



CANBANK FACTORS LTD.

(A Subsidiary of Canara Bank)

Annual Report 2018-19





Board of Directors



Shri R A Sankara Narayanan
Chairman



Ms. A. Manimekhalai
Vice Chairman



Shri Biswajit Ray
Managing Director



Sri K.H. Patnaik
Director



CA Dr. A.S. Vishnubharath
Director



CA Smt. Lalitha Rameswaran
Director



Shri K. S. Srikanth
Director



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Branch Heads

Smt. T. Radhika
Bangalore Branch

Sri Chandan Kumar S
Chennai Branch

Sri S.R. Srinivasa Rao
Hyderabad Branch

Sri Pappu Samy
Coimbatore Branch

**Sri Prashant Vaman
Dabke**
Mumbai Branch

Sri Birju Gupta
Pune Branch

Smt. Vandana Yadav
New Delhi Branch

Sri Sandeep Sharma
Ludhiana Branch

Sri Anit Mishra
Indore Branch

Sri Sohan Singh
Ahmedabad Branch

Sri Pawan Kumar Dubey
Bhubhaneswar Branch

Executives

Sri Shishirkumar Sinha
Senior Executive Vice President

Sri T.S. Vasudeva Tatachar
Senior Vice President

Sri Kuntal Dutta
Senior Vice President

Sri S. Balasubramanian
Vice President (Finance)
& Company Secretary

REGISTERED OFFICE

No. 67/1, Kanakapura Main Road
Near Lalbagh West Gate
Basavanagudi, Bangalore - 560 004
Phone : 080 22420235/37/38/39
Fax : 080 22420240
E-mail : canfact.bgl@canbankfactors.com
Website : <http://www.canbankfactors.com>
CIN : U85110KA1991PLC011960

BANKERS
CANARA BANK

AUDITORS
M/s. Vasan & Sampath, LLP
Chartered Accountants
Bangalore

**DIRECTORS' REPORT FOR THE YEAR ENDED 31st March, 2019**

TO
THE MEMBERS,
CANBANK FACTORS LTD.
BANGALORE.

1. The Board of Directors have pleasure in presenting the Twenty Eight Annual Report of your Company along with the Audited Statement of Accounts for the year ended 31.03.2019.

The Annual Accounts of your Company have been drawn in accordance with the provisions of Companies Act, 2013 and the guidelines of the Reserve Bank of India (RBI) relating to Non-Banking Financial Companies (NBFC) with reference to Prudential Norms, Accounting Standards, Income Recognition, Provisioning, etc.

2. FINANCIAL RESULTS

The highlights of the year's working are as under:-

(Rs.in Crores)

			2018-19	2017-18
Profit / (Loss) before Depreciation			1.21	(48.83)
Less: Depreciation			0.09	0.17
Profit / (Loss) before Tax and Extraordinary Income			1.12	(48.66)
Less: Provision for Taxation	Current Tax	0.02	(1.60)	(1.70)
	(Net of MAT Credit)			
	Prior period Tax	(0.14)		
	Deferred Tax	(1.48)		
Profit / (Loss) After Tax and Before Extraordinary Income			2.72	(50.36)
Extraordinary Income			NIL	NIL
Net Profit/ (Loss) after Extraordinary Income			2.72	(50.36)
APPROPRIATION: -				
Transfer to Statutory Reserve Funds			0.60	-
Proposed Final Dividend			-	-
<u>Dividend Tax, Surcharge & Cess</u>			-	-
Reserve for Contingencies			-	-
Transfer to General Reserve			2.00	-
Balance available after appropriation			0.12	(50.36)
Carry forward loss from previous year			(90.17)	(39.81)
Balance carried to P & L a/c in the Balance Sheet			(90.05)	(90.17)

**3. REVIEW OF PERFORMANCE:****A) FACTORING VOLUME & FUNDS-IN-USE:**

During the year under review, the Factoring Volume stood at Rs. 1701.98 Crore as against Rs. 1640.44 Crore of the previous year registering an increase of 3.75%. The Funds-in-Use (FIU) stood at Rs. 602.08 Crore as against the previous year figure of Rs. 509.18 Crore with Y-O-Y growth of 18.25%. The Average deployment of funds (i.e., Average Funds-in-use) and stood at Rs. 532.12 Crore as against the previous year figure of Rs. 545.16 Crore.

The Company has taken several steps during the year to make a turnaround and towards this we have strengthened the monitoring mechanism and recovery steps. We have actively participated in all the 3 Trade Receivable Discounting systems (TReDS) Platforms and Factoring volume of Rs.459.18 Crore was registered.

B) PROFITABILITY :

The Operating profit of the Company for the year stood at Rs. 12.92 Crore before provision for NPA and standard asset of Rs. 11.80 Crore. The profit before Tax was Rs. 1.12 Crore as against Loss before Tax of Rs. 48.66 Crore for the previous year. The Profit after tax of the Company is Rs. 2.72 Crore from the previous year Loss after tax figure of Rs. 50.36 Crore.

C) REGISTRATION AS FACTOR WITH RBI AND CREDIT RATING:

Your Company got the registration from Reserve Bank of India (RBI) as NBFC-Factor with effect from 8th August, 2014 with the registration No. B-02.00004 being continued. The Company is non-public deposit taking company. Therefore, the provisions of Chapter V of Companies Act, 2013 are not applicable

The Capital Adequacy Ratio of the company stood at 17.76 % (Tier-I 17.40% + Tier II 0.36%) as against 15% stipulated by RBI.

The **Rating** of your company for Short Term Debt Programme continues at "A1+" by CRISIL and "AA-" for Long Term Bank loan rating.

D) RISK MANAGEMENT AND INTERNAL CONTROL:

Your Company has a well-developed MIS system, which gives detailed analysis of the Client's operations and provides the incipient sickness in any accounts and gives out exceptional reports. This would enable the management to take corrective action without delay. Your Company also has Industry-wise exposure ceiling and overall exposure cap for various products and business. The Company also has an integrated in-house developed risk evaluation system for Client pricing. Your company has a well-designed Risk Management Policy and periodical Risk Management Committee meetings are conducted to analyze the risk perception and suggest measures for mitigation of the same.

Your Company has sound Internal Control procedures and practices. All the Branches and the Registered Office are covered by a monthly Concurrent Audit System carried out by outside Chartered Accountants who go through the transactions for each month and provide to the management a detailed / exhaustive report. Besides, Inspection of the Branches is being



undertaken once in a period of 12 to 18 months by the internal Audit Department staff at Registered Office to cover the areas which are not handled by the Concurrent Auditors and also to oversee the areas of work done by Concurrent Auditors. The Audit Committee is fully apprised of the above Inspection / Audit periodically. All the functional areas of the Company are also being overseen by Canara Bank once in 2 years apart from RBI/C&AG Audit at periodical intervals.

In terms of Sec. 134 (5) of the Companies Act, 2013 & Rule 8 (5) (VIII) of the Companies (Accounts) Rules, 2014, your company has a detailed "Manual of Instructions" covering all the functional areas of factoring from the concepts of Factoring, sanctions, post-sanction, Documentation, accounting systems, monitoring, follow up, MIS Reports, Mid-Term Review, Concurrent Audit, Inspection & prudential norms guidelines of RBI. In the light of the above, your company has adequate financial controls with reference to the financial statements.

During the year under review we have also advised all our Concurrent Auditors to meticulously check and provide a report on the correctness and identification of material weakness if any in all important functional areas.

4. NPA MANAGEMENT:

The Gross NPA of the Company is Rs.219.91 Crore (57 Accounts) as against the Previous year of Rs. 230.05 Crore (57 Accounts). The Gross NPA as a percentage of Funds in Use has come down to 36.53 % from the previous year level of 45.23 %. The net NPA stood at Rs 31.08 Crore as against previous year of Rs 50.83 Crore. The addition to NPA during the year was 7 accounts with an outlay of Rs. 10.98 Crores, of which 3 accounts were got closed before the year end. Due to our continuous follow up and constant monitoring of these accounts, we have recovered an amount of Rs. 21.12 Crores as cash recovery.

The Company has made a provision of Rs. 11.39 Crore out of profits towards Non-Performing Assets scrupulously following the prudential norm guidelines of Reserve Bank of India. The total provision available in the books is Rs. 188.83 Crore. Standard Assets provision stood at Rs. 1.53Crore (Previous Year Rs. 1.12 Crore) with an incremental provision of Rs.0.41 Crore during the year and the same has been shown under long term "provisions", eligible to be treated as "Tier 2" capital as per RBI guidelines.

The Company is following up all the NPA accounts individually for recovery through various legal processes.

5. DIVIDEND:

The Board of Directors has not proposed any dividend in view of insufficiency of the profits of the Company.

6. DIRECTORS:

Smt Lalitha Rameswaran an Independent Director of the Company whose term expired at the end of Annual General Meeting (AGM), 2018, was re-appointed for a second term of 3 years concluding with the Annual General Meeting 2021.

Dr A S Vishnubharath appointed as an Independent Director of the Company for a term of Three years until the conclusion of the Annual General Meeting of the year 2020.



Sri Rakesh Sharma, Former MD&CEO of Canara Bank resigned as Chairman of the Board consequent to his superannuation from the Bank with effect from 01.08.2018. The Board places on record their deep appreciation for the valuable services rendered by Sri Rakesh Sharma during his tenure as a Chairman of our Board.

Sri C Gopala Krishna, Circle General Manager of Andhra Bank, Bangalore has been appointed as Nominee Director of Andhra Bank with effect from 15.09.2018.

Smt P V Bharathi, Former Executive Director of Canara Bank resigned as Vice Chairman of the Board with effect from 01.02.2019. The Board places on record their deep appreciation for the valuable services rendered by Smt P V Bharathi during her tenure as a Vice Chairman of our Board.

Ms A Manimekhalai, Executive Director of Canara Bank, has been appointed as a Nominee Director and Vice Chairman of the Board with effect from 10.04.2019.

