

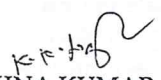
CANBANK FINANCIAL SERVICES LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2019


(₹ in Thousands)


Particulars	Note No.	Figures as at 31st March 2019	Figures as at 31st March, 2018
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
a) Share Capital	1	300,000	300,000
b) Reserves and Surplus	2	(760,622)	(781,631)
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	704,363	974,363
d) Long Term Provisions	4	1,166	960
(4) Current Liabilities			
a) Short term borrowings		-	-
b) Trade payables		-	-
c) Other Current Liabilities	5	669	2,996
d) Short Term Provisions	6	7,224	4,804
TOTAL		252,800	501,492
II. ASSETS			
(1) Non - Current Assets			
a) Fixed Assets			
i) Tangible assets	7	151	84
ii) Intangible assets		-	-
iii) Capital work in progress		-	-
b) Non Current Investments			
c) Deferred tax assets (net)			
d) Long -term loans and advances			
e) Other non-current assets	9	36	1,811
(2) Current Assets			
a) Current Investments	10	192	315
b) Inventories		-	-
c) Trade receivables	11	-	-
d) Cash and cash equivalents	12	23,197	30,309
e) Short term loans and advances		-	-
f) Other current assets	13	8,649	251,346
TOTAL		252,800	501,492

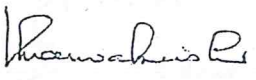
See accompanying notes to the financial statements.

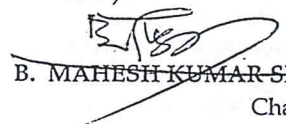
For and on behalf of the Board


KRISHNA KUMAR SINGH
Senior Vice President/
Chief Financial Officer

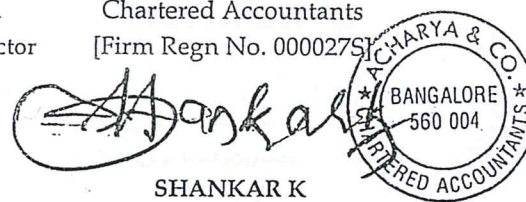

S NARAYANA SETTY
Executive Director/
Company Secretary
(DIN 07589312)


B N S RATNAKAR
Independent Director
(DIN 03043997)


V H RAMAKRISHNAN
Independent Director
(DIN 00143948)


B. MAHESH KUMAR SINGH
Chairman
(DIN 07167848)

In terms of our Report
of even date attached.
For ACHARYA & Co.,
Chartered Accountants
[Firm Regn No. 0000275]




SHANKAR K
Partner
M. No. 225657

PLACE : BANGALORE
DATE : 28.05.2019

PLACE : BANGALORE
DATE : 29.05.2019

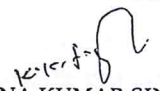
CANBANK FINANCIAL SERVICES LIMITED
PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Thousands)


Sl. No.	Particulars	Note No.	Year Ended 31st March 2019	Year Ended 31st March, 2018
I	Revenue from operations		-	-
II	Other Income	14	32,518	66,494
III	Total Revenue (I + II)		32,518	66,494
IV	EXPENSES :	15		
	Employee Benefit expense		2,873	3,397
	Finance Cost		125	206
	Depreciation & Amortization expense		4	8
	Other Expenses		8,110	21,342
	Total Expenses		11,112	24,953
V	Profit before exceptional and extordinary items and tax (III- IV)		21,406	41,541
VI	Exceptional items:			
	a) Court Settlements			
	a. i) Expenditure		-	250,000
	ii) Income		-	(250,000)
	b. Prior Period adjustments (Net)		-	-
VII	Profit before extraordinary items and tax (V - VI)		21,406	41,541
VIII	Extraordinary items		-	-
IX	Profit before tax (VII - VIII)		21,406	41,541
X	Tax Expense			
	Less: 1) Current tax		3,196	3,735
	2) Tax - Earlier years		-	-
	3) Deferred Tax		-	-
	Add: 4) MAT Credit Entitlement		2,798	1,704
XI	Profit/(Loss) from continuing operations (IX + X)		21,009	39,510
XII	Profit/(Loss) from discontinuing operations		-	-
XIII	Tax expense of discontinuing operations		-	-
XIV	Profit/(Loss) from Discontuing operations (after tax)(XII-XIII)		-	-
XV	Profit/(Loss) for the period (XI + XIV)		21,009	39,510
XVI	Earnings Per Equity Share			
	- Basic (in) ₹		1	1
	- Diluted (in) ₹		1	1
	Nominal Value Per Share (in) ₹		10	10

