

INDEPENDENT AUDITOR'S REPORT

To the Members of Canbank Venture Capital Fund Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **M/s. Canbank Venture Capital Fund Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to the financial statement, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020 and profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("The Act"). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Attention is invited to note no. 29, 30 read with note no.33 of notes to accounts forming part of the financial statements, wherein, as a matter of practice the company files income tax in respect of accrued income from investment based on Form No.64 issued by Venture Capital Funds. Although the Company does not recognize the accrued income from Venture Capital Funds in the books of accounts as bought out in note no 2(c) of notes to accounts, the Company is recognizing the income for IT return filing and paying taxes thereon.

Our report is not qualified on the above matter.

Responsibility of Management for Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under



section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in **Annexure "A"** of this auditor's report. This description, which is located at page number 4 of this report, forms part of our auditor's report

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 Companies Act, 2013, we give in the **Annexure "B"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.



J A A & ASSOCIATES

CHARTERED ACCOUNTANTS

- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure "C"**
- g) As required by Section 143(5) of the Act, we give in **Annexure "D"** a statement on the matters specified by the Comptroller and Auditor General of India for the Company
- 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 information and according to the explanations given to us:
 - i. The Company does not have pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For J A A & Associates
Chartered Accountants
FRN No. 013699S



Archana Ashok
Partner
Membership No. 214453



UDIN: 20214453AAAAAW7345

Place: Bengaluru

Date: 27th May 2020

Annexure A to the Independent Auditor's Report of even date to the members of M/s. Canbank Venture Capital Fund Limited

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Annexure B to the Independent Auditor's Report of even date on the financial statements of **M/s. Canbank Venture Capital Fund Limited**

- i. According to the information and explanations given to us,
 - a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b) The fixed assets were physically verified by the management in accordance with a regular programme of verification at reasonable intervals and no material discrepancies were noticed on such verification;
 - c) The Company does not own any immovable properties in its own name and hence no disclosure is required regarding the same.
- ii. According to the information and explanations given to us, the company has not purchased/sold goods during the year nor is there any opening stock. Consequently, the requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion is not applicable to the company
- iii. The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013. Hence paragraph 3 (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has not provided loans or made investment or provided guarantees and securities under the provisions of section 185 and 186 of the Act. Hence paragraph 3 (iv) of the Order is not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public covered under section 73 to Sec 76 of the Companies Act 2013 and hence reporting under paragraph 3(v) of the Order is not applicable.
- vi. According to the information and explanations given to us and to the best of our knowledge, the Central Government has not specified maintenance of Cost records under sub-section (1) of section 148 of the Companies Act, 2013, for the activities of the Company.
- vii. According to the information and explanations given to us, in respect of Statutory dues:
 - a. The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Service Tax (GST), cess and any other material statutory dues applicable to it, with the appropriate authorities during the year.



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- b. There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax (GST), cess and any other material statutory dues in arrears as at 31st of March, 2020 for a period of more than six months from the date they became payable.
- c. There are no disputed amounts payable in respect of Income Tax, Sales tax, Service Tax, Good and Service Tax, Custom duty and Excise duty and any other material dues which have not been deposited.
- viii. According to the information and explanations given to us, the Company has not borrowed any loans or borrowings from a financial institution, bank, Government or issued any debentures. Therefore, the provisions of clause (viii) of paragraph 3 of CARO 2016 are not applicable to the Company.
- ix. The company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanation given to us, the Company has paid or provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of sec 197 read with schedule V to the companies Act 2013.
- xii. The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.



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- xvi. The Company is not carrying on any NBFC activities and hence, is not required to get registered under section 45-IA of the Reserve Bank of India Act, 1934. Consequently, the provisions of clause xvi of para 3 of the Order are not applicable to the Company.

For **J A A & Associates**
Chartered Accountants
FRN No. 013699S



Archana Ashok
Partner
Membership No. 214453



UDIN: 20214453AAAAAW7345

Place: Bengaluru

Date: 27th May 2020

Annexure C to the Independent Auditor's Report of even date on the financial statements of **M/s. Canbank Venture Capital Fund Limited**

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

We have audited the internal financial controls over financial reporting of M/s. Canbank Venture Capital Fund Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **J A A & Associates**
Chartered Accountants
FRN No. 013699S



Archana Ashok
Partner
Membership No. 214453



UDIN: 20214453AAAAW7345

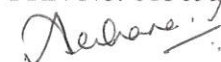
Place: Bengaluru
Date: 24th May 2020

Annexure D to the Independent Auditor's Report of even date on the financial statements of **M/s. Canbank Venture Capital Fund Limited**

Directions indicating the areas to be examined by the Auditors during the course of audit of annual accounts of M/s. Canbank Venture Capital Fund Limited for the year 2019-20 issued by the Comptroller & Auditor General of India Section 143(5) of the Companies Act, 2013.