Sri C Santhalingam Director of the Board has resigned from the Board with effect from 22.05.2019. The Board places on record their deep appreciation for the valuable services rendered by Sri Santhalingam during his tenure as a Director of our Board.

Sri R A Sankara Narayanan, MD&CEO of Canara Bank has been appointed as a Nominee Director and Chairman of the Board with effect from 03.06.2019.

As required by Section 152(6) (c)&(d) of The Companies Act, 2013, Sri K S Srikanth Nominee Director of SIDBI, retire by rotation and is eligible for re-election.

7. CORPORATE GOVERNANCE:

The Company has been following the principles of good corporate governance practices. The Company has been conducting periodical meetings of the Board of Directors, Committee of Directors, Audit Committee, Risk Management Committee, Nomination & Remuneration Committee and Asset Liability Management Committee as per the requirement of the Internal Policy guidelines. The Quorum and other Governance requirements for conducting such meetings are scrupulously adhered to. The Company has 2 Independent Directors on the Board out of 8 Directors and the Chairman of the Board is a Non-Executive Director. There were 4 Audit Committee meetings, 3 Committee of Directors meetings, 3 Risk Management meetings and 4 Board meetings conducted during the year. The Company is regular in conducting the Annual General Meeting of the Shareholders as per the stipulation of Companies Act. In terms of Sec 134 (3) (b) Companies Act, 2013, we have conducted 4 (four) Board meetings during the Financial Year 2018-19 on 20.06.2018, 28.06.2018, 15.09.2018 and 12.12.2018.

The Extract of the Annual Return pursuant to Sec 92(3) of the Companies Act, 2013, in Form MGT-9 is attached as Annexure-I.

Further, the Form of Declaration of Independence by the Independent Directors under Sec 149(7) of the Companies Act, 2013, is attached as Annexure -II.

The Compliance Management of your Company is good and at every meeting of the Board, a Due Compliance report is being submitted. At Quarterly intervals, the said Compliance Management Report is supported by a Certificate from a practicing Company Secretary / Chartered Accountant. In general, the Compliance standards / Management are satisfactory.



The Company has well laid out customer grievance / compliant policy and periodical reports of any grievances / complaints placed to the Committee of Directors on quarterly basis and to the Board on half yearly basis. There is 1 Complaint pending to be resolved as at 31.03.2019.

The Company has a policy on Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal Act 2013). There are no cases filed in the financial year 2018-19.

The Company has been filing with RBI the fraud monitoring reports regularly in FMR-1, 2 &3. The details are provided in Notes to Accounts.

The Company did not receive any orders passed by the regulators or court or tribunals impacting the going concern status and Company's operations in future.

a) AUDIT COMMITTEE (AC):

The Audit Committee of the Board has been constituted with 2 Independent Directors and a Nominee Director of Canara Bank (General Manager, MSME Wing). The meetings are generally chaired by an Independent Director, who is Chartered Accountant. The Audit Committee of the Board has been meeting at regular intervals monitoring the operations of the internal audit systems, reviewing the quarterly performance reports, the internal inspection and RBI inspection report and the general systems and procedures followed by the Company.

b) NOMINATION AND REMUNERATION COMMITTEE (NRC):

The Company has constituted a Nomination and Remuneration Committee in terms of Sec 178 of Companies Act, 2013 and also the Establishment of Vigil Mechanism as per the rules framed there-under. The Committee has been formed with 4 Non-Executive Directors as members of which 2 are Independent Directors. The quorum for the meeting shall be 3 members. The Companies which are required to constitute an audit committee (and such existing Audit Committee), shall oversee the vigil mechanism through that Committee. The vigil mechanism shall provide for adequate safeguards against victimization of employees and directors and also provide for direct access to the Chairperson of the Audit Committee.

Roles & Responsibilities of the NRC:

The Nomination and Remuneration Committee shall identify persons, who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.

The Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.

c) Corporate Social Responsibility Committee (CSR):

The Company has constituted a CSR Committee in terms of Sec135 of Companies Act, 2013 and the rules framed there under. The Committee has been formed with 3 Directors as members and of which one is an Independent Director.



The Company is committed to give back to the community it operates in, including caring for the environment. The Company aims to minimise the impact of its business on the environment, have a positive effect on society and seek to further these objectives through trusts, societies and companies who embrace these objectives. The Company aims to use natural resources responsibly, work with community projects and encourage and educate its employees in these goals. The activities include Eradicating extreme hunger and poverty, Promotion of education, promoting gender equality and empowering women , reducing child mortality and improving maternal health, combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases, ensuring environmental sustainability employment ,enhancing vocational skill, social business projects, Contributions to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government or the State Government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

The disclosure on CSR is provided in Annexure III.

8. **AUDITORS:**

M/s Vasan & Sampath LLP, Chartered Accountants, Bangalore were appointed as Statutory Auditors of the Company by the Comptroller and Auditor General of India, New Delhi for the financial year 2018-19.

The Board of Directors at their meeting held on 10.04.2019 have approved the Statutory Audit fees payable to auditors for the financial year 2018-19 at Rs.3,20,000/- excluding applicable taxes. (Including certification fee).

In the Audit report for the year ended 31st March, 2019, it was reported by them under “Qualified Opinion” as under:-

Basis for Qualified Opinion	Reply
1. The requirements of Accounting Standard-15 (AS-15) with respect to retirement benefits have not been followed by the company. The company has not carried out an actuarial valuation of the liabilities with respect to Leave Salary. We also draw your attention to Point 1.10 and Point 2.21 of the Significant Accounting policies and Notes on Accounts relating to Retirement Benefits. As per explanations given to us, the company does not have a policy on leave encashment for Directly Recruited Employees as it does not form part of the terminal benefits as per the terms of employment and hence no provision is made in the books.	We have obtained an independent Actuarial valuation report from a qualified Actuary as at 31.03.2019. According to the report the Actuarial liability with reference to leave salary calculated as per the Accounting standard AS-15 works out to Rs.21.51 Lakhs. In this regard, we shall examine and take necessary steps for modifying the terminal benefit provision (not to include resignation) to include the leave salary for the Directly Recruited Employees of the company (The leave salary was not a part of terminal benefits till 31.03.2019) at the time of superannuation and shall comply the requirements of AS-15.



2. With respect to adequacy of Internal Financial Controls of the company and operating effectiveness of such controls, we are unable to express our opinion on the same.

In terms of Sec. 134 (5) of the Companies Act, 2013 & Rule 8 (5) (VIII) of the Companies (Accounts) Rules, 2014, our company has a detailed "Manual of Instructions" covering all the functional areas of factoring from the concepts of Factoring, sanctions, post-sanction, Documentation, accounting systems. Further, in order to have control over the operation of the company, the Board has approved various policies/procedures which are subject to annual review. Other control mechanism followed are structured analysis of various MIS Reports, Mid-Term Review, Risk rating and monthly detailed Concurrent Audit & Regular periodical Inspection of branches/offices. Further, various circulars are issued reiterating the guidelines periodically. As reported in the last year we have also continued the practice of obtention of a Monthly certificate from the concurrent auditors of the company from all the branches on IFC about the identification of material weaknesses in all the important functional areas. The said report does not reflect any material weaknesses over financial reporting as at 31st March, 2019.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

The rules referring to Conservation Of Energy, Technology Absorption and Foreign Exchange are not applicable to the Company.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors is happy to inform the members that:-

- i. Your Company has followed all applicable and relevant "Accounting Standards" as prescribed and the accounts are prepared accordingly.
- ii. The Accounting Policies were selected and applied consistently; the Judgments and estimates that were made were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year ended 31st March 2019 and the Profit and Loss Account of the Company for that period.
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.



- iv. The Annual Accounts have been prepared on a “Going concern basis.”
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. ACKNOWLEDGEMENT:

The Directors acknowledge with thanks the valuable guidance and support given from time to time by Canara Bank, Reserve Bank of India, Small Industries Development Bank of India and Andhra Bank, their top Executives and Officers, and above all, the valued clients and their customers for their continued patronage and co-operation.

Your Directors also wish to acknowledge the whole-hearted support and co-operation extended by the staff members of the Company and appreciates with a sense of pride their contribution towards the growth of the Company.

BANGALORE
DATE: 03.06.2019

ON BEHALF OF THE BOARD OF DIRECTORS
CHAIRMAN



**EXTRACT OF ANNUAL RETURN (MGT - 9)
for the financial year ended 31.03.2019**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

- i) CIN : U85110KA1991PLC011960
- ii) Registration Date : 10/05/1991
- iii) Name of the Company : CANBANK FACTORS LIMITED
- iv) Category / Sub-Category of the Company
- v) Address of the Registered office and contact details
#67/1, KANAKAPURA ROAD, BASAVANAGUDI,
BANGALORE -560004.
- vi) Whether listed company : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : No

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SI. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	FACTORING	-	95.28%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

S. NO	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	CANARA BANK	-	HOLDING	70	-



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [Rs in lakhs]				No. of Shares held at the end of the year [Rs in lakhs]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	-	-	-	-	-	-	-	-	-
g) Individual/ HUF	-	-	-	-	-	-	-	-	-
j) Central Govt	-	-	-	-	-	-	-	-	-
i) State Govt(s)	-	-	-	-	-	-	-	-	-
j) Bodies Corp.	-	-	-	-	-	-	-	-	-
k) Banks / FI	-	200	200	100%	-	200	200	100%	-
J. Any Other....	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
(A) (1):-	-	-	-	-	-	-	-	-	-
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs -Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-	-	-	-
(A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	-	-	-	-	-	-	-	-
B. Public Shareholding	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [Rs in lakhs]				No. of Shares held at the end of the year [Rs in lakhs]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non- Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-total	-	-	-	-	-	-	-	-	-
(B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding	-	-	-	-	-	-	-	-	-
(B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	200	200	100%	-	200	200	100%	-

