Telex	44	61
- Postage, Telegram and Courier charges	17	7
- Repairs & Maintenance	47	40
- Travelling Expenses	373	143
- Conveyance	283	219
- <u>Payment to Auditor</u>		
- Statutory Auditor		
- Statutory Audit	50	50
- For Tax Audit	40	40
- For other Services	15	10
- For Internal Audit	42	40
- Advertisement & Publicity	14	-
- Printing & Stationery	40	33
- Subscription and Membership	9	11
- Legal Expenses, Filing Fees & Consultancy charges	10,835	4,899
- GST - Expenses	2,052	987
- Business Development Expenses	18	10
- Brokerage & Taxes	21	62
- Miscellaneous Expenses	200	239
- Payment- Service Contract	721	693
<b>TOTAL</b>	<b>15,483</b>	<b>8,110</b>



CANBANK FINANCIAL SERVICES LIMITED

Q. No. 18 (a) (b) (c)

ANNEXURE - I

STATEMENT SHOWING DEPRECIATION FOR THE YEAR 2019-20 AS PER I.T. ACT, 1961

Particulars	Rate Of Depreciat ion	W.D.V As At 01.04.2019	Additions during the year and used for		Deletion	Total Value As on 31.03.2020	Depreciation for the Year 2019-20		W.D.V. As At 31.03.2020
			>180 DAYS	<180 DAYS			Normal	Additional	
Furniture & Fittings	10%	1,310,899	-	-	-	1,310,899	131,090	-	1,179,809
Plant & Machinery	15%	1,735,697	-	-	-	1,735,697	260,355	-	1,475,342
Plant & Machinery	40%	1,142	-	-	500	642	257	-	385
<b>Total</b>		<b>3,047,738</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>3,047,238</b>	<b>391,702</b>	<b>-</b>	<b>2,655,536</b>



## CANBANK FINANCIAL SERVICES LIMITED

### 17. SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2020 :

#### a) FIXED ASSETS

Fixed Assets, including assets given on lease, are stated at historical cost, net of accumulated Depreciation, Lease Terminal Adjustment Account and Provisions.

#### b) INVESTMENTS

i Investments comprising of Government Securities, Shares, Debentures, Bonds, Mutual Funds and UTI Instruments, etc., are stated category-wise and further classified into "Long Term" and "Current" depending upon whether they are meant for Holding/Trading.

ii Investments are valued individually as detailed below:-

- Both current and long term investments are valued at costs less diminution other than temporary. Such a diminution is worked out after considering the factors such as market quote, book value or in the absence of book value, at a nominal value of Re.1/- per share or market value whichever is less.
- On a prudence concept based on the above valuation, if the resultant figure is depreciation, the same is charged to the Profit and Loss Account, and if it is appreciation, the same is ignored.
- In respect of investments, both long term and current, if in the opinion of the Management, the value there of has been permanently impaired, then full provision has been made to the extent of such impairment.

#### c) REVENUE RECOGNITION

Income is generally recognized on accrual basis, except in respect of Non-Performing Assets which is recognized on actual realization as per RBI guidelines issued from time to time.

#### d) DEPRECIATION

Depreciation in respect of fixed assets other than leased assets is provided to the extent and in the manner specified in Schedule II to the Companies Act, 2013.

#### e) RETIREMENT BENEFITS

Provision for Gratuity and leave salary for the year in respect of Deputed officials is charged to the Profit & Loss account in tune with the AS 15 (revised) as determined by the Parent Bank.





**f) ACCOUNTING CONCEPTS**

The Company follows mercantile system of accounting and comply with generally accepted accounting principles in India and Accounting Standards specified u/s. 133 of the Companies Act, 2013, read with Rule 7 of the (Companies Accounts) Rules 2014. Accounts are prepared on going concern basis in spite of the fact that the Company is not carrying out the primary NBFC activities. The financial statements comply with the requirements of Sch III of the Companies Act., 2013, as amended from time to time.

**17. A GENERAL:**

**1. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)**

- i) Contingent Liabilities : NIL ( Previous year NIL)
- ii) Other claims include:
  - a. 7 cases (previous year 8), wherein the Company is cited as defendant/one of the defendants.
  - b. 1 (previous year 1) complaint filed in Consumer Courts against Canbank Mutual Fund and others where the company is also made a party, as the company was then the share transfer agent.

In all the 8 cases as mentioned in (a) and (b) above, there is no financial implications likely on the Company as on the date of the financial statement.