Sl. No.	Areas Examined	Auditor's reply on action taken on the directions	Impact on financial Statements
1.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	As per information and explanation given to us, the company has a system in place to process all the accounting transaction through Tally Software. Based on the audit procedures carried out and as per the information and explanations given to us, no accounting transactions have been processed/carried outside Tally Software. Accordingly, there are no financial implications on the integrity of the accounts.	Nil
2.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	Based on the audit procedures carried out and as per the information and explanations give us, the Company has not borrowed any loans as at 31 st March 2020	Nil
3.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	Based on the audit procedures carried out and as per the information and explanations given to us, the Company has not received any such funds as at 31 st March 2020 from central/state agencies.	Nil

For **J A A & Associates**
Chartered Accountants
FRN No. 013699S


Archana Ashok

Partner

Membership No. 214453



UDIN: 20214453AAAAAN7345

Place: Bengaluru

Date: 27th May 2020

Balance Sheet as at 31 March 2020

(Amount in Rs.)

Particulars	Note No.	As at 31 March 2020	As at 31 March 2019
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	25,00,000	25,00,000
(b) Surplus	4	40,89,73,815	35,87,47,311
(2) Non-current liabilities			
(a) Long-term provisions	5	42,89,246	34,92,800
(3) Current liabilities			
(a) Trade payables	6	7,47,115	3,04,813
(b) Other current liabilities	7	3,32,172	6,06,970
(c) Short-term provisions	8	56,263	3,01,93,615
		41,68,98,611	39,58,45,509
II ASSETS			
Non-current assets			
(1) (a) Property, Plant & Equipment			
(i) Tangible assets	10	15,90,760	21,46,051
(ii) Intangible assets		-	-
(b) Non-current investments	11	1,48,01,851	1,50,71,504
(c) Deferred tax assets (net)	25	16,26,028	12,28,926
(d) Long-term loans and advances	13	20,08,134	27,08,651
(e) Other non- current assets		-	-
(2) Current assets			
(a) Current investments	9	37,11,18,587	36,31,67,258
(b) Trade receivables	12	2,03,63,195	58,29,767
(c) Cash and cash equivalents	14	8,79,351	13,66,268
(d) Short-term loans and advances	15	42,14,636	41,02,667
(e) Other current assets	16	2,96,069	2,24,417
		41,68,98,611	39,58,45,509
Summary of significant accounting policies and other explanatory information	1 to 39		

See accompanying notes forming part of Financial Statements

In terms of our report attached

for J A A & Associates

Chartered Accountants

FRN No.013699S

Archana Ashok

Partner

Membership No 214453

UDIN : 20214453AAAAAW7345

Place: Bangalore

Date: 27/05/2020

Debashish Mukherjee

Vice -Chairman

DIN: 08193978

M S Patil

Executive Vice President

K Baskaran

Managing Director

DIN : 07176788

K G Devaraju

Project Manager

Cash Flow Statement

(Amount in Rs.)

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
A Cash Flow from Operating Activities		
Profit / (Loss) before extraordinary items and tax	6,71,41,075	6,25,55,714
Adjustment for:		
Depreciation	6,38,264	6,88,855
Interest income	(79,613)	(74,115)
(Profit)/loss on sale of mutual fund	(2,49,51,811)	(2,47,67,258)
(Profit) Loss on Sale of Property, Plant and Equipment (net)	-	(1,23,817)
	4,27,47,915	3,82,79,379
Operating profit before working capital changes		
Adjustment for:		
Decrease/(Increase) Trade receivables	(1,45,33,428)	78,20,488
Decrease/(Increase) Short-term loans and advances	(1,11,970)	(6,39,837)
Decrease/(Increase) Long-term loans and advances	-	(10,000)
Decrease/(Increase) Other current assets	-	-
(Decrease)/Increase Trade Payables	4,42,302	(34,87,765)
(Decrease)/Increase Other Current Liabilities	(2,74,798)	(10,49,214)
(Decrease)/Increase Long term Provisions	7,96,446	11,73,562
(Decrease)/Increase Short term Provisions	2,648	17,887
Cash Generated from Operations	2,90,69,116	4,21,04,500
Income taxes paid, net	(1,66,11,156)	(1,86,20,646)
Net Cash Flow from Operating Activities	1,24,57,960	2,34,83,854
B Cash Flow from Investing Activities		
(Purchase)/Sale of Property, Plant and Equipment (Net)	(82,973)	(7,91,562)
Interest received	7,961	7,412
Purchase of Mutual Fund	(40,23,00,000)	(74,15,67,259)
Sale of Mutual Fund	41,93,00,482	74,73,67,258
Proceeds from AIF	2,69,653	6,15,035
(Increase)/Decrease in deposits maintained with bank- other bank balances	-	-
Net Cash Flow from Investing Activities	1,71,95,123	56,30,884
C Cash Flow from Financing Activities		
Dividend including dividend tax paid	(3,01,40,000)	(3,00,90,000)
Net Cash Flow from Financing Activities	(3,01,40,000)	(3,00,90,000)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	(4,86,917)	(9,75,262)
Increase / (Decrease) in Cash And Cash Equivalents		
Cash and Cash Equivalents at the Beginning of the Year	6,16,268	15,91,530
Cash and Cash Equivalents at the End of the Year	1,29,351	6,16,268

Note :


- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2020 and the related Statement of Profit and Loss for the year ended on that date.
- Above Cash Flow Statement has been prepared under indirect method in accordance with the Accounting Standard 3 on Cash Flow Statement prescribed under the Companies (Accounts) Rules, 2014





iii) Reconciliation of cash & cash equivalents with the balance sheet:			(Amount in Rs.)
Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
Cash and Bank balances (Refer Note no. 14)	8,79,351	13,66,268	
Less: Other Bank balances (Refer Note no. 14)	7,50,000	7,50,000	
Cash and cash equivalents at the end of the year	1,29,351	6,16,268	

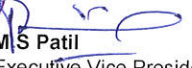
iv) Previous year's figures have been regrouped wherever necessary to confirm to current year's presentation.


In terms of our report attached
for **J A A & Associates**
Chartered Accountants
FRN No.013699S



Archana Ashok
Partner
Membership No 214453
UDIN : 20214453AAAAAW7345




Debashish Mukherjee
Vice -Chairman
DIN: 08193978


M S Patil
Executive Vice President


K Baskaran
Managing Director
DIN : 07176788


K G Devaraju
Project Manager

Place: Bangalore
Date: 27/05/2020

CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

1. Corporate Information

Canbank Venture Capital Fund Ltd ("the company") was incorporated in February 1995 as a Ltd Company under the Companies Act, 1956. The registered office of the company is in Bangalore, India.

The company is an Asset Management Company, presently managing the Venture Capital funds. The activities of the company revolve around this business and the operations are only in India. The company is a wholly owned subsidiary of Canara Bank.

2. Significant Accounting Policies

a) Basis of Preparation of Financial Statements:

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards as prescribed in Section 33 of the Companies Act, 2013, to the extent applicable. The financial statements have been prepared and presented in Indian rupees.

b) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from those estimates. Difference if any, between the actual results and the estimates are recognized in the period in which the results are known / materialized.

c) Revenue Recognition:

Accounting Standard - 9 deals with the bases for recognition of revenue in the statement of profit and loss of an enterprise. The Standard is concerned with the recognition of revenue arising in the course of the ordinary activities of the enterprise.

Accordingly, Annual Management and Trusteeship fee for managing the Venture Capital Funds is recognized as per the terms of the Agreement with the respective Funds

Interest income arising from deployment of surplus funds is recognized on a time proportionate basis using transactional interest rates.

Profit or loss on sale of investments is determined on the basis of simple average carrying amount of investments disposed.

Proportionate share of Income (under pass through status) from Investment in Venture Capital Funds (VCFs) is not recognized in the year VCFs generate income, as ultimate collection of revenue (i.e. distribution of income by the VCFs) is unascertainable in lieu of the distribution waterfall in the contribution cum management agreement. Revenue is recognized in the year VCFs distribute the funds, in line with the terms of agreements with the VCFs.



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

d) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation/amortization and impairment loss, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the property, plant and equipment ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying assets up to the date the property, plant and equipment is ready for its intended use. The Company has adopted the provisions of Para 46A of AS 11 The Effects of Changes in Foreign Exchange Rates, accordingly, exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable property, plant and equipment are adjusted to the cost of the respective property, plant and equipment and depreciated over the remaining useful life of such property, plant and equipment's.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The company depreciates property, plant and equipment over their estimated useful lives using the Written down value method of depreciation as per the useful life prescribed in Schedule II to the Companies Act, 2013

Electrical Equipment's 10 years

Office equipment 5 years

Computers:

 Servers & Networks 6 years

 End user devices 3 years

Furnitures and Fixtures 10 years

Vehicles 8 years

Pro-rata depreciation is provided from/up to the date of purchase or disposal, for assets purchased or sold during the year.

Intangible Assets (Software) - 3 years

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

e) Investments:

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value.



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

f) Employee Benefits:

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Short term employee benefits

All employee benefits falling due wholly within 12 months of rendering the service are classified as short term employee benefit. The benefits like salaries, wages, provident fund & short term compensation absence etc. and the expected cost of bonus, ex-gratia are charged to the profit & loss account of the year in which the employee renders the related service.

Long-term employee benefits

Gratuity in respect of company employees is based on premium paid to LIC, which is computed on actuarial valuation method, and the same is charged to Profit and Loss Account. Leave encashment to company employees is based on actuarial valuation method.

The gratuity & leave salary provision for deputed staff from Canara Bank are shown under long term employee benefits.

g) Tax on Income:

Current Tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

h) Cash flow statement

Cash flow statement is reported using indirect method whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated based on the available information.

i) Earning/ (loss) per share

The basic earnings/(loss) per share is computed by dividing the net profit/loss attributable to equity shareholders for the year by the weighted average number of equity share outstanding during the year.

j) Impairment of assets

The carrying amount of assets are reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to the statement of profit & loss in the year in which an asset is identified as impaired. The recoverable amount is greater of the assets' net selling price and value in use.

k) Provisions and contingencies

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made

l) GST input credit:

GST Input Tax Credit is accounted in the books, wherever the Company is eligible, in the period in which the underlying service received and when there is reasonable certainty in availing /utilizing the credits.



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

Note

No.

3 Share capital :

(Amount in Rs.)

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Rs.	Number	Rs.
Authorised Share Capital Equity Shares of Rs.10/- each (P.Y : Rs.10/- each) with voting rights	10,00,000	1,00,00,000	10,00,000	1,00,00,000
Issued, subscribed and fully paid-up shares Equity share of Rs.10/- each fully paid up (P.Y : Rs.10/- each) with voting rights	2,50,000	25,00,000	2,50,000	25,00,000

a Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number	Rs.	Number	Rs.
Equity Shares with voting rights Shares outstanding at the beginning of the year	2,50,000	25,00,000	2,50,000	25,00,000
Add : Shares issued during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	2,50,000	25,00,000	2,50,000	25,00,000

b Terms/ rights attached to equity shares

i) The Company has only one class of equity shares having a par value of Rs.10 per share. No transfer of any shares shall be made or registered without the sanction of the Board of Directors and the Board shall have absolute discretion to accept or reject any transfer of shares. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting.

In event of liquidation of the Company, the holders of equity shares would 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 shareholders.

c Disclosure of shares holders holding more than 5% of the aggregate shares in the company

Name of Shareholder	As at 31 March 2020		As at 31 March 2019	
	No.of shares held	% of holding	No.of shares held	% of holding
Canara Bank and its Nominees	2,50,000	100	2,50,000	100
	2,50,000	100	2,50,000	100

d As on the date of Balance Sheet,

(i) The Company did not issue any equity shares as fully paid equity shares pursuant to contract(s) without payment being received in cash

(ii) The Company has not issued bonus shares and did not buy back any equity shares as on the balance sheet date.

(iii) The Company has not issued any securities like Convertible Preference Shares, Convertible Debentures etc. which are Convertible into equity / Preference Shares



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

Note No.	Particulars	As at 31 March 2020	As at 31 March 2019
		(Amount in Rs.)	
4	Surplus :		
	General Reserve:		
	Balance at the beginning of the year	5,68,88,000	5,22,88,000
	Transferred from Statement of Profit & Loss	51,00,000	46,00,000
	Balance at the end of the year	6,19,88,000	5,68,88,000
	Surplus in Statement of Profit and Loss		
	Balance at the beginning of the year	30,18,59,311	29,15,54,045
	Add: Profit for the year	4,51,26,504	4,04,45,266
	Less: Dividend		(2,50,00,000)
	Less: Dividend distribution tax	-	(51,40,000)
	Balance at the end of the year	34,69,85,815	30,18,59,311
		40,89,73,815	35,87,47,311
5	Long-term provisions		
	Provision for employee benefits		
	Gratuity & Leave Salary to deputed employees	24,66,385	18,86,138
	Leave Salary to Company staff	18,22,861	16,06,662
		42,89,246	34,92,800
6	Trade payables		
	Trade Payables -Others	7,47,115	3,04,813
		7,47,115	3,04,813
7	Other current liabilities		
	Statutory remittances (TDS, GST, PF and PT)	3,32,172	6,06,970
		3,32,172	6,06,970
8	Short-term provisions		
	Leave Salary for Company Staff	56,263	53,615
	Dividend		2,50,00,000
	Dividend distribution tax	-	51,40,000
		56,263	3,01,93,615
9	Current Investments (At lower of cost or market value, unless otherwise stated)		
	(1) Trade investments	-	-
	(2) Other investments - Short Term (Quoted)		
	(a) Canara Robeco Savings Fund -Direct Growth	87,72,317	35,00,49,556
	(b) Canara Robeco Liquid Fund -Direct Growth	73,46,270	1,31,17,702
	(c) Canara Robeco short duration Fund - Direct Growth	35,50,00,000	-
		37,11,18,587	36,31,67,258
	Aggregate market value of quoted investments	37,39,80,814	36,36,98,688



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

Note No.10 - Property, Plant and Equipment

Sr.No	Description of Assets	Gross Block				Depreciation			Net Block	
		As at 1 April 2019	Additions	Disposals	As at 31 March 2020	As at 1 April 2019	For the year	Disposals	As at 31 March 2020	As at 31 March 2019
1	Furniture & Fixtures	30,15,311	-	-	30,15,311	21,26,749	2,30,052	-	23,56,801	8,88,562
2	Vehicles	10,21,562	-	-	10,21,562	1,08,384	2,85,185	-	3,93,569	9,13,178
3	Office Equipments	11,32,465	73,679	2,339	12,03,805	10,35,747	63,010	2,334	10,96,423	96,718
4	Electrical Equipments	6,36,277	9,299	-	6,45,576	4,49,596	50,183	-	4,99,779	1,86,681
5	Computers Servers & Networks	1,02,142	-	-	1,02,142	88,202	4,462	-	92,664	13,940
	End user devices	9,24,824	-	-	9,24,824	8,77,852	5,372	-	8,83,224	46,972
	Total	68,32,581	82,978	2,339	69,13,220	46,86,530	6,38,264	2,334	53,22,460	21,46,051
	Previous year	66,45,071	1,87,510	-	68,32,581	47,25,545	6,88,855	(7,27,870)	46,86,530	19,19,526



CANBANK VENTURE CAPITAL FUND LIMITED

Notes forming part of financial statements

Note No.	Particulars	As at 31 March 2020	As at 31 March 2019
		(Amount in Rs.)	
11	Non-current investments (At cost)		
	(1) Other investments - Long Term		
	Quoted		
	(a) Canara Robeco Fixed Maturity Plan Series 8 - Direct Growth 500000 Units of Rs.10 each (Previous period : 500000 of Rs.10 each)	50,00,000	50,00,000
	Unquoted		
	(b) Emerging India Growth Fund 29140 units of Rs.100/- per unit. (Previous period: 2966 units of Rs.100/- per unit)	2,91,400	2,96,600
	(c) Electronics Development Fund 95.10451 units of Rs.100000/- per unit. (Previous period: 98.04391 units)	95,10,451	97,74,904
		1,48,01,851	1,50,71,504
	Aggregate market value of quoted investments	57,87,050	52,96,050
12	Trade Receivables		
	Unsecured, considered good		
	Electronics Development Fund (Outstanding for a period exceeding six months : Rs. Nil)	73,54,599	58,29,767
	Empower India Fund (Outstanding for a period exceeding six months : Rs. Nil)	20,74,673	-
	Emerging India Growth Fund (Outstanding for a period exceeding six months : Rs. 12,36,181)	1,09,33,923	-
		2,03,63,195	58,29,767
13	Long-term loans and advances		
	Unsecured, considered good		
	(f) Advance income tax (net of provisions Rs.1,72,00,000 (As at 31 March, 2019 Rs.1,78,00,000)	19,87,134	26,87,651
	Security Deposits	21,000	21,000
		20,08,134	27,08,651
14	Cash and Cash Equivalents		
	(a) Balances with Bank - in current account	1,18,591	6,09,278
	(b) Cash on hand	10,760	6,990
	(c) Other Bank balance - Refer note below	7,50,000	7,50,000
		8,79,351	13,66,268
	Note - The bank deposit is without lien and having a maturity period more than 12 months		
15	Short Term Loans and Advances		
	Unsecured, considered good		
	Empower India Fund	37,40,094	35,73,571
	GST Input Credit	2,32,525	-
	Prepaid expenses	2,11,595	3,10,292
	Advance -Others	30,422	2,18,804
		42,14,636	41,02,667
16	Other Current Assets		
	Unsecured, considered good		
	Interest accrued but not due on bank deposits	2,96,069	2,24,417
		2,96,069	2,24,417



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

Note No.	Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
		(Amount in Rs.)	
17	Revenue From Operations		
	Management fee	6,18,51,452	5,76,46,958
	Trusteeship fee	18,75,000	25,00,000
		6,37,26,452	6,01,46,958
18	Other income		
	Interest on bank deposits	79,613	74,115
	Profit on sale of investments	2,49,51,811	2,47,67,258
	Miscellaneous Income	26,430	1,98,654
		2,50,57,854	2,50,40,027
19	Employee benefits expense		
	Salaries, wages and allowances	1,43,53,452	1,45,98,789
	Contribution to Provident and other Funds	4,48,368	5,07,658
	Gratuity expense	3,87,913	10,55,171
	Leave encashment	6,31,378	10,67,460
	Staff Training /Seminar	51,000	98,373
	Staff welfare expenses	86,423	95,712
		1,59,58,534	1,74,23,163
20	Other expenses		
	Power & Fuel	1,66,904	1,66,053
	Rent	9,93,252	9,93,252
	Vehicle Running Expenditure	6,43,955	6,80,693
	Repairs & Maintenance - Premises	1,00,240	-
	Repairs & Maintenance - Others	1,85,472	1,97,177
	Travelling expenses	3,49,838	5,68,372
	Printing & Stationery	1,38,146	1,46,811
	Subscription	2,88,295	1,18,481
	Legal and professional charges (Includes payment to Auditors - Refer Note No. 20.1)	7,96,900	3,47,251
	Bank Charges	920	1,434
	Rates and taxes	17,188	29,184
	Insurance	27,298	18,213
	Telephone charges	67,792	67,187
	Trusteeship fee -CBVDT (Canara Bank)	4,00,000	4,00,000
	Donation	15,000	3,000
	Miscellaneous expenses	8,55,233	9,05,962
		50,46,433	46,43,070

20.1 Payment to Auditors

Particulars	For the Year ended March 31, 2020	For the Year ended March 31, 2019
	(Amount in Rs.)	
Payment to Statutory Auditors		
For Statutory Audit - J A A & Associates (PY: YCRJ & Associates)	50,000	50,000
For Tax Audit - MSSV & Co	14,000	14,000
For EDF Statutory & Tax Audit - MSSV & Co	30,000	15,000
Total	94,000	79,000



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

21. Employee benefits

Defined Contribution Plans

The Company makes Provident Fund which is defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specific percentage of the payroll cost to fund the benefits. The Company recognize Rs.4,48,368 (Previous year Rs.5,07,658) for Provident Fund Contribution. The contribution payable to this plan by the Company is at rates specified in the rules of the scheme.

Defined Benefit Plan:

Leave Encashment - Principal Assumptions

	As at 31 March 2020	As at 31 March 2019
Discount Rate (% p.a.)	6.7%	7.95%
Expected rate of salary increase (% p.a.)	7.25%	7.25%
Mortality rate	IALM 2012-14 Ult table	IALM 2012-14 Ult table
Normal retirement age	60	60

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

22. Segment Reporting:

The Company is an Asset Management Company, presently managing three 'Venture Capital Funds' and one 'Fund of Funds' as at the end of this financial year. The activities of the company revolve around this business and the operations are only in India. As such there is no other reportable segment as defined by the Accounting Standard 17 - Segment Reporting prescribed by the Companies (Accounting Standards) Rules,2006.



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

23. Related Party Disclosures:

(i) Related Parties:

Canara Bank – Parent Bank

Canara Robeco – Associate Company

(ii) Material transactions with Related Parties:

(Amount in Rs.)

Nature of Transactions	Volume of Transactions during the year		Year End Balance	
	2019-20	2018-19	2019-20	2018-19
a) Canara Bank:				
Equity Contribution: All the shares are held by Canara Bank and its nominees	-	-	25,00,000	25,00,000
Lease Rent for the company's RO premises	9,93,252	9,93,252	1,48,988	-
Quarters' Rent to deputed staff	10,12,901	9,85,177	47,500	-
Bank Deposit with Canara Bank branch	-	-	7,50,000	7,50,000
Interest accrued but not due on bank deposits	79,613	74,115	2,96,069	2,24,417
Salary & other allowances to deputed staff	75,49,966	71,71,028	4,32,922	-
Premises maintenance	2,67,144	2,94,000	25,633	21,244
Final Dividend	2,50,00,000	2,50,00,000	-	2,50,00,000
Canara Robeco – Purchase of Mutual Fund	40,23,00,000	74,15,67,259	37,61,18,587	36,81,67,258
Canara Robeco – Sale of Mutual Fund	41,93,00,482	74,73,67,258	-	-
Profit on sale of Mutual Fund investments	2,49,51,811	2,47,67,258	-	-
Canbank Computer Services Ltd. (CCSL) - R&T Agents for handling CVCFL shares with NSDL.	20,080	6,668	5,000	6,668



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

(iii) Participation in Management including deputation of employees:

(a) Members of the Board of Directors.

(b) The Managing Director deputed from Canara Bank (Parent Bank) is the key Managerial personnel of the company.

24. Earnings Per Share (EPS)

(Amount in Rs.)

	As at 31 March 2020	As at 31 March 2019
Profit After Tax	5,02,26,504	4,50,45,266
Weighted average number of equity shares	2,50,000	2,50,000
Earnings Per Share (Basic and Diluted)	200.91	180.18
Face Value per share	10	10

25. Deferred Tax Assets/Liabilities:

Pursuant to Accounting Standard 22 on Accounting for Taxed on Income prescribed under the Companies (Accounts) Rules, 2014, the components of deferred tax assets/(Liabilities) is as under:

(Amount in Rs.)

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax (liabilities) / assets		
<u>Tax effect of items constituting deferred tax assets</u>		
On difference between book balance and tax balance of fixed assets	5,32,350	5,75,098
Disallowances under Section 43B of the Income Tax Act, 1961	10,93,678	6,53,828
Deferred tax (liabilities) / assets (net)	16,26,028	12,28,926
The Company has recognized deferred tax assets on the difference between the book balance and the written down value of fixed assets under Income Tax and on disallowances under section 43B on the Income Tax Act, 1961.		

26. The Company is also a Trustee, which facilitates transactions on behalf of Canbank Venture Capital Fund (CVCF) and the transactions of the funds are not accounted in the books of the Company. Further, all the investments in the shares of the investee companies made on behalf of CVCF which is a Trust continue to be held in the name of the company as a trustee due to requirement of Section 88 of the Companies Act, 2013.



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

The value of equity investments (including preference shares) held by the Company on behalf of CVCFL as at the end of financial year is Rs.19343.54 lakhs (Previous year: Rs. 20775.72 lakhs).

Further any amount received by the company in respect of the fund/employee along with TDS is transferred to the respective funds/employees as the same pertains to them.

27. Ministry of Electronics and Information Technology (MeitY), Government of India (GOI) has formulated the Electronics Development Fund (EDF) policy for setting up of 'Fund of Funds' to invest in other Private Equity / Venture Capital Funds (Daughter Funds) for providing risk capital to companies developing new technologies in the area of Electronics, Nano-electronics and IT. CVCFL has been assigned the mandate by MeitY, GOI for managing the Electronics Development Fund. The Performance Guarantee of Rs.50 lakhs is given by the Company for EDF for which Rs.7.50 lakhs has been kept as deposit with Canara Bank as margin money.

CVCFL is eligible for the management fee based on the commitments issued to the daughter funds. The rates of management fee have been brought out in the EDF's Contribution Agreement. The management fee has been so charged by CVCFL at the agreed rates in the EDF's Contribution Agreement only after the agreements with the Daughter Funds have been executed. Thus, the Management Fee earned by CVCFL during the current financial year is Rs.3,07,56,646.

33. CVCFL, being the investment manager to Canara Bank Venture Development Trust has launched a scheme of CBVD Trust i.e. Empower India Fund (EIF) with the commitment of Rs.235 Cr by declaring the first close of the fund on 06.12.2019. Though the management fee payable to the investment manager is at 2% on aggregate capital commitments from the first /initial closing, due to the percentage restriction tagged to the contribution commitment and the management fee shall not be chargeable on the contributions made by CVCFL as one of the contributor, the total investible corpus works out to Rs.27.50 Cr only. As such, the Management fee accrued from EIF as on 31.03.2020 is Rs.17,58,197 which is shown under Trade receivables Rs.20,74,673 (including GST of Rs.3,16,476).

28. The tenure of Emerging India Growth Fund (EIGF), the Fifth Fund of Canbank Venture Capital Fund was ended on 31.12.2019. As such, the Management fee and Trusteeship fee from EIGF have been collected till 31.12.2019 only as per the terms of Contribution cum Management Agreement. The company is following up with the Contributors for extension of Management fee and Trusteeship agreement till 30.06.2021.

29. EDF has paid Rs. 2,64,546/-towards partial redemption of corpus for FY 2019-20. Accordingly, the investments in EDF has been reduced in line with the distribution waterfall of EDF.



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

30. Canara Bank Venture Development Trust (CBVDT) was formed and registered under SEBI (AIF) Regulations, 2012 with Canara Bank as Settlor & Trustee. CVCFL is appointed as the Investment Manager for all the schemes floated under this Trust. EDF is the first scheme under this Trust. The Contribution cum Management Agreement with Meity for EDF was executed on 21.02.2017. In terms of the said CMA, CVCFL, so far, has invested its commitment of Rs. 100 lacs in Electronics Development Fund (EDF) and the outstanding corpus as on 31.03.2020 stands at Rs.95.10 lakhs.

31. Canara Bank Venture Development Trust (CBVDT) was formed and registered under SEBI (AIF) Regulations, 2012 with Canara Bank as Settlor & Trustee. CVCFL is appointed as the Investment Manager for all the schemes floated under this Trust. CBVDT has so far setup two funds viz., Electronics Development Fund (the Funds of Funds) and Empower India Fund (EIF).

32. Empower India Fund (EIF) was set up during the year by CVCFL for which it has incurred a sum of Rs. 37.40 lakhs towards the initial setup expenses and the same has been shown under Loans & Advances, unsecured considered good as the same is reimbursable by EIF, once the same is operational.

33. Under the provisions of the Income-tax Act, 1961 an investment fund established or incorporated in India and registered with the Securities and Exchange Board of India (SEBI) as a Category I or a Category II Alternative Investment Fund (AIF) (erstwhile Venture Capital Fund registered under SEBI VCF Regulations 1996) is accorded tax pass through status, i.e., income of the AIF shall be chargeable to tax directly in the hands of its investors. However, where the income of the investment fund (registered under SEBI AIF Regulations 2012) is characterized as income under the head "Profits and gains of business or profession", the investment fund would be taxable in respect of such income at the maximum marginal rate of tax.

These amounts have been offered to Income Tax in line with the Form 64 received from the investee AIF funds in the year in which such form is received (received for FY 2018-19 – Rs. 698, 575). However, they have not been recognized in the books of account as the collection of revenues is unascertainable in lieu of the distribution waterfall in the fund management agreement. Such revenues will be recognized in the year of distribution.

34. Contingent liabilities and commitments (to the extent not provided for)

(Amount in Rs.)

	As at 31 March 2020	As at 31 March 2019
(a) Contingent liability (Performance guarantee given to Deity for EDF)	50,00,000	50,00,000
(b) Commitments	-	-



CANBANK VENTURE CAPITAL FUND LIMITED
Notes forming part of financial statements

35. As per Section 135 of the Companies Act, 2013, CVCFL is subject to spend 2% of its average profit on CSR activities. Since the financial year 2014-15, the earmarked CSR amount has been accumulating and as of now, a sum of Rs. 103.17 lakh is outstanding. Subsequent to the year end, the company has entered into an memorandum of understanding with Birla Institute of Technology & Science, Pilani funded by the central government and other private agencies/individuals to fund their incubation centre. Birla Institute of Technology & Science, Pilani is eligible to receive CSR money as per section 135 of the Companies Act, 2013. Further the company is in the process of finding suitable opportunities for balance CSR expenditure.

36. Canbank Computer Services Ltd. (CCSL) are the Registrar & Transfer Agents for handling CVCFL's dematerialized shares with NSDL, appointed as per MCA notification 'Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018' dated 10.09.2018.

37. The exceptional item reported in the statement of profit and loss includes Profit on sale of fixed asset

38. Previous year's figures have been re-grouped/ re-classified wherever necessary to correspond with the current year's classification/disclosure.

39. Figures are rounded off to the nearest rupee.