See accompanying notes to the financial statements.

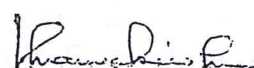
For and on behalf of the Board



KRISHNA KUMAR SINGH
Senior Vice President/
Chief Financial Officer


S NARAYANA SETTY
Executive Director/
Company Secretary
(DIN 07589312)


B N S RATNAKAR
Independent Director
(DIN 03043997)

In terms of our Report
of even date attached.
For ACHARYA & Co.,
Chartered Accountants
[Firm Regn No. 0000275]


V H RAMAKRISHNAN
Independent Director
(DIN 00143948)


B MAHESH KUMAR SINGH
Chairman
(DIN 071617848)


SHANKAR K
Partner
M. No. 225657



PLACE : BANGALORE
DATE : 28.05.2019

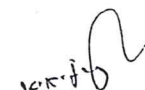
PLACE : BANGALORE
DATE : 29.05.2019

CANBANK FINANCIAL SERVICES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in Thousands)

Particulars	Figures as at 31.03.2019	Figures as at 31.03.2018
A CASH FLOWS FROM OPERATING ACTIVITIES:		
Profit Before Tax	21,406	41,541
Adjustment for :-		
- Depreciation	4	8
- Interest on Income Tax	-	206
- Sale of fixed assets	(5)	-
Operating Profit before changes in operating assets	21,405	41,755
(Increase)/Decrease in Operating Assets:		
- Fixed assets	(67)	
- Longterm Loans and Advances	(2,948)	116
- Other Non- Current Assets	1,775	-
- Other Current Assets	242,698	(249,826)
- Current Investments	123	(303)
Increase/(Decrease) in Operating Liabilities:		
- Other long-term liabilities	(270,000)	-
- Long Term Provisions	206	(201)
- Other Current liabilities	(2,326)	152,803
- Short Term Provisions	2,420	-
Net Cash from Operating Activities before Income Tax	(6,716)	(55,655)
Taxes refund/(paid)	3,195	50,198
Tax Expense of Earlier years		-
MAT Credit Entitlement	2,798	-
Net Cash Flows from Operating Activities	(7,112)	(5,456)
B CASH FLOWS FROM INVESTING ACTIVITIES:		
- Purchase of Fixed Assets	-	-
- Sale of Investments	-	-
Net Cash Flows from Investing Activities	-	-
C CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Increase/Decrease in cash and cash equivalents	Nil	Nil
Cash and Cash Equivalent at the beginning of the year	30,309	35,765
Cash and Cash Equivalent at the end of the year	23,197	30,309

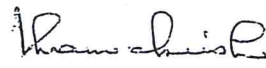
For and on behalf of the Board



KRISHNA KUMAR SINGH
Senior Vice President/
Chief Financial Officer



S NARAYANA SETTY
Executive Director/
Company Secretary
(DIN 07589312)


B N S RATNAKAR
Independent Director
(DIN 03043997)

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of even date attached.
For ACHARYA & Co.,
Chartered Accountants
[Firm Regn No. 00002751]


V H RAMAKRISHNAN
Independent Director
(DIN 00143948)


B MAHESH KUMAR SINGH
Chairman
(DIN 07167848)