(ii) Shareholding of Promoters

SI. No.	Share holder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares [in lakhs]	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	No. of shares	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	CANARA BANK	140.00	70%	-	140.00	70%	-	-
2	SIDBI	40.00	20%	-	40.00	20%	-	-
3	ANDHRA BANK	20.00	10%	-	20.00	10%	-	-
	Total	200.00	100.00%	-	200.00	100%	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	200.00	100.00%	200.00	100.00%
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3	At the End of the year				

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

SI. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
3	At the End of the year	-	-	-	-

V. INDEBTEDNESS**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

[Rs in Lakhs]

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	25942.44	-	-	25942.44
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	25942.44	-	-	25942.44
Change in Indebtedness during the financial year				
• Addition	7845.88	-	-	7845.88
• Reduction				
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	33788.32	-	-	33788.32
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	33788.32	-	-	33788.32



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rupees)

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Mr Biswajit Ray	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2107166.26	2107166.26
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-

2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	-	-	-	2107166.26
	Ceiling as per the Act	-	-	-	-

B. Remuneration to other Directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. A S Vishnu Bharath	Mrs Lalitha Rameswaran	
	3. Independent Directors	-	-	-
	● Fee for attending board committee meetings			
	● Commission	130000	160000	290000
	● Others, please specify			
	Total (1)	130000	160000	290000
	4. Other Non-Executive Directors	-	-	-
	● Fee for attending board committee meetings			
	● Commission			
	● Others, please specify			
	Total (2)	-	-	-
	Total (B)=(1+2)	-	-	-
	Total Managerial Remuneration	130000	160000	290000
	Overall Ceiling as per the Act	-	-	-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SI. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Executive Officer	Company Secretary & CFO	Total
1.	Gross salary	-		-
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		1097713.51	1097713.51
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961		21600.00	21600.00
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit	-	-	-
5.	Others, please specify	-	-	-
	Total	-	1119313.51	1119313.51

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



Disclosure on CSR

1. A brief outline of the Company’s CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects and programmes

The Company is committed to give back to the community it operates in, including caring for the environment. The Company aims to minimise the impact of its business on the environment, have a positive effect on society and seek to further these objectives through trusts, societies and companies who embrace these objectives. The Company aims to use natural resources responsibly, work with community projects and encourage and educate its employees in these goals. The Company will also continue to assess the environmental and ethical impact of the business and work towards formalising guidelines to reduce any undesirable effects.

As per the CSR Policy, the following activities can be considered for supporting under CSR proposal:

- i. Eradicating extreme hunger and poverty
- ii. Promotion of education
- iii. promoting gender equality and empowering women
- iv. reducing child mortality and improving maternal health
- v. combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
- vi. ensuring environmental sustainability
- vii. employment enhancing vocational skills
- viii. social business projects
- ix. Contributions to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government or the State Government for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- x. Such other activities as may be permissible.

2. The Composition of the CSR Committee:-
- a) Managing Director- Sri Biswajit Ray
 - b) Nominee Director (Canara Bank)-Sri C Santhalingam
 - c) Independent Director-Smt Lalitha Rameswaran.

3. Average net profit of the Company for last three financial years:- Negative

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):- NA

Details of CSR spent during the financial year:-

- (a) Total amount to be spent for the financial year:- NA
- (b) Amount unspent:- NA
- (c) Manner in which the amount spent during the financial year is detailed below:-

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity identified	Sector in which the project is covered	Projects or programmes (1) Local area or other (2) Specify the State and District where projects or programmes was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programmes Sub-heads: (1)Direct expenditure on projects or programmes (2)Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency*
1	NA	NA	NA`	NA	NA	NA	NA

* Give details of the implementing agency

5. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in the Board report:-

NA

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.-

The Company shall implement the CSR in Compliance with CSR objective/policy of the Company.

BISWAJIT RAY
Managing Director
DIN-07697500



Independent Auditor's Report To the Members of CANBANK FACTORS LIMITED

Qualified Opinion

We have audited the accompanying standalone financial statements of **Canbank Factors Limited**, which comprise the Balance Sheet as at **March 31, 2019**, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the aforesaid 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 31st, 2019 and its Statement of Profit and Loss and the Statement of Cash Flows for the year then ended on that date.

Basis for Qualified Opinion

The requirements of Accounting Standard 15 with respect to retiral benefits have not been followed by the company. The company has not carried out an actuarial valuation of the liabilities with respect to Leave Salary. We also draw your attention to Point 1.10 and Point 2.21 of the Significant Accounting policies and Notes on Accounts relating to Retirement Benefits. As per explanations given to us, the company does not have a policy on leave encashment for Directly Recruited Employees as it does not form part of the terminal benefits as per the terms of employment and hence no provision is made in the books.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). 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 qualified opinion.

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 Directors report but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.



Management's Responsibility

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, total comprehensive income, changes in equity 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 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 Responsibility

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 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 standalone 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



conditions that may cast significant doubt on the 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 standalone 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 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.

Report on Other Legal and Regulatory Requirements

- 1) 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 Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
- 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above;
 - 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 adequacy of Internal Financial Controls of the company and operating effectiveness of such controls, **we are unable to express our opinion on the same**, as the company has not taken adequate steps to comply to the requirements of Section 143(3)(i) of the Companies Act 2013 (detailed in Annexure B);



- g. As required by directions of CAG of India under section 143(5) of Act, we report that:
- a) Whether the co. has system in place of process all the accounting transaction through IT system? If yes, implications of process of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.
- Reply: Yes, the company has adequate systems in place of process all the accounting transaction through their IT system. There are no implications on process of accounting transaction outside IT system on the integrity of the accounts along with the financial implications as the changes has been done by the competent authority to the client master.**
- b) Whether there is any restructuring of an existing loan or cases of waiver/write offs of debts/loans/interest etc., made by the lender to the company due to the co.'s inability to repay the loan? If yes, the financial impact may be restated?
- Reply: There are no cases of waiver/write offs of debts/loans/interest etc., made by the lender to the company.**
- c) Whether funds received /receivable for specific schemes from central/state agencies were properly accounted for utilized as per its term & conditions? List the cases of deviation?
- Reply: There are no funds received during the year from central/state agencies.**
- h. 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 knowledge and belief and according to the information and explanations given to us:
- i. the Company does not have any pending litigations as at 31st March 2019 which would impact its financial position **OTHER THAN NPA CASES** for which provision has been made as per RBI prudential norms.
- ii. the Company did not have any long-term contracts including derivative contracts as at 31st March 2019 for which there were any material foreseeable losses; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the period ended 31st March 2019.

for **VASAN & SAMPATH LLP**

Chartered Accountants

Firm Registration Number: 004542S/S200070

Arun Kumar Srinivasan

Partner

Membership No. 205552

Place: Bangalore
Date: 3rd June 2019



Annexure A - to Independent Auditors' Report

Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Canbank Factors Limited for the year ended 31st March 2019:

- i. 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 at reasonable intervals. We are informed that no material discrepancies were noticed on such verification;
- c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any immovable properties as at 31st March 2019.
- ii. The Company's is a service company, primarily rendering factoring services. It does not involve inventory. Consequently, comment on clause (ii) of the order is not applicable;
- iii. The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Consequently, comment on clause (iii) of the order is not applicable;
- iv. The Company has not made any loans and investments, covered by provisions of Section 185 and 186 of the Act. Consequently, comment on clause (iv) of the order is not applicable;
- v. According to the information and explanation given to us, the Company has not accepted any deposits from the public. Consequently, comment on clause (v) of the order is not applicable;
- vi. As explained to us, maintenance of cost records has not been prescribed for the company by the Central Government under section sub-section (1) of Section 148 of the Companies Act, 2013 for any of the services rendered by the Company. Consequently, comment on clause (vi) of the order is not applicable;
- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has generally been regular in depositing material undisputed statutory dues including provident fund, employee state insurance, income-tax, goods and service tax, cess and other statutory dues, during the year with the appropriate authorities.
- b) In our opinion and according to information and explanations given to us, there are no statutory dues on account of dispute;
According to the information and explanations given to us, the company has not defaulted in repayment of loan/borrowings from financial institutions or banks;
- viii. 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 period. Consequently, comment on clause (viii) of the order is not applicable.
- ix. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during our audit;



- x. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has provided for managerial remuneration during the year and accordingly the clause regarding the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xi. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Consequently, comment on clause (xi) of the order is not applicable;
- xii. According to the information and explanations given to us, the transactions with the related parties are in compliance with Section 188 of the Act and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards;
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year;
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Consequently, comment on clause (xiv) of the order is not applicable;
- xv. The Company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and accordingly the registration is obtained as NBFC-Factor with effect from 8th August 2014 vide registration number B02.00004.

for **VASAN & SAMPATH LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070
Arun Kumar Srinivasan
Partner
Membership No. 205552

Place: Bangalore
Date: 3rd June 2019



ANNEXURE B - to the Independent Auditors' Report

Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Canbank Factors Limited for the year ended 31st March 2019.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We were engaged to audit the internal financial controls over financial reporting of Canbank Factors Limited as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended 31st March 2019.

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 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.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on internal financial 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 pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; 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 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.

Disclaimer of Opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or 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. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2019. We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company, and the disclaimer does not affect our opinion on the standalone financial statements of the Company.

for **VASAN & SAMPATH LLP**
Chartered Accountants
Firm Registration Number: 004542S/S200070

Arun Kumar Srinivasan
Partner
Membership No. 205552

Place: Bangalore
Date: 3rd June 2019



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF CANBANK FACTORS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2019

The preparation of financial statements of Canbank Factors Limited, Bangalore for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 03 June 2019.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Canbank Factors Limited, Bangalore for the year ended 31 March 2019 under section 143(6)(a) of the Act.

