

# TWENTY FOURTH ANNUAL REPORT 2019-2020

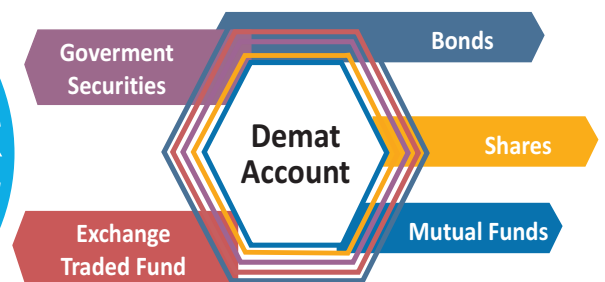
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## CANARA BANK SECURITIES LIMITED

( A wholly owned Subsidiary of Canara Bank )



कुशल पूंजी बाजारों का प्रवेश द्वार

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# Canara Bank Securities Ltd



CIN : U67120MH1996GOI097783

(A WHOLLY OWNED SUBSIDIARY OF CANARA BANK)

Member : BSE / NSE



Canara Bank Securities Limited, has launched online opening of Insta-DEMAT Accounts to the Customers of Canara Bank, the first among the Public Sector Banks in India. Shri L V Prabhakar, MD&CEO of Canara Bank and Shri Debashish Mukherjee, ED, Canara Bank & Vice Chairman of CBSL, Ms A Manimekhalai, Executive Director, Canara Bank launched the programme on 25.02.2020. Shri V Kumara Krishnan (Ex-MD CBSL), Shri Biplav Kumar Mishra (MD, CBSL), Shri V Ramachandra, CGM, Shri K V Shaji, GM and Shri P S Bhave, Independent Director of CBSL and other officials from CBSL seen in the picture.

**Board of Directors**



**Shri Debashish Mukherjee**  
Vice Chairman  
(From February 13, 2019)



**Shri G V Prabhu**  
Director  
(From November 17, 2018)



**Smt Kalyani Kota**  
Director  
(From June 10, 2020)



**Shri P S Bhav**  
Independent Director  
(From November 11, 2013)



**Shri T V Rao**  
Independent Director  
(From May 12, 2020)



**Shri Biplav Kumar Mishra**  
Managing Director  
(From March 01, 2020)

Board of Directors



**Shri R A ShankaraNarayana**  
Chairman  
(Till May 24, 2019)



**Shri V Kumara Krishnan**  
Managing Director  
(Till February 29, 2020)



**Shri Shaji K V**  
Director  
(Till September 09, 2019)



**Smt Uma Subramaniam**  
Independent Director  
(Till September 07, 2019)



**Shri P Krishnamurthy**  
Independent Director  
(Till May 21, 2020)

PRINCIPAL EXECUTIVES

**Shri Biplav Kumar Mishra**  
(Managing Director)

**Shri Dheerendra Kumar Mishra**  
(General Manager)

**Shri S T Vinay Kumar**  
(General Manager)

**Ankita Shetty** (From October 21, 2019)  
Chief Financial Officer

BANKERS

**Canara Bank**

**Auditors**

**Raj Bordia & Co.**

Chartered Accountants

504/B, Dhiraj Kiran,

Opp. Infant Jesus School,

Chincholi Bunder Road,

Malad (West), Mumbai – 400 064.

**Registered Office :**

7th Floor,

Maker Chambers III

Nariman Point,

Mumbai – 400 021.

Tel. : 4360 3800/22/23/36

Fax : 2204 1715

E-mail : cbsl@canmoney.in



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**Chairman's Speech****Dear Shareholders,**

Welcome to Canara Bank Securities Limited 2020 Annual General Meeting.

It is a pleasure to be here to meet with shareholders. Thank you for joining us today and I confirm that we have a quorum present.

It has definitely been an exciting year and I would like to thank all stakeholders for the persistent support and steady confidence reposed in the Company through thick and thin. It is this consistent faith and support that has enabled your Company to suitably strategize and adapt effectively to the truly historic and groundbreaking policy changes that the country has experienced in the past 12 months.

Your Company's AGM notice, Directors' Report for the year ended 31st March, 2020 along with the audited Annual Accounts have already been circulated to you, and I seek your permission to take it as read.

**Financial**

I would like to start with a brief overview of the strategy and performance of your company and I shall confine myself to very briefly mentioning the salient operating results of your Company during the fiscal year 2019-20.

- Net Profit before tax stood at Rs.26.26 crore against the target of Rs. 15.50 crore.
- Net profit after tax stood at Rs.22.71 crore as against Rs.9.71 crore recorded last year.
- Total income of stood at Rs.36.20 crore compared to Rs.20.31 crore recorded last year with a growth rate of 78.24%.
- Contained Other Administrative expenses within the budgeted level. As against the target of Rs.5.75 Crore, Company could contain expenditure to a level of Rs.5.66 crore.
- DP Income earned is Rs.3.29 Crore during the period ended March 2020 against the target of Rs.2.00 Crore.
- Core Business Income has increased to Rs.28.33 Crore during the period ended March 2020 from Rs.11.89 Crore during the same period previous year, showing an increase of 138.23%.
- Surpassed turnover targets set for the FY-19-20 under major parameters like subscription of IPO/MF/OFS and BONDS.
- The total clientele base as at 31st March 2020 are 110012 out of which 61,682 clients are maintaining Trading Account with us.

## Chairman's Speech (Cont.)

### Dividend

The Board of Directors of the Company has declared an highest ever Interim Dividend of Rs.4.25 per equity share of face value of Rs.10/- each for the year 2019-20 and the same may be treated as Final Dividend for the year under consideration. The total outgo on this account (including Dividend Distribution Tax) is Rs.20.49 Crore.

### Responsibility towards Society

Your company continues to focus on CSR Mantra - Caring, Sharing and Responsible as a philosophy on CSR. The policy and the projects undertaken under CSR are in line with the applicable regulations under the Companies Act, 2013, DPE Guidelines and Companies CSR Policy.

For financial year 2019-20, the company has earmarked for an amount of Rs.24,34,844/- (Rupees Twenty Four Lakh Thirty Four Thousand Eight Hundred Forty Four Only) provided for spending towards CSR activity/ies.

### New initiatives:

- As a go green initiative, introduced online opening of Demat accounts to Customers of Canara Bank. It is also proposed to open online Trading accounts.
- New Portal Launched for Opening Demat Accounts of e-Syndicate Bank.
- Enabled our portal for providing 3-in-1 facility to Customers of E-syndicate Bank.
- CBSL is venturing into new business viz. acting as a registered Authorized Person (AP) of Insurance Repository for safe custody of insurance policies in electronic form "E-INSURANCE PORTAL".

### Future Prospects

Your company strives to operate its business with a focus on doing the business ethically, yielding profitable returns and pursuing sustainable cost improvements. We seek to create further value by developing the opportunities embedded in our existing trading operations which represent the most attractive options.

### Acknowledgement

On behalf of the Board of Directors of your Company, I wish to convey earnest thanks to the Shareholders for your continued support and trust in us. This motivates us to excel in all our pursuits and continuously endeavor to create value for you.

I would like to thank my colleagues on the Board for their valuable guidance and contribution in steering the Company to higher levels of achievement.

In this incredible journey of your Company while we endeavor constantly to enhance returns on investments, it has been equally an endearing and enriching expedition for me personally over the years.

To conclude, I on behalf of the Board of Directors of your Company would like to convey my deepest gratitude to the Internal Auditors, Statutory Auditors, Stock Exchanges, Regulators & Comptroller & Auditor General office by providing valuable guidance in Regulatory and Compliance matters. I also take this opportunity to express gratitude to the valued customers, business associates and all the stakeholders for sharing a profound

**Chairman's Speech (Cont.)**

relationship with the Company and constantly supporting and strengthening the developmental efforts of your Company. I also take the opportunity to acknowledge the efforts, commitment and constructive cooperation of the Managing Director of CBSL and its entire team.

I thank you all once again and offer my best wishes for focused efforts that would help the company to reach greater heights in the years ahead.

Place : Mumbai  
Date : 04.09.2020

**Debashish Mukherjee**  
Vice Chairman

**Directors' Report (Cont.)****To the Members,**

The Directors are pleased to submit the Annual Report of your Company; Canara Bank Securities Limited (the "Company" or "CBSL") along with the Audited Financial Statements for the Financial Year (FY) ended March 31, 2020.

**FINANCIAL HIGHLIGHTS:****(Rs. in Crore)**

Particulars	2019-20	2018-19
Total Income	36.20	20.31
Profit before Tax	26.26	11.64
Less: Provision for Tax incl. Deferred Tax -Net	3.55	1.92
Add: Excess/ Short provisions for earlier years	0.00	0.00
<b>Profit after Tax</b>	<b>22.71</b>	<b>9.71</b>
Add: Profit brought forward from last year	93.48	90.13
Profit available for appropriation	117.94	99.84
Appropriations:		
Transfer to General Reserve	1.14	0.35
Interim Dividend	17.00	5.00
Final Dividend (Proposed)	0.00	0.00
Tax on Dividend	3.49	1.02
Balance retained in Profit & Loss Account	96.31	93.48
Total	117.94	99.84
Earnings per Share (Rs)	5.68	2.43

**TRANSFER TO RESERVES :**

The Company has transferred Rs.113.56 lakh to the General Reserve and retained the balance in Profit and Loss Account.

**DIVIDEND :**

The Board of Directors of the Company declared an Interim Dividend of Rs.4.25 per equity share of face value of Rs.10/- each for the Financial Year 2019-20, which has been treated as Final Dividend for the year under consideration and the same is proposed for the approval of Shareholders of the Company in the Annual General meeting to be held on 04.09.2020. The total outgo on this account (including Dividend Distribution Tax) would be Rs. 20.49 crore.

**EQUITY MARKET OVERVIEW :****Economic Environment : FY 2019-20:****GLOBAL ECONOMY**

A slew of global events such as US-China trade war tensions, uncertainty over Brexit and geo- political tensions in Middle East and other parts of the world were responsible for the slow pace of economic activities in the bygone

## Directors' Report (Cont.)

year FY19. The outbreak of the novel Covid-19 virus, kept the entire world standstill, since mid-January 2020. Consequently, the global macroeconomic conditions have undergone a massive change in all respects.

Though global financial markets broadly remained resilient in the major part of the year, pandemic induced volatile swing was evident post January 2020 with respect to equities and debt segments. All major central banks turned dovish and provided accommodative guidance in the latter part of the fiscal to mitigate the ripple effects of the pandemic. First part of the year saw elevated crude oil and gold prices, however post pandemic outbreak, crude oil prices nosedived due to massive sell offs. On the other hand, gold prices increased as investors preferred safe havens. International food prices inched up tracking higher demand and supply gluts during the latter part of the year. The unprecedented Covid-19 virus spread dented the growth estimates further for 2020 and its repercussions in every respect are deeper than ever anticipated. The revival of the economic growth is now projected to be more gradual than earlier estimates. Advanced Economies will contract by 8.0% y.o.y, while Emerging Market and Developing Economies will shrink 3.0% y.o.y in 2020. Nevertheless, positive growth is expected during 2021.

### INDIAN ECONOMY

The domestic economy grew at 4.2% in FY2020, lower than 6.1% in FY2019, as the Covid-19 pandemic adversely impacted economic activity in the last month of the fiscal year, especially manufacturing and construction. Agriculture was the only sector which saw a healthy growth of 4% y.o.y, led by normal monsoon and robust food production. The essential services status of agriculture produce contributed to the near normal functioning of the sector in last two weeks of March even during the lockdown. Sluggishness in tourism and financial services pulled down the service sector growth to 5.5% y.o.y from 7.7% y.o.y in March 2020. The lower growth in financial services can be attributed to prolonged liquidity crisis in the NBFC segment. On the expenditure front, private consumption expenditure decelerated to 5.3% y.o.y, while government expenditure increased at a pace of 11.8% y.o.y and investments contracted to 2.8% y.o.y in FY2020.

With changing landscape of domestic macroeconomic fundamentals amid pandemic challenge, economic activities other than agriculture are expected to be muted in the near term. The revival of commercial activities, restoration of supply chains and improved demand impulses are the prerequisite to keep economy back on growth track. Thus, with lingering uncertainty in the current fiscal downside risk to domestic growth is pronounced in FY2021 and by FY2022 it is likely to be in the positive zone as pandemic concerns ebb off.

RBI provided significant monetary stimulus to support economic growth. The central bank cut the repo rate, by a cumulative 200 basis points since April 2019 to the current 4.0% level and maintained an accommodative policy stance. In a bid to mitigate the economic impact of the pandemic, RBI resorted to several measures including auctioning under TLTRO.1 and 2 to the tune of Rs.1.5 lakh crore to infuse adequate liquidity.

Government also announced several measures to arrest the slide in growth and support the economy during the first half of the year. The most important among those measures was the cut in corporate tax from 30% to 22% without any exemptions. This effective complementarity of fiscal and monetary policies will indeed give impetus to economic growth in the coming years.

## Directors' Report (Cont.)

### **Economic outlook for Fy21:**

As per IMF, Global growth is projected at -4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent. Overall, this would leave 2021 GDP some 6½ percentage points lower than in the pre-COVID-19 projections of January 2020.

The IMF on June 24 projected a sharp contraction of 4.5% for the Indian economy in 2020, a "historic low," citing the unprecedented coronavirus pandemic that has nearly stalled all economic activities, but said the country is expected to bounce back in 2021 with a robust 6% growth rate. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. The IMF's record reveals that this is the lowest ever for India since 1961.

### **Capital market during the fiscal 2019-20 and outlook for Fy21:**

During the FY20, the stock market rally until Q4 of FY20 is all the more perplexing since the GDP numbers are known to be grossly exaggerated due to multiple downward revisions of previous quarter numbers. Sensex hit an all-time high of 42,063 on January 17, 2020, while quarterly growth rate had consistently been going down since Q4 of FY18, when it touched 8.1% and went down to 3.1% in Q4 of FY20.

Post Pandemic (COVID19), just as it happened in the global markets, the Indian stock market has rallied through the lockdown after an initial dip in March, driven by a handful of stocks. Post-March rally has happened despite the fact that the lockdown has hit the economy hard and growth for at least the next two quarters is expected to be negative (first-quarter numbers will come out in August). The stock markets are not only disconnected from macroeconomic fundamentals, they are disconnected from business fundamentals as well. Further, while the current downturn is expected to be far bigger than the Great Recession of 2007-08, the price-to-earnings (PE) ratio indicates that the value of stocks is way too high.

### **Road ahead for equity Market:**

- During the present lockdown and COVID 19 pandemic, Indian capital markets witnessed cautious FPI inflow and currency depreciation that lead to volatility in the markets.
- Domestic Institutional Investors also witnessed cautious while investing in Indian markets.
- In the short term, the markets expected to take cues from outcome of global economy and perform accordingly.

### **OPERATIONS:**

The Company is a SEBI registered Corporate Stock Broker, is a member of Bombay Stock Exchange (BSE) in Cash and National Stock Exchange (NSE) in Cash, Futures & Options and Currency Derivative Segments. The Company is also Depository Participant (DP) registered with National Securities Depository Limited (NSDL).

**Directors' Report (Cont.)****Performance highlights in brief:**

- Net Profit after tax stood at Rs. 2271.15 lakhs against Rs. 971.49 lakhs recorded last year.
- Net Profit before tax stood at Rs. 2626.29 lakhs against the target of Rs. 1550 lakhs
- Total Income stood at Rs. 3619.71 lakhs compared to Rs. 2031.23 lakhs recorded last year with a growth rate of 78.20%
- Contained Other Administrative Expenses within the budgeted level. As against the target of Rs. 575 lakhs, Company could contain expenditure to a level of Rs. 566.18 lakhs
- DP Income earned is Rs. 328.98 lakhs during the period ended March 2020 against the target of Rs. 200 lakhs
- Core Business Income has increased to Rs. 2833.04 lakhs during the period ended March 2020 from Rs. 1189.19 lakhs during the same period previous year, showing an increase of 138.23%
- Surpassed turnover targets set for the FY 2019-20 under major parameters like subscription of IPO/MF/OFS and BONDS
- The total clientele base as at 31st March 2020 are 1,10,012 out of which 61,682 clients are maintaining Trading Account

## Directors' Report (Cont.)

## A. PROFITABILITY:

(Rs. in Lakhs)

Particulars	Sept 2018 Half Yearly (Actual)	Sept 2019 Half Yearly (Actual)	q-o-q-y-o-y sequential growth	Mar 2019 12 M (Actual)	Mar 2020 12 M (Actual)	y-o-y Growth %
Broking- OLT (retail)/ Institutional	422.82	382.74	(9.48)	841.25	821.63	(2.33)
Distribution of MF/IPO/BONDS	6.17	11.79	91.09	11.38	15.75	38.40
Income from DP Operations	40.86	168.66	312.78	152.23	328.98	116.11
Trading Income	36.01	0.47	(98.69)	36.05	3.56	(90.12)
Profit on MF Inv.	58.21	72.67	24.84	133.17	118.11	(11.32)
Other Income	13	11.01	(15.31)	15.11	1545.01	10125.08
<b>Core Business Income</b>	<b>577.07</b>	<b>647.34</b>	<b>12.18</b>	<b>1189.19</b>	<b>2833.04</b>	<b>138.23</b>
Interest Income	372.87	396.93	6.45	784.08	786.66	0.33
Interest on Income Tax Refund	37.93	0	--	57.95	0.00	(100)
<b>Total Income</b>	<b>987.87</b>	<b>1044.25</b>	<b>5.71</b>	<b>2031.22</b>	<b>3619.70</b>	<b>78.20</b>
Establishment Exp.	163.91	150.06	8.45	335.52	349.27	(4.10)
Other Admin Exp.	183.6	189.25	(3.08)	471.55	566.18	20.07
<b>Total Expenditure</b>	<b>347.51</b>	<b>339.31</b>	<b>(2.36)</b>	<b>807.07</b>	<b>915.45</b>	<b>(13.43)</b>
<b>PBDT</b>	<b>640.36</b>	<b>704.94</b>	<b>10.08</b>	<b>1224.15</b>	<b>2704.25</b>	<b>120.91</b>
Depreciation	35.66	28.19	20.95	60.21	77.97	29.50
<b>Profit Before Tax</b>	<b>604.7</b>	<b>676.75</b>	<b>11.91</b>	<b>1163.94</b>	<b>2626.29</b>	<b>125.64</b>
Tax	110.74	122.99	(11.06)	192.46	355.13	(84.52)
Excess Provision	0.06	6.23	10283.33	0.00	0.00	—
<b>Profit after tax</b>	<b>494.02</b>	<b>559.99</b>	<b>13.35</b>	<b>971.48</b>	<b>2271.15</b>	<b>133.78</b>

## B. BUSINESS TURNOVER :

(Rs. in Crore)

Particulars	Sept 2018 half yearly	Sept 2019 Half Yearly	y-o-y Inc/ Dec in %	Mar 2019 half yearly	Mar 2020 half yearly	y-o-y Inc/ Dec in %
Retail-Cash	2343.87	2608.87	11.31	3624.13	2884.46	(20.41)
F&O & CDS	17518.53	13270.2	(24.25)	11648.47	13318.07	14.33
Institutional	1403.02	1481.07	5.56	1239.98	1464.81	18.13
Proprietary	11.86	3.14	(73.52)	13.42	43.37	223.17
IPO/MF/Bonds	216.97	323.17	48.95	11.41	98.71	765.12
<b>TOTAL</b>	<b>21494.25</b>	<b>17686.45</b>	<b>(17.72)</b>	<b>16537.41</b>	<b>17809.42</b>	<b>7.69</b>



**Directors' Report (Cont.)****C. CLIENTELE BASE :**

	During FY20	Cumulative upto March 20
Retail (trading accounts)	6179	61682
Demat accounts	5688	110012
Institutional	0	62

**DIRECTORS' RESPONSIBILITY STATEMENT :**

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed and that no material departures have been made from the same;
- the Directors had selected such Accounting Policies have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit and loss of the Company for that period;
- the directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- the directors had prepared the annual accounts on a going concern basis;
- The Directors had laid down internal financial controls, which are adequate and are operating effectively; and
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**SHAREHOLDING :**

Your Company is a Wholly Owned Subsidiary of Canara Bank (Parent Bank). Hence the total paid-up Equity Share Capital of the Company is holding by Canara Bank.

**PUBLIC DEPOSITS :**

During the year, the Company has continued its stance of not accepting any deposits from the public within the meaning of the provisions of the Non-Banking Financial Companies (Reserve Bank) Directions, 1998 and within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014. As such, no amount of principal or interest was outstanding as of the Balance Sheet date.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY THE COMPANY :**

During the year under review, the Company has not given any loans, guarantees pursuant to Section 186 of the Companies Act, 2013. The particulars of investments made by the Company are reflected in the Financial Statements.

**Directors' Report (Cont.)****COMPOSITION OF BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL'S :**

The Board takes decisions relating to major policy matters, reviewing corporate performance, ensuring adequate financial and other resources to facilitate effective performance. The Board discharges the duties and responsibilities as required under various regulatory guidelines applicable to the company such as Companies Act, 2013, Directions/Guidelines and regulations of SEBI/Exchanges.

Pursuant to the provisions of the Companies Act, 2013, following are the changes in the Board of Directors and Key Managerial Personnel's of the Company till the date of this Report:

Name of the Director / Key Managerial Personnel's	DIN / PAN	Designation	Date of Appointment / Resignation
Shri. R A Sankaranarayanan	05230407	Director & Chairman	Resignation w.e.f. 01.02.2019
Smt. Uma Subramaniam	07434953	Independent Director	Resignation w.e.f. 07.09.2019
Shri. Pradeep S Bhawe	06757517	Independent Director	Re-Appointment w.e.f. 19.09.2019
Shri. P Krishnamurthy	05336749	Additional Independent Director	Resignation w.e.f. 12.02.2020
Shri V Kumara Krishnan	07581213	Director and MD	Resignation w.e.f. 01.03.2020
Shri Biplav Kumar Misha	08712819	Director and MD	Appointment w.e.f. 01.03.2020
Shri. Shaji K V	07691350	Additional Director	Resignation w.e.f. 21.05.2020
Shri T V Rao	05273533	Additional Independent Director	Appointment w.e.f. 12.05.2020
Smt Kota Kalyani	08754192	Additional Director	Appointment w.e.f. 10.06.2020
Shri. Naval Singh Shekhawat	CBXPS0984B	Company Secretary	Resignation w.e.f. 18.12.2019
Ms Ankita A Shetty	DYXPS3273K	Chief Financial Officer	Appointment w.e.f. 21.10.2019

The Current Compositions of the Board of Directors of the Company are as follows:

Name of Director	DIN	Designation
Shri. Debashish Mukherjee	08193978	Director & Vice Chairman
Shri. G V Prabhu	08281765	Director
Shri. Biplav Kumar Mishra	08712819	Managing Director
Shri. Pradeep S Bhawe	06757517	Independent Director
Shri T V Rao	05273533	Independent Director
Smt Kota Kalyani	08754192	Additional Director

The Current Compositions of the Key Managerial Personnel's of the Company are as follows:

Name of Director	PAN	Designation
Ms Ankita A Shetty	DYXPS3273K	Chief Financial Officer

## Directors' Report (Cont.)

### **RETIREMENT OF DIRECTORS :**

In terms of sections 149,150,152 and other applicable provisions of companies Act, 2013 and rules made there under, the Managing Director is appointed for a term of 3 years. As the company is wholly owned subsidiary of Canara Bank, Chairman of the Company and vice Chairman of the Company are nominated by the Bank to represent its interest as per explanation to Section 149(7) of the Companies Act, 2013. Independent Directors are appointed for fixed term. Other directors are liable to retire by rotation.

All Directors, other than the Directors who are liable to retire by rotation at every Annual General Meeting and who are eligible for reappointment, are appointed on the recommendation of Nomination and Remuneration Committee. The provisions of Section 178(3) of the Companies Act, 2013 are complied with wherever applicable.

### **DIRECTOR(S) RETIRING BY ROTATION :**

As per clause 136(1) of the Articles of Associations of the Company, not less than two-third of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation and same as otherwise expressly provided in the Act and the Articles, be appointed by the Company in Annual General Meeting.

As per clause 137 of Articles of Association at an Annual General Meeting in each year one-third of the Directors for the time being as are liable to retire by rotation.

In terms of section 149, 150, 152 and other applicable provisions of the Companies Act, 2013, and rules made there under, Shri G V Prabhu (DIN: 08281765) is liable to retire by rotation and is eligible for reappointment.

### **APPOINTMENT OF INDEPENDENT DIRECTOR(S) :**

Pursuant to the provisions of section 149, 152, 160, 161(1) read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Shri. T V Rao (DIN: 05273533), who was appointed as an Additional Independent Director of the Company by the Board of Directors with effect from 12.05.2020 and who holds the said office pursuant to the provisions of Section 161(1) of the Companies Act, 2013 upto the date of ensuring Annual General Meeting or the last date on which the Annual General Meeting for Financial Year 2019-20 should have been held, whichever is earlier and who is eligible for appointment under the relevant provisions of the Companies Act, 2013, not liable to retire by rotation, and who shall hold office for a period of 3 (Three) consecutive Years from ensuring Annual General Meeting to the conclusion of Annual General Meeting to be held in the Year 2022 subject to the approval of Members in the ensuring Annual General Meeting.

### **APPOINTMENT OF CHAIRMAN :**

In place of Shri. R A Sankaranarayanan, Chairman of the Company, who has been resigned from the Board of the Company w.e.f. 01.02.2019 on account of superannuation from Parent Bank, the Board of Directors of the Company on recommendation of Parent Bank and pursuant to the provisions of Section 152, 160, 161 and all other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Appointment and

**Directors' Report (Cont.)**

Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, has appointed Shri. Lingam Venkata Prabhakar (08110715) as Chairman w.e.f. date of approval from Regulators.

**BOARD AND COMMITTEE MEETINGS :**

The Board of Directors meets at regular intervals to discuss the business and compliance matters of the Company. Four Board Meetings were held during the Financial Year 2019-20 on 24.05.2019, 14.09.2019, 30.12.2019 and 25.02.2020.

Details of Board Meetings held/attended during the FY 2019-20 by Directors and sitting fees paid are furnished here under:

Sr. No.:	Name of the Director	No.: of Board Meetings held	No.: of Board Meeting to be attended	No.: of Board Meetings attended	Attendance at Last AGM (Y/N)	Sitting fee paid (in Rs.)
1	Shri. R A Sankaranarayanan	4	1	3	Yes	NA
2	Shri Debashish Mukherjee	4	1	3	Yes	NA
3	Shri. V Kumara Krishnan	4	1	4	Yes	NA
4	Shri. G V Prabhu	4	1	4	Yes	NA
5	Shri. P S Bhave	4	1	4	Yes	80000
6	Smt. Uma Subramaniam	4	1	1	No	20,000
7	Shri P Krishnamurthy	4	1	2	Yes	40000
8	Shri K V Shaji	4	1	3	Yes	NA

The Managing Director is the executive and functional director and other directors are Non-Executive Directors. The Directors are professionals with vast experience in Banking, Finance, audit, management, law and other relevant areas.

None of the Directors are related to each other. The Independent Directors are independent of management and do not have any business relationship which could materially interfere their exercise of independent judgment. None of the Directors received any loans and advances from the Company during the year under review.

During the Year under review with request majority Four times the Board Resolutions were passed by circulation.

The Board has constituted the following Mandatory Committees of the Board of Directors:

1. Audit Committee
2. Risk Management Committee
3. Corporate Social Responsibility Committee
4. Nomination and Remuneration Committee

The Company Secretary of the Company is the Secretary to each of these Committees.

**Directors' Report (Cont.)****AUDIT COMMITTEE OF THE BOARD :**

The Committee comprises of three Directors. The Managing Director of the Company is a permanent invitee to the Meeting.

During the year under review five Audit Committee Meeting of the Board were held on 2019-20 on 24.05.2019, 20.09.2019, 07.12.2019, 30.01.2020 and 27.02.2020.

Following are the details of Audit Committee Meeting held/attended by Directors/Members and sitting fees paid during the FY 2019-20 are furnished here under:

Sr. No.:	Name of the Director	No. of Meetings held	No. of Meeting to be attended	No. of Meetings attended	Sitting fee paid (in Rs.)
1	Smt. Uma Subramaniam	5	1	1	10000
2	Shri. Pradeep S Bhav	5	1	5	50000
3	Shri P Krishnamurthy	5	1	2	20000
4	Shri. G V Prabhu	5	1	5	NA
5	Shri. V Kumara Krishnan	5	1	5	NA

The role, terms of reference, authority and powers of the Audit Committee of the Board are in conformity with the requirements of Companies' Act, 2013.

**RISK MANAGEMENT COMMITTEE OF THE BOARD :**

The Committee comprises of three Directors. The Managing Director of the Company and General Manager of RM Wing of Canara Bank (Parent Bank) are the permanent invitees to the Meeting.

During the year under review Three Meetings of Risk Management Committee were held on 24.05.2019, 20.09.2019, 07.12.2019, 24.12.2019 and 30.01.2020.

Following are the details of Risk Management Committee Meeting held/attended by Directors/Members and sitting fees paid during the FY 2019-20 are furnished here under:

Sr. No.:	Name of the Director	No. of Meetings held	No. of Meeting to be attended	No. of Meetings attended	Sitting fee paid (in Rs.)
1	Shri. Pradeep S Bhav	5	1	5	50000
2	Smt. Uma Subramaniam	5	1	1	10000
3	Shri P Krishnamurthy	5	1	3	30000
4	Shri. G V Prabhu	5	1	5	NA
5	Shri. V Kumara Krishnan	5	1	5	NA

The Committee, inter alia, reviews the risk mitigation measures followed by the Company.

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE OF THE BOARD :**

In accordance with the section 135 of the Companies Act, 2013 and schedule VII read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Corporate Social Responsibility Committee of the Board is constituted by the Board which comprises of three Directors to perform the duties as specified Section 135 of the Companies' Act 2013. The Managing Director of the Company is a permanent invitee to the Meeting.

**Directors' Report (Cont.)**

During the year under review One Meeting of Corporate Social Responsibility Committee was held on 24.05.2019 and 14.09.2019.

Following are the details of Corporate Social Responsibility Committee Meeting held/attended by Directors/Members and sitting fees paid during the FY 2019-20 are furnished here under:

Sr. No.:	Name of the Director	No. of Meetings held	No. of Meeting to be attended	No. of Meetings attended	Sitting fee paid (in Rs.)
1	Shri. Pradeep S Bhave	2	1	2	20000
2	Smt. Uma Subramaniam	2	1	1	10000
3	Shri. G V Prabhu	2	1	2	NA
4	Shri V Kumara Krishnan	2	1	2	NA

The Committee, inter alia, formulates and recommends to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified under schedule VII of the Act & recommends the amount of expenditure to be incurred on the activities.

**NOMINATION AND REMUNERATION COMMITTEE OF THE BOARD :**

In accordance with the Section 178 of the Companies Act, 2013 and rules made there under, the Nomination and Remuneration Committee of the Board was constituted by the Board. The Committee comprises of three Directors. The Managing Director of the Company is a permanent invitee to the Meeting.

Being a Wholly Owned Subsidiary of Canara Bank, the Bank shall identify the persons who are qualified to become directors and recommends the same to the Board of your Company for their appointment and approval. The Board further recommends the same to the Shareholders for their approval in General Meeting.

Further the evaluation of performance of Board, its committees and individual directors shall be carried out by the Board itself.

During the year under review Two Meeting of Nomination and Remuneration Committee was held on 24.05.2019 and 20.09.2019.

Following are the details of Nomination and Remuneration Committee Meeting held/attended by Directors/Members and sitting fees paid during the FY 2019-20 are furnished here under:

Sr. No.:	Name of the Director	No. of Meetings held	No. of Meeting to be attended	No. of Meetings attended	Sitting fee paid (in Rs.)
1	Shri. G V Prabhu (Chairman)	2	1	2	NA
2	Shri. Pradeep S Bhave	2	1	2	20,000
3	Smt. Uma Subramaniam	2	1	1	10,000
4	Shri P Krishnamurthy	2	1	1	10,000
5	Shri V Kumara Krishnan	2	1	2	NA

## Directors' Report (Cont.)

### **EXTRA-ORDINARY GENERAL METING :**

During the Year under review the Company has not conducted any Extra-ordinary General Meeting.

### **DECLARATION U/S149 (6) OF THE COMPANIES ACT, 2013 :**

In terms of section 149(6) of the Companies Act, 2013 a declaration that the Director meets the criteria of independence as provided in the Section 149(6) of the Companies Act, 2013 has been received from the Independent Directors.

Pursuant to Section 149(8) read with Schedule IV of the Companies Act, 2013, a Separate Meeting of independent Directors was held in the absence of Non-independent Directors, Company Secretary and Members of Management of the Company to discuss the matters as prescribed under Clause VII of Schedule IV of the Companies Act, 2013.

### **BOARD EVALUATION :**

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent Directors shall also be done by the entire Board of Directors, excluding the Director being evaluated.

Pursuant to the provisions of Section 134(3) (p) of the Companies Act, 2013 read with Rule 8 (4) of Companies (Accounts) Rules, 2014, the Board has initiated the process of performance evaluation of the entire board of the company, its committees and individual Directors, including Independent Directors.

The Board monitored and reviewed the Board evaluation framework. The framework includes the evaluation of directors on various parameters such as:

- Board dynamics and relationships
- Information flows
- Decision-making
- Relationship with stakeholders
- Company performance and strategy
- Tracking Board and committees' effectiveness
- Peer evaluation

### **MANAGERIAL REMUNERATION & PARTICULARS OF EMPLOYEES :**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, require the company to provide certain details about the employees who were in receipt of remuneration of not less than Rs. 1.02 Crore during the Year ended 31st March, 2020 or not less than Rs. 8.5 Lakhs per month during any part of the said year. As all the employees of the company are drawing less than the stipulated threshold limit, the particulars required to be furnished shall be treated as Nil.

## Directors' Report (Cont.)

### **REPORT ON CORPORATE GOVERNANCE PRACTICES FOLLOWED BY THE COMPANY :**

The Board of Directors of the Company believes that sound corporate governance is critical to enhance and retain investor trust. It always seeks to ensure that its performance is driven by integrity. The Board exercises its fiduciary responsibilities in the widest sense of the term. Its disclosures seek to attain the best practices in the corporate governance.

### **RISK MANAGEMENT :**

The Company is exposed to inherent uncertainties owing to the sectors in which it operates. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's Risk Management processes focus on ensuring that these risks are identified on a timely basis and addressed.

The Board of Directors has constituted a Risk Management Committee. The purpose of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to enterprise risk management. The Committee reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while trying to achieve its business objectives. Further, the Committee endeavors to assist the Board in framing, implementing and monitoring the risk management plan for the Company and reviewing & guiding the risk policy. The Committee also guides Management in developing the risk management policy and in implementing an appropriate risk management system/framework for the Company. This Committee has the primary responsibility of implementing the Risk Management Policy of the Company and achieving the stated objective of developing a risk intelligent culture that supports decision making and helps improve Company performance.

### **INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY :**

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Company has appointed independent auditors to check the internal control system of the Company. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures and policies. Based on the report of internal auditor of the company undertakes corrective action in its respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### **AUDITORS :**

#### **Statutory Auditors :**

M/s Raj Bordia & Co, Chartered Accountants, Mumbai were appointed as Statutory Auditors of the Company by the Comptroller and Auditor General of India for the Financial Year 2019-20

The Statutory Auditors' Report to the Shareholders does not contain any qualification.

As per the Auditor's report submitted by the Statutory Auditor of the Company no fraud on or by the Company has been noticed or reported during the course of our audit.



## Directors' Report (Cont.)

Under Section 142 of the Companies Act, 2013, the remuneration of Auditors M/s Raj Bordia & Co, Chartered Accountants appointed under Section 139(5) by the Comptroller & Auditor General of India for the year 2020-21, shall be fixed by the Company in the General Meeting. Accordingly, Notice of the Annual General Meeting includes item relating to remuneration of the Auditors for the year 2020-21.

### **C & AG Audit :**

The Comptroller and Auditor General of India (C&AG) have decided not to conduct the supplementary audit of the Financial Statements of our Company for the FY 2019-20.

### **Internal Auditor :**

The Board of Directors had appointed M/s B & Y Associates, Chartered Accountants, Mumbai as the Internal Auditors of the Company for Broking Activity and Research Analysts Activities at Mumbai and M/s B.N.Pai & Co., Chartered Accountants, Bengaluru for DP/OLT Activities at Bengaluru for the Financial Year 2019-20.

The Internal Auditors conduct their review and Audit on monthly and quarterly basis and submit their report to the Audit Committee and Board of Directors.

### **Secretarial Auditor :**

In terms of the provisions of Section 204 of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company is not required to appoint Secretarial Auditor.

### **COMMENTS BY THE BOARD ON QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER IN AUDIT REPORT :**

There is no Qualification, Reservation or Adverse remark in Statutory Audit Report for the Financial Year 2019-20

### **PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTY :**

During the year, transactions of material nature, which are not at arms length or, not in the ordinary course of Business have not been entered into with holding company or any other party. Information on transactions with Related Parties pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 are given in Annexure I in Form AOC-2 and the same forms part of this Report.

### **EXTRACT OF ANNUAL RETURN :**

The details forming part of the extract of the Annual Return in form MGT -9 is annexed as Annexure II and forms part of this Report.

### **CONSERVATION OF ENERGY :**

The Company's operations involve low energy consumption. There are no major areas where energy conservation measures could be taken. However, the Company is making efforts to conserve and optimise energy wherever practicable by economising on the use of power in the office.

## Directors' Report (Cont.)

### **TECHNOLOGY ABSORPTION :**

The Company has not entered into any collaboration arrangement. The Company is using the necessary resources relevant to its business in keeping with the size of its operations.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Company does not have any business resulting in foreign exchange earnings and outgo.

### **ESTABLISHMENT OF VIGIL MECHANISM :**

Department of Financial Services (DFS) has directed all the banks to establish a formal vigilance administration mechanism in its subsidiary companies. In line with these directions, our Parent Company, Canara Bank has directed us to take necessary steps to:

- Establish formal vigilance administration mechanism by setting up vigilance cell;
- Appoint Vigilance Officer and defining his roles and responsibilities by covering all the areas of line of activity of the Company;
- Frame policies such as Vigilance Policy, Whistle Blower Policy, Complaints handling Policy;
- Submit of Vigilance Report on monthly basis.
- Accordingly, we have formed policies as per the directions.

### **PREVENTION OF SEXUAL HARASSMENT :**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability, etc. All women associates (permanent, temporary, contractual and trainees) as well as any women visiting the Company's office premises or women service providers are covered under this policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological. During Fiscal 2019-20 the Company has not received any complaint on sexual harassments.

### **CORPORATE SOCIAL RESPONSIBILITY :**

The brief outline of the Corporate Social Responsibility (CSR) Policy of the Company and the initiatives undertaken by the Company on CSR activities during the Financial Year 2019-20 are set out in Annexure III of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014.

CSR Policy is available on the website of the Company at [www.canmoney.in](http://www.canmoney.in).

### **REMUNERATION POLICY :**

Non-executive Directors of the Company, other than those who are executives of the parent bank, get only sitting fees. As regards Directors who are executives of the parent bank, who are on deputation from the Parent Bank get remuneration as per Remuneration Policy.

**Directors' Report (Cont.)****OTHER DISCLOSURES :**

- (i) There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future, during the Financial Year 2019-20.
- (ii) There are no material changes and commitments, if any, affecting the financial position of the company which has occurred between the end of the Financial Year 2019-20 and the date of this report.
- (iii) There are no details in respect of frauds reported by auditors under Section 143(12) of the Companies Act, 2013.
- (iv) The Company has complied with the Secretarial Standards I and II as issued by the Institute of Company Secretaries, India.
- (v) The Company was not required to maintain cost records under Section 148(1) of the Companies Act, 2013.

**ACKNOWLEDGEMENTS :**

The Directors place on record their appreciation of the assistance and co-operation received from Government of India, State Government of Maharashtra, SEBI, NSE, BSE, NSDL, Promoter Bank viz. Canara Bank, Consultants and Company's Bankers.

The Directors would also like to place on record their appreciation for the sincere and dedicated efforts put in by all the staff members.

For and on behalf of the Board of Directors  
**CANARA BANK SECURITIES LIMITED**

Place : Mumbai

Date : 04.09.2020

**DEBASHISH MUKHERJEE**  
VICE CHAIRMAN  
(DIN: 08193978)

**Enclosed:**

**Annexure I -AOC -2**

**Annexure II- MGT-9**

**Annexure III- CSR Report**

## Directors' Report (Cont.)

Annexure I

**Form No.: AOC -2**

**as on the Financial Year ended on 31st March, 2020**  
**(Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies**  
**(Accounts) Rules, 2014)**

*Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.*

**Details of contracts or arrangements or transactions not at Arm's length basis :**

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2020, which were not in arm's length basis.

**Details of contracts or arrangements or transactions at Arm's length basis :**

The details of contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2020 are as follows:

Name (s) of the Related Party & nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transaction	Salient terms of the contracts or arrangements or transaction including the value, if any
Canara Bank (Parent Bank)	Rent	April 2019 to March 2020	Rent paid to the Parent Bank for the Office use for FY 2019-20 amounting to Rs. 51.60 Lakhs.
	Bank charges	April 2019 to March 2020	Bank Charges paid to Parent Bank for availing Banking services amounting to Rs. 0.41 Lakhs.
	Interest paid on overdraft	April 2019 to March 2020	Interest paid to Parent Bank on Overdraft amounting to NIL
	Interest on deposit	April 2019 to March 2020	Interest received on Fixed Deposit from Parent Bank amounting to Rs. 111.86 Lakhs.
	Brokerage received	April 2019 to March 2020	Brokerage received from the Holding Company for services rendered to them for FY 2018-19 amounting to Rs.5.01 Lakhs.
	Fixed deposit	April 2019 to March 2020	Fixed Deposit maintained with Parent bank amounting to Rs. 3633.20 Lakhs.
Canara HSBC Oriental Bank of India Insurance Company Ltd (Group Company)	Brokerage received	April 2019 to March 2020	Brokerage received for services rendered to them for FY2019-20 amounting to Rs.66.44 Lakhs.
Canara Robeco MF (Group Company)	Mutual Fund Investment	April 2019 to March 2020	Mutual Fund Investment in Canara Robeco MF (Group Company) amounting to Rs.8778.51 Lakhs.

**Directors' Report (Cont.)**

	Income from investment in Mutual Fund	April 2019 to March 2020	Income received from Mutual Fund Investment in Canara Robeco MF (Group Company) amounting to Rs.68.86 Lakhs.
	Brokerage received	April 2019 to March 2020	Brokerage received for services rendered to them for FY2019-20 amounting to Rs. 43.80 Lakhs.
Canara Computer Services (Group Company)	RTA and maintenance charges	April 2019 to March 2020	DR site was discontinued from the year 2016 and near site was started from 26th July, 2019. RTA and maintenance charges for Near Site amounting to Rs. 0.18 lakhs

There was no advances paid and necessary approval of Board of Directors has been obtained for all transactions as same are non-material and in the Ordinary course of Business.

For and on behalf of the Board of Directors  
**CANARA BANK SECURITIES LIMITED**

**DEBASHISH MUKHERJEE**  
VICE CHAIRMAN  
(DIN: 08193978)

Place : Mumbai  
Date : 04.09.2020

## Directors' Report (Cont.)

Annexure II

Form No. MGT - 9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on 31st March, 2020

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

## 1. REGISTRATION AND OTHER DETAILS:

CIN	U67120MH1996GOI097783
Registration Date	01.03.1996
Name of the Company	Canara Bank Securities Limited
Category / Sub-Category of the Company	Broking
Address of the Registered Office and contact details	7th Floor, Maker Chambers III, Nariman Point, Mumbai - 400 021
Whether listed company	Unlisted
Name, address and contact details of Registrar and Transfer Agent, if any	Not Applicable

## 2. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

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

Sr. No.	Name and Description of main Products / Services	NIC Code of the Product/Service	% to total turnover of the Company
01	Broking activity	99715210	98.81%

## 3. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

Sr. No.	Name and address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
01	Canara Bank	N/A	Holding	99.9994% Remaining 0.0006% Shares holding in the capacity of Joint Shareholder.	2(45), 2(46)
02	CanFin Homes Ltd.	L85110KA1987PLC008699	Associate	NIL	NIL
03	Canbank Factors Ltd.	U85110KA1991PLC011960	Associate	NIL	NIL
04	Canbank Venture Capital Funds Ltd.	U85110KA1995PLC017248	Associate	NIL	NIL
05	Canara HSBC OBC Life Insurance Co Ltd.	U66010DL2007PLC248825	Associate	NIL	NIL
06	Canara Robeco Asset Management Co Ltd.	U65990MH1993PLC071003	Associate	NIL	NIL

## Directors' Report (Cont.)

07	Canbank Computers Ltd.	U85110KA1994PLC016174	Associate	NIL	NIL
08	Canbank Financial Services Ltd.	U85110KA1987PLC008381	Associate	NIL	NIL
09	Higher Education Financing Agency	U74999KA2017NPL103474	Associate	NIL	NIL

### SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% of Change during the Year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual / HUF (Holding Jointly with Canara Bank)	240	-	240	0.0006	240	-	240	0.0006	NIL
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks / FI (Canara Bank)	3,99,99,760	-	3,99,99,760	99.9994	3,99,99,760	-	3,99,99,760	99.9994	NIL
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1):	4,00,00,000	-	4,00,00,000	100.00	4,00,00,000	-	4,00,00,000	100.00	NIL
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2):	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	4,00,00,000	-	4,00,00,000	100.00	4,00,00,000	-	4,00,00,000	100.00	NIL
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds / UTI	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1) :	-	-	-	-	-	-	-	-	-

## Directors' Report (Cont.)

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% of Change during the Year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(2) Non- Institutions									
a) Bodies Corporate									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas									
b) Individual									
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) Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(2):	-	-	-	-	-	-	-	-	-
Total Public Share holding (B)= (B)(1) +(B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	4,00,00,000	-	4,00,00,000	100.00	4,00,00,000	-	4,00,00,000	100.00	NIL

## Shareholding of Promoters :

Shareholders Name	No. of Shares held at the beginning of the Year			No. of Shares held at the end of the Year			% of Change in share holding during the Year
	No. of Shares	% 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	
Canara Bank	3,99,99,760	99.9994	NIL	3,99,99,760	99.9994	NIL	NIL
Total	3,99,99,760	99.9994	NIL	3,99,99,760	99.9994	NIL	NIL

## Change in Promoters' Shareholding (please specify, if there is no change)-No change:

For Each Top 10 Share holders	Shareholding at the beginning of the Year			Cumulative Shareholding during the Year	
	Name of Promoter	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
At the beginning of the Year (1st April, 2019)	Canara Bank	3,99,99,760	99.9994	3,99,99,760	99.9994
Date wise Increase/Decrease in Promoters Shareholding during the Year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)		-	-	-	-
At the end of the Year (31st March, 2020)		3,99,99,760	99.9994	3,99,99,760	99.9994



**Directors' Report (Cont.)****Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

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
For Each Top 10 Share Holders				
At the beginning of the Year	-	-	-	-
Date wise Increase/Decrease in Promoters Shareholding 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 )	-	-	-	-

**Shareholding of Directors and Key Managerial Personnel:**

Sr. No	Shareholding at the beginning of the year				Cumulative Shareholding during the Year	
		Name of Shareholder/Director/KMP	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
01	At the beginning of the Year (1st April, 2019)	--	--	--	--	--
	Date wise Increase/Decrease in Promoters Shareholding during the Year specifying the reasons for increase/decrease (e.g. allotment/transfer /bonus/sweat equity etc):	--	--	--	--	--
	At the end of the Year (31st March, 2019)	--	--	--	--	--

# During the FY20, no change in share holding pattern of the Company.

## Top 10 shareholders-99.9994% of share holding being held by Canara Bank. Remaining shares are held by Canara Bank jointly with individual shareholders.

**INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(In Rs.)

Particulars of Remuneration	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i. Principal Amount	Nil	Nil	Nil	Nil
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total ( i+ ii+ iii)</b>	Nil	Nil	Nil	Nil
<b>Change in Indebtedness during the Financial Year</b>				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil

## Directors' Report (Cont.)

<b>Net Change</b>	Nil	Nil	Nil	Nil
<b>Indebtedness at the end of the Financial Year</b>				
i. Principal Amount	Nil	Nil	Nil	Nil
ii. Interest due but not paid	Nil	Nil	Nil	Nil
iii. Interest accrued but not due	Nil	Nil	Nil	Nil
<b>Total ( i+ ii+ iii)</b>	Nil	Nil	Nil	Nil

**REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Remuneration to Managing Director, Whole-time Directors and/or Manager for FY 2019-20:

(In Rs.)

Sr. No.	Particulars of Remuneration	V Kumara Kishnan (Managing Director) 01.04.2019 to 29.02.2020	Biplav Kumar Mishra (Managing Director) 01.03.2020 to 31.03.2020	Total Amount
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	16,62,568.36	1,56,453.06	18,19,021.42
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	NA	NA	NA
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	NA	NA	NA
2	Stock Options	NA	NA	NA
3	Sweat Equity	NA	NA	NA
4	Commission	NA	NA	NA
	- as % of profit	NA	NA	NA
	- others, specify....	NA	NA	NA
5	Others, please specify	NA	NA	NA
	Total (A)	16,62,568.36	1,56,453.06	18,19,021.42
	Ceiling as per the Act (@10% of the profit calculated under Section 198 of Companies Act, 2013)		2,62,62,865.80	

## Directors' Report (Cont.)

## Remuneration to other Directors:

(In Rs.)

Sr. No	Particulars of Remuneration	Name of Directors			Total Amount
		P S Bhave	Uma Subramaniam	P Krishnamurthy	
<b>1.</b>	<b>Independent Director</b>				
	- Fee for attending Board/ Committee Meetings	2,20,000	60,000	1,00,000	3,80,000
	Commission	-	-	-	
	- Others, please specify	-	-	-	
	Total (1)				
<b>2.</b>	<b>Other Non Executive Directors</b>				
	- Fee for attending Board/Committee Meetings	-	-	-	
	Commission	-	-	-	
	- Others, please specify	-	-	-	
	Total (2)	-	-	-	
	Total = (1+2)	-	-	-	
	<b>Total Managerial Remuneration</b>	<b>2,20,000</b>	<b>60,000</b>	<b>1,00,000</b>	<b>3,80,000</b>
Ceiling as per the Act (@1% of the profit calculated under Section 198 of Companies Act, 2013)					

## REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(In Rs.)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel's			Total
		Kinal Agarwal (Chief Financial Officer)	*Ankita Shetty (CFO)	Naval Singh Shekhawat (Company Secretary)**	
1.	Gross Salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	87,808.00	5,73,301.00	4,48,285.00	11,09,394.00
	(b) Value of perquisites under Section 17(2) Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-	-
2.	Stock Options	NA	NA	NA	NA
3.	Sweat Equity	NA	NA	NA	NA
4.	Commission	NA	NA	NA	NA
	- as % of profit	NA	NA	NA	NA
	-Others, specify...	NA	NA	NA	NA
5.	Others, please specify	NA	NA	NA	NA
	Total	87,808.00	5,73,301.00	4,48,285.00	11,09,394.00

\*Smt Kinal Agarwal has resigned w.e.f. 22.04.2019

\*\*Shri Naval Singh Shekhawat has resigned w.e.f. 23.12.2019

## Directors' Report (Cont.)

**PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalties/ Punishment / Compounding Fees imposed	Authority [RD/ NCLT / COURT]	Appeal made, if any (give details)
<b>COMPANY</b>					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
<b>DIRECTORS</b>					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		
<b>OTHER OFFICER IN DEFAULT</b>					
Penalty			NIL		
Punishment			NIL		
Compounding			NIL		

For and on behalf of the Board of Directors  
**CANARA BANK SECURITIES LIMITED**

**DEBASHISH MUKHERJEE**  
VICE CHAIRMAN  
(DIN: 08193978)

Place : Mumbai  
Date : 04.09.2020

**CORPORATE SOCIAL RESPONSIBILITY REPORT**  
**as on the Financial Year ended on 31st March, 2020**  
**[Pursuant to Section 135 of the Companies Act, 2013 and Rule 8(1) of the Companies**  
**(Corporate Social Responsibility) Rules, 2014]**

**A brief outline of the Company's CSR Policy:**

**1. Overview:**

Outline of CSR Policy - As an integral part of our commitment to Good Corporate Citizenship, we at Canara Bank Securities Limited believe in actively assisting in improvement of the quality of life of people in communities. Towards achieving long-term stakeholder value creation, we shall always continue to respect the interests of and be responsive towards our key stakeholders - the communities, especially those from socially and economically backward groups, the underprivileged and marginalized; focused on inter alia the Minority Community, Scheduled Castes and Scheduled Tribes and the society at large. In order to leverage the demographic dividend of our country, Company's CSR efforts shall focus on Health, Education, and giving preference to needy and deserving communities inhabiting urban India.

**2. Composition of CSR Committee:**

The CSR Committee of the Board of the Company comprises (i) Shri P S Bhavé, Independent Director [Independent Director & Chairman of the Committee]; (ii) Smt Uma Subramaniam [Independent Director & Member of the Committee]; (iii) Shri G V Prabhu (Additional Director & Member of the Committee) and (iv) Shri V Kumara Krishnan, [Managing Director & Member of the Committee].

1. Average of Net Profit of the Company for last three Financial Years: Rs.12,17,42,210.67
2. Prescribed CSR Expenditure (2% of the average Net Profit for last three Financial Years): Rs.24,34,844/-
3. Details of actual CSR spent during the Financial Year 2019-20:
  - a) **The total amount spent on the CSR activities during the Financial Year :** Pertaining to CSR funds of FY17-18, we have spent Rs.21.35 lakhs during FY19. CSR the CSR liability of Rs.24,34,844/- pertaining to the Financial Year 2019-20 which was not spent in the same Financial Year and carried forwarded to the Financial Year 2020-21. It is expected to spend the same during the current FY.
  - b) **Details of unspent Amount, if Any: Rs.24,34,844/-**
  - c) **Manner in which the amount was spent ( for the FY 2019-20):**

## Directors' Report (Cont.)

Sr. No.	CSR Project or Activity identified	Sector in which the Project is covered (As per Schedule VII of Companies Act, 2013)	Project 1) Local area or other 2) Specify State and District where project was undertake	Amount Outlay (Budget) Project wise	Amount spent on Project Subheads: 1) Direct expenditure 2) Overheads	Cumulative expenditure up to the reporting period	Amount spent Directly or through Implementing Agency
NIL							

4. **In case the Company has failed to spend 2% of the average net profit of the last 3 Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount:** As the suitable activity could not be identified for spending the entire amount of Rs.24,34,844/-provided for Corporate Social Responsibility activity for the Financial Year 2018-19, the same could not be spent during the Financial Year 2019-20 and has been carried forwarded to the Financial Year 2020-21.
5. **Responsibility statement of the CSR Committee:** The CSR Committee hereby confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and CSR policy of the Company.

For and on behalf of the Board of Directors  
**CANARA BANK SECURITIES LIMITED**

**DEBASHISH MUKHERJEE**  
VICE CHAIRMAN  
(DIN: 08193978)

Place : Mumbai  
Date : 04.09.2020

## Independent Auditor's Report

**To the Members of Canara Bank Securities Ltd**

**Report on the standalone Financial Statements**

### **Opinion**

We have audited the accompanying Standalone financial statements of Canara Bank Securities Ltd ("the company"), which comprises the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, (statement of changes in equity) and 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, the aforesaid standalone financial statements give the information required by the Act in the manner 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/loss, and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibility of Management for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, (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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of 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.

## Independent Auditor's Report (Cont.)

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.

Those Board of Directors are also responsible for overseeing the company's financial reporting process

### **Auditor's Responsibility 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.

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", as statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- a. 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.
- b. 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.
- c. 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.
- d. 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.
- e. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



## Independent Auditor's Report (Cont.)

- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 24(2) & (3) to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- g. With respect to the compliance of CAG's directions under Section 143(5) of Companies Act, 2013, refer to our separate report in "Annexure C".

**For Raj Bordia & Co.**  
**Chartered Accountants**  
**Firm Regn. No. 003293C**

**R. S. Bordia**  
Partner  
M. No. 081200

Place : Mumbai  
Date : 10.06.2020

## Annexure to the Independent Auditor's Report

### ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CANARA BANK SECURITIES 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 Canara Bank Securities 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 (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 Act.

#### Auditor's Responsibility

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

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

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

## Annexure to the Independent Auditor's Report (Cont.)

### 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 authorizations of management and directors of the Company; and
- (3) 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.

### 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 March 31, 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 **Raj Bordia & Co.**

Chartered Accountants

Firm Registration Number 003293C

**R. S. Bordia**

Partner

Membership No. 081200

Place : Mumbai

Date : 10.06.2020

## Annexure to the Independent Auditor's Report (Cont.)

### ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

#### Re. : CANARA BANK SECURITIES LIMITED

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date,

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. We are informed that no material discrepancies were noticed on such verification.
  - (c) The Company does not hold any immovable property. Thus sub-clause (c) of clause (i) of paragraph 3 of the Order is not applicable to the Company
- (ii) The Company is a service company, primarily rendering share broking services. Accordingly it does not hold any physical inventories. Hence clause (ii) of paragraph 3 of the Order 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 Act. Consequently, requirement of clauses (iii,a), (iii,b) and (iii,c) of paragraph 3 of the Order are not applicable.
- (iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under Sections 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the Order are not applicable.
- (v) The Company has not accepted any deposits from the public to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder and directions issued by R.B.I. would apply.
- (vi) The Company is not engaged in production, processing, manufacturing or mining activities Therefore, the provisions of maintenance of cost records specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable.
- (vii) (a) According to information and explanation given to us and on the basis of our examination of records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including Income Tax, wealth tax, sales tax, custom duty, Goods and Service Tax, Service Tax, excise duty and Cess and other material statutory dues applicable to it have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Provident Fund regulations are applicable to the Company for the staff who are on deputation from Parent Bank i.e.Canara Bank and the same is reimbursed by the Company to the parent Bank on monthly basis. The employees on the payroll of the Company are governed by NPS regulations which are complied by the company.

According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

## Annexure to the Independent Auditor's Report (Cont.)

There are no dues of Income Tax, Provident Fund, Cess and other statutory dues as applicable to the Company, which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a bank. The Company has not taken any loan from financial institutions or from any debenture holders.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans. Consequently, provisions of clause (ix) of paragraph 3 of the order are not applicable.
- (x) To the best of our knowledge and belief and 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 the year.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the Order are not applicable.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the Order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934.

For Raj Bordia & Co.  
Chartered Accountants  
Firm Registration Number 003293C

R. S. Bordia  
Partner  
Membership No. 081200

Place : Mumbai  
Date : 10.06.2020

**Annexure to the Independent Auditor's Report (Cont.)****ANNEXURE - C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF CANARA BANK SECURITIES LIMITED****Report on the directions issued by the Comptroller and Auditor General of India under Sub-section 5 of Section 143 of the Companies Act, 2013 ("the Act")**

Sr. No	Directions	Action Taken	Impact on Accounts and Financial Statements
<b>A.</b>	<b>Directions</b>		
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.	Yes, the Company has system in place to process all the accounting transactions through IT system. There is no processing of accounting transactions outside IT system.	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.	There are no cases of 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.	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	The Company has not received any funds for specific schemes from central/ state agencies.	Not Applicable

For **Raj Bordia & Co.**  
Chartered Accountants  
Firm Registration Number 003293C

**R. S. Bordia**  
Partner  
Membership No. 081200

Place : Mumbai  
Date : 10.06.2020

## Comments of the Controller and Auditor General of India

### COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF CANARA BANK SECURITIES LIMITED FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements of Canara Bank Securities Limited for the year ended 31 March 2020 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 10 June 2020.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Canara Bank Securities Limited for the year ended 31 March 2020 under section 143 (6) (a) of the Act.

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

Sd/-  
(P V Hari Krishna)  
Principal Director of Audit (Shipping), Mumbai

Place : Mumbai

Date : 31.08.2020







## Balance Sheet as at 31st March 2020

(Amount in Rs.)

NOTES	As at 31.03.2020		As at 31.03.2019	
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) SHARE HOLDERS' FUND</b>				
(a) Share Capital	1	400,000,000	400,000,000	
(b) Reserves and Surplus	2	1,017,766,130	978,111,246	
		1,417,766,130		1,378,111,246
<b>(2) NON -CURRENT LIABILITIES</b>				
(a) Deferred Tax Liabilities (Net)	3	-	-	-
(b) Long Term Provisions	4	12,834,243		11,624,894
(c) Other Non-Current Liabilities	5	-		141,166
<b>(3) CURRENT LIABILITIES</b>				
(a) Other Current Liabilities	6	56,882,063		44,313,416
(b) Short Term Provisions	7	4,886,029		3,951,185
<b>TOTAL</b>		<b>1,492,368,464</b>		<b>1,438,141,907</b>
<b>II. ASSETS</b>				
<b>(1) NON-CURRENT ASSETS</b>				
<b>(a) Property, Plant and Equipment</b>	8			
(i) Tangible Assets		3,817,913	6,403,250	
(ii) Intangible Assets		4,026,451	8,311,397	
(iii) Intangible Assets under Development		1,200,000	-	
(b) Non-Current Investments	9	-	2,500,000	
(c) Deferred Tax Assets (net)	3	1,324,382	124,111	
(d) Long Term Loans and Advances	10	110,363,059	90,300,919	
(e) Other Non-Current Assets	11	29,533,278	11,637,905	
		150,265,083		119,277,582
<b>(2) CURRENT ASSETS</b>				
(a) Current Investments	12	3,195,000	201,800,000	
(b) Inventories	13	794,016,318	799,695,483	
(c) Trade Receivables	14	1,007,540	535,655	
(d) Cash and Cash equivalents	15	494,515,645	275,302,578	
(e) Other Current Assets	16	49,368,878	41,530,609	
		1,342,103,381		1,318,864,325
<b>TOTAL</b>		<b>1,492,368,464</b>		<b>1,438,141,907</b>

Significant Accounting Policies and Other Notes forming part of the Financial Statement as per notes 23 & 24 & other notes from 1 to 22 In terms of our report attached

On behalf of the Board of Directors

Chartered Accountants,  
For, **RAJ BORDIA & CO.**  
Firm Registration No.003293C

**Debashish Mukherjee**  
Vice-Chairman

**Biplav Kumar Mishra**  
Managing Director

**GV Prabhu**  
Director

**Kalyani Kota**  
Director

(CA R.S.BORDIA)  
Partner  
M. No.081200

**P S Bhave**  
Independent Director

**T V Rao**  
Independent Director

**Ankita Shetty**  
Chief Financial Officer

Place : Mumbai  
Date : 10.06.2020

## Statement of Profit &amp; Loss

(Amount in Rs.)

PARTICULARS	NOTES	As at 31.03.2020		As at 31.03.2019	
<b>INCOME</b>					
I. Income from operations					
Income from Services	17	116,636,350		100,485,953	
Sale of securities	17	41,460,907		106,506,865	
Interest & Financial Income	17	90,477,029		91,724,901	
			248,574,286		298,717,719
<b>II. Other Income</b>	18		154,501,204		7,306,339
<b>III. TOTAL INCOME</b>			<b>403,075,490</b>		<b>306,024,059</b>
<b>IV. EXPENDITURE</b>					
Purchase of Stock in Trade	19		35,581,447		146,287,790
Changes in inventories of FG, WIP & Stock in Trade	20		5,523,237		(43,386,268)
Employee benefit expense	21		34,927,465		33,551,749
Finance Cost			-		124,216
Depreciation on Property, Plant and Equipment	8		7,797,047		6,021,031
Other Expenses(Admn & other exp)	22		56,617,635		47,031,178
<b>TOTAL EXPENSES</b>			<b>140,446,832</b>		<b>189,629,696</b>
(V) Profit/(Loss) Before exceptional items, extraordinary items and tax (III-IV)			262,628,658		116,394,363
(VI) Exceptional Items			-		-
(VII) Profit before extraordinary items and Tax			262,628,658		116,394,363
(VIII) Extraordinary items					
<b>(IX) Profit Before Tax(VII-VIII)</b>			262,628,658		116,394,363
(X) Tax Expense (Current Tax)					
Provision for Tax			(36,713,710)		(19,706,465)
Deferred Tax			1,200,271		460,654
Excess/(Short) provisions for earlier years			-		-
Prior period expenses			-		-
<b>Profit/(Loss) After Tax</b>			<b>227,115,219</b>		<b>97,148,552</b>
Earnings Per Share (Basic and Diluted)			<b>5.68</b>		<b>2.43</b>

Significant Accounting Policies and Other Notes forming part of the Financial Statement as per notes 23 & 24 & other notes from 1 to 22 In terms of our report attached

On behalf of the Board of Directors

Chartered Accountants,  
For, **RAJ BORDIA & CO.**  
Firm Registration No.003293C

**Debashish Mukherjee**  
Vice-Chairman

**Biplav Kumar Mishra**  
Managing Director

**GV Prabhu**  
Director

**Kalyani Kota**  
Director

(CA R.S.BORDIA)  
Partner  
M. No.081200

**P S Bhave**  
Independent Director

**T V Rao**  
Independent Director

**Ankita Shetty**  
Chief Financial Officer

Place : Mumbai  
Date : 10.06.2020

## Cash Flow Statement for the year ended on 31st March 2020

## Cash Flow Statement for the year ended on 31st March, 2020

(Amount in Rs.)

PARTICULARS	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax and extraordinary items adjustments for:		262,628,658		116,394,363
Depreciation & Amortization on Property, Plant and Equipment	7,797,047		6,021,031	
Profit/ Loss on sale of Property, Plant and Equipment	(20,192)		7,132	
Profit/ Loss on sale of CCIL shares	(147,750,000)		-	
Dividend received on Investment	(758,417)		(750,473)	
Interest received on Fixed Deposits	(19,522,059)		(18,204,530)	
Interest on borrowings	-		124,216	
Excess/(Short provision of earlier years	-		-	
<b>Operating profit before working capital changes</b>		(160,253,621)		(12,802,624)
<b>Adjustments for :</b>		102,375,037		103,591,739
Inventories	5,679,164		(43,386,268)	
Current Investment	198,605,000		113,500,000	
Adjustment for Long & Short term Provision	2,144,193		2,259,138	
Trade payables + Other Current Liabilities	(5,460,141)		(157,758,950)	
Trade Receivables+OCA	(10,710,409)		(5,912,750)	
Long Term loans & Advances	16,757,675		42,885,908	
Other Non current liabilities	(141,166)		-	
<b>Operating profit after working capital changes</b>		206,874,318		(48,412,922)
Direct Tax Paid-Net	(36,819,815)	309,249,355	(16,837,710)	55,178,817
Stock exchange membership	-		-	
<b>Net cash from operating activities (A)</b>		(36,819,815)		(16,837,710)
		272,429,540		38,341,107

**Cash Flow Statement for the year ended on 31st March 2020 (Cont.)****Cash Flow Statement for the year ended on 31st March, 2020****(Amount in Rs.)**

PARTICULARS	For the year ended 31st March, 2020		For the year ended 31st March, 2019	
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase Of Property, Plant and Equipment	(931,574)		(8,156,680)	
Sale of Property, Plant and Equipment	23,999		26,850	
Sale of CCIL shares	150,250,000			
Interest received on Fixed Deposits	19,522,059		18,204,530	
Investment in Bank Deposits			-	
Dividend received	758,417		750,473	
<b>Net cash from investing activities (B)</b>		169,622,901		10,825,173
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest on Borrowing	-		(124,216)	
Dividend Distribution Tax paid	(34,944,000)		(10,280,000)	
Dividend paid	(170,000,000)		(50,000,000)	
<b>Net cash used in financing activities (C)</b>		(204,944,000)		(60,404,216)
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>		237,108,440		(11,237,936)
Cash and cash equivalent at the beginning of the year		286,940,483		298,178,419
Cash and cash equivalent at the end of the year		524,048,923		286,940,483

Significant Accounting Policies and Other Notes forming part of the Financial Statement as per notes 23 & 24 & other notes from 1 to 22 In terms of our report attached

On behalf of the Board of Directors

Chartered Accountants,  
For, **RAJ BORDIA & CO.**  
Firm Registration No.003293C

**Debashish Mukherjee**  
Vice-Chairman

**Biplav Kumar Mishra**  
Managing Director

**GV Prabhu**  
Director

**Kalyani Kota**  
Director

(CA R.S.BORDIA)  
Partner  
M. No.081200

**P S Bhawe**  
Independent Director

**T V Rao**  
Independent Director

**Ankita Shetty**  
Chief Financial Officer

Place : Mumbai  
Date : 10.06.2020



## Notes

## Notes forming part of Financial Statements for the year ended March 31, 2020

## NOTE 1 SHARE CAPITAL

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
<b>a Authorised :</b> 10,00,00,000 Equity Shares (Previous Year - 10,00,00,000) of Rs.10/- each.	1,000,000,000 <b>1,000,000,000</b>	1,000,000,000 <b>1,000,000,000</b>
<b>Issued, Subscribed and Paid up:</b> 4,00,00,000 Equity Shares (Previous Year - 4,00,00,000) of Rs. 10/- each fully paid up.	400,000,000	400,000,000
<b>TOTAL</b>	<b>400,000,000</b>	<b>400,000,000</b>

**b Rights of the Equity Shareholders**

The Company has only one class of equity shares having a par value of Rs 10/- each. These shares rank pari passu with each other and in accordance with the Articles of Association of the Company, each equity shareholder is entitled to the same rights as regards voting, dividend and repayment of capital in proportion to his shareholding and there are no restrictions to the rights of shareholders.

**c Reconciliation of the number of shares outstanding**

Particulars	As on March 31, 2020		As on March 31, 2019	
	No of Shares	Amount	No of Shares	Amount
Number of shares at the beginning	40,000,000	400,000,000	40,000,000	400,000,000
Add: Fresh issue of shares	-	-	-	-
Number of shares at the end	40,000,000	400,000,000	40,000,000	400,000,000

**d Value of Shares held by Holding/Ultimate holding company or fellow subsidiaries and other associates**

Particulars	As on March 31, 2020		As on March 31, 2019	
Canara Bank-Holding Company		399,997,600		399,997,600
Canara Bank-jointly with others		2,400		2,400
<b>Total</b>		<b>400,000,000</b>		<b>400,000,000</b>

**e Details of Shareholders holding more than 5% of Shares**

Particulars	As on March 31, 2020		As on March 31, 2019	
	No of Shares	(%) of Holding	No of Shares	(%) of Holding
Canara Bank-Holding company	39,999,760	100	39,999,760	100
Canara Bank-jointly with others	240	0	240	0
<b>Total</b>	<b>40,000,000</b>	<b>100</b>	<b>40,000,000</b>	<b>100</b>

## Notes (Cont.)

## NOTE 2 RESERVES AND SURPLUS

(Amount in Rs.)

Particulars	As on March 31, 2020		As on March 31, 2019	
<b>General Reserve</b>				
Balance as per last Financial year	43,353,815		39,894,789	
Add : Amount transferred from Surplus balance in the statement of Profit and Loss	11,355,761		3,459,026	
Closing Balance		54,709,576		43,353,815
<b>Surplus in Statement of Profit &amp; Loss</b>				
Balance as per last Financial year	934,757,431		901,347,905	
MAT Credit	17,483,665		-	
Profit/(Loss) for the year	227,115,219		97,148,552	
Interim Dividend for the year	(170,000,000)		(50,000,000)	
Tax on Dividend	(34,944,000)		(10,280,000)	
Amount transferred to General Reserves	(11,355,761)		(3,459,026)	
Closing Balance		963,056,554		934,757,431
<b>TOTAL</b>		<b>1,017,766,130</b>		<b>978,111,246</b>

## NOTE 3 DEFERRED TAX

(Amount in Rs.)

Particulars	As on March 31, 2020 LIABILITIES/ (ASSET)	As on March 31, 2019 LIABILITIES / (ASSET)
OPENING BALANCE	(124,111)	336,543
Deferred Tax Assets resulting on account of Provision for Gratuity & Leave Salary (A)	(336,441)	(294,420)
Deferred Tax Assets arising due to difference between Depreciation as per IT Act and as per Companies Act (B)	(863,831)	(166,234)
NET TOTAL (A-B)	(1,200,271)	(460,654)
<b>TOTAL</b>	<b>(1,324,382)</b>	<b>(124,111)</b>

## NOTE 4 LONG-TERM PROVISIONS

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Provision for Gratuity/Leave Salary	12,834,243	11,624,894
<b>TOTAL</b>	<b>12,834,243</b>	<b>11,624,894</b>

## NOTE 5 OTHER NON-CURRENT LIABILITIES

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Retention Money Software Vendor	-	141,166
<b>TOTAL</b>	<b>-</b>	<b>141,166</b>



## Notes (Cont.)

**NOTE 6 OTHER CURRENT LIABILITIES**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Payable to clients	40,706,418	22,565,413
Span Margin received from clients on F&O	3,873,068	7,614,809
Other Liabilities	12,302,577	14,133,194
<b>TOTAL</b>	<b>56,882,063</b>	<b>44,313,416</b>

**NOTE 7 SHORT TERM PROVISIONS**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Provision for CSR	4,886,029	2,451,185
Provision for Incentives	-	1,500,000
<b>TOTAL</b>	<b>4,886,029</b>	<b>3,951,185</b>


**NOTE 8 STATEMENT OF DEPRECIATION ON PROPERTY, PLANT AND EQUIPMENT AS AT 31.03.2020**

Property, Plant and Equipment (Amount in Rs.)

Sl No.	Description	Gross Block			Accumulated Depreciation			Net Block		
		As at 1-04-19	Addition During the year	Deletion During the year	As at 31-03-20	As at 1-04-19	For the year	Adjustments	As at 31-03-20	As at 31-03-19
<b>TANGIBLE ASSETS</b>										
1	Office Equipments	5,075,300	97,884	4,808	5,168,376	94,479	1,001	4,826,656	341,720	342,123
2	Motor Cars	954,546	-	-	954,546	79,250	-	780,033	174,513	253,763
3	Computers (Hardware)	38,017,529	340,116	-	38,357,645	2,672,035	-	35,553,362	2,804,283	5,136,202
4	Furniture & Fixtures	5,716,627	-	-	5,716,627	173,764	-	5,219,230	497,397	671,162
		<b>49,764,003</b>	<b>438,000</b>	<b>4,808</b>	<b>50,197,194</b>	<b>3,019,528</b>	<b>1,001</b>	<b>46,379,281</b>	<b>3,817,913</b>	<b>6,403,250</b>
<b>INTANGIBLE ASSETS</b>										
5	Computers (Software)	36,260,975	493,575	-	36,754,550	4,678,520	-	32,728,099	4,026,451	8,211,397
6	License Fee (Research Analysts)	300,000	-	-	300,000	100,000	-	300,000	-	100,000
		36,560,975	493,575	-	37,054,550	4,778,520	-	33,028,099	4,026,451	8,311,397
	<b>Total</b>	<b>86,324,978</b>	<b>931,575</b>	<b>4,808</b>	<b>87,251,744</b>	<b>7,798,048</b>	<b>1,001</b>	<b>79,407,380</b>	<b>7,844,364</b>	<b>14,714,646</b>
	<b>Previous Year</b>	<b>78,913,758</b>	<b>8,156,681</b>	<b>745,459</b>	<b>86,324,978</b>	<b>6,021,031</b>	<b>711,478</b>	<b>71,610,332</b>	<b>14,714,646</b>	

Notes (Cont.)

Sl No.	Details of Software under development	Date of Payment	Amount paid
1	Dion Global Solution - Towards 50% Advance Against Mobile App For Bse Star, Ipo, Portfoli O Tracker And Redesigning For Website As Per Inv No:19	01.08.2019	750,000.00
2	Apex Infovision Pvt Ltd. : Software Charges for Account Creation Api And Ld Ccm as per Inv No Pkg/19-20/031 Dt:17.12.2019	23.12.2019	450,000.00
	<b>TOTAL</b>		<b>1,200,000.00</b>

## Notes (Cont.)

## NOTE 9 NON-CURRENT INVESTMENTS

(Amount in Rs.)

Particulars	Face Value Rs	No	As on March 31, 2020	As on March 31, 2019
NON - TRADE INVESTMENTS (Valued at cost unless stated otherwise)				
<b>Unquoted Equity Shares</b>				
The Clearing Corporation of India Ltd	10	250,000	-	2,500,000
<b>TOTAL</b>			-	<b>2,500,000</b>
<b>Note: Aggregate amount of Unquoted Investments</b>				<b>2,500,000</b>

## NOTE 10 LONG TERM LOANS AND ADVANCES

(Amount in Rs.)

Particulars		As on March 31, 2020	As on March 31, 2019
Unsecured and Considered Good			
Interest Free Deposits with Stock Exchanges		19,700,000	19,700,000
Advance Rent		3,969,902	3,969,902
Advance Tax (net of provisions)			
Provision for Income Tax	(36,713,709)		
Add: Advance Tax paid	37,469,014		
Add: Tax Deducted at Source	2,007,346		
Less: MAT Credit	-	2,762,651	2,868,755
Income Tax Refund Receivable		24,971,233	23,858,333
MAT Credit Entitlement	39,903,929		
Add: MAT Credit for Current Year	19,055,344	58,959,273	39,903,929
<b>TOTAL</b>		<b>110,363,059</b>	<b>90,300,919</b>

## NOTE 11 OTHER NON-CURRENT ASSETS

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Fixed Deposits with Banks with maturities more than 12 months	29,533,278	11,637,905
<b>TOTAL</b>	<b>29,533,278</b>	<b>11,637,905</b>

## Notes (Cont.)

**NOTE 12 CURRENT INVESTMENTS**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Investments in Units of Mutual Funds	3,195,000	201,800,000
Canara Robeco Mutual Fund-Liquid Direct Growth (PY 1,400.774 Units, MKTV : Rs. 3,347,820.30 ; PY 67,307.4380 Units, MKTV : Rs. 152,025,708.29)	-	-
HDFC Saving Plus Fund (CY 0 Units ; PY 13,612.350 Units, MKTV: Rs. 50,070,109.63)	-	-
<b>TOTAL</b>	<b>3,195,000</b>	<b>201,800,000</b>

**NOTE 13 INVENTORIES**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Dated Govt. Securities	-	6,690
Equities	391,125	-
Tax Free Bonds	793,772,828	799,688,793
Less : Provision for Decline in value	-	-
Dated Govt. Securities	-	-
Equities	147,635	-
Tax Free Bonds	-	-
<b>Net value after MTM Depreciation</b>	<b>794,016,318</b>	<b>799,695,483</b>

**NOTE 14 TRADE RECEIVABLES**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Trade receivables outstanding for a period less than six months		
Unsecured, considered good	1,007,540	535,655
<b>Total Trade Receivables</b>	<b>1,007,540</b>	<b>535,655</b>

**NOTE 15 CASH AND CASH EQUIVALENTS:**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Cash & Cash Equivalents		
Cash on hand	7,619	18,603
Balance with Scheduled Banks		
In Current Account	36,269,245	21,476,469
Fixed Deposits with Banks with maturities Less than 12 months (of this an amount of Rs. 12, 22, 98,182.14 is Pledged for the O/D Limits of the company)	458,238,781	253,807,506
<b>TOTAL</b>	<b>494,515,645</b>	<b>275,302,578</b>

## Notes (Cont.)

## NOTE 16 OTHER CURRENT ASSETS

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Prepaid Expenses	1,544,055	1,973,354
Accrued Interest on Dated Govt. Securities	-	148
Accrued Int on Tax Free Bonds	24,616,297	22,567,085
Income Receivable on Distribution o Mutual Funds/IPO	-	-
Receivable from clients	859,878	206,873
Accrued DP Income	18,441,926	11,543,958
Net debit bal in O/D Accts	51,939	48,746
Others	3,854,783	5,190,445
<b>TOTAL</b>	<b>49,368,878</b>	<b>41,530,609</b>

## NOTE 17 INCOME FROM OPERATIONS

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Income from Services		
Brokerage Income	81,716,623	83,788,028
Brokerage Income from Bonds	446,641	336,690
Income from distribution of Mutual Funds/IPOs/Bonds	1,574,957	1,137,826
Income from DP Operations	32,898,129	15,223,409
<b>TOTAL (A)</b>	<b>116,636,350</b>	<b>100,485,953</b>
Sale of Securities		
Sales - Equity	12,394,757	13,308,543
Sales-Tax Free Bonds	29,058,150	93,198,322
Sales-Dated Government securities	8,000	-
<b>TOTAL (B)</b>	<b>41,460,907</b>	<b>106,506,865</b>
Interest & Financial Income		
Interest on Bank Deposits	19,522,059	18,204,530
Interest on Dated Govt Securities	242	336
Interest on Corporate Bonds	59,143,993	60,202,646
Profit on Redemption of Mutual Funds	11,810,735	13,317,389
<b>TOTAL (C)</b>	<b>90,477,029</b>	<b>91,724,901</b>
<b>TOTAL (A)+ (B)+ (C)</b>	<b>248,574,286</b>	<b>298,717,719</b>

## Notes (Cont.)

**NOTE 18 OTHER INCOME**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Dividend Received-Equity	8,418	473
Dividend Received-Long Term investment	750,000	750,000
Profit on sale of CCIL shares	147,750,000	-
Profit on Sale of Property, Plant and Equipment	20,192	-
Excess/(Short) provision of previous years	2,279,757	-
Other Income	3,692,837	749,086
Interest on IT Refund	-	5,795,415
Recovery of Bad Debt Written Off	-	11,366
<b>TOTAL</b>	<b>154,501,204</b>	<b>7,306,339</b>

**NOTE 19 PURCHASES OF STOCK IN TRADE**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Equities	12,791,497	13,319,408
Tax Free Bonds	22,789,950	132,968,382
Dated Government Securities	-	-
<b>TOTAL</b>	<b>35,581,447</b>	<b>146,287,790</b>

**NOTE 20 CHANGES IN INVENTORIES**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
(INCREASE) / DECREASE IN STOCK		
Closing Stock -Dated Govt Securities (CY FV Rs.8000; PY FV:8000)	-	6,690
Closing Stock - Equities (Qty 0 Nos ; PY : 0 Nos)	399,418	-
Closing Stock Tax Free Bonds (of this an amount of Rs. 500024000/- is Pledged for the O/D Limits of the company)	793,772,828	799,688,793
<b>Total (A)</b>	<b>794,172,246</b>	<b>799,695,483</b>
Less: Opening Stock - Dated Govt Securities (Face value Rs.8000)	6,690	6,690
Opening Stock - Equities (Qty 0 Nos. ; PY : 0 Nos.)	-	-
Opening Stock Tax Free Bonds	799,688,793	756,302,525
<b>Total (B)</b>	<b>799,695,483</b>	<b>756,309,215</b>
<b>TOTAL (A)-(B)</b>	<b>5,523,237</b>	<b>(43,386,268)</b>

## Notes (Cont.)

**NOTE 21 EMPLOYEE BENEFIT EXPENSE**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Employee Benefit Expenses		
Salaries & Allowances	32,207,503	31,228,139
Company's contribution to Provident & Other funds	1,885,423	1,680,870
Employer Contribution to NPS for CBSL Staff	352,790	282,740
Stipend paid to CBSL Trainees	481,749	360,000
<b>TOTAL</b>	<b>34,927,465</b>	<b>33,551,749</b>

**NOTE 22 OTHER EXPENSES**

(Amount in Rs.)

Particulars	As on March 31, 2020	As on March 31, 2019
Travelling, Conveyance & Motor Car Expenses	1,676,931	1,842,168
Payment to Auditors:		
Statutory Audit Fees	250,000	250,000
Certification Fees	50,000	50,000
Legal & Professional Fees	3,164,450	2,371,813
Repairs & Maintenance to assets other than Buildings & Machinery	9,755,668	7,417,320
Office expenses	879,879	528,376
Security expenses	5,300	3,600
Insurance	77,480	549,244
Electricity Charges	1,629,854	1,796,711
Rent	9,180,483	8,216,607
Postage, Telephone & Telegrams	1,890,534	2,516,049
lease line charges	1,958,643	2,036,209
Printing & Stationery	263,653	413,463
Sitting Fees to Directors	380,000	280,000
Miscellaneous Expenses	16,019	13,765
Meeting Expenses	813,581	510,026
Subscription to Information Systems	3,126,755	2,331,703
Books, Periodicals, News Paper & Mag.	106,181	123,811
Software Expenses	724,725	315,916
Bank Charges	41,103	48,706
Training Expenses	-	4,975
Professional & Membership	310,770	68,762

## Notes (Cont.)

Particulars	As on March 31, 2020	As on March 31, 2019
Pooja Expenses	19,875	32,760
KYC & KRA Expenses	189,155	83,287
STP Charges	12,523	15,900
Transaction/other charges to Exchanges	211,271	14,853
STT Paid	4,007	7,849
Service Tax Paid	1,246,134	-
GST Paid	3,760,802	129,163
Other expenses-CSR Activities	2,434,844	2,451,185
Interest paid on Tax Free Bonds	-	3,274,007
Int paid on Bank Borrowing	-	124,216
Bad Debt Written Off Acct	815	11,366
ADVERTISEMENT CHARGES	39,950	43,740
Municipal Taxes	1,200,000	-
DP Other Charges	2,712,181	3,317,379
Loss on Sale of Property, Plant and Equipment	-	16,132
FMS Charges	4,013,515	4,235,815
Payment to Contractors	1,660,021	1,708,518
Interest on late payment of Statutory Dues	867,758	-
Round Off	-	-
Stamp charges	566,090	-
Sundry Assets/Deposit written off	1,229,050	-
Provision for diminution in value of investment	147,635	-
<b>TOTAL</b>	<b>56,617,635</b>	<b>47,155,393</b>



**Notes (Cont.)****Note 23: SIGNIFICANT ACCOUNTING POLICIES:****Background:**

The company was originally incorporated in 1996 as Gilt Securities Trading Corporation Ltd, promoted by Canara Bank, Bank of Baroda and Corporation Bank to act as Primary Dealer. It became a wholly owned subsidiary of the Canara Bank in 2004. The company forayed into stock broking in 2007 on relinquishing PD business in favour of parent bank.

The company extends “Online Trading” facility to the clients of Canara Bank & Regional Rural Banks viz. Kerala Gramin Bank & Karnataka Gramin Bank sponsored by Canara Bank.

With a view to provide efficient and prompt service to clients, the Depository Participant activity, which was hitherto handled by the Parent Bank has been now handled by our Company w.e.f. 01.04.2017.

**1. Method of Accounting**

- a) The accounts are prepared on a historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP).
- b) The company follows the accrual method of accounting for expenditure as well as income giving due regard to the concept of materiality. The accounting policies adopted in preparation of financial statements are consistent with those of the previous years.
- c) The company has prepared the financial statements in accordance with the schedule III of the Companies Act, 2013.

**2. Recognition of Income and Expenses**

- a) The weighted average cost method is employed for calculating the profit or loss on sale of securities. The profit or loss on sale of securities other than equity shares are recognised on the settlement date while that on sale of equity shares is recognised on the trade date.
- b) Interest accrued on Dated Government Securities/ Tax Free Bonds is computed at the coupon rate.
- c) Dividend is recognised when the right to receive the same is established.
- d) Brokerage and commission earned through secondary market operations and online portal operations is recognised on the basis of trade dates.
- e) Software expenses on development/capital nature are being capitalised since financial year 2003-04.
- f) Provision for gratuity and leave encashment in respect of employees deputed from the holding Company, i.e. Canara Bank (Bank) has been made on the basis of advice received from Bank.
- g) Stamp charges incurred for registration of new clients are charged to revenue in the year of payment after adjusting any recovery from the clients.
- h) Dated Government Securities, Equity Shares and Tax Free Bonds in which the Company deals, are regarded as Current Assets and treated as Stock-in-Trade. Since these securities are identified as Stock-in-trade, the Gross Sale and purchases are recognised in Statement of Profit & Loss.

**Notes (Cont.)**

- I) Investment in Mutual Fund units has been taken under current Investment and as such taken at the lower of Cost or Net Asset Value.

**3. Investments:**

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Long Term Investments are valued at cost. Provision for diminution is made in case of a permanent diminution in the value of the investments.

Current investments are carried at lower of cost or net realisable value.

**4. Valuation of Inventories**

a) Central Government Dated Security	At lower of cost or market value derived as per FIMMDA Valuation
b) Equity shares	At lower of cost or net realisable value
c) Tax Free Bonds	At lower of cost or market value derived as per FIMMDA Valuation

**5. Property, Plant and Equipment:**

Property, Plant and Equipment are stated at original cost, less accumulated depreciation/amortization. Cost includes all direct costs attributable to acquisition, installation and commissioning. Depreciation is provided on the basis of Written Down Value method based on the useful life specified in and in the manner laid down in Part "C" of Schedule II of the Companies Act 2013.

The amount paid towards Registration/ Renewal of certificate of registration as "Research Analysts" shall be amortized over five years starting from the year in which it is paid.

Depreciation method, useful life and residual values are reviewed periodically, including at each financial year.

**6. TAXATION****a) Current Tax**

Provision for current tax is made on the basis of taxable income estimated in accordance with the provision of Income Tax Act, 1961.

**b) Deferred Tax**

Income tax expense comprises current and deferred tax charge or credit. Deferred tax resulting from "timing differences" between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted. The deferred tax asset is recognised and carried only

**Notes (Cont.)**

when there is reasonable certainty that the asset will be realised in the future.

**7. Impairment of Assets**

The carrying amount of assets is reviewed at each balance sheet date for indications of any impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of the assets exceeds its recoverable amount. Any such impairment loss is recognised by charging it to the Profit & Loss Account. A previously recognised impairment loss is reversed when it ceases to exist and the asset is restated to that effect.

**8. Provisions**

A provision arising out of a present obligation is recognised when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. Whenever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liabilities.

**9. Earning per Share**

Earning per Share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period.

## Notes

### NOTES FORMING PART OF THE ACCOUNTS:

#### Note 24:

1) During the year company has paid Interim dividend of INR 17.00 cr. for the financial year 2019-20 along with Dividend Distribution Tax of Rs.349.44 Lakh.

#### 2) Termination of Sub-Lease of premises at Fort, Mumbai :

(a) The registered office/operating centre of the Company was shifted from Fort to Sion (East), Mumbai, with a view to reduce cost on account of rental. The premises at Fort, Mumbai was on a Sub-Lease with M/s K C Holdings P Ltd. (Sub-Lessor) for a term of 10 years from 17.5.2000 to 16.5.2010. As there was no express provision prohibiting the Company from quitting the premises prior to the expiry of the above term, the Company sought a legal opinion to terminate the sub-lease. On review of the agreements, etc. the Company's advocate advised that the Company can terminate the Sub-lease agreement by giving 15 days' notice in writing to the sub-lessor. Accordingly, the Company vacated the premises w.e.f. 31.01.2010 on 'as is where is basis', by giving termination notice on 10.12.2009. M/s. K C Holdings P Ltd, not having accepted our termination, served a letter on the Company, seeking payment of rent for the balance period of lease, i.e., 1.1.2010 to 16.5.2010. This has been disputed by the Company.

An amount of Rs.39,69,902.32 is due from the sub-lessor, out of the Security Deposit held for the Fort premises, apart from Rs.4,60,000/- being the value of the fixtures left by the Company while vacating the premises as on 31.1.2010. The company filed suit against M/s K C Holding Pvt Ltd for recovery of the above amount. The suit is pending before City Civil Court, Mumbai.

(b) In corollary to the above suit referred filed by the company, the erstwhile sub-lessor of the fort premises, M/s K C Holdings Pvt. Ltd, Mumbai, filed a suit in the Small Causes Court in Mumbai, on 10.12.2012 for a claim of Rs. 95,09,855/- towards rent on vacated premises, till the end of period of lease and Mesne profit. It was also prayed before the learned court to direct the company to pay property tax of Rs. 5,24,85,773/- on account of increase in rateable value by MCGM (Municipal Corporation of Greater Mumbai) to the Municipal authorities on crystallisation. This was disputed by the company and the case is pending before the Small Causes Court, Mumbai.

In recent development, as requested by the plaintiff, M/s K C Holdings Pvt. Ltd. Mumbai the court has passed an order on 15/02/2019 to allow the amendment in the plaint in view of the revision in Rateable Value of the suit premises by Municipal Corporation of Greater Mumbai(MCGM) As per revised property tax the total amount claimed by the plaintiff is now substantially reduced from Rs.5,24,85,773 to Rs.1,52,62,043.

Further, in the month of January/February 2020, we received a letter from M/s K C Holdings (copy attached) to hold a joint meeting for discussion, without prejudice, settlement proposal. We had the above meeting at our Office on 20-02-2020 and sought the details how the amount claimed by them was arrived at. During the meeting M/s K C Holdings has clarified that they have prepared the details of compromise proposal of Rs.29.34 lacs (along with interest @18% p.a from April 2018 till receipt of payment towards all their claims) as follows:

**Notes (Cont.)**

The detailed calculations given by them are as under;

<b>Particulars</b>	<b>Amount</b>
Rental	11,11,291
Add :Service tax	11,65,339
Water cess+Service tax	16,180
Vsat Licence+Service tax	53,100
Electricity	4,05,355
Professional Tax	1,73,418
Revised property tax payable(2001 to Mar 2010)	58,39,028
<b>Total</b>	<b>87,63,711</b>
Less: Advance deposit of CBSL	53,34,345
Advance VSAT Licence Fees	45,000
Value of Old Furniture.	4,50,000
<b>Final Claim</b>	<b>29,34,366</b>

Post meeting with the Officials of M/s KC Holdings, mediation was called by Hon City Civil Court. In which the court has directed our representative to submit final decision of acceptance/ rejection of the above proposal on 18-March-2020.

In the Small Cause Court, wherein we are defendant, the case was listed on 24.2.2020 and we were represented by our Counsel Mr. Umesh Shetty. Plaintiffs were represented by their concerned Advocate.

On the said date, the Plaintiffs Advocate sought an adjournment on the ground that the counter suit filed by the Defendant No.1 before the Hon'ble City Civil Court had been referred to Mediation. It was further submitted that the Plaintiffs had given a proposal for full and final settlement of both the suits and that Defendant No.1 had placed the same before its board for approval. It was submitted by our Counsel that, as the Hon'ble Court had passed a direction on the previous date and was pleased to keep the matter for Cross Examination of Plaintiffs witness as and by way of last chance, the Defendant No.1 was prepared to conduct cross examination .

However, it was further submitted that the Defendant No.1 had no objection for adjournment. The Ld. Judge, pursuant to the request of the parties adjourns the matter to 27.3.2020.

In view of the urgency, a special Audit Committee meeting was convened on 27.02.2020 to discuss the matter. The committee suggested negotiating with the M/s KC Holding Pvt Ltd for logical end. The minutes of the meeting are enclosed for your perusal.

### 3) Contingent Liabilities

Contingent liabilities in respect of claims not accepted by the Company (matter in appeal in the Small Causes Court referred to in Para 2(b)) and not provided for are as follows:

## Notes (Cont.)

SI No	Particulars	31.03.2020 Amount in Rs.
1	Claim towards rent on vacated premises, till the end of period of lease and Mesne profit.	29,34,366/-
2	Property tax on account of increase in rateable value by MCGM (Municipal Corporation of Greater Mumbai) to the Municipal authorities on crystallisation.	1,52,62,043/-
	<b>Total</b>	<b>1,81,96,409/-</b>

## 4) Deferred Tax Asset/ Liability

As per Accounting Standard 22 'Accounting for Taxes on Income' timing differences mainly relates to the following items and result in a net deferred tax asset.

Nature of Timing Difference	Deferred Tax Asset / Liability as at 01.04.2019 (Rs)	(Charge) / Credit for the current year charged to the Profit & Loss Account (Rs.)	Deferred Tax Asset / Liability as at 31.03.2020 (Rs)
a) Deferred Tax Liabilities - Depreciation	1829190	(336441)	1492749
b) Deferred Tax Asset - Provision for Gratuity/ Leave Salary	(1952734)	(863831)	(2816565)
Total Deferred Tax Asset (Net)	(124111)	(1200271)	(1324382)

- 5) Purchase and sale transactions of Equity Shares, Dated Government Securities & Tax Free Bonds are disclosed in the notes on accounts (Note No.18 & 20 of Notes forming part of Financial statements) with a view to indicate the trade turnover of the Company. For this purpose, sales also include maturity proceeds, if any, when these are held by the Company till the date of maturity.
- 6) A- Employee Benefit Expenses include payments made to parent Bank towards emoluments of its employees whose services have been lent to the Company.  
B- Figures are rounded off in rupees. System automatically adjusts the difference if any in rounding off.
- 7) The Managing Director is on secondment from Canara Bank and his remuneration is in accordance with the service rules of the Parent Bank. The particulars of aggregate remuneration are:

(Rs. in lakh)

	2019-20	2018-19
-Salaries and Allowances	20.67	18.32
-Arrears of salary	0.00	0.00
-Contribution to Provident and Other Funds	1.08	0.96
-Other Perquisites	0.00	0.00
<b>TOTAL</b>	<b>21.75</b>	<b>19.28</b>

**Notes (Cont.)**

The computation of net profits under Section 198 of the Companies Act, 2013, has not been given, as commission by way of percentage of profits is not payable to the Managing Director.

- 8) Foreign Exchange Earnings- Nil (P.Y.-Rs.Nil).
- 9) Foreign Exchange Outgo - Nil (P.Y.-Rs.Nil).
- 10) AS 15 – Employee Benefits – Of the 64 employees of the Company,9 are deputed from the Parent Bank. During the financial year 2019-20, the Company has engaged 39 employees on fixed term contract of 3 years. During the year the Company has recruited 2 employees on permanent basis. Provident Fund Regulations are applicable to the Company for the staff who are on deputation from Parent Bank i.e Canara Bank and the same is reimbursed by the Company to the Parent Bank on monthly basis. The employees on the payroll of the company are governed by NPS regulations.
- 11) Segment Reporting (AS-17): The Company is in Stock Broking activity and Depository Participant (DP) activity, besides continuing proprietary trading in equity and other securities. Since the risks and rewards of various activities carried out by the Company are different, the Company has identified the following segments viz. Stock Broking Activity (including Mutual Fund Distribution & Distribution of Tax Free Bonds), DP activity and Trading in Securities, for reporting under AS 17 – Segment Reporting, issued by the Institute of Chartered Accountants of India:

**A. Primary- Business segments**

- i) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the respective segment. However, revenue and expenses which cannot be identified or allocated reasonably to a segment being related to the enterprise as a whole have been grouped as un-allocable.
- ii) Segment assets and segment liabilities represent assets and liabilities of respective segments, however, the assets and liabilities not identifiable or allocable on reasonable basis being related to enterprise as a whole have been grouped as un-allocable.
- iii) The previous year's figures are not recast

**B Secondary – Geographical Segments** - The Company is functioning as a single Geographical segment.

- 12) Related Party Disclosures [AS-18] : As per Para 9 of the Accounting Standard 18 on Related Party Disclosures, the Company being a state controlled enterprise is not required to make disclosures of related party relationships with other state controlled enterprises and transactions with such enterprises. Other information as per the Standard is as under:

The Company is a wholly owned Subsidiary of Canara Bank. Barring Chief Financial Officer, Company Secretary, the other Key Managerial Personnel of the Company - Managing Director is on deputation from Canara Bank.

Details of Managing Director's remuneration are disclosed in this Schedule under Note No.7. During the year, the Company has paid Rs.3,80,000/- (Previous year Rs.2,80,000/-) as sitting fees for Board/Committee meetings to Independent Directors.

## Notes (Cont.)

The following are the related party transactions made during the year.

Rs. in lakh

SI No.	Related Party	Nature of Transactions	2019-20
1	Canara Bank	Rent	51.60
		Bank Charges	0.41
		Salary & other benefits	119.68
		Brokerage Paid	NIL
		Electricity charges	16.30
		Balance in Current Account (Own+settlement)/Loan (O/D)	353.02
		In Fixed Deposit	3633.20
		Interest on Deposit	111.86
		Dividend paid for 2019-20	1700.00
		Brokerage Received	5.01
		Fixed Assets sold	0.00
		Interest paid on O/D Account	0.00
		Reimbursement of Municipal Taxes	12.00
	Kerala Gramin Bank	Balance in Current Account	6.31
	Pragathi Krishna Gramin Bank	Balance in Current Account	2.69
	Canara HSBC Oriental Bank of India Insurance Company Ltd	Brokerage Received	66.44
	Canara Robeco MF	Brokerage Received	43.80
		Distribution/Dividend & other income received	2.14
		Outstanding Investment in MF	31.95
		Mutual Fund investment during the year	8778.51
		Income from investment in Mutual Fund	68.86
	Canara Bank Computer Services Limited	RTA & Maintenance Charges for Dr. Site, Bangalore	0.18
	Canbank Financial Services Ltd	Brokerage Received	0.00
	Canbank Venture Capital Fund Ltd	Brokerage Received	0.00

- 13) Lease (AS-19): A) The Company entered into an agreement with Canara Bank in respect of space allotted in the premises at Nariman Point, Mumbai for a period of five years from 01.11.2014 with an option to further renew the period of lease to 5 more years. Now running under option period.

B) DP activity now carried out by our Company is in the premises, which has been sub-leased by Bank.

The lease rental incurred for the period from April, 2019 to March, 2020, in respect of the said premises occupied amounting to Rs.51.60 Lakh(excluding GST) is accounted for as rent. (Previous Year: 46.97 Lakh). The lease rentals payable for next financial year is Rs.54.37 Lakh.



## Notes (Cont.)

14) Earnings Per Share [AS-20] : The Earning Per Share, basic and diluted is calculated as under:

	2019-20	2018-19
Profit attributed to Equity Shareholder (Rs.)	22,71,15,219	9,71,48,552
No. of equity Shares (of Rs.10 each)	4,00,00,000	4,00,00,000
Earnings Per Share (Rs.)	5.68	2.43

15) Intangible Assets [AS-26]: The Company has recognised Computer Software as Intangible Assets which is depreciated @40% using WDV method. The net carrying amount of Computer Software is Rs. 40.26 lac (Previous Year - Rs. 83.11 lac) after providing for depreciation of Rs.47.79 lac (Previous Year - Rs.24.84 lac).

16) Impairment of Assets [AS-28]: The Company has confirmed that there is no material impairment of assets and as such no provision is required as per AS-28.

17) A] Goods and Service Tax –

As per Section 35 of CGST Act, 2017, every tax payer whose turnover exceeds Rs 2 crore during a financial year, is required to submit audited annual accounts and a reconciliation statement in GSTR-9C. Since our turnover exceeds Rs. 2 crore for Financial Year 2017-18 we are liable to submit audited annual accounts and reconciliation statement under GSTR 9C. Accordingly Company has appointed our tax consultant M/s C N K & Associates as our GST auditor for the Financial Year 2017-18 (01.07.2017 to 31.03.2018).

Audit under GST involves examination of records, returns and other documents maintained by a GST registered person. It also ensures correctness of turnover declared, taxes paid, refund claimed, input tax credit availed and assess other such compliances under GST Act to be checked by an authorized expert.

During the course of the Audit, following points have been observed by the Auditor. The said amounts have been paid along with interest to the Government during Financial year 2019-20 by the Company.

1. Maharashtra State (27AAACG2218H1ZY)

Sr. No	PARTICULARS	AMOUNT RS	GST AMOUNT Payable
1	ITC Reversal not carried out as per Rule 42 of CGST Act, 2017		8,69,354.00
2	Business Development, stamp charges and printing and stationery cost on which GST had not been paid	25,65,363	4,61,765.00
3	Disallowance of ITC on account of ineligible credit & unmapped transactions in GSTR 2A Total disallowed ITC consists of 1. Ineligible ITC amounting to Rs. 3,570.68 2. ITC not reflecting in 2A amounting to Rs. 4,30,908.56.		4,34,478.00
4	Difference in amount taken in ITC Register and workings available		2,23,200.00
5	GST on RCM transactions not paid		42,709.00

## Notes (Cont.)

Sr. No	PARTICULARS	AMOUNT RS	GST AMOUNT Payable
6	Trans 1 credit taken for cess paid on service tax during Service tax regime		33,945.00
7	Difference between revenue amounts as per GST returns and Audited Financials	1,56,629	28,194.00
8	Difference in Liability as per GSTR 1 & GSTR 3B		10,996.00
9	Scrap Sales made on which GST is not paid	4,000	720.00
	Total GST Amount to be paid		21,05,360.00

## 2. KarnatakaState (29AAACG2218H1ZU)

Sr. No	PARTICULARS	AMOUNT RS	GST AMOUNT Rs.
1	Disallowance of ITC on account of ineligible credit		14,956.00
2	Liability for RCM unpaid		4,384.00
	Total GST Amount to be paid		19,340.00

**B] Service tax –**

The Office of the Commissioner of Service Tax, Audit I, conducted the audit for the period 01.10.2013 to 30.06.2017 and submitted their findings/observations. The observations were

- i. regarding trading in Bonds, Equities and Mutual Fund activities by the company, which are included in negative list as envisaged in section 66D (e) of the Finance Act 1994, but the value of said trading was treated as exempted value and included for reversal under Cenvat Credit Rules, 2004 – 6(3A), whereas the Tax Department was of the opinion that the exempted value needs to be calculated under Cenvat Credit Rules, 2004 – (Rule 6). On account of this there was a difference in calculation of Cenvat Credit Reversal Amount and we were liable to pay Service tax amount of Rs. 37,35,906 along with applicable interest and penalty.
- ii. Difference between income shown in Balance Sheet and income shown in ST-3 return for FY 2014-15. On account of this there was a difference in income of Rs. 13,85,769 and we were liable to pay Service tax amount of Rs. 1,71,281 along with penalty and applicable interest.

Further, we received a notice to show cause cum demand from the Office of the Commissioner of Central Goods and Service Tax, along with the detailed calculation sheet as per Rule 6(3A) of Cenvat Credit Rules, 2004.

On receipt of the above notice to show cause cum demand, we took up the matter with our Tax Consultant M/s CNK & Associates for their opinion. They informed us that there is no clarity for applying the CENVAT Credit Rule in such cases and not only we, but other Companies are also facing similar issues. The matter is under consideration and the Government may come out with suitable action plan in this regard.

Meanwhile, Central Government has introduced 'Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019', as part of the Union Budget 2019-20, on 01.09.2019 which aims to settle disputes related to Central Excise Duties and Service Tax.

## Notes (Cont.)

The features of the scheme are as under (for tax dues less than Rs. 50 lakhs) –

1. 70% of the tax dues will be waived off.
2. Entire amount of late fee and Penalty will be waived off.

After, proper evaluation of the scheme, we decided to avail the benefit of the scheme and pay an amount of Rs. 12,46,134.10. Accordingly, an application to the concerned Department was made through Form SVLDRS - 1 on 21.10.2019.

Calculation of revised tax liability is as under-

Particulars	As per Demand Notice (Rs.)	As per Scheme (Rs.)	Amount paid prior to scheme	Net Relief (Rs.)
Duty Amount	39,81,165.00	11,72,156.10	73,978.00	27,35,030.90
Interest @ 10% (approx.)	11,20,771.80	NIL	NIL	11,20,771.80
Penalty @ 15% p.a. (approx.)	16,81,157.70	NIL	NIL	16,81,157.70
<b>TOTAL</b>	<b>67,83,094.50</b>	<b>11,72,156.10</b>	<b>73,978.00</b>	<b>55,36,960.40</b>

## 18) Statement of purchase and sale/ redemption of Investments.

SI No	Description	Purchase 2018-19		Sale/Redemption 2018-19	
		Qty / Unit	Rs. (Lakh)	Quantity / Unit	Rs. (Lakh)
1	Current Investment Canara Robeco Mutual Fund- Canara Robeco Liquid-Direct Growth	341,368.051	7487.21	424,296.262	9220.55
2	Current Investment Canara Robeco Mutual Fund- Canara Robeco Ultra Short term Growth – Direct Growth	10,638.65	297.75	10,638.65	297.80
3	Current Investment Canara Robeco Short Duration Fund- Direct Growth.	7,395,481.929	1300.00	7,395,481.929	1300.22
4	HDFC Liquid Fund – Direct Plan – Growth Option	56,658.054	2000.00	43,045.704	1534.56

SI No	Description	Purchase 2019-20		Sale/Redemption 2019-20	
		Qty / Unit	Rs. (Lakh)	Quantity / Unit	Rs. (Lakh)
1	Current Investment Canara Robeco Mutual Fund- Canara Robeco Liquid-Direct Growth	1,52,025.11	3,576.40	2,95,268.41	6,919.31
2	HDFC Liquid Fund – Direct Plan – Growth Option	86,717.88	3,296.00	1,00,330.23	3,845.25

**Notes** (Cont.)

- 19) In the absence of necessary information with the Company, relating to the registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information under the said Act could not be compiled and disclosed.
- 20) Previous year figures have been regrouped and rearranged, wherever necessary, so as to make them comparable with those of the current financial year.

As per our report of even date attached  
For, RAJ BORDIA & CO.  
Firm Registration No.003293C

On behalf of the Board of Directors

(CA R.S.BORDIA)  
Partner  
M. No.081200

**Debashish Mukherjee**  
Vice Chairman

**Biplav Kumar Mishra**  
Managing Director

**G V Prabhu**  
Director

**Kalyani Kota**  
Director

**P S Bhave**  
Independent Director

**T V Rao**  
Independent Director

Place : Mumbai  
Date : 10.06.2020

**Ankita Shetty**  
Chief Financial Officer

## SEGMENT REPORTING 2019-20

	STOCK BROKING 2019-20	TRADING IN SECURITIES 2019-20	DEPOSITORY PARTICIPANT 2019-20	TOTAL 2019-20
<b>REVENUE</b>				
Broking Income	83,738,222	-		83,738,222
Trading income	-	356,223		356,223
DP Income	32,898,129	32,898,129		
Interest	19,522,059	59,144,235		78,666,294
Others	165,553,522	758,417		166,311,940
<b>Total</b>	<b>268,813,802</b>	<b>60,258,875</b>	<b>32,898,129</b>	<b>361,970,807</b>
<b>EXPENDITURE</b>				
Interest	-	-	-	-
Amortization expenses	100,000	-	-	100,000
Other Expenses	-	-	20,597,341	20,597,341
<b>Total</b>	<b>100,000</b>	<b>-</b>	<b>20,597,341</b>	<b>20,697,341</b>
<b>SURPLUS</b>	268,713,802	60,258,875	12,300,788	341,273,465
Less: Unallocable Expenditure				78,644,806
Profit before taxation				262,628,658
Extraordinary Items				-
Provision for Taxation				35,513,439
Profit after Taxation				<b>227,115,219</b>
<b>Segment Assets</b>				
Stock	-	794,016,318	-	794,016,318
Fixed Assets(WDV)	-	-	-	9,044,364
Cash & Bank Balance	35,766,956	423,049	86,859	36,276,863
Trade receivables	1,007,540	-	-	1,007,540
Others	20,559,878	-	18,441,926	39,001,804
<b>Total</b>	<b>57,334,374</b>	<b>794,439,367</b>	<b>18,528,784</b>	<b>879,346,888</b>
Unallocated Assets	613,021,576			
<b>Total Assets</b>				<b>1,492,368,464</b>
<b>Segment Liabilities</b>				
Borrowings	-	-	-	-
Others	44,579,486	-	44,579,486	
<b>Total</b>	<b>44,579,486</b>	<b>-</b>	<b>-</b>	<b>44,579,486</b>
Unallocated Liabilities				1,447,788,978
<b>Total Liabilities</b>				<b>1,492,368,464</b>

## Trading Profit for the year ended March 2020

	Sale	Purchase	Opening Stock	Closing stock before open	Profit/Loss (before depreciation)	Depreciation	Closing stock after depreciation	Profit/Loss after Depreciation
G Sec	8,000.00	-	6,689.60	-	1,310.40	-	-	1,310.40
Equity	12,134,451.75	12,533,842.15	-	399,417.50	27.10	155,927.00	243,490.50	(155,899.90)
Equity Derivatives	260,305.34	257,654.60	-	-	2,650.74	-	-	2,650.74
Tax Free Bonds	29,058,150.18	22,789,950.00	799,688,793.44	793,772,827.78	352,234.52	-	793,772,827.78	352,234.52
<b>Total</b>	<b>41,460,907.26</b>	<b>35,581,446.75</b>	<b>799,695,483.04</b>	<b>794,172,245.28</b>	<b>356,222.75</b>	<b>155,927.00</b>	<b>794,016,318.28</b>	<b>200,295.75</b>



Shri L V Prabhakar, MD&CEO of Canara Bank and ShriDebashish Mukherjee, ED, Canara Bank & Vice Chairman of CBSL seen receiving first ever highest Interim Dividend Cheque of Rs. 17crore from ShriV Kumara Krishnan, former Managing Director of CBSL in the presence ofShriBiplav Kumar Mishra, MD CBSL, Shri V Ramachandra, CGM Shri KV Shaji, General Manager & Shri P S Bhawe, Independent Director, CBSL and other Directors/officials.



Photo taken on the occasion of Annual General Meeting of the Company held on 04.09.2020 at Canara Bank Circle Office, BKC, Mumbai.

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