SHANKAR K
Partner
M.No.225657



PLACE : BANGALORE
DATE : 28.05.2019

PLACE : BANGALORE
DATE : 29.05.2019

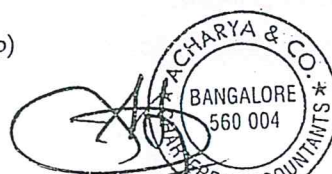
CANBANK FINANCIAL SERVICES LIMITED
NOTES TO FINANCIAL STATEMENTS

₹ in thousands)

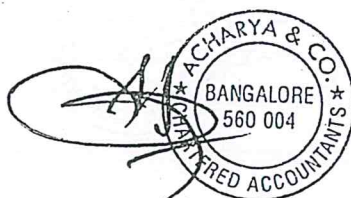
Particulars	Figures as at 31st March, 2019	Figures as at 31st March, 2018
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Note 1 - Share Capital

(a) The number and amount of shares authorized:-		
i. 100,000,000 Equity shares	1,000,000	1,000,000
ii. 5,000,000 Preference shares	50,000	50,000
Total	<u>1,050,000</u>	<u>1,050,000</u>
(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	<u>300,000</u>	<u>300,000</u>
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	30,000,000	30,000,000
No. of shares outstanding at the end of the reporting period	30,000,000	30,000,000
(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 2,99,99,940 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	



Particulars	Figures as at 31st March, 2019		Figures as at 31st March, 2018	
Note 2 - Reserves & Surplus				
Balance in Profit & Loss statement :-				
Opening Balance as on 01.04.2017		(781,631)		(821,141)
Less : Profit for the year as per Profit and loss statement		21,009		39,510
		<u>(760,622)</u>		<u>(781,631)</u>
Note 3 - Other Long- Term Liabilities				
- Payable to PMS	624,363		624,363	
- Payable to Canara Bank :	80,000	704,363	350,000	974,363
		<u>704,363</u>	<u>350,000</u>	<u>974,363</u>
Note 4 - Long Term Provisions				
i. Provision for employee"s benefits				
Leave Salary & Gratuity		1,166		960
		<u>1,166</u>		<u>960</u>
Note 5 - Other Current Liabilities				
Sundry creditors for expenses	217		193	
TDS Payable	150		988	
GST Payable	237		1,781	
APOB - Dividend	65		34	
Other liabilities		669		2,996
		<u>669</u>		<u>2,996</u>
Note 6 - Short Term Provisions				
i. Others				
Income Tax	7,224	7,224	4,804	4,804
	<u>7,224</u>	<u>7,224</u>	<u>4,804</u>	<u>4,804</u>
Note 8 - Long Term Loans and Advances				
<i>(Unsecured, Considered good; except as otherwise stated)</i>				
i. Bridge Finance				
a. Secured considered good	-		-	
b. Unsecured : - Considerd good	-		-	
c. Doubtful	-		-	
<u>Less: Allowance for doubtful Advances</u>	-	-	-	-
ii. Sundry Adv. / Deb. Redemption proceeds receivables				
a. Secured considered good	-		-	
b. Unsecured : - Considerd good	150		-	
c. Doubtful	4,121		4,121	
	<u>4,271</u>		<u>4,121</u>	
<u>Less: Allowance for doubtful Advances</u>	4,121	150	4,121	-
		<u>150</u>		<u>-</u>
iii. Other Loans & Advances				
MAT Credit		220,425		217,627
		<u>220,425</u>		<u>217,627</u>



Particulars	Figures as at 31st March, 2019		Figures as at 31st March, 2018	
Note 9 - Other Non Current Assets				
Interest and dividend accrued				
- On Investments				
- Considered Doubtful	2		2	
Less : Allowance for doubtful	2	-	2	-
FD - SLR		36		36
		36		36

Note 10 - Current Investments

a. Investment in equity Instruments				
Quoted	192		315	
Unquoted	-	192	0	315
b. Investment in Government or trust securities				
		75,593		75,593
		75,785		75,908
Aggregate provision for diminution in value of investments		75,593		75,593
		192		315
i. Aggregate amount of quoted investments and market value thereof				
		35,462		82,255

