



## Independent Auditor's Report on Financial Statements

To  
The Members,  
M/s. CANBANK VENTURE CAPITAL FUND LIMITED

Report on the Audit of the Standalone Financial Statements as on 31<sup>st</sup> March, 2022

### Opinion

We have audited the Standalone Financial Statements of M/s. CANBANK VENTURE CAPITAL FUND LIMITED ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2022, and the statement of profit and loss for the year then ended, and statement of cash flows for the year then ended along with notes to the Financial Statements, including a summary of significant accounting policies and other explanatory information.

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 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profits, and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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 together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





### **Emphasis of Matter**

Attention is invited to note no. 33 of notes to accounts forming part of the financial statement, wherein, as a matter of practice the company files Return of Income in respect of accrued income from investment based on Form No 64 and 64C issued by the venture capital funds. Although the Company does not recognize the accrued income from venture capital funds in the books of accounts as bought out in note no 2(c) of notes to accounts, the company is declaring the same in their Return of Income and paying taxes thereon. This has non material impact on the calculation and disclosure of Deferred Tax.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate 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







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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing. As 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.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material





uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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**

1. 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 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.







- (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid Standalone 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 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) Since the Company's turnover as per last audited Standalone Financial Statements is less than Rs.50 Crores and its borrowings from banks and financial institutions at any time during the year is less than Rs.25 Crores, the Company is exempted from getting an audit opinion with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls vide MCA notification no. GSR 583(E) dated on 13.06.2017
- (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. The Company does not have any pending litigations which would impact its financial position in its standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For K S Ramkumar & Co.  
Chartered Accountants  
FRN: 006167S

  
  
K S Ramkumar  
Proprietor  
Mem No.: 027484  
UDIN: 22027484AHKZVG8900

Place: Bangalore  
Date: 19/04/2022



ANNEXURE-A

**REFERRED TO IN PARAGRAPH 1 UNDER THE HEADING "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF OUR REPORT TO THE MEMBERS OF M/s. CANBANK VENTURE CAPITAL FUND LIMITED**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31<sup>st</sup> March 2022, we report that:

- 1) a. The company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.  
  
b. The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner every six months. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. During the year the company carried out physical verification of its fixed assets and found no discrepancies.  
  
c. According to the information and explanations given to us, the Company does not own any immovable properties.
- 2) The Company does not hold any inventories. Accordingly, paragraph 3(ii) of the Order is not applicable.
- 3) In our opinion and according to the information and explanations given to us, during the year the company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, hence clause 3(iii) (a) to (c) of the Order is not applicable.
- 4) According to the information and explanation provided by the management of the Company, during the year, it has not advanced any loan, or made any investments or given any guarantee and security under Section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of Clause 3(iv) of the said order is not applicable.
- 5) The Company has not accepted any deposits from public as applicable under the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other provisions of the Companies Act and rules framed thereunder. Accordingly, the provisions of clause 3(v) of the said Order are not applicable.







- 6) According to the information and explanations given to us and to the best of our knowledge, the company has not been covered under the notification issued by the Central Government wrt. sub-section (1) to Section 148 of the Companies Act, 2013 prescribing maintenance of cost records. Accordingly, the provisions of Clause 3(vi) of the said Order are not applicable.
- 7)
- i) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.
  - ii) According to the information and explanation provided to us, there were no undisputed dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable in respect of the above-mentioned.
  - iii) According to the information and explanation provided to us, the Company did not have any dues on account of Income tax, Sales tax, goods and services tax, service tax. Customs duty, Excise duty, value added tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- 8) According to the information and explanation given to us, the company has no dues to banks and financial institutions during the year. The company did not have any outstanding dues towards debenture-holders during the year. Accordingly, the provisions of Clause 3(viii) of the said Order are not applicable.
- 9) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.
- 10) To the best of our knowledge and according to the information and explanation given to us, no fraud by the Company and no material fraud on the company by its officers or employees has been noticed or reported during the year. Accordingly, the provisions of Clause 3(x) of the said Order are not applicable.
- 11) To the best of our knowledge and according to the information and explanation given to us, the company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of sec 197 read with schedule V to the Companies Act, 2013.





- 12) The Company is not a Nidhi Company. Accordingly, the provisions of clause 3(xii) of the said Order are not applicable.
- 13) In our opinion and according to the information and explanation given to us and as represented to us by the management, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- 14) The Company has not made private placement of shares during the year under review and the requirement of section 42 of the Companies Act, 2013.
- 15) As represented to us by the management and according to the information and explanation given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the said Order are not applicable.
- 16) According to the information and explanation given to us, the company is not required to be registered under Sec 45-IA of the Reserve Bank of India Act 1934. Hence, the provision of clause 3(xvi) of the said Order is not applicable.
- 17) The Company has not incurred any cash losses during the financial year and in the immediately preceding financial year;
- 18) According to the information and explanation given to us, there was no resignation of the statutory auditors during the year.
- 19) According to the information and explanation and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, we opine that no material uncertainty exists as on the of Audit Report to meet the Company's liabilities existing as at the date of balance sheet.







- 20) According to the information and explanation given to us and to the best of our knowledge, with reference to point no. 35 and 40 of Notes forming part of Financial Statements provisions of Section 135 of The Companies Act, 2013 are not applicable to company. Hence, the provision of clause 3(xx) of the said Order is not applicable.
- 21) According to the information and explanation given to us and to the best of our knowledge the provisions of preparation of Consolidated Financial Statement are not applicable to the company. Hence, the provision of clause 3(xxi) of the said Order is not applicable.

For K S Ramkumar & Co.  
Chartered Accountants  
FRN: 006167S

  
K S Ramkumar  
Proprietor

Mem No.: 027484

UDIN: 22027484AHKZVG8900

Place: Bangalore

Date: 19/04/2022



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 VENTURE CAPITAL FUND LIMITED** ("the Company") as of 31 March 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

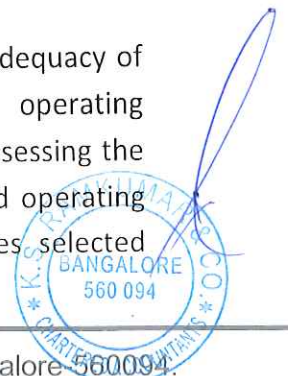
#### **Management's responsibility for Internal Financial Controls**

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. 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on 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 ICAI. Those standard 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 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, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected







depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls over financial reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the generally accepted accounting principles, and that receipts and expenditures of the Company are being made only with authorisations of management and directions of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.





**Opinion**

In our opinion, the company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2022 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 ICAI.

For K S Ramkumar & Co.  
Chartered Accountants  
FRN: 006167S

  
K S Ramkumar

Proprietor

Mem No.: 027484

UDIN: 22027484AHKZVG8900

Place: Bangalore

Date: 19/04/2022