- iii) Case No M.A 77/2007(Canbank Financial Services Ltd. vs A D Narottam & others-) wherein, Company filed an application before the Special Court ,Mumbai for reduction of IT dues of Mr. A D Narottam, as it was disproportionate to the income of Mr. AD Narottam. The Honorable Special Court passed order in favour of Company on 06.09.2019 and directed the Income Tax Department to pay a sum of Rs.49,38,00,000/- to the Company along with interest at the rate of 6 % p.a. from 11th June, 2008 till payment /realization, within a period of 12 (twelve) weeks from the date of the order. In this regard the Company has given undertaking to the Special Court, Mumbai to release the amount. Accordingly , the Company has received an amount of Rs. 83,83,06,681/-during the year. However, the possibility of claiming refund of the amount by the Custodian, Mumbai at any future date is very remote. As such no **provision** has been made.

- iv) COMMITMENTS: - Nil -

**2. PORTFOLIO MANAGEMENT SCHEME (PMS):**

Canara Bank sought to revive its Writ Petition (C) No. 560/1995 before the High Court, Delhi against cancellation of MTNL Bonds. The Delhi High Court on 16.09.2011 ordered for settlement through arbitration and on 21.10.2011 appointed Mr. A P Shah Ex-Chief Justice of Delhi High Court as Arbitrator. The Arbitrator vide order dated 11.04.2012 declined MTNL's request to implead Canfina as a party to arbitration in the absence of a subsisting/pending suit for claim against Canfina. MTNL's application CM No.8100/2012 in the disposed of WP (C) No.560/1995 seeking clarification on



including Canfina as a party was disposed by Delhi High Court on 05.07.2013 as not pressed. MTNL's subsequent application No. CM 324/2014 with identical prayers was also declined/disposed of by Delhi HC on 10.01.2014. MTNL has preferred SLP (Civil) 6717-6719/2014 in March 2014 before Supreme Court. The Supreme Court has passed orders on 08.08.2019 and directed to join arbitral proceedings to all parties Viz. MTNL, Canara Bank, and Canfina. Meanwhile, MTNL filed appeal (M .A. No. 2034 -2037 of 2019) in Supreme Court for modification in judgment and Court (order dated 17.10.2019) had directed to approach AMRCD i.e. Administrative Mechanism for Resolution of CPSEs Disputes. Further it directed that if the disputes are not resolved by 15th January 2020, then disputes will be resolved through pending arbitration proceedings as directed vide judgment and order dated 08.08.2019. As the proceedings before AMRCD not taken place, all the three parties have approached Arbitrator for further proceedings and same is pending before Arbitrator Mr. A P Shah , Retd. Chief Justice of Delhi High Court.

**3. UNCLAIMED DIVIDENDS/ SHARES :**

During the year the Company received dividends on shares amounting to Rs.7,49,848/- (previous year Rs. 60,09,188/-). The Company during the year received dividend on shares from various companies, which are payable to others, subject to claim received by them. Hence these amounts are classified under APOB.

The company also took up with various companies [in whose registers the shares are held in the name of Canfina] on the basis of the records available/dividends received. The Company was able to ascertain and transfer these shares and also physical scripts of shares of similar nature to the Company's Demat account - the market value of which amounts to Rs. 1,29,74,321/- as on 31.03.2020 (previous year Rs. 3,54,62,400/-) held as current assets - Stock of securities.

The balance held among the above shares is accounted in the books of Company at nominal Re. 1 /- per share or market value whichever is less.

**4. Accounting for Taxes on income - Accounting Standard 22**

**i. Deferred Tax:**

Deferred tax is not accounted in terms of Para 17 of AS 22 issued by ICAI as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

**ii. Income Tax :**

As per the provisions of Sec. 115JAA of the Income Tax Act., 1961 the Company is entitled to avail tax credit for the taxes paid under section 115JB of the Act and set off the same when the Company is liable to pay tax under the normal provisions of the Act subject to payment of minimum tax under section 115JB of the Act. Based on the reasonable certainty of earning profits in future years resulting in payment of Income tax under normal provisions, MAT credits available for setoff amounting to Rs. 25,01,11,580/- are recognized in the books of account.





## 5. Related Party Disclosure

NAME OF THE RELATED PARTY	RELATIONSHIP
Canara Bank	Parent Bank
Canara Bank Computer Services Ltd.	Subsidiary of Canara Bank

Details of Expenditure reimbursed to Canara Bank :

- Personnel Cost on account of officers on Deputation Rs. 36,43,416/- (Previous year 31.3.2019 Rs. 28,58,954/-).
- Rent for office premises/quarters (net) Rs. 3,35,500/- (Previous year 31.3.2019 Rs. 1,83,363/-)
- The amount kept with Canara Bank as on 31.03.2020 is Rs. 90,000,00/- in Fixed Deposit (Previous year Rs. 2,31,00,000/-) and Current Account Rs. 52,68,33,194/- (Previous year Rs. 97,075/-) Interest earned on the above deposits for the current year is Rs. 16,88,054/- (previous year Rs. 15,28,571/-).
- Handholding support by Canara Bank : During the year Canfina repaid Rs. 8.00 crores (Previous year Rs. 27.00 Crores) to Canara Bank , Balance outstanding Nil (Previous year Rs. 8.00 Crores).
- During the year Rs. 1,357/- (Previous Year Rs. 61,584/-) paid to Canara Bank Securities Ltd. towards brokerage/Demat charges and Rs. 20,064.00 to Canara Bank Computer Services Ltd. towards R&T Charges (previous year Rs. NIL).