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)

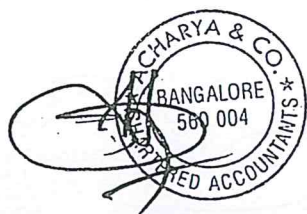
Trade Receivables outstanding for a period of exceeding 6 months from the date they are due for payment	4,136		4,136	
Less: Provision for doubtful debts	4,136		4,136	
Net Trade Receivables	-		-	

Note 12 - Cash and Cash Equivalents

Balance with Banks				
i. Current Account	97		609	
ii. Fixed deposit	23,100		29,700	
Cash on hand	0	23,197	0	30,309

Note 13 - Other Current Assets

IT deducted at source / Advance tax	8,358		2,740	
Interest accrued on deposits	242		320	
Claims Receivable	-		250,000	
Taxes recoverable	49		49	
Pre Paid AMC	-	8,649	12	253,121



NOTES TO FINANCIAL STATEMENTS

Canbank 18-19

NOTE NO. 7 - FIXED ASSETS

(₹ in thousands)

Sl no	Particulars	Gross Block as on 01.04.2018	Additions	Sub Total	Deletion	Gross Block as on 31.03.2019	Cumulative Dep. as on 01.04.2018	Dep. for the year	Dep. on Deletion	Cumulative Dep. as on 31.03.2019	Net carrying Value	Provision reversed	Net Carrying Value after Provision
1	Plant & Equipments												
	Own	-	-	-	-	-	-	-	-	-	-	-	-
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
2	Office Equipment												
	Own	335	-	335	-	335	318	-	-	318	17	-	17
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
3	Vehicles												
	Own	-	-	-	-	-	-	-	-	-	-	-	-
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
4	Furniture & Fixtures												
	Own	564	-	564	-	564	536	0	-	536	28	-	28
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
5	Others												
	a. Computers												
	Own	157	74	231	74	157	149	0	71	78	79	-	79
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
	b. Electrical Fittings												
	Own	167	-	167	-	167	136	4	-	140	27	-	27
	Lease	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL - 31.03.2019	1,223	74	1,297	74	1,223	1,139	4	71	1,072	151	-	151
	As on 31.03.2018	123,077	-	123,077	121,854	1,223	115,271	9	114,141	1,139	6,879	6,795	84

CHARYA & CO. *
BANGALORE
CH 360-004
REGISTERED ACCOUNTANTS



NOTES TO FINANCIAL STATEMENTS

Canbank 18-19

(₹'n thousands)

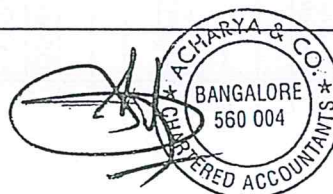
Particulars	Year Ended 31st March, 2019	Year Ended 31st March 2018
NOTE NO. 14 - OTHER INCOME		
a. Interest Income		
- On Bank Deposits	1,529	3,229
b. Dividend Income	6,009	23,427
c. Net gain on sale of investment	21,638	34,190
d. Other income	3,343	543
e. Interest on IT Refund	-	146
f. Sales Tax Refund	-	4,959
Total	32,518	66,494

NOTE NO. 15 - EXPENSES**(a) EMPLOYEE BENEFIT EXPENSES**

- Salaries & wages	2,758	3,257	
- Contribution to Provident Fund & other funds	112	134	
- Staff Welfare Expenses	3	6	3,397
	<u>3</u>	<u>2,873</u>	<u>6</u>

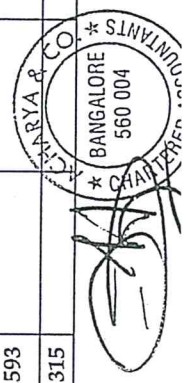
(b) OTHER EXPENSES

- Director's Sitting Fees	290		290
- Rent	183		267
- Electricity	89		89
- Insurance	4		2
- Telephone and Telex	61		86
- Postage, Telegram and Courier charges	7		13
- Repairs & Maintenance	40		40
- Travelling Expenses	143		188
- Conveyance	219		254
- <u>Payment to Auditor</u>			
- Statutory Auditor			
- Statutory Audit	50		59
- For Tax Audit	40		58
- For other Services	10		35
- For Internal Audit	40	140	34
- Advertisement & Publicity	-		12
- Printing & Stationery	33		38
- Subscription and Membership	11		12
- Legal Expenses, Filing Fees & Consultancy charges	4,899		15,990
- GST - Expenses	987		2,610
- Business Development Expenses	10		10
- Brokerage & Taxes	62		97
- Miscellaneous Expenses	239		132
- Service Tax	-		270
- Payment- Service Contract	693		758
TOTAL	8,110	21,342	



Sl no	NAME OF THE COMPANY	FACE VALUE ₹	AS ON 01/04/2018		ADDITION		DELETION		AS ON 31/03/2019	
			QUANTITY (Nos)	AMOUNT	QUANTITY (Nos)	AMOUNT	QUANTITY (Nos)	AMOUNT	QUANTITY (Nos)	AMOUNT
a.	Investment in Equity Instruments UNQUOTED									
1	G E SHIPPING COMPANY LTD	10	1,922	0.001	-	-	1,922	0.001	-	-
	QUOTED									
1	REL. INDUSTRIES LTD.	₹ 10	200	200			200	200		
2	GUJ. AMBUJA EXPORTS	2	1,250	1,250			1,250	1,250		
3	ICICI BANK LTD	2	2,365	2,365			2,365	2,365		
4	VEDANTA LTD.	1	292,000	292,000			100,000	100,000		192,000
5	TATA STEEL LTD.	10	37	18,870			37	18,870		
6	RELIANCE POWER				47	47	47	47		
7	UTI MASTER				507	507	507	507		
			295,852	314,685			104,406	123,239		192,000
										192,000

Rs. in thousands										192
b. Investment in Govt. or trust Securities										Rs. in thousands
1	11.5% GOI LOAN-2008	100	2,500,000	75,593	-	-	-	-	2,500,000	75,593
c. Investment in Debentures or bonds										
1	NGEF (14%)	100	3,000	0.001	-	-	3,000	0.001	-	0.000
d. Investment in Mutual Funds										
1	UTI-1964 SCHEME	10	137,876,204	0.005	-	-	-	-	137,876,204	0.005
2	UTI 1964 SCHEME	10	26,307,660	0.001	-	-	-	-	26,307,660	0.001
TOTAL STOCK OF SECURITIES										0.006
LESS: PROVISION/SHORTFALL IN MARKET VALUE										75,908
NET TOTAL										75,593
										315



CANBANK FINANCIAL SERVICES LIMITED

17. SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019:

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

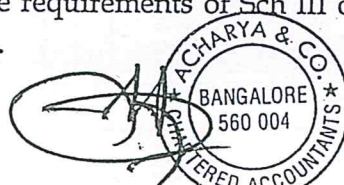
Depreciation in respect of fixed assets other than leased assets is provided to the extent and in the manner specified in Schedule II to the Companies Act, 2013.

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 permission to carry out the primary NBFC activities is not renewed. The financial statements comply with the requirements of Sch III of the Companies Act., 2013 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. 8 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 9 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.

ii) COMMITMENTS: - Nil -

2. PORTFOLIO MANAGEMENT SCHEME (PMS):

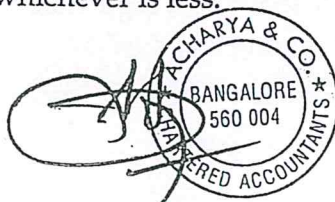
Canara Bank sought to revive its Writ Petition (C) No. 560/1995 before the High Court, Delhi against cancellation of MTNL Bonds. The Delhi High Court on 16.09.2011 ordered for settlement through arbitration and on 21.10.2011 appointed Mr. A P Shah Ex-Chief Justice of Delhi High Court as Arbitrator. The 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, and is pending.

3. UNCLAIMED DIVIDENDS/ SHARES:

During the year the Company received dividends on shares amounting to Rs. 60,09,188/- (previous year Rs. 2,34,27,463/- .) 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.3,54,62,400/- as on 31.03.2019 (previous year Rs. 8,22,55,475/-) held as current assets - Stock of securities. The Company also sold shares in the market worth Rs.2,16,37,883/- at on going market rates during 2018-19.

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. 22,04,25,417/- are recognised in the books of account.

5. Related Party Disclosure

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

5.1) Details of Expenditure reimbursed to Canara Bank:

Personnel Cost on account of officers on Deputation Rs. 28,58,954/-
(Previous year 31.3.2018 Rs. 32,74,382/-)

Rent for office premises/quarters (net) Rs. 1,83,363/-
(Previous year 31.3.2018 Rs. 2,67,339/-)

5.2) The amount kept with Canara Bank as on 31.03.2019 is Rs.2,31,00,000/-in Fixed Deposit (Previous year Rs. 2,97,00,000) and Current Account Rs. 97,075/- (Previous year Rs. 6,09,204/-) Interest earned on the above deposits for the current year is Rs.15,28,571/-(previous year Rs. 32,29,282/-).

5.3) Handholding support by Canara Bank :

During the year Canfina repaid Rs.27.00 Crores (Previous year Rs.10 Crores)
Balance outstanding Rs. 8 Crores (Previous year Rs. 35 Crores)

5.4) During the year Rs. 61,584/- (previous year Rs.97,411/-) paid to Canara Bank Securities Ltd. towards brokerage.

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 is no other reportable segments, hence no separate segmental report is prepared as defined by the Accounting Standard 17.



8. Discontinuing operations- Accounting Standard 24

Reserve Bank of India permitted extension of time limit of three more years i.e. upto January 31, 2020 to dispose off the financial assets and directed not to undertake any NBFC activities.

Accordingly, the Company has not been taking up any fresh financial activity excepting liquidation of financial assets and follow up of recoveries. Company has taken every effort to dispose of the financial assets.

The accounts have been prepared adopting the going concern concept under AS 1 despite complete erosion of net worth and RBI's directive to dispose of financial assets as above.

17. B. BALANCE SHEET:

1. 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, 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.

2. Non Current Liabilities

These include,

2.1 a sum of Rs.62,43,62,983/- (Previous Year Rs.62,43,62,983) under PMS account.

2.2 Dues to Small Scale Industries (SSIs) Unit of value exceeding Rs.1 lakh and for more than 30 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

1. 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. 15,25,272.94/- (previous year Rs. 14,63,069.08/-) including contribution to Provident Fund Rs.76,980/- (previous year Rs. 76,980/-), leave salary Rs.1,40,358.63/-, Gratuity Rs. 64,150/- and other allowances Rs.10,000/- (previous year Rs. 10,000/-) reimbursed separately.

2. Depreciation:

a. Depreciation on leased assets has been fully provided in the earlier years and hence not charged during the current year.

b. During the year ending 31.03.2019, the Company provided depreciation on straight Line Method as per Companies Act 2013, (Schedule II) and charged depreciation amounting to Rs. 4,391/-. (Previous year 8,489/-)




3. 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. - 5.87 Crs and made out of dis-continuing operations, and there is no fresh business activity undertaken.


4. Interest Income

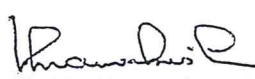
Rs. 15,28,571/- (Previous year Rs. 32,29,282/-) - being the interest on fixed deposits with Canara Bank including accruals.