For and on behalf of the
Comptroller and Auditor General of India

(M. S. Subrahmanyam)

Director General of Commercial Audit &
Ex-Officio Member, Audit Board,
Hyderabad

Place: Hyderabad
Date: 20 June 2019



Balance Sheet as at 31st March, 2019

Particulars	Note	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	2.1	2,000.00	2,000.00
(b) Reserves and Surplus	2.2	10,134.18	9,861.84
		12,134.18	11,861.84
(2) Non Current Liabilities			
(a) Long-term Provisions	2.3	44.07	38.85
		44.07	38.85
(3) Current Liabilities			
(a) Short-term Borrowings	2.4	33,788.32	25,942.44
(b) Other Current Liabilities	2.5	613.65	213.10
(c) Short-term Provisions	2.3	19,035.94	18,034.03
		53,437.91	44,189.57
Total		65,616.16	56,090.26
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.6	21.34	27.15
(ii) Intangible assets	2.6	2.03	4.38
(b) Investments	2.7	-	-
(c) Deferred tax Assets (net)	2.8	4,934.70	4,786.59
(d) Long term Loans & Advances	2.12	436.85	332.55
		5,394.92	5,150.67
(2) Current assets			
(a) Trade Receivables	2.10	59,967.43	50,579.04
(b) Cash and Bank Balances	2.11	0.20	0.41
(c) Short term Loans & Advances	2.12	12.89	20.65
(d) Other Current Assets	2.9	240.72	339.49
(e) Investments	2.7	-	-
		60,221.24	50,939.59
Total		65,616.16	56,090.26
Significant Accounting Policies and Notes on Accounts 1 & 2			

As per our attached report of even date
For VASAN & SAMPATH LLP
Chartered Accountants
Firm Regn No. 004542S

R A SANKARA NARAYANAN
Chairman
DIN-05230407

A MANIMEKHALAI
Vice Chairman
DIN-08411575

BISWAJIT RAY
Managing Director
DIN-07697500

ARUN KUMAR SRINIVASAN
Partner
M. No. 205552

LALITHA RAMESWARAN
Director
DIN-02326309

A S VISHNUBHARATH
Director
DIN-0912185

KS SRIKANTH
Director
DIN- 08160842

S BALASUBRAMANIAN
Vice President (Finance)
& Company Secretary

Bangalore
Date : 03.06.2019



Statement of Profit and Loss for the year ended 31st March, 2019

Particulars	Note	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
I. Revenue from Operations	2.13	4,202.32	4,844.58
II. Other Income	2.14	76.66	67.66
III. Total Revenue (I +II)		4,278.98	4,912.24
IV. Expenses:			
Employee Benefit Expenses	2.15	402.56	395.70
Other Expenses	2.16	1,485.32	6,912.70
Depreciation and Amortization expenses	2.6	9.02	16.98
Finance costs	2.17	2,270.09	2,452.72
IV. Total Expenses		4,166.99	9,778.10
V. Profit/(Loss) Before Exceptional and Extraordinary Items and Tax (III - IV)		111.99	(4,865.86)
VI. Exceptional Items and Extraordinary Items		-	-
VII. Profit/(Loss) Before Tax (V - VI)		111.99	(4,865.86)
VIII. Tax Expense:			
(1) Current tax (inclusive of MAT credit of Rs. 278 Lakhs)		2.00	-
(2) Deferred tax		(148.11)	169.64
(3) Prior period Tax		(14.24)	
Total Tax Expense		(160.35)	169.64
IX. Profit/(Loss) after tax		272.34	(5,035.50)
X. Earnings Per Equity Share	2.27		
(1) Basic		1.36	(25.18)
(2) Diluted		1.36	(25.18)
Significant Accounting Policies and Notes on Accounts 1 & 2			

As per our attached report of even date
For VASAN & SAMPATH LLP
Chartered Accountants
Firm Regn No. 004542S

R A SANKARA NARAYANAN
Chairman
DIN-05230407

A MANIMEKHALAI
Vice Chairman
DIN-08411575

BISWAJIT RAY
Managing Director
DIN-07697500

ARUN KUMAR SRINIVASAN
Partner
M. No. 205552

LALITHA RAMESWARAN
Director
DIN-02326309

A S VISHNUBHARATH
Director
DIN-0912185

KS SRIKANTH
Director
DIN- 08160842

S BALASUBRAMANIAN
Vice President (Finance)
& Company Secretary

Bangalore
Date : 03.06.2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2019**

Particulars	For the year ended 31.03.2019 ₹ Lakhs		For the year ended 31.03.2018 ₹ Lakhs	
Cash Flow From Operating Activities:				
Net Profit before tax and Extraordinary Items		111.99		(4,865.86)
Adjustments for :				
Depreciation on Fixed Assets	9.02		16.98	
Provision Others			-	
Gratuity Expenditure / (Income)	-		-	
Gratuity Contribution made	-		-	
Interest on income tax	(71.15)		(17.85)	
Profit on sale of Fixed Assets	(0.16)		(0.11)	
Financing Cost	2,270.09		2,452.72	
Loss on sale of Fixed Assets	0.60		-	
		2,208.40		2,451.74
Operating Profit before Working Capital Changes		2,320.39		(2,414.12)
Adjustments for:				
(Increase)/Decrease in Trade Receivables	(9,388.39)		13,768.06	
(Increase)/Decrease in Loans and Advances	(96.54)		70.85	
(Increase)/Decrease in Deferred Tax	(148.11)		169.64	
(Increase)/Decrease in Other Current Asset	98.77		(156.49)	
Increase/(Decrease) in Other Liabilities	400.55		(17.88)	
Increase/(Decrease) in Provisions	1,007.13	(8,126.59)	6,380.55	20,214.73
Cash Generated from Operations				
Income tax Paid & TDS		160.35		(169.64)
Income tax Refund Received				-
Net Cash Flow From Operating Activitie (A)		(5,645.85)		17,630.97



Particulars	For the year ended 31.03.2019 ₹ Lakhs		For the year ended 31.03.2018 ₹ Lakhs	
Cash Flow From Investing Activities:				
Additions to Fixed Assets	(1.84)		(2.45)	
Sale proceeds of fixed Assets	0.54		0.21	
Excess Contribution made Gratuity	-	(1.30)	-	(2.24)
Net Cash From Investing Activities (B)		(1.30)		(2.24)
Cash Flow From Financing Activities:				
Increase/ (Decrease) In Short term Borrowings	7,845.88		(15,193.84)	
Financing Cost	(2,270.09)		(2,452.72)	
Interest on income tax	71.15		17.85	
Payment of Dividend	-		-	
Payment of Dividend Distribution Tax	-	5,646.94	-	(17,628.71)
Net Cash From Financing Activities (C)		5,646.94		(17,628.71)
Net Increase/(Decrease) in Cash And Cash Equivalents (A+B+C)		(0.21)		0.02
Cash and Cash Equivalents at the beginning of the year		0.41		0.39
Cash and Cash Equivalents at the end of the year		0.20		0.41

Note:

- 1) The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement issued by the Institute of Chartered Accountant of India.
- 2) Previous Year's figures have been regrouped / rearranged wherever necessary.

As per our attached report of even date
For VASAN & SAMPATH LLP
Chartered Accountants
Firm Regn No. 004542S

R A SANKARA NARAYANAN
Chairman
DIN-05230407

LALITHA RAMESWARAN
Director
DIN-02326309

S BALASUBRAMANIAN
Vice President (Finance)
& Company Secretary

Bangalore
Date : 03.06.2019

A MANIMEKHALAI
Vice Chairman
DIN-08411575

A S VISHNUBHARATH
Director
DIN-0912185

BISWAJIT RAY
Managing Director
DIN-07697500

KS SRIKANTH
Director
DIN- 08160842

ARUN KUMAR SRINIVASAN
Partner
M. No. 205552



1. SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

COMPANY OVERVIEW

Canbank Factors Limited, a subsidiary of Canara Bank is registered with Reserve Bank of India as a non-banking, non-deposit taking and systemically important Company. The Company is carrying on the business of factoring with a network of 11 branches across India. The Company has got registration from RBI with effect from 8th August, 2014.

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention.

1.2 USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments estimates and assumptions that affect the reported balances, revenues, expenses, assets, liabilities and disclosures relating to contingent liabilities at the end of the reporting period. However, these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

1.3 REVENUE RECOGNITION

Income is accounted on accrual basis in terms of the guidelines issued by the Reserve Bank of India for Non-Banking Financial Companies. In respect of Non-Performing Assets (NPA's), no income is recognized/ accrued after it is classified as NPA and any income recognized before the asset became NPA and remaining unrealized is reversed. However, amount received in excess of book value of NPA's is treated as other receipts under revenue from Operations.

Discount charges:

Income is considered to accrue on time basis on the balances in the Prepayment Accounts at the rate of discount applicable.

Factoring charges:

Income is considered to accrue on the amount of debts factored at the applicable rate.

Processing charges:

Income is considered in full at the time of sanction of the factoring limits by the Company.

Interest on Investments:

Income is considered to accrue on time basis.

1.4 INVESTMENTS

All Investments are valued on individual basis. Long-term investments are valued at cost. Premium, if any, paid in excess of the fair value is amortized over the remaining period.



1.5 FIXED ASSETS

Fixed Assets are valued at cost (inclusive of installation and other direct incidental expenses) less accumulated depreciation. Assets purchased but given on Lease are capitalized on installation at cost, net of cenvat.

1.6 DEPRECIATION

Assets other than given on Lease:

Depreciation is provided on Written down Value Method on pro-rata basis in accordance with the useful life of assets as prescribed under Schedule II Part- "C" of the Companies Act 2013 in such a way that the residual value of an asset shall not be more than 5% of the original cost of the asset.

In case of small value of asset with the original cost price of individual asset is upto Rs.5000/- then the entire amount to be depreciated fully in the financial year of purchase.

The intangible assets like Computer software (Both custom made & market purchases), the useful life shall be for a maximum period of three years and be depreciated accordingly.

1.7 ASSET CLASSIFICATION

In terms of the guidelines of Reserve Bank of India, Debts Factored and other debts are classified into Standard or Performing asset and Non-performing asset based on the record of recovery of principal/discount charges; Non-performing Assets are further categorized as Sub-Standard, Doubtful and Loss Assets.

1.8 PROVISIONING

a) Provision in respect of Non-performing asset is determined as under:

I) **For Sub-standard Assets:** - A general provision of 10% of total outstanding shall be made.

II) **For Doubtful Assets:** - (a). 100% provision to the extent to which the debt is not covered by the realizable value of the security to which the company has a valid recourse is made. The realizable value is estimated on a realistic basis.

(b) In addition to item (a) above, depending upon the period for which the asset has remained doubtful, provision to the extent of 20% to 50% of the secured portion (i.e. estimated realizable value of the outstanding) is made on the following basis: -

Period for which the asset has been considered as doubtful	% Provision
Up to one year	20
One to three years	30
More than three years	50



III) **For Loss Assets:** - The entire asset is written off. If the assets are permitted to remain in the books for any reason, 100% of the outstanding is provided for.

b) In respect of Standard Assets, a general provision of 0.40% on the outstanding is made.

1.9 FACTORED & OTHER DEBTS & FUNDS-IN-USE

Debts factored and other debts are included under Current Assets as Trade Receivables. The unpaid balance of debts factored and due to clients after collection is deducted from Gross Debts Factored and the Funds-in-use is arrived at.

1.10 RETIREMENT BENEFITS

The Provident Fund contribution for the directly recruited employees is a defined contribution scheme and is being remitted to the Regional Provident Fund Commissioner and accounted for on accrual basis and the Company has no further liability beyond its monthly contributions.

Gratuity is a defined benefit obligation for directly recruited employees. The company has taken a group gratuity policy from LIC of India. The liability for future gratuity benefits is accounted based on actuarial valuation as at the end of each year as disclosed by LIC of India.

At present in respect of directly recruited employees, there is no provision in the staff rules of the company for encashment of privilege leave at the time of superannuation. An Encashment is permissible only at the time of availing LFC. This is also restricted to a maximum period of 30 days. The availment of LFC and the option to avail a maximum privilege leave of 30 days is contingent upon the employee exercising the option of availing LFC. Hence, no provision has been made in the Books of the Company.

1.11 BORROWING COST

Borrowing Cost that is attributable to construction of fixed assets is capitalized as part of such assets for the period up to the date of installation. All other borrowing costs are charged to revenue on accrual basis. However, other expenses incidental to borrowings like stamp duty, I.P. Commission etc are charged off at the time of incidence.

1.12 FOREIGN EXCHANGE TRANSACTION

- a) Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction.
- b) Current assets and current liabilities are translated at the year-end rate.
- c) The differences between the rate prevailing on the date of the transaction and on the settlement and also on translation of current assets and current liabilities at the end of the year are recognized as income or expenditure as the case may be and are adjusted in the statement of Profit & Loss accordingly.
- d) Liability on account of Exchange difference in respect of foreign currency loans utilized for the purpose of acquiring fixed assets and outstanding on the balance sheet date is added to the cost of the fixed assets. Exchange difference on such loan installments paid during the year is accounted for as revenue expense.



- e) In respect of Foreign Exchange Contracts, the difference between the forward rate and the exchange rate at the date of the transaction is recognized as income or expense over the life of the contract, except in respect of liabilities incurred for acquiring fixed assets in which case, such difference should be adjusted in the carrying amount of the respective fixed assets.
- f) Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense for the period, except in case of a forward exchange contract relating to liabilities incurred for acquiring fixed assets, in which case, such profit or loss should be adjusted in the carrying amount of the respective fixed assets.

1.13 TAXATION

- a) Provision for Current tax is made on the basis of taxable income estimated in accordance with the provisions of Income Tax Act, 1961.
- b) Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.
- c) Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future. Deferred tax Assets are carried forward to the extent it is reasonably/ virtually certain that future taxable profit will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each balance sheet date and written down/ written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

1.14 PRIOR PERIOD TRANSACTIONS

Prior period items of revenue & capital shall be recognized and shown separately in accounts whenever such transactions exceed 1% or Rs.100000/- whichever higher, of the total Revenue, Expenditure, and Assets & Liabilities as the case may be as per item No.5 of general instructions in preparation of P & L account, of the Companies Act, 2013.

1.15 PROVISION, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.16 EARNINGS PER SHARE

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of dilutive potential equity shares.



2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

2.1 SHARE CAPITAL

Particulars	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
AUTHORIZED SHARES 10,00,00,000 Equity Shares of ₹ 10/-each	10,000.00	10,000.00
ISSUED, SUBSCRIBED AND FULLY PAID UP SHARES 2,00,00,000 Equity Shares of ₹ 10/- each	2,000.00	2,000.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Particulars	31st March 2019		31st March 2018	
	Nos. in Lakhs	₹ Lakhs	Nos. in Lakhs	₹ Lakhs
Equity Shares				
At the beginning of the period	200	2,000	200	2,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	200	2,000	200	2,000

b. Shares held by holding/ultimate holding company and/or their subsidiaries/associates:

Out of equity shares issued by the company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Canara Bank , the Holding Company 1,40,00,000 equity shares of ₹ 10 each fully paid	1,400.00	1,400.00
SIDBI, Co promoters 40,00,000 equity shares of ₹ 10 each fully paid	400.00	400.00
Andhra Bank, Co promoters 20,00,000 equity shares of ₹ 10 each fully paid	200.00	200.00

c. Details of shareholders holding more than 5% shares in the company:

Particulars	31st March 2019		31st March 2018	
	Nos. in Lakhs	% holding in the class	Nos. in Lakhs	% holding in the class
Equity shares of ₹ 10 each fully paid				
Canara Bank Limited, the Holding Company	140	70%	140	70%
SIDBI, Co promoters	40	20%	40	20%
Andhra Bank, Co promoters	20	10%	20	10%

**d. Terms / rights attached to equity shares:**

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the equity share holders.

e. Stock Option Plans:

The Company has no stock option Plans.

f. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

The Company has not issued any bonus shares or shares for consideration other than cash or bought back any shares during the period of five years immediately preceding the reporting date.

2.2 RESERVES AND SURPLUS

Particulars	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
STATUTORY RESERVE FUND		
As Per Last Balance Sheet	5,006.00	5,006.00
Add: Transferred from Profit & Loss account	60.00	-
TOTAL	5,066.00	5,006.00
RESERVE FOR CONTINGENCIES		
As Per Last Balance Sheet	3,360.00	3,360.00
Add: Transferred from Profit & Loss account	-	-
TOTAL	3,360.00	3,360.00
GENERAL RESERVE		
Balance as per last financial statement	10,512.57	10,512.57
Add: Transferred from Profit & Loss account	200.00	-
TOTAL	10,712.57	10,512.57
PROFIT AND LOSS ACCOUNT		
Balance as per last financial statement	(9,016.73)	(3,981.23)
Add: Net Profit after tax transferred from Statement of Profit & Loss	272.34	(5,035.50)
Appropriations:		
Transfer to Statutory Reserve Fund	60.00	-
Proposed Dividend	-	-
Dividend Tax, Surcharge & Cess	-	-
Transfer to Reserve for Contingencies	-	-
Transfer to General Reserve	200.00	-
Closing Balance of Profit & Loss Account	(9,004.39)	(9,016.73)
GRAND TOTAL - RESERVES & SURPLUS	10,134.18	9,861.84

**2.3 PROVISIONS**

Particulars	Long Term		Short Term	
	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Provision for Standard Assets	-	-	152.87	111.65
Provision for Doubtful Receivables	-	-	18,883.07	17,922.38
Provision for CSR	-	-	-	-
Provision for Proposed Final Dividend & Tax	-	-	-	-
Provision for Employee Benefits	44.07	38.85	-	-
TOTAL	44.07	38.85	19,035.94	18,034.03

In terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended dated 27th March, 2015 a general provision of 0.40% of the outstanding standard assets are made. As per that circular, the provision is not netted from gross advances (Factored & Other Debts) but shown separately under "Provisions" in the balance sheet and considered for Tier II capital.

(a) The particulars of provision for bad and doubtful debts are given as under: -

Particulars	2018-19 (₹ Lakhs)	2017-18 (₹ Lakhs)
Balance as at beginning of the year	17,922.38	11,506.85
Add: Provision made during the year	1,138.71	6,525.33
Total	19,061.09	18,032.18
Less: Written off / excess written back	178.02	109.80
Balance as at the end of the year	18,883.07	17,922.38

In terms of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended dated 1st July, 2013 provision for doubtful assets have been made. As per that circular, the provision is not netted from gross advances (Factored Debts) but shown separately under "Provisions" in the Balance Sheet.

2.4 SHORT - TERM BORROWINGS

Particulars	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Overdraft from Canara Bank	3,788.32	25,942.44
Working Capital Demand Loan (WCDL)- Canara Bank	30,000.00	-
TOTAL	33,788.32	25,942.44

The borrowing from Canara Bank is secured by a charge on Debts factored and repayable on demand and carries interest @ Marginal cost of funds based lending rate(MCLR).

**2.5 OTHER CURRENT LIABILITIES**

Particulars	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Sundry Creditors for Expenses and others	177.09	49.27
Outstanding GST payable	5.92	5.30
Interest accrued but not Due(Canara Bank - WCDL)	151.52	-
Discount Charges received in Advance	253.97	20.02
Credit Balances in Client's A/Cs.	3.12	57.78
Retention Margin	22.00	74.42
Gratuity Contribution (Deficit) - LIC	0.03	6.31
TOTAL	613.65	213.10

Details of dues to micro and small scale enterprises as defined under the MSMED Act, 2006:

Particulars	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
	MSME	NON MSME
The principle amount and the interest due there on remaining unpaid to any supplier as at the end of each accounting year:		
- Principle amount due to micro small enterprises	NIL*	NIL*
- Interest due on above	NIL*	NIL*

***Details of dues to micro and small scale enterprises as defined under MSME, 2006:**

The Company has not received any intimation from the suppliers regarding their status under Micro, Small & Medium Enterprises Development Act, 2006. Hence no disclosure is made in respect of:

- Amount due and outstanding to suppliers as at the end of the accounting year.
- Interest paid during the year.
- Interest due and payable at the end of the accounting year.
- Interest accrued and unpaid at the end of the accounting year.

2.7 INVESTMENTS

Particulars	Non-Current		Current	
	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
	-	-	-	-
TOTAL	-	-	-	-



2. NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2019

(₹ Lakhs)

2.6 FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS AT 01-04-2018	ADDITIONS DURING THE YEAR	ADJUSTMENT DURING THE YEAR	TOTAL AS AT 31-3-2019	DEPRECIATION UPTO 01-04-2018	DEPRECIATION FOR THE YEAR	ADJUSTMENT DURING THE YEAR	TOTAL AS AT 31-03-2019	WDV AS AT 31-3-2019	WDV AS AT 31-3-2018
TANGIBLE ASSETS:										
COMPUTERS & SOFTWARE	159.78	0.16	0.97	158.97	157.43	0.43	0.93	156.93	2.04	2.35
FURNITURES & FIXTURES	88.38	0.10	10.72	77.76	78.33	2.22	10.01	70.54	7.22	10.05
ELECTRICAL INSTALLATIONS	63.26	0.85	3.97	60.14	51.19	3.06	3.78	50.47	9.67	12.07
VEHICLES	11.16	-	-	11.16	9.84	0.41	-	10.25	0.91	1.32
OFFICE EQUIPMENTS	30.58	0.73	1.60	29.71	29.22	0.55	1.56	28.21	1.50	1.36
ASSETS GIVEN ON LEASE (Plant & Machinery)	99.13	-	-	99.13	99.13	-	-	99.13	-	-
Total Tangible Assets- I	452.29	1.84	17.26	436.87	425.14	6.67	16.28	415.53	21.34	27.15
INTANGIBLE ASSETS:										
SOFTWARE	106.73	-	-	106.73	102.35	2.35	-	104.70	2.03	4.38
Total Intangible Assets- II	106.73	-	-	106.73	102.35	2.35	-	104.70	2.03	4.38
GRAND TOTAL (I+II)	559.02	1.84	17.26	543.60	527.49	9.02	16.28	520.23	23.37	31.53
PREVIOUS YEAR TOTAL	570.95	2.49	14.42	559.02	524.81	16.98	14.30	527.49	31.53	46.16

**2.8 DEFERRED TAXES (NET)**

Particulars	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Deferred Tax Assets		
Fixed Assets : Impact of difference between tax depreciation and depreciation charged for financial reporting	13.65	13.08
Provision for Doubtful Receivables	4,909.60	4,480.60
Carry forward Income tax Loss for the F.Y.2017-18	-	281.62
Provision for Employee Benefits	11.46	9.71
	4,934.71	4,785.01
Deferred Tax Liabilities		
On account of Gratuity Contribution to LIC in respect of Direct Recruited Employees	0.01	1.58
Deferred Taxes (Net)	4,934.70	4,786.59

2.9 OTHER ASSETS

Particulars	NON- CURRENT		CURRENT	
	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Loan Against Property (LAP)	240.72	339.49		
TOTAL	240.72	339.49	-	-

2.10 TRADE RECEIVABLES

Particulars	NON- CURRENT		CURRENT	
	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Sundry Debtors (Unsecured)				
Debts Factored & Other Debts				
a) Outstanding for a period exceeding 6 months from the date they are due for payment				
Unsecured Considered Good	-	-	607.99	322.87
Unsecured Considered Doubtful	-	-	30,922.51	31,099.20
b) Others (Unsecured & Considered Good)	-	-	41,653.68	33,277.35
TOTAL	-	-	73,184.18	64,699.42
Less: Due upon Collection of Factored Debts	-	-	13,216.75	14,120.38
FUNDS-IN-USE	-	-	59,967.43	50,579.04

The Prime Security for Debts Factored and outstanding are the Trade Invoices and hence treated as unsecured.



In terms of Factoring Regulation Act, 2011 and considering the definition of "Factoring" provided thereunder, the debts factored / Other debts and the Funds-In-Use are classified as under:-

Particulars	Debts Factored & Other Debts	Percentage (%)	Funds-In-Use & LAP	Percentage (%)
Sale Bill Factoring	53,217.18	72.72	40,381.43	67.07
Trade Receivables discounting system	16,991.00	23.22	16,991.00	28.22
Purchase Bill Discounting	2,672.00	3.65	2,486.00	4.13
Invoice Discounting (Backed by LC)	304.00	0.41	109.00	0.18
Loan Against Property & Machinery(LAP)	-	-	240.72	0.40
	73,184.18	100.00	60,208.15	100.00

Debt considered doubtful includes the amounts payable to the clients upon realization of the invoice. This amount has been deducted out of the Debts Factored as 'Due on Collection of Factored Debts'. Therefore, the net amount due from the Client is only the "Funds-in-use." Accordingly, the provision for Non-performing assets has been made only on funds-in-use in tune with the prudential norms of Reserve Bank of India. This treatment does not affect the computation of the Net Profit and Net Current Assets of the Company.

The Debts factored & Other Debts and Funds-In-Use as disclosed above in respect of some Clients are subject to confirmation.

In terms of Accounting Policies No.1.7 based on RBI guidelines, the Debts Factored & Other Debts and Funds-in-use (FIU) of the Company have been classified as under:-

Particulars	(Amount ₹ Lakhs) As at 31st March 2019		(Amount ₹ Lakhs) As at 31st March 2018	
	Debts Factored & Other Debts	Funds-in-use & LAP	Debts Factored & Other Debts	Funds-in-use & LAP
Standard Asset	42,392.51	38,216.93	33,713.08	27,912.75
Sub-standard Asset	1,127.99	809.39	2,437.97	1,947.27
Doubtful Asset	10,835.27	6,691.22	12,364.07	8,493.59
Loss Asset	18,828.41	14,490.61	16,184.30	12,564.92
TOTAL	73,184.18	60,208.15	64,699.42	50,918.53

Movement of NPA's :-

Particulars	(₹ In Lakhs) 31-03-2019	(₹ In Lakhs) 31-03-2018
Opening Balance	23,005.78	20,469.69
Add: Additions during the year	1,097.70	3,440.46
Total	24,103.48	23,910.15
Less:- (1) Realization/Reduction during the year	1,231.88	288.21
(2) Closed During the Year	698.40	549.88
(3) OTS During the year (in progress)	-	67.18
(4) Write off During the year	178.02	
(5) Adjustment During the year	3.96	0.90
Closing Balance	21,991.22	23,005.78
Provision for NPA's	18,883.07	17,922.38
NET NPA	3,108.15	5,083.40

**2.11 CASH AND BANK BALANCES**

Particulars	Non-current		Current	
	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Cash and Cash equivalents				
Balances with Banks	-	-	-	0.13
- In Current Account	-	-	0.20	0.28
Cash on Hand				
TOTAL	-	-	0.20	0.41

2.12 LOANS & ADVANCES

Particulars	Long Term		Short Term	
	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs	As at 31st March 2019 ₹ Lakhs	As at 31st March 2018 ₹ Lakhs
Advance Tax, Tax deducted at source & MAT Credit Entitlement (*)	413.15	308.96	-	-
Unsecured and considered good:				
Security and other Deposits	23.70	23.59	-	-
Gratuity Contribution - Advance	-	-	-	-
Advances- Others	-	-	5.54	7.07
Pre Paid Expenses	-	-	7.35	13.58
TOTAL	436.85	332.55	12.89	20.65

The Security & Other Deposits and advances are subject to confirmation.

(*) Provision for taxation (current and deferred) has been made in the accounts on the basis of Company's own assessment as per the applicable statutory provisions. The advance income tax and TDS have been disclosed on net basis by adjusting the provision for tax, MAT credit Entitlement of Rs. 278 Lakhs against it.

2.13 REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Discount charges	3,597.71	4,298.82
Factoring charges	235.46	317.89
Processing / Reassignment charges	155.54	147.83
Other Receipts NPA in excess of book value & LAP	213.61	127.24
Total	4,202.32	4,891.78

**2.14 OTHER INCOME**

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Interest on Income tax refund	71.15	17.85
Other non-operating Income		
- Profit on sale of fixed assets	0.16	0.11
- Excess Provision no longer required written back(Tax charged)	-	-
- Miscellaneous Income	5.35	2.50
Total	76.66	20.46

The interest on Income tax refund relates to prior period and offered to tax.

2.15 EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Salary and other Allowances (*)	358.75	348.77
Medical Benefits	2.93	3.57
Contribution to staff provident fund	27.45	26.00
Gratuity (**)	13.43	17.36
TOTAL	402.56	395.70

(*) Employee Benefit Expenses includes Salary, Contribution to PF, Gratuity, Leave Salary of Employees/ Executives on deputation from Canara Bank which is calculated in accordance with the service rules of the Bank and has been charged to the accounts on the basis of the advice / Invoice received from the Bank. As regards to their entitlements / expenses reimbursements (as per the service rules in the Bank), it has been paid to them & charged to the P&L account of the Company. The above procedure of reimbursement to the bank / accounting of the expenses has been followed consistently from the inception of the company. The Company has been remitting Provident Fund in respect of directly recruited Staff to the Regional Provident Fund Commissioner regularly.

(**) As regards Gratuity, the Company has taken a Master policy from LIC of India for covering Gratuity liability of its directly recruited employees. LIC ascertains the gratuity liability on actuarial basis and whatever contribution is demanded by LIC based on that valuation, the same is remitted in full by the company.

The Company is in the process of modifying the terminal benefit provision to include the leave salary for the Directly Recruited Employees of the company (The leave salary was not a part of terminal benefits till 31.03.2019). Upon Board approval, the Company shall take suitable steps to cover the liability complying with the requirement of AS-15.

**2.16 OTHER EXPENSES**

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Auditors' Remuneration	4.34	4.65
Rent, Rates & Taxes	109.35	119.90
Printing and Stationery	5.85	7.27
Postage, Telephone, Telex & Fax	18.93	14.41
Travelling and Conveyance	21.26	22.24
Business Development Expenses	4.07	5.81
Advertisement and Publicity	0.76	2.99
Director's Sitting Fees	2.90	4.30
Repairs and Maintenance -- Vehicles	3.47	3.03
Repairs and Maintenance -- Others	13.08	10.77
Insurance	0.32	0.07
Electricity Charges	12.22	14.12
Legal & Professional Charges #	76.70	188.64
Membership Fees & Subscription to Periodicals	1.04	1.86
Miscellaneous Expenses	31.10	29.23
CSR	-	-
Provision for Standard Assets	41.22	(41.92)
Provision for Doubtful Debts	1,138.71	6,525.33
Bad Debts Written Off	-	-
TOTAL	1,485.32	6,912.70

This includes expenditure incurred for filing of Mortgage/ Recovery Suits in respect of NPA accounts in the ordinary course of business

Break-up for Auditors' Remuneration :

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Audit Fees	3.00	2.63
For Certification etc.,	0.57	0.38
Travel and Audit related expenses	0.77	1.64
TOTAL	4.34	4.65

**2.17 FINANCE COSTS**

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
On Bank Overdraft (Canara Bank)	301.45	480.32
on WCDL from Canara Bank	1,963.12	1,970.49
Bank Charges	5.52	1.91
TOTAL	2,270.09	2,452.72

2.18 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
1. Contingent Liabilities:		
a) Claims against Company not acknowledged as Debts :	NIL	NIL
b) Guarantee issued in favour of Hon. High court of karnataka (*)	405.00	405.00
c) Other Money for which company is contingently liable :	NIL	NIL
2. Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for:	NIL	NIL

(*) As at 31.03.2016, we have debited other current liabilities to the extent of Rs.405 Lakhs and crediting trade receivables (NPA) to the extent of Rs 190 Lakhs and other income by Rs 215 Lakhs as per the advise of the C&AG vide their letter dated 29.03.2016 and shown the Bank Gaurantee given to Hon. High court of Karnataka as a contingent liability. Tha said Guaranttee is being renewed thereafter and valid till 20.01.2020. The appeal of Karnataka Bank in the Hon. High court is yet to come up on Board.

2.19 SEGMENT REPORTING

The company is carrying on the business of "Factoring" as a single product and hence there are no identifiable segments (The risk and rewards are uniform and equal in all geographical locations/ centres) within that to comply with the requirements of the Accounting Standards 17.

2.20 RELATED PARTY DISCLOSURES

a) Related parties		
Name of the related Party	% of Share holding as at 31st March 2019	% of Share holding as at 31st March 2018
i) Canara Bank	70.00	70.00
ii) Small Industries Development Bank of India (SIDBI)	20.00	20.00
iii) Andhra Bank	10.00	10.00



iv) Canbank Computer Services Limited(CCSL)	-	-
v) Canbank Factors employees Gratuity Fund trust - Contribution from the Company	-	-

Amount (₹ Lakhs)

b) Key managerial personnel & Remuneration		31-03-2019	31-03-2018
1. Mr. Biswajit Ray	Managing Director	21.07	20.09
2. Mr. S Balasubramanian	Vice president (Finance) & Company Secretary	11.19	10.66

Transactions with related Parties:**a) Canara Bank:**

	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Overdraft Facility (Limit against Book Debts)	36,000	30,000
Outstanding Balance at the year end	33,788	25,942
Interest and Bank charges Paid (@MCLR of the Bank)	2,270	482
Number of Employees deputed from the Bank	5 Nos	6 Nos
Salary and other employee benefit amount provided to deputed staff from the Bank (Including Managing Director's Salary and related benefits of ₹ 21.07 lakhs (PY: ₹ 20.09 lakhs)	82.73	75.27
Rent paid	36.29	41.58

There are no transactions carried out with SIDBI and Andhra Bank .

b) Canbank Computer Service Limited

	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
i. Annual Maintainance	1.10	-
ii. Software Purchase	NIL	NIL

c) Canbank Factors employees Gratuity Fund trust

	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
i) Canbank Factors employees Gratuity Fund trust - Contribution from the Company	20.57	6.75

**2.21 DISCLOSURE IN RESPECT OF GRATUITY LIABILITY OF DIRECT RECRUITED EMPLOYEES****a) The amounts recognised in the Balance Sheet are as follows :**

Particulars	(Rs. In Lakhs)	
	Defined Benefit Gratuity	
	As at 31.3.2019	As at 31.3.2018
Present value of obligations	95.62	76.05
Fair value of Plan Assets	95.59	69.74
Present value of funded Status (Excess Net Assets)	0.03	6.31
Net Assets/(Liability) recognised in Balance Sheet	(0.03)	(6.31)

b) The amounts recognised in the Statement of Profit and Loss are as follows :

Particulars	Defined Benefit Gratuity	
	2018-19	2017-18
Current Service Cost	8.78	6.23
Interest Cost	6.08	4.48
Expected Return on Plan Assets	-6.14	-5.08
Net Actuarial Loss/(Gain) recognised during the year	4.71	11.73
Expense/ (Income) recognised in the Statement of Profit and Loss	13.43	17.36

c) Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Defined Benefit Gratuity	
	2018-19	2017-18
Opening Obligation	76.05	56.00
Current Service Cost	8.78	6.23
Interest Cost	6.08	4.48
Actuarial Losses/(gains)	4.71	11.73
Benefits Paid	-	2.39
Differential amount in LIC statement shown in current year in respect of previous year obligation	-	-
Closing Obligation	95.62	76.05



d) Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :

Particulars	(Rs. In Lakhs)	
	Defined Benefit Gratuity	
	As at 31.3.2019	As at 31.3.2018
Opening Balance	69.74	60.89
Differential amount in LIC statement shown in current year in respect of previous year's value of plan assets	0.00	0.00
Expected return on plan assets	6.14	5.08
Benefits Paid	0.00	2.39
Contribution by Company	19.71	6.16
Closing Balance	95.59	69.74

e) The particulars regarding present value of the defined benefit obligation, the fair value of plan assets and surplus/deficit in the plan are as under :

PARTICULARS	(Rs. In Lakhs)			
	YEAR			
	2015-16	2016-17	2017-18	2018-19
Present Value of defined benefit obligation	48.84	56.00	76.05	95.62
Fair value of Plan assets	52.94	60.88	69.74	95.59
Deficit/ (Surplus) in the Plan	(4.10)	(4.88)	6.31	0.03

f) Principal Actuarial assumptions at the Balance Sheet Date :

PARTICULARS	(Rs. In Lakhs)	
	Defined Benefit Gratuity	
	2018-19	2017-18
Discount rate	7.50%	8.00%
Salary Escalation Rate	7.00%	7.00%

Note: An independent Actuarial Valuation report from a qualified Actuary has been obtained as required under AS-15. As per the summary of results, the present value of defined benefit obligation is Rs. 91.57 Lakhs. However, the company had adopted a conservative approach and retained the defined benefit obligation at Rs.95.62 Lakhs as provided by LIC.



2.22 LEASES

Obligations on long term non-cancellable Operating Leases

The lease rentals charged during the period and the maximum obligations on long term non-cancellable operating leases payable as per the rentals stated in the respective agreements for office premises are as follows:

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Lease rentals recognized during the period	-	-
Lease Obligations Payable		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-

2.23 IMPAIRMENT OF ASSETS

During the year, the Company has adopted the useful life for various categories of the Fixed Assets as provided in Schedule-II of the Companies Act, 2013 and accordingly reviewed all the Assets. On review, the impairment, if any, had already been taken note of and adjusted as Depreciation and charged to P & L Account. In respect of other Assets, the WDV has been carried in such a way that 95% of the original cost of the Asset will be depreciated over the useful life of the Asset and the residual/ resale value in no case shall be more than 5% of the Original Cost. Therefore, there are no indications of potential impairment loss in respect of assets for recognition under this Standard.

2.24 ACTIVITY IN FOREIGN CURRENCY

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Earnings in Foreign Currency	Nil	Nil
Expenditure in Foreign Currency	Nil	Nil

2.25 PROPOSED DIVIDEND

The Board of Directors has not proposed any dividend in view of inadequacy of profits

2.26 CORPORATE SOCIAL RESPONSIBILITY(CSR)

The Company has constituted a CSR Committee in terms of Sec 135 of the Companies Act, 2013 and the rules framed thereunder. The Average Net Profit of the Company is Negative. The disclosure on the above is also made in the Directors Report as provided in the Companies Act 2013.

**2.27 EARNINGS PER SHARE**

Particulars	For the year ended 31st March 2019 ₹ Lakhs	For the year ended 31st March 2018 ₹ Lakhs
Profit/(loss) after tax as per statement of Profit & Loss	272.34	(5,035.50)
Amount used as numerator for calculation of Basic and Diluted EPS	272.34	(5,035.50)

	Nos. in Lakhs	Nos. in Lakhs
Weighted average number of equity shares used as denominator in calculating Basic and Diluted EPS	200.00	200.00
Nominal value of each Equity Share	₹ 10/-	₹ 10/-
Earnings per Equity Share (₹)	1.36	-25.18

2.28 PRESENTATION OF AMOUNTS IN THE FINANCIAL STATEMENTS AND REGROUPING OF FIGURES

The financial Statements are presented in ₹ lakhs. Previous year's figures have been regrouped and recast wherever appropriate and necessary.