## 6. Employee benefits- Accounting Standard 15 (revised)

Employee Benefits of the deputed staff of Parent Bank have been accounted as required under AS 15 (revised) as determined by the Parent Bank.

## 7. Segmental Reporting - Accounting Standard 17

The Company is not carrying on business activity except follow up of recovery / realization of assets. As such there are no other reportable segments; hence no separate segmental report is prepared as defined by the Accounting Standard 17.

## 8. Discontinuing operations- Accounting Standard 24

The Company has got registration U/s 45-IA of the Reserve Bank of India Act, 1934. Since the Company has not doing any NBFC activities, the Reserve Bank of India has not renewed the Company's registration U/s 45-IA of the RBI Act.

The Company is not carrying its primary NBFC activities, since Company's net-worth was negative as at 31.3.2019. Since the Company's net worth has become positive in the current financial year, the Company will approach the Reserve Bank of India to revive the Companies activities/other activities within the frame work of RBI guidelines after





the Balance Sheet is audited. The accounts have been prepared adopting the going concern concept under AS 1 subject to the above.

#### 17. B. BALANCESHEET:

- (i) Portfolio Management Scheme :The Company continues to hold funds accepted in earlier years for and on behalf of the customers under PMS. The cases in respect of disputed securities are in various courts of law. Considering its nature and dispute except for an amount of Rs. 62,43,63,000/- which is explained in point above, the liability and corresponding assets do not form part of the Company and as such the same have not been incorporated in the accounts of the Company.

- (ii) Non Current Liabilities

These include,

A sum of Rs.62,43,62,983.00 (Previous Year Rs.62,43,62,983.00) under PMS account.

A sum of Nil balance (Previous Year Rs.8,00,00,000.00) payable to Canara Bank.

Dues to Small Scale Industries (SSIs) Unit of value exceeding Rs.1.00 lakh and for more than 45 days are NIL (Previous year NIL). There are no payables to Micro, Small and Medium Enterprises, as required to be disclosed under the "Micro, Small and Medium Enterprise Development Act, 2006" (MSMED) on the basis of information available with the company.

#### 17. C. PROFIT& LOSS ACCOUNT

- a) The Executive Director is on secondment from Canara Bank and his remuneration is paid /provided in accordance with the Service Rules of the said Bank and within the limits prescribed under Section 197 and 198, read with Schedule V of the Companies Act, 2013.

Included in the Profit & Loss account is remuneration paid to the Executive Director Rs.20,56,561.21 (previous year Rs. 15,25,272.94) including contribution to Provident Fund Rs.90,023.83 (previous year Rs. 76,980.00), leave salary Rs.1,69,313.29(Previous Year Rs. 1,48,358.63), Gratuity Nil (Previous Year Rs. 64,150/-) and other allowances Rs10,800.00 (previous year Rs. 10,000.00) reimbursed separately.

- b) Depreciation:

- i. Depreciation on leased assets has been fully provided in the earlier years and hence not charged during the current year.
- ii. During the year ending 31.03.2020, the Company provided depreciation on straight Line Method as per Companies Act 2013, (Schedule II) and charged depreciation amounting to Rs.71,000/- (Previous year 4,391/-)

- c) Corporate Social Responsibility and Corporate Social Spending :

As per Section 135 of Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company did not spend the money due



to the fact that the negative net worth and the fact that the Company's average profit before tax for the preceding 3 years were Rs. 2.25 Crores and made out of dis- continuing operations, and there is no fresh business activity undertaken.


d) Interest Income

Rs. 16,88,054/- (Previous year Rs. 15,28,571/-) - being the interest on fixed deposits with Canara Bank including accruals.

For and on behalf of the Board


In terms of our Report of even date attached.

  
**DEEPSHIKHA SHARMA**  
Company Secretary

  
**KRISHNA KUMAR SINGH**  
Senior Vice President/  
Chief Financial Officer

For ABS & Co.,  
Chartered Accountants  
[Firm Regn No. 008203S]



  
**B N S RATNAKAR**  
Independent Director  
(DIN 03043997)

  
**M M CHINIWAR**  
Chairman  
(DIN 08515978)

  
**CA. ANAND RAO H N**  
Partner

M.No. (209444)

UDIN: 20209444AAAAFL3818

PLACE : BANGALORE  
DATE :10/06/2020





**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF M/s. CANBANK FINANCIAL SERVICE LIMITED  
( CIN : 85110KA1987PLC008381 )**

**Report on the Standalone Financial Statements**

**Opinion**

We have audited the standalone financial statements of **M/s. CANBANK FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Standards and principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Profit Statement and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



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### **Material uncertainty related to Going Concern**

Attention is invited to note No. 17(f) of significant accounting policies regarding the financial statements being prepared on a going concern basis, a fundamental accounting assumption as per Accounting Standard – I, notwithstanding the fact that the Company not carrying out the primary NBFC activities stipulated by RBI and the Company is also trying to dispose off its financial assets. These events indicate that a material uncertainty exists that cast significant doubt on the entity's going concern concept. Our opinion is not modified in respect of the matter.