For and on behalf of the Board


KRISNA KUMAR SINGH
Senior Vice President/
Chief Financial Officer


S NARAYANA SETTY
Executive Director/
Company Secretary
(DIN 07589312)


B N S RATNAKAR
Independent Director
(DIN 03043997)


V H RAMAKRISHNAN
Independent Director
(DIN 00143948)


~~B MAHESH KUMAR SINGH~~
Chairman
(DIN 07167848)

In terms of our Report
of even date attached.

For ACHARYA & Co.,
Chartered Accountants

[Firm Regn No. 00002767]




SHANKAR K

Partner

M. No. 225657

Place : Bangalore

Date : 29.05.2019

Place : BENGALURU

Date: 28.05.2019

INDEPENDENT AUDITORS' REPORT

To The Members of CANBANK FINANCIAL SERVICES LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of CANBANK FINANCIAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, and 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 31st March, 2019, the Profit 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 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 opinion on the standalone financial statements.

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 net worth of the Company being negative, permission to carryout primary NBFC activities is not renewed and the Reserve Bank of India's incessant direction to dispose off the financial assets on or before 31st January 2020. These events or conditions indicate that a material uncertainty exists that cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of the said 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 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 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, the 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 the management 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 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 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

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 and 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 explanations given to us, on the Directions issued by the Comptroller and Auditor General of India.

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, 2019, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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, 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 financial statements - Refer Note 17. A. 1 to the 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.

BENGALURU
29.05.2019

For ACHARYA & Co.,
Chartered Accountants,
[Firm Regn. No. 000027S]


SHANKAR K
Partner

M. No. 225657



ANNEXURE-A 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)

Ref: CANBANK FINANCIAL SERVICES LTD. ("The Company")

- i. In respect of 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 clause 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 relevant provisions of the Companies Act, 2013 and Rules made thereunder. Therefore, reporting under clause 3(v) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- vi. The Company is not required to maintain the Cost Records as per Section 148(1) of The Companies Act, 2013 read with Companies (Cost Records and Audit Rules, 2014).
- vii. In respect of Statutory dues:
 - a. According to the information and explanations given to us, and on the basis of examination of the Books of Accounts, the Company has been generally regular in depositing undisputed Statutory dues, including Provident Fund, Income Tax, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities during the year.
 - b. According to the information and explanations given to us, there are no dues of Provident Fund, Employees' State Insurance, Income-Tax, Goods and Service Tax, cess and any other material Statutory dues with the appropriate authorities which have not been deposited as on 31st March, 2019 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. As the Company has not raised money by way of initial public offer, further public offer (including debt instruments), or has availed term loan the reporting under clause 3(ix) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- x. To the best of our knowledge and belief 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. The managerial remuneration has been paid/provided in accordance with the limits specified U/s.197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Co. and therefore 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 all the transactions entered into by the Company with the related parties are in compliance with sec. 177 & 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. The Company has not made any preferential allotment/private placement of shares/fully or partly convertible debentures during the year, therefore the 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 get registered U/s. 45-IA of the Reserve Bank of India Act, 1934.

For ACHARYA & Co.,
Chartered Accountants

[Firm Regn. No. 00002 ASRYA & CO.]


SHANKAR K

Partner

M. No. 225657

BENGALURU

29.05.2019

ANNEXURE-B 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)*

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 CANBANK FINANCIAL SERVICES LTD ("the Company") as of March 31, 2019 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 Board of Directors of the Company 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.

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 ICAI. 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.

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

- i pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- iii provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting


Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 March 31, 2019, 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.

For ACHARYA & Co.,
Chartered Accountants

[Firm Regn No. 000027S]


SHANKAR K
Partner

SHANKAR K

Partner

M. No. 225657



BENGALURU
29.05.2019

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/interests 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/State agencies during the year.
4	Sub Directions	Nil

For ACHARYA & Co.,
Chartered Accountants
[Firm Regn No. 000027S]




SHANKAR K
Partner

M. No. 225657

BENGALURU
29.05.2019