As per our attached report of even date
For VASAN & SAMPATH LLP
Chartered Accountants
Firm Regn No. 004542S

R A SANKARA NARAYANAN
Chairman
DIN-05230407

A MANIMEKHALAI
Vice Chairman
DIN-08411575

BISWAJIT RAY
Managing Director
DIN-07697500

ARUN KUMAR SRINIVASAN
Partner
M. No. 205552

LALITHA RAMESWARAN
Director
DIN-02326309

A S VISHNUBHARATH
Director
DIN-0912185

KS SRIKANTH
Director
DIN- 08160842

S BALASUBRAMANIAN
Vice President (Finance)
& Company Secretary

Bangalore
Date : 03.06.2019



SCHEDULE TO THE BALANCE SHEET OF NON BANKING FINANCIAL COMPANIES
(As required in terms of paragraph 9BB of Non Banking Financial Companies Prudential Norms
(Reserve Bank) Directions, 1998)

PARTICULARS		(Rs. in lakhs)	
LIABILITIES SIDE:			
1)	Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:	Amount outstanding	Amount overdue
	(a) Debentures : Secured	NIL	NIL
	:Unsecured	NIL	NIL
	(other than falling within the meaning of public deposits)		
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	NIL	NIL
	(d) Inter-corporate loans and borrowing	NIL	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits *	NIL	NIL
	(g) Other Loans (Specify nature)#	33788.32	NIL

Other loans include:

Unsecured Loan from bank (Canara Bank)

33788.32

2)	Break up of (1) (f) above (outstanding public deposits inclusive of interest accrued there on but not paid):	Amount outstanding	Amount overdue
	(a) In the form of Unsecured debentures	NIL	NIL
	(b) In the form of partly secured debentures i.e debentures where there is a shortfall in the value of security	NIL	NIL
	(c) Other public deposits	NIL	NIL
	*Please see note 1 below		

ASSETS SIDE:

3)	Break up of Loans and Advances including bills receivables (other than those included in (4) below)	Amount outstanding
	(a) Secured (Loan Against Property(LAP))	240.72
	(b) Unsecured (Bills factored : Funds in Use)	59967.43
	Total	60208.15



4)	Break up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities	Amount outstanding (Rs. in lakhs)
	(i) Lease assets including lease rentals under sundry debtors:	
	(a) financial lease	NIL
	(b) Operating lease	NIL
	(ii) Stock on hire including hire charges under sundry debtors	
	(a) Assets on hire	NIL
	(b) Repossessed Assets	NIL
	(iii) Hypothecation loans counting towards EL/HP activities	
	(a) Loans where assets have been repossessed	NIL
	(b) Loans other than (a) above	NIL

5)	Break up of Investments:	Amount outstanding
	Current Investments :	
	1. Quoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Specify)	NIL
	2. Unquoted	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Specify)	NIL
	Long term Investments:	
	1. Quoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Specify)	NIL
	2. Unquoted:	
	(i) Shares: (a) Equity	NIL
	(b) Preference	NIL
	(ii) Debentures and bonds	NIL
	(iii) Units of mutual funds	NIL
	(iv) Government Securities	NIL
	(v) Others (Specify)	NIL



6)	Borrower group wise classification of all leased assets, stock on hire and loans and advances (Please see note 2 below) (Rs. in lakhs)			
	Category	Amount net of provisions		
		Secured	Unsecured	Total
	1. Related Parties **			
	(a) Subsidiaries	NIL	NIL	
	(b) Companies in the same group	NIL	NIL	
	(c) Other unrelated parties #	0	41325.08	41325.08
	TOTAL		41325.08	41325.08
	# Prepayments made on bills factored (FIU) less provision for doubtful debts and LAP(59967.43-18883.07+240.72)			

7)	Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below		
	Category	Market value / Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties* *		
	(a) Subsidiaries	NIL	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other unrelated Parties (YTM)	NIL	NIL
	TOTAL	NIL	NIL
	**As per Accounting Standard of ICAI (Note 3)		

8)	Other information	
	Particulars	Amount
	(i) Gross Non Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related Parties	21991.22
	(ii) Net non performing Assets	
	(a) Related Parties	NIL
	(b) Other than related Parties#	3108.15
	(iii) Assets acquired in satisfaction of debt	NIL



9)	As required in terms of Paragraph 10(5) of Non-Banking Financial (Non-Deposit Accepting/Holding) Companies Prudential (Reserve Bank of India) Directions, 2007		
I.	Capital To risk Asset Ratio (CRAR):		
	Items	Current Year (31/3/19)	Previous Year (31/3/18)
	(i). CRAR (%)	17.76	21.73
	(ii). CRAR - Tier I Capital (%)	17.40	21.39
	(iii). CRAR - Tier II Capital (%)	0.36	0.34
II.	Exposure to Real estate Sector and Capital Markets	NIL	NIL
III.	Derivatives - Forward Contract	NIL	NIL
IV.	Disclosure on risk exposure in derivatives and relating to securitisation	NIL	NIL
V.	Details of financing of parent Company products	Not Applicable	
VI.	Details of Single Borrower Limit(SBL)/ Group Borrower Limit(GBL) exceed by the NBFC	Current Year (31/3/19) (Rs. in lakhs)	
	a. Single Borrower Limit(SBL) (excluding NPA)		
	1. IMP POWERS LTD	2017.81	
	2. CORDS CABLE INDUSTRIES LTD	1543.39	
	3. OUTSHINY INDIA PVT LTD	1516.85	
	4. TGV SRAAC LTD	1366.70	
	5. INDO ALUSYS INDUSTRIES LIMITED	1130.28	
	b. Group Borrower Limit(GBL)	NIL	
VII.	Disclosure of penalties imposed by RBI and other regulators	NIL	
VIII.	Rating Assigned by credit rating Agencies		
	a. Short term debt programme - CRISIL Ratings	A1+	
	b. Long term Bank Loan rating - CRISIL Ratings	AA -	
IX.	Concentration of Exposures		
	a.Total Exposure to twenty largest borrowers	20196.13	
	b. Percentage of exposures to twenty largest borrowers	33.54	
X.	Concentration of Non performing Assets (NPAs)		
	Total Exposure to top four NPA accounts	5174.93	
XI.	Disclosure on client / customer Compliant		
	No of Compliant pending at the beginning of the year	1	
	No of Compliant received during the year	NIL	
	No of compliant redressed during the year	NIL	
	No of compliant pending at the end of the year	1	
XII.	Disclosure on Fraud reporting during the year		
	NIL		
	The Company has not detected / identified any fraud during the current financial year 2018-19. (As per FMR- 3 outstanding amount of 2790.19 Lakhs- 3 accounts)		



XIII. Asset Liability Management as at 31st March, 2019									
Maturity pattern of certain items of Assets and Liabilities									
Rs. in Lakhs									
Particulars	1 day to 30/31 day (1 month)	Over 1 month to 2 month	Over 2 month to 3 month	Over 3 month to 6 month	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from Banks	0.00	0.00	0.00	0.00	337.88	0.00	0.00	0.00	337.88
Market Borrowings	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Assets:									
Advances (Debts O/s = Standard Asset)	95.73	140.13	148.38	35.22	0.00	0.00	0.00	0.00	419.46
Investemnts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

NOTES:

1. As defined in Paragraph 2(1) (Xii) of the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988
2. Provisioning norms shall be applicable as prescribed in the Non Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1988
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in column (5) above.



CANBANK FACTORS LIMITED
THE KEY BUSINESS FIGURES FOR THE TWELVE YEARS

Rs in Crore

Sl. NO.	PARAMETER	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	Capital	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
2	Reserves & Surplus(\$)	85.82	101.85	119.13	131.26	140.18	148.85	151.70	170.18	161.29	99.30	50.72	51.99
3	Loan Funds	623.49	483.73	743.97	762.35	688.63	424.71	458.03	620.23	537.29	411.36	259.42	337.88
4	Factored Volume	3483.24	3178.54	3734.57	3998.38	4155.98	3123.04	2711.42	3072.50	3119.18	2497.65	1640.44	1701.98
5	Total Income	78.07	85.08	84.56	94.03	118.54	96.58	81.16	112.03	100.32	124.88	49.12	42.79
6	Funds In Use	739.34	619.73	902.83	946.15	895.27	652.64	698.35	859.88	793.79	643.47	505.79	602.08
7	Average Funds in Use	597.60	608.92	715.11	783.56	885.15	736.98	638.79	721.52	832.02	718.51	545.16	532.12
8	Profit Before Tax	30.34	31.26	36.55	29.02	25.50	26.17	16.07	22.84	3.23	-61.94	-48.66	1.12
9	Profit After Tax	20.19	19.69	24.37	18.25	16.86	18.61	10.60	14.80	2.24	-39.82	-50.36	2.72
10	Dividend	3.51	3.51	3.73	3.73	3.73	5.84	2.34	2.41	NIL	NIL	NIL	NIL
11	Return on Equity (%)	19.08	16.16	17.52	11.89	10.39	10.93	6.12	7.71	1.24	-32.95	-70.11	3.71
12	Net Owned Funds (#)	105.82	121.85	139.13	153.55	162.26	170.24	173.13	191.99	183.03	120.85	71.82	71.97
13	NPA (Absolute figure)	5.07	24.31	25.65	31.99	70.36	95.64	129.96	133.65	214.51	204.70	230.05	219.91
14	NPA as % of FIU	0.69	3.92	2.84	3.38	7.86	14.65	18.61	15.54	27.02	31.81	45.23	36.53
15	Net NPA as % of FIU	Nil	2.62	0.87	0.73	3.47	7.08	9.27	10.05	16.92	11.29	9.98	5.16

(#) Excluding Deferred Tax & Intangibles.

(\$) Excluding Deferred Tax & Intangibles.



BRANCH NETWORK

BANGALORE

Canbank Factors Ltd.

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