



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, 2022, 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, 2022, 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.

Material uncertainty related to Going Concern

Attention is invited to note No. 16(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, 2020 ("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.

- As required by Section 143(3) of the Act, based on our audit we report that:
 - 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.
 - 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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.
- iv. Transactions relating to funds advanced/ received by entities:
 - 1) There are no funds that have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, other than as disclosed in the notes to accounts.
 - 2) There are no funds that have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries, other than as disclosed in the notes to accounts.



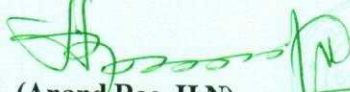
- 3) There is nothing that has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The company has not declared or paid dividend during the year, Hence compliance with section 123 of the Companies Act, 2013 is not applicable to the company.


Place: Bangalore

Date : 02.05.2022

UDIN: 22209444AIIUFP2944

**For ABS & Co.,
Chartered Accountants
Firm Reg .No.:08203S**


(Anand Rao .H.N)
Partner
M No: 209444



**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)**

3. In respect of Company's property plant and equipment,
- i.(a)
- A. The company has maintained proper records showing full particulars, including quantities details of Property, Plant and Equipment;
- B. The company is not having intangible assets.
- (b) The Company has a program of verification to cover all the items of Property, Plant and Equipment in phased manner which in our opinion is reasonable having regard to the size of the company and the nature of these assets. Pursuing to the program, certain property plant and equipment were physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanation given by the management, the company has no immovable properties.
- (d) The company has not revalued its property plant and equipment including right of use assets or intangible or both hence reporting under clause 3(i)(d) of the Companies(Auditor's Report) Order 2020 is not applicable to the company.
- (e) As per the information and explanation given to us, there is no initiation or proceeding pending against the company for holding any benami property under Benami Transactions (prohibition) Act 1988 hence clause 3(i)(e) of the Companies(Auditor's Report) Order 2020 is not applicable to the company.
- ii.
- (a) Since the nature of operation of the company does not require any inventories as specified in AS2 the question of physical verification does not arise.
- (b) During the year, the company has not availed any working capital limits from banks or financial institutions on the basis of security of current assets; hence clause 3(ii)(b) of the Companies(Auditor's Report) Order 2020 is not applicable to the company.
- iii. In our opinion and according to the information and explanations given to us, and examination of records during the year the company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties hence clause 3(iii) of the Companies (Auditor's Report) Order 2020 is not applicable to the company.
- iv. In our opinion, to the best of our knowledge and as per the information given to us, the company has not given loans, investments, guarantees, and security to which provisions of sections 185 and 186 of the Companies Act apply.
- v. As per the information and explanation given to us, the company has not accepted any deposits, or directives issued by the Reserve Bank of India and the provisions 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 2020 are not applicable to the company.



- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act for the business activities carried out by the company. Hence reporting under clause 3(vi) of the order is not applicable to the company.
- vii.
- (a) The company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.
- (b) According to the information and explanation given to us, there is no disputed statutory dues hence reporting under clause 3 (vii) of the order is not applicable for the company.
- viii. In our opinion and as per the information and explanation given to us, there are no transactions of previous year recorded in the books of account that have not been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), hence reporting under clause 3(viii) of the order is not applicable to the company.
- ix. As per the information and explanation given to us, the company has not raised any loans or other borrowings hence reporting under clause 3 (ix) of the order 2020 is not applicable to the company.
- x.
- (a) The company has not raised monies by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(x) of the order is not applicable to the company.
- (b) During the year the company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures
- xi.
- (a) As per the information and explanation given to us, and in our opinion, no fraud on or by the company has been noticed or reported during the year.
- (b) As no fraud noticed or reported in the Company during the year, sub-section (12) of section 143 of the Companies Act is not applicable to the Company.
- (c) The auditor has not received any whistle-blower complaints, during the year by the company;
- xii. The company is not a Nidhi Company hence, reporting under clause 3(xii) of the order entirely not applicable to the company.
- xiii. In our opinion and to the best of our knowledge as per the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv.
- (a) The company has an internal audit system commensurate with the size and nature of it's business.
- (b) The reports of the Internal Auditors for the period under audit were considered by us.
- xv. In our opinion and to the best of our knowledge as per the information and explanation given to us, the company has not entered into any non-cash transactions with directors



or persons connected with him , hence reporting under clause 3(xv) of the order 2020 is not applicable the company.

- xvi. The Company has registered as NBFC under section 45-IA of the Reserve Bank of India Act, 1934. However the Company has not renewed its NBFC registration as the Company is not doing any NBFC activities. However the company has to renew its NBFC registration.

Hence reporting under clause 3(xvi)(a) and 3(xvi)(b) of the report is not applicable to the company.

- c) In our opinion and to the best of our knowledge as per the information and explanation given to us, the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Hence, reporting under clause 3 (xvi)(c) of the companies (auditors report) order 2020 is not applicable to the company.
- xvii. In our opinion and to the best of our knowledge as per the information and explanation given to us, the company has not incurred cash losses in the financial year and in the immediately preceding financial year, hence reporting under clause 3(xvii) of the order is not applicable to the company.
- xviii. Clause 3(xviii) is not applicable as there has been no change in the statutory auditor during the year.
- xix. In our opinion and to the best of our knowledge as per the information and explanation given to us, the company has no financial liabilities existing at the date of balance sheet. Hence reporting under clause 3(xix) of the Companies (Auditor's Report) Order 2020 is not applicable to the company.

xx.

- a) The company has not transferred any amount to the fund specified in schedule VII to the companies act since the company has entirely spent the specified amount as per sec 135(5) of the companies act. Hence, reporting under clause 3(xx)(a) of the Companies(Auditor's Report) Order 2020 is not applicable to the company.
- b) The company has not transferred any amount to the special account as it has spent the entire amount in compliance with sec 135(6) of the companies act 2013. Hence reporting under clause 3(xx) (b) of the order 2020 is not applicable to the company.
- xxi. In our opinion and to the best of our knowledge as per the information and explanation given to us, the company does not have a subsidiary or an associate company hence consolidation of financial statements does not arise.

Place: Bangalore

Date : 02.05.2022

UDIN: 22209444AIIUFP2944

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


(Anand Rao .H.N)

Partner

M No.: 209444



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, 2022.

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, 2022 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



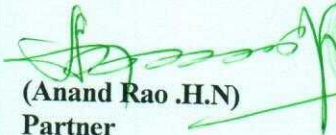
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the Company.

Place: Bangalore

Date : 02.05.2022

UDIN: 22209444AIIUFP2944

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


(Anand Rao .H.N)

Partner

M No.: 209444



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)

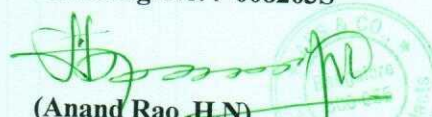
Sl. No.	Directions	Observations / Findings
1	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, 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.

Place: Bangalore

Date : 02.05.2022

UDIN: 22209444AIIUFP2944

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


(Anand Rao H.N.)
Partner

M No.: 209444