### **Management's Responsibility 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 financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the AS and other accounting principles generally accepted in India. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

The Board of Directors are 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 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.
- State based on the audit evidence obtained there exist an uncertainty related to the events or conditions that cast significant doubt on the Company's ability to continue as a going concern. 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.





### Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in the Annexure – A, a statement on the matters specified in paragraphs 3 & 4 of the Order, to the extent applicable.

We are enclosing in Annexure – C, our Report in terms of Sec 143 (5), of the Act, as we consider appropriate and according to the information and explanation given to us, on the Directions issued by the Comptroller and Auditor General of India.

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 B.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 standalone financial statements – Refer Note 17.A.1 to the financial statement'
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any materials foreseeable losses.
    - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For ABS & Co.,  
Chartered Accountants  
Firm Reg. No. : - 008203S

  
CA. ANANDRAO H. V.  
Partner  
Membership No: 209444



Place: Bangalore  
Date :  
UDIN:



**ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of M/s CANBANK FINANCIAL SERVICES LIMITED of even date)**

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Fixed assets have been physically verified by the management during the year in accordance with the program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The company do not own any immovable properties in its name, Therefore, the reporting under clause 3(i)(c) of the Companies (Auditor's Report) Order, 2016 are is not applicable to the Company.
- ii. Since the nature of operation of the Company does not require any inventories as specified in AS-2, the question of physical verification does not arise.
- iii. The Company has not granted any loans, secured or unsecured during the year to companies, firms or other parties covered in the register maintained u/s. 189 of the Companies Act, 2013. Therefore, the reporting under cause 3(iii) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iv. The Company has not given loans, investments and guarantees to which the provisions of Section 185 and 186 of the Companies Act, 2013 apply.
- v. The Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or any other provisions of the Companies Act, 2013 and Rules made there under. Therefore, reporting under clause 3(v) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.



- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, GST, Custom Duty, Cess and other material statutory dues applicable to it with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, GST, Customs Duty and cess were in arrears as 31<sup>st</sup> March 2020 for a period of more than six months from the date they became payable;
- viii. In our opinion and according to the information and explanations given to us, the Company has not issued any debentures. The Company has not defaulted in repayment of any dues to financial institutions, banks during the year;
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.



- xv. The Company has not entered into any non-cash transactions with directors / persons connected with him and therefore reporting under clause 3(xv) of the order is not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **ABS & CO**  
Chartered Accountants  
Firm Reg. No. : - 0082038

  
**CA. ANAND RAO H N**  
Partner

Membership no: - 209444



Place: Bangalore  
Date :  
UDIN:



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

**Referred to in our report of even date, to the members of M/s. Canbank Financial Services Limited for the year ended March 31, 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 have audited the internal financial controls over financial reporting of M/s. CANBANK FINANCIAL SERVICES 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 Companies Act, 2013.

**Auditors' Responsibility**

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


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

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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 of the Company.

For **ABS & CO**  
Chartered Accountants  
Firm Reg. No.: - 008203S

  
**CA. ANAND RAO H N**  
Partner  
Membership no: - 209444



Place: Bangalore  
Date :  
UDIN:

**ANNEXURE – C TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under heading of "Report on other legal and Regulatory Requirements" of our Report of even date)

Sl. No.	Directions	Observations / Findings
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.	According to the information and explanations provided to us by the management and as verified by us, the Company has effective IT system in place to process all accounting transactions, commensurate to the volume of business. The Company does not have any arrangements with any outside agency to process its accounting transactions thereby integrity of the information is maintained.
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 Company's inability to repay the, loan? If the financial impact may be stated.	According to the information and explanations provided to us by the management, There are no cases of restructuring of existing loans or cases of waiver / write off of debts / loans / interest etc., made by the lender to the Company due to Company's inability to repay the loan.
3	Whether funds received / receivable for specific schemes from Central / State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviations.	According to the information and explanations provided to us there are no funds received / receivable by the Company under specific schemes from Central / Stage agencies during the year.

For ABS & CO  
Chartered Accountants  
Firm Reg. No : - 008203S

  
**CA. ANAND RAO H N**  
Partner  
Membership no: - 209444



Place: Bangalore

Date :

UDIN: