Bandhan Financial Services Limited

Annual Report 2020-21

Corporate Information…

Board of Directors

Mr. Asit Pal
Independent Director
(upto June 28, 2021)

Mr. Yogesh Chand Nanda
Non-Executive Director

Ms. Asoka Chatterjee
Managing Director
(up to March 09, 2021)

Mr. Viswanath Prasad Singh
Independent Director
(up to March 31, 2021)

Mr. Ranodeb Roy
Independent Director
(up to March 31, 2021)

Mr. Pankaj Sood
Nominee Director

Mr. Shri Ram Meena
Nominee Director

Ms. Hulya Kefeli
Nominee Director
(with effect from November 26, 2020)

Dr. Arindam Banik
Non-Executive Director
(with effect from February 3, 2021)

Mr. Arun Shrivastava
Independent Director
(with effect from June 21, 2021)

Mr. Subrata Mandal
Independent Director
(with effect from June 21, 2021)

Prof. (Dr.) Amit Kumar Hazra
Non- Executive Director
(with effect from June 21, 2021)

Chief Financial Officer

Mr. Amrit Daga

Company Secretary

Mr. Gourav Mishra
(upto May 30, 2020)

Mr. Biplab Kumar Mani
(with effect from November 26, 2020)

Registered Office

DN-32, Sector -V, Salt Lake City
Kolkata - 700091

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants
19th Floor, Shapath – V, S G Highway
Ahmedabad- 380015, Gujarat

Registrar and Share Transfer Agent

KFin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)

Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032

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Notice of 26th Annual General Meeting

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DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors take great pleasure in presenting the Twenty Sixth Annual Report on the business and operations of your Company together with the financial statements for the financial year ended March 31, 2021.

FINANCIAL RESULTS

(₹ In Million except EPS)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from Operations	62,472.26	2,408.83	2,56,981.91	1,25,760.03
Other Income	-	-	352.61	1,689.34
Total Income	62,472.26	2,408.83	2,57,334.52	1,27,449.37
Profit before Tax	59,612.49	2,285.64	2,22,346.35	41,645.00
Tax Expenses	2,680.32	51.25	18,661.47	10,890.54
Profit for the year	56,932.17	2,234.39	2,03,684.88	30,754.46
Other Comprehensive Income	-	-	(706.33)	(379.32)
Total Comprehensive Income	56,932.17	2,234.39	2,02,978.55	30,375.14
EPS (Basic)	445.41	17.48	1,563.61	146.65
EPS (Diluted)	445.41	17.48	1,563.61	146.65

PERFORMANCE OF THE COMPANY

Your Company is registered with RBI as NBFC-CIC-ND-SI with effect from 21st September, 2017vide registration numberB-05.05841. The main business of the Company is Investment and currently it has majority of its investment in shares of Bandhan Financial Holdings Limited ('**BFHL**') the wholly owned subsidiary of the Company. Bandhan Bank Limited is the associate of BFHL and as on March 31, 2021, BFHL holds 40% shares of the Bandhan Bank Limited.

During the financial year under review, the Company has earned a profit of before tax of Rs. 56,932.17 million which mainly constitutes dividend income from the wholly owned subsidiary and interest income and capital gains from the other investments of the Company.

During the financial year under the review, there was no change in the Business of the Company.

Further, there have been no material changes and commitments, which affect the financial position of the company which have occurred between the end of the financial year to which the financial statements relate and the date of this Report.

COVID-19 PANDEMIC

The outbreak of Coronavirus (COVID-19) pandemic globally and also in India has brought with it an unimaginable suffering to people and to almost all section of the economy. The nationwide lockdown to curtail the transmission of disease, had put the global economy in extreme stress of the level not seen since Great Depression and would have a long lasting economic effect. The company believe that impact of this outbreak will not be significant on its business and financial position.

DIVIDEND

The Board of Directors does not recommend any final dividend for FY 2020-21. However, the Board of Directors on August 7, 2020 has declared an Interim Dividend @ 405.47 per equity share. Total dividend pay-out for FY 2020-21 is Rs. 5182,76,21,822 (Rupees Five Thousand One Hundred Eighty Two crores Seventy Six Lacs Twenty One Thousand Eight Hundred Twenty Two only).

TRANSFER TO RESERVES

In terms of the RBI Guidelines, your Company has transferred Rs. 1138,64,34,134 (Rupees One Thousand One Hundred Thirty Eight Crores Sixty Four Lacs Thirty Four Thousand One Hundred Thirty Four only) to the statutory reserve during the financial year ended March 31, 2021.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR) stood at 264.63%, well above the regulatory minimum requirement of 15%,of this, Tier I CAR was 264.63%.

TRANSFER TO THE INVESTOR EDUCATION AND PROTECTION FUND

In terms of Section 124 of the Companies Act, 2013, the Company was not required to transfer the unclaimed dividend to the Investors Education and Protection Fund.

ISSUANCE AND TRANSFER OF EQUITY SHARES

During the financial year under review, your Company has not issued any shares and the paid up equity share capital of the Company remains Rs. 1,27,82,11,010/- divided into 12,78,21,101 equity share of face value Rs. 10/- each.

Further, during the year under review no transfer of share took place.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub section (1), do not apply to a loan made, guarantee given or security provided by a Non-Banking Financial Company whose principal business is acquisition of securities.

DEPOSITS

Being a Non-Banking Financial Company, the disclosures required as per Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014, read with Sections 73 and 74 of the Act are not applicable to your Company.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which financial statements relates and the date of this report.

CHANGE IN NATURE OF BUSINESS, IF ANY

There has been no change in the nature of business of the Company during the financial year ended 31st March, 2021.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANY

Bandhan Financial Holdings Limited ('**BFHL**'/'**NOFHC**') is the wholly owned subsidiary of the

Company as on March 31, 2021. As on March 31, 2021, BFHL holds 40% shares in Bandhan Bank Limited. During the financial year under review, the shareholding percentage of BHFL in Bandhan Bank Limited has been reduced from 60.95% to 40% pursuant sale of equity shares by Bandhan Financial Holding Company of Bandhan Bank Limited. In terms of Licensing Guidelines for Private Sector Banks 2013, BFHL is registered with RBI as Non-Operative Financial Holding Company vide Certificate of Registration No. N-05.07018, dated 4th June, 2015.

Bandhan Bank Limited ('**BBL**') is the associate of the Company as on March 31, 2021.

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company. Further a statement containing the salient features of the financial statements of the subsidiary and associate in the prescribed format Form AOC-1, forms part of the Annual Report as **Annexure-1**. The annual accounts of the subsidiary company will be made available to the shareholders on request and will also be kept for inspection by the shareholders at the registered office of your Company

INTERNAL CONTROLS, AUDIT AND COMPLIANCE

Your Company has Internal Audit and Compliance functions which are responsible for independently evaluating the adequacy of all internal controls and ensuring operating and business units adhere to internal processes and procedures as well as to regulatory and legal requirements. The audit function also proactively recommends improvements in operational processes and service quality. Your Company has always adhered to the highest standards of compliance and governance and has put in place controls and an appropriate structure to ensure this. The Audit Committee of the Board also reviews the performance of the audit and compliance functions and reviews the effectiveness of controls and compliance with regulatory guidelines. The Board of Directors confirms that there are internal controls in place with reference to the Financial Statements and that such controls are operating effectively.

BOARD OF DIRECTORS

As on March 31, 2021, the Board comprised of Eight Directors out of which three were Independent Directors, five Non-Executive Non-Independent Directors including Three Nominee Directors from Caladium Investment Pte. Limited, Small Industrial Development Bank of India and International Finance Corporation, the details are as below:

S. No.	Name of Director	Category
1.	Mr. Asit Pal (DIN- 00742391)	Chairman, Independent Director
2.	Mr. Yogesh Chand Nanda (DIN- 01643316)	Non-Executive Director
3.	Dr. Arindam Banik (DIN- 09037345)	Non-Executive Director

4.	Mr. Pankaj Sood (DIN- 05185378)	Nominee Director- Caladium
5.	Mr. Shri Ram Meena (DIN- 08452187)	Nominee Director-SIDBI
6.	Ms. Hulya Kefeli (DIN- 08836080)	Nominee Director- IFC
7.	Mr. Ranodeb Roy (DIN: 00328764)	Independent Director
8.	Mr. Viswanath Prasad Singh (DIN: 00015784)	Independent Director

Appointments

During the year under review, IFC vide its letter dated June 23, 2020 has nominated Ms. Hulya Kefeli (DIN- 08836080) as a Nominee Director of IFC. Ms. Hulya Kefeli was appointed as a Nominee Director with effect from November 26, 2020.

During the year under review, pursuant to the recommendations of the Nomination and Remuneration Committee of the Company ('NRC'), the Board approved the appointment of Dr. Arindam Banik (DIN- 09037345) as a Non-Executive Non Independent Director of the Company w.e.f. February 03, 2021. Pursuant to the provisions of Section 161 of the Companies Act, he would continue to hold office as Additional Directors of the Company, up to the date of the ensuing AGM or the last date on which the AGM should have been held, whichever is earlier. Your Company has received notices in writing from members proposing his candidature as Director on the Board of the Company. Further, the NRC and the Board have also recommended his appointment as Non-Executive Director, liable to retire by rotation.

Pursuant to the recommendations of the Nomination and Remuneration Committee of the Company ('NRC'), the Board approved the appointment of Mr. Arun Shrivastava (DIN-06640892) as Independent Director, Mr. Subrata Mandal (DIN- 09196193) as an Independent Director and Prof (Dr.) Amit Kumar Hazra (DIN- 09196376) as a Non-Executive Non Independent Director of the Company w.e.f. June 21, 2021. Pursuant to the provisions of Section 161 of the Companies Act, 2013 they would continue to hold office as Additional Directors of the Company, up to the date of the ensuing AGM or the last date on which the AGM should have been held, whichever is earlier. Your Company has received notices in writing from members proposing their candidature as Director on the Board of the Company. Further, the NRC and the Board have also recommended appointment of Mr. Arun Shrivastava (DIN-06640892) and Mr. Subrata Mandal (DIN- 09196193) as an Independent Director not liable to retire by rotation and Prof (Dr.) Amit Kumar Hazra (DIN- 09196376) as a Non-Executive Non Independent Director, liable to retire by rotation.

Cessations

Mr. Rajendra Kumar Ghosh (DIN- 03089022), Non-Executive Non-Independent Director has tendered his resignation to act as Director of the Company w.e.f. March 01, 2021.

Mr. Asoka Chatterjee, Managing Director (DIN- 01760523) has resigned from the office and ceased to be a Director of the Company with effect from March 09, 2021.

Mr. Ranodeb Roy (DIN: 00328764) and Mr. V P Singh (DIN: 00015784), the Independent Directors of the Company has completed their second term as an Independent Director of the Company on the close of business hours on March 31, 2021. Their office as Independent Directors vacated w.e.f. April 01, 2021.

Mr. Yogesh Chand Nanda (DIN- 01643316), Non-Executive Non-Independent Director has tendered his resignation to act as Director of the Company w.e.f. June 21, 2021.

Mr. Asit Pal (DIN: 00742391), the Independent Director of the Company has completed their second term as an Independent Director of the Company on the close of business hours on June 28, 2021. His office as Independent Directors vacated w.e.f. June 29, 2021.

The Board places on record its sincere appreciation for the contributions made by Mr. Ghose, Ms. Chatterjee, Mr. Roy, Mr. Singh, Mr. Nanda and Mr. Pal during their tenure as Directors of the Company.

Re-appointments

Mr. Pankaj Sood (DIN: 05185378) and Mr. Shri Ram Meena (DIN 08452187)

In terms of the provisions of Section 152 of the Companies Act, out of the five Non-Executive Non-Independent Directors, Mr. Pankaj Sood (DIN-05185378) and Mr. Shri Ram Meena (DIN- 08452187), Nominee Directors of Caladium Investment Pte. Ltd. and Small Industrial Development Corporation, being longest in office, shall retire at ensuing AGM and being eligible, offered themselves for re-appointment.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors under section 149(6) of the Companies Act 2013 that they meet the criteria of independence laid down thereunder. The Board of Directors of the Company has reviewed the disclosures of independence submitted by the Independent Directors and is of the opinion that the Independent Directors of the Company fulfil the conditions specified in the Act and are independent of the management. All the Independent Directors of the Company have also registered themselves with the data bank maintained by the Indian Institute of Corporate Affairs ('IICA') as prescribed by the Ministry of Corporate Affairs.

KEY MANAGERIAL PERSONNEL

Mr. Amrit Daga, Chief Financial Officer and Mr. Biplab Kumar Mani, Company Secretary are the Key Managerial Personnel of the Company in terms of the Companies Act, 2013 and rules made thereunder.

Mr. Asoka Chatterjee, Managing Director (DIN- 01760523) has resigned from the office and ceased to be a Director of the Company with effect from March 09, 2021.

During the year under review, Mr. Biplab Kumar Mani has been appointed as Company Secretary with effect from November 26, 2020 in place of Mr. Gaurav Mishra who has resigned from the post of Company Secretary with effect from May 30, 2020.

PERFORMANCE EVALUATION OF THE BOARD, COMMITTEES AND DIRECTORS

The performance evaluation of the Board, Committees of the Board and Directors is done in terms of Performance Evaluation Policy of the Company and is also based on their participation, contribution and offering guidance to and understanding of the relevant areas. During the year under review one meeting of the Independent Directors of the Board was held and the of assessment was conducted based on the quality, quantity and timeliness of flow of information between Company's Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

MEETINGS OF THE BOARD AND THE COMMITTEES

The Board met 4 times during the year i.e. July 28, 2020, August 7, 2020, November 26, 2020 and February 03, 2021. The details of meeting and the attendance of directors is give in table hereunder.

Name of Director	Number of Meetings held	Number of Meetings Attended	Attendance at AGM on
Mr. Asit Pal (DIN – 00742391)	4	4	No
Ms. Asoka Chatterjee (DIN- 01760523)	4	4	Yes
Mr. Yogesh Chand Nanda (DIN-01643316)	4	4	No
Dr. Arindam Banik (DIN -09037345)*	1	1	No
Mr. Vishwanath Prasad Singh (DIN-00015784)	4	4	Yes
Mr. Ranodeb Roy (DIN- 00328764)	4	4	No
Mr. Pankaj Sood (DIN- 05185378)	4	4	No
Mr. Shri Ram Meena (DIN- 08452187)	4	4	No
Ms. Hulya Kefeli (DIN- 08836080) **	2	2	No

Name of Director	Number of Meetings held	Number of Meetings Attended	Attendance at AGM on
Mr. Rajendra Kumar Ghose (DIN- 03089022)	4	-	No

*Dr. Arindam Banik (DIN -09037345) was appointed as Non-Executive Non-Independent Director w.e.f. February 03, 2021 and was entitled to attend one Board Meeting.

**Ms. Hulya Kefeli (DIN- 08836080) was appointed as a Nominee Director of IFC w.e.f. November 26, 2020 and was entitled to attend two Board Meetings.

The Company currently has following three Committees of the Board, additionally one meeting of Independent Directors was also held during the financial year 2020-21:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Independent Director Committee

AUDIT COMMITTEE

The Audit Committee provides direction to the audit function and monitors the quality of statutory audit.

The role & responsibilities of the Committee include the following:

i. Apart from the terms of reference stated in Section 177(4) of the Companies Act, 2013, the committee shall have discussion with the auditors periodically about internal control system, the scope of audit including the observations of the auditors,

ii. Shall review the financial statements before their submission to the Board and shall discuss any related issues with the internal and statutory auditors and the management of the company.

iii. In discharging the function of the Audit Committee, the committee shall have authority to investigate into any matter in relation to any items specified in section 177 or referred to it by the Board.

iv. The Board may assign any matter of important nature relating to the accounts, finance, taxation, internal control system, inspection and investigation from time to time to the Committee and may require the Committee to submit a report to the Board on such matters within a stipulated time.

v. Besides, the Committee on any matter relating to financial management including audit report shall submit its observation to the Board from time to time.

vi. The chairman of the Audit Committee shall attend the Annual General meeting of the company to provide any clarification on matters relating to Audit

Composition

As on March 31,2021, the Audit Committee comprised of three members including two Independent Directors and was chaired by Mr. Vishwanath Prasad Singh, an Independent Director. During the financial year under review, four meetings of Audit Committee were held viz. July 28, 2020, August 07, 2020, November 26, 2020 and February 03, 2021.

The details of the composition of the Committee and attendance at its Meetings during the FY 2020-21 are set out in the table below:

Name of Member	Category	Number of meetings Held	Number of meetings attended
Mr. Vishwanath Prasad Singh,	Chairman	4	4
Mr. Asit Pal	Member	4	4
Mr. Yogesh Chand Nanda	Member	4	4

NOMINATION & REMUNERATIONCOMMITTEE

The terms of reference of the Committee include the following: -

(a) To identify persons who are qualified to become directors in accordance with the criteria laid down, recommend to the Board their appointment, re-appointment or removal and shall carry out evaluation of every Director's performance;

(b) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and decide their 'fit & proper' status;

(c) To oversee the framing, review and implementation of compensation policy of the Company and recommend to the Board the overall remuneration philosophy and policy including the level and structure of fixed pay, variable pay, perquisites, bonus pool, stock based remuneration to employees;

(d) To oversee the framing, implementation and review of the Remuneration of the WTDs/MD/CEOs as per the RBI Guidelines and Companies Act, 2013. The Committee shall

recommend to the Board the remuneration package for the Managing Director /Whole Time Directors – including the level of fixed pay, variable pay, stock based Remuneration and perquisites;

(e) To review and recommend to the Board, the succession policy at the level of Managing Director other WTDs, senior management one level below the Board and key roles.

Composition

As on March 31, 2021, the Nomination & Remuneration Committee comprised of three Directors including two Independent Directors and was chaired by Mr. Yogesh Chand Nanda, Non-Executive Director. During the financial year under review, three meetings of Nomination and Remuneration Committee were held viz. on July 28, 2020, November 26, 2020 and February 03, 2021.

The details of the composition of the Committee and attendance at its Meetings during the FY 2020-21 are set out in the table below:

Name of Member	**Category**	**Number of meetings Held**	**Number of meetings attended**
Mr. Yogesh Chand Nanda	*Chairman*	3	3
Mr. Vishwanath Prasad Singh	Member	3	3
Mr. Asit Pal	Member	3	3

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The functions of the Corporate Social Responsibility Committee include review of corporate social responsibility (CSR) initiatives undertaken by the Company for inclusive growth, formulation and recommendation to the Board of a CSR Policy indicating the activities to be undertaken by the Company and recommendation of the amount of the expenditure to be incurred on such activities, making recommendations to the Board with respect to the CSR initiatives, policies and practices of the Company, monitoring the CSR activities, implementation and compliance with the CSR Policy and reviewing and implementing, if required, any other matter related to CSR initiatives as recommended/suggested by RBI or any other body.

The terms of reference for working of the Committee are: -

a) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company in accordance with the Companies Act, 2013;

b) To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;

c) To monitor the CSR policy of the Company from time to time;

d) Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time;

Composition

At March 31, 2021, the Corporate Social Responsibility Committee comprised three members including two independent and was chaired by Mr. Vishwanath Prasad Singh, Independent Director. During the year under review one meeting of Corporate Social Responsibility Committee was held on July 28, 2020.

The details of the composition of the Committee and attendance at its meetings during FY 2020-21 are set out in the table below:

Name of Member	Category	Number of meetings held	Number of meetings attended
Mr. Vishwanath Prasad Singh	Chairman	1	1
Mr. Yogesh Chand Nanda	Member	1	1
Mr. Asit Pal	Member	1	1

The Annual Report on CSR activities which forms the part of the report is annexed as **Annexure 2.**

INDEPENDENT DIRECTORS COMMITTEE

The Independent Directors met on July 28, 2020 without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Nomination and Remuneration Committee ('**NRC**') recommends the appointment of Directors to the Board. The NRC has formulated criteria for appointment of Directors. The NRC identifies persons who are qualified to become directors on the Board and evaluate criteria such as academic qualifications, previous experience, track record and integrity of the persons identified before recommending their appointment to the Board. The NRC considers the qualifications, experience, fit & proper status, positive attributes as per the suitability of the role, independent status and various regulatory/statutory requirements as may be required of the candidate before such appointment.

Non-Executive directors are paid remuneration by way of sitting fees for attending meetings of the

Board and its Committees, which is determined by the Board based on applicable regulatory provisions. Non-executive directors are also reimbursed expenses incurred by them for attending meetings of the Board and its Committees at actuals. The remuneration payable to the Non-Executive Directors and Independent Directors is governed by the provisions of the Companies Act, 2013 and related rules to the extent it is not inconsistent with the provisions of the RBI guidelines.

PARTICULARS OF EMPLOYEES

None of the employees of the Company are drawing remuneration over and above the prescribed limit under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Board of Directors hereby state that:

i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;

ii) We have selected such accounting policies 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 on March 31, 2021 and of the profit of the Company for the year ended on that date;

iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) We have prepared the annual accounts on a going concern basis.

v) We have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

vi) We have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 117365W), has been appointed as Statutory Auditors of the Company by the Members of the Company for a period of three years from the 25th AGM held in 2020 till the conclusion of 28th AGM of the Company to be held in 2023. However, M/s. Deloitte Haskins & Sells, Chartered Accountants, (Firm Registration No. 117365W), has expressed its unwillingness to continue to act as auditors of the Company and has requested to stepping down as statutory auditors of the Company at the conclusion of the ensuing 26th Annual General Meeting (AGM) in terms of para 6.4 of the Reserve Bank of India Guidelines for "*Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)*" and the Board at its meeting held on August 30, 2021 on the basis of recommendation of the Audit Committee of the Board has appointed M/s Suresh Surana & Associates LLP, Chartered Accountants (Firm Regn. No- 121750W/W-100010) as the Statutory Auditors of the Company subject to approval of members in the 26th Annual General Meeting (AGM) who shall hold office till the conclusion of 29th AGM of the Company.

Also, no offence of fraud was reported by the Auditors of the Company under section 143(12) of the Companies Act, 2013.

SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed CS Deepak Kumar Khaitan, Company Secretary in Practice (F.C.S No.: 5615, C.P No.: 5207) and/or Ms. Shruti Singhania, Company Secretary in Practice (A.C.S No.: 49632 and C.P No.:- 18028) who are Designated Partners of M/s. Deepak Khaitan & Co. LLP was appointed to conduct Secretarial Audit of the Company. There has been no qualification, reservation, adverse remark given by the Secretarial Auditors in their Report. Also, no offence of fraud was reported by the Auditors of the Company under section 143(14) of the Companies Act, 2013. The Secretarial Audit Report is given in **Annexure-3** to this report.

COST RECORDS

In terms of the provisions of Section 148(1) of the Act read with Rule 3 of the Companies (Cost Records and Audit) Rules, 2014, your Company is not required to maintain cost records and accordingly is not required to undergo cost audit.

COMPLIANCE WITH SECRETARIAL STANDARD

The Board of Directors affirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board, its Committees and the General Meetings.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return is annexed as **Annexure-4**

RELATED PARTY TRANSACTIONS

Pursuant to the proviso of Section 188(1) of the Companies Act, 2013, all related party transactions entered into during the financial year were on an arm's length basis and in the ordinary course of the business of the Company. The details of transactions entered into with related parties in the prescribed format Form AOC-2 is enclosed as **Annexure- 5** to this report pursuant to Section 134(3)(h) of the Companies Act, 2013 and Rule 8 of the Companies (Accounts) Rules, 2014.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the applicable provisions of the Companies Act, 2013, read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("the IEPF Rules"), all dividends remaining unpaid or unclaimed for a period of seven years are required to be transferred by the Company to the IEPF, established by the Government of India. Further, according to the Rules, the shares on which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also be transferred to the demat account of the IEPF Authority. As on March 31, 2021 no divided was laying unpaid / unclaimed.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

CSR initiatives of the Company are conducted through Bandhan Konnagar, a society registered under West Bengal Societies Registration Act, 1961, Implementing Agency, and enhances value creation and inclusion of hard core poor people in the mainstream of society and in the community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth of society and the community, in fulfillment of its role as a socially responsible corporate.

In terms of Section 135 (5) of the Companies Act, 2013, the liability of the Company towards CSR is Rs. 39,94,646/- (Rupees Thirty-Nine Lacs Ninety-Four Thousand Six Hundred Forty-Six only). The details of CSR activities/projects undertaken during the year is given as **Annexure – 2** and forming part of the Boards' report.

During the financial year the Company also voluntarily contributed in CSR projects in excess of the statutory obligation as specified in section 135(5) of the Companies Act, 2013. During the Financial Year 2020-21, the Company has contributed Rs. 10,80,25,030/- voluntarily.

As per the CSR Policy approved by the Committee and the Board, the focus would be healthcare, education, livelihood development, food security and physical living conditions. New areas would be added as and when required with the approval of the CSR committee/Board.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR / COURTS / TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTUR

During the year under review no significant or material orders were passed by any regulators against the Company other than those disclosed separately in the financial statements.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information with respect to Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo in terms of Section 134(3)(m) of the Companies Act, 2013 is as follows.

a. **Conservation of Energy**: The operations of the Company are not power intensive. Nevertheless, the Company continues its efforts to conserve energy wherever practicable by economizing the use of power.
b. **Technical Absorption**: Nil
c. **Foreign Exchange earnings and out go**: Foreign Exchange Earning: Nil
   Foreign Exchange Outgo**:** Rs. 1,67,208/-

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

The Management Discussion and Analysis report is enclosed as **Annexure - 6** forms part of this report.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board, its Committees and the General Meetings.

INFORMATION UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has Zero tolerance towards any action on the part of any executive which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to uphold and maintain the dignity of every woman executive (if any) working in the Company. The Company takes all necessary measures to ensure a harassment-free workplace. As on March 31, 2021 the Company at present does not have any women employee.

Number of complaints pending as on the beginning of the financial year - Nil

Number of complaints filed during the financial year - Nil

Number of complaints pending as on the end of the financial year - Nil

ACKNOWLEDGMENTS

The Board of Directors places on record its gratitude to the Reserve Bank of India, other government and regulatory authorities for their strong support and guidance. The Board acknowledges the support of the shareholder's other stakeholders and the employees of the Company.

For and on behalf of the Board of Directors
Bandhan Financial Services Limited

Place: Bhopal
Date: August 30, 2021

Arun Shrivastava
Chairman
(DIN: 06640892)

Annexure - 1

Statement containing salient features of the financial statement of subsidiaries/ associate companies/ joint ventures

Part "A": Subsidiaries

(Amount in Rs)

Name of the subsidiary	**Bandhan Financial Holdings Limited**
1. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company
2. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Not applicable as the subsidiary is a domestic company
3. Share capital (Rs.)	25,93,60,40,000.00
4. Reserves & surplus	24,68,90,54,060.00
5. Total assets	50,69,18,74,626.00
6. Total Liabilities	6,67,80,566.00
7. Investments	24,69,19,48,476.00
8. Turnover	97,55,91,33,749.00
9. Profit before taxation	97,50,61,23,491.00
10. Provision for taxation	11,87,43,98,208.00
11. Profit after taxation	85,63,17,25,283.00
12. Proposed Dividend	Nil
13. % of shareholding	100%

The following information shall be furnished: -

1. Names of subsidiaries which are yet to commence operations **–** NIL

2. Names of subsidiaries which have been liquidated or sold during the year- NIL

Part "B": Associates and Joint Ventures –

Name of Associates/Joint Ventures	Bandhan Bank Limited
1. Latest audited Balance Sheet Date	31st March, 2021
2. Shares of Associate/Joint Ventures held by the company on the year end	
No. of Shares	64,41,15,857
Amount of Investment in Associates/Joint Venture	Rs. 16,83,99,92,869 (Investment of wholly owned subsidiary Bandhan Financial Holdings Limited)
Extend of Holding %	40%
3. Description of how there is significant influence	The wholly owned Subsidiary Company, Bandhan Financial Holdings Limited, holds 40% stake in Bandhan Banks Limited.
4. Reason why the associate/joint venture is not consolidated	Not Applicable
6. Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. 66,054.32 million
7. Profit / Loss for the year	
i. Considered in Consolidation	Rs. 6,854.20 million
ii. Not Considered in Consolidation	Rs. 5,524.70 million

The following information shall be furnished: -

1. Names of associates or joint ventures which are yet to commence operations: NIL
2. Names of associates or joint ventures which have been liquidated or sold during the year: NIL

Place: Bhopal
Date: 30-08-2021

For and on behalf of the Board of Directors
Bandhan Financial Services Limited

Arun Shrivastava
Chairman
(DIN: 06640892)

Annual Report on CSR Activities for the Period April 01, 2020, to March 31, 2021

1. A BRIEF OUTLINE ON CSR POLICY

Bandhan Financial Services Limited is aware of its corporate, social and environmental responsibilities and recognises that a good Environment, Social and Governance ("ESG") leads to a better trusteeship of all stakeholders. The CSR of the Company is not just philanthropy, but it is a strong commitment to contribute to social and environmental growth and prosperity and is pivotal to its business sustainability. CSR initiatives, will continue to enhance value creation and inclusion of hard core poor people in the mainstream of the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a Socially Responsible Corporate

2. DETAILS OF THE IMPACT ASSESSMENT OF CSR PROJECTS CARRIED OUT IN PURSUANCE OF SUB-RULE (3) OF RULE 8 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014, IF APPLICABLE (ATTACH THE REPORT).

No projects were qualified for impact assessment as per the sub-rule (3) of Rule of the Companies (Corporate Social Responsibility Policy) Rules, 2014

3. DETAILS OF THE AMOUNT AVAILABLE FOR SET OFF IN PURSUANCE OF SUB-RULE (3) OF RULE 7 OF THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014 AND AMOUNT REQUIRED FOR SET OFF FOR THE FINANCIAL YEAR, IF ANY

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	2017-18	0	0
2	2018-19	0	0
3	2019-20	0	0
	Total	**0**	**0**

4. AVERAGE NET PROFIT OF THE COMPANY AS PER SECTION 135(5).

SN	Financial Year	Net Profit Before Tax u/s 198 (in Rs.)
1	2017-18	18,16,08,024
2	2018-19	17,99,12,589
3	2019-20	19,26,76,226
	Average	**18,47,32,280**

5. **TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR**

Sl. No.	Heads	Amount (Rs.)
a.	Two per cent of the average net profit of the company as per section 135(5)	36,94,646
b.	Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	0
c.	Amount required to be set off for the financial year, if any	0
d.	**Total CSR obligation for the financial year (7a+7b-7c).**	36,94,646

6. **DETAILS OF CSR SPENDS DURING THE FINANCIAL YEAR**
   a. **CSR amount spent or unspent for the financial year:**

	Total Amount Spent for the Financial Year (in Rs.)	**Amount Unspent (in Rs.)**				
		Total Amount transferred to Unspent CSR Account as per section 135(6)		**Amount transferred to any fund specified under Schedule VII as per the second proviso to section 135(5).**		
		Amount	**Date of transfer**	**Name of the Fund**	**Amount**	**Date of transfer**
	36,94,646	NA	NA	NA	NA	NA
Total	36,94,646	**NA**	**NA**	**NA**	**NA**	**NA**

b. **Details of CSR amount spent against ongoing projects for the financial year:**

1	2	3	4		5	6	7	8	9	
Name of the Project	**Item from the list of activities in Schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Project duration**	**Amount spent in the current Financial Year (in Rs.)**	**Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (in Rs.)**	**Mode of Implementation - Direct (Yes/ No)**	**Mode of Implementation - Through Implementing Agency**	
			State	**Districts**					**Name**	**CSR Registration No.**
-	-	-	-	-	-	-	-	-	-	-
Total										

Details of CSR amount spent against other than ongoing projects for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act**	**Local area (Yes/ No)**	**Location of the project**		**Amount spent for the project (in Rs.)**	**Mode of implementation - Direct (Yes/No)**	**Mode of implementation - Through implementing agency**	
				State	**District**			**Name**	**CSR registration number**
1	Targeting The Hard Core Poor Programme (THP)	(i); (ii) & (iii)	Yes	West Bengal	(i) North 24 Paraganas (ii) Howrah	6,45,217 21,42,970	No	Bandhan Konnagar	CSR00001463
2	Bandhan Financial Literacy Programme (BFLP)	(ii)	Yes	West Bengal	(i) East Medinipur	9,06,459	No	Bandhan Konnagar	CSR00001463
	Total					**3694646**			

c. **Amount spent on Administrative Overheads** NIL

d. **Amount spent on Impact Assessment, if applicable** NIL

e. **Total amount spent for the Financial Year (6b+6c+6d+6e)** Rs. 36,94,646

f. **Excess amount for set-off, if any**

Sl. No.	**Particular**	**Amount (in Rs.)**
(i)	Two per cent of the average net profit of the company as per section 135(5)	**Rs.** 36,94,646
(ii)	Total amount spent for the Financial Year	**Rs.** 36,94,646
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	The amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

7. **DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING FINANCIAL YEARS**

a. **Details of Unspent CSR amount for the preceding three financial years:**

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6) if any.			The amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer	
1.	2017-18	-	-	-	NIL	N/A	-
2.	2018-19	-	-	-	NIL	N/A	-
3.	2019-20	-	-	-	NIL	N/A	-
	Total	**-**	**-**		**NIL**		**-**

b. **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

1	2	3	4	5	6	7	8	9
Sl. No.	**Project ID**	**Name of the Project**	**Financial Year in which the project was commenced**	**Project duration**	**Total amount allocated for the project (in Rs.).**	**Amount spent on the project in the reporting Financial Year (in Rs).**	**Cumulative amount spent at the end of reporting Financial Year. (in Rs.)**	**Status of the project - Completed /Ongoing.**
-	-	-	-	-	-	-	-	-

8. **IN CASE OF CREATION OR ACQUISITION OF A CAPITAL ASSET, FURNISH THE DETAILS RELATING TO THE ASSET SO CREATED OR ACQUIRED THROUGH CSR SPENT IN THE FINANCIAL YEAR**

No capital assets have been created or acquired in the balance sheet of the Company through CSR spends

9. **SPECIFY THE REASON(S), IF THE COMPANY HAS FAILED TO SPEND TWO PER CENT OF THE AVERAGE NET PROFIT AS PER SECTION 135(5)**

The Company has spent the entire amount of 2% of the average net profit as per section 135(5)

Prof (Dr.) Amit Kumar Hazra
(Chairman of CSR Committee)
Place: Shantiniketan

Arun Shrivastava
(Chairman of the Company)
Place: Bhopal

Date: August 30, 2021

Annexure-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of The Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
BANDHAN FINANCIAL SERVICES LIMITED
Registered Office: DN-32, Sector V, Salt Lake, Kolkata -700 091

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BANDHAN FINANCIAL SERVICES LIMITED having CIN U70101WB1995PLC073339** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my online verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit to the extent possible due to COVID-19 and subsequent lock down situation and the explanations given to me and the management representation letter of even date, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 (hereinafter referred to as the 'Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of:

(i). The Companies Act, 2013 and the rules made thereunder (hereinafter called as 'the Act');

(ii). The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder (Not applicable during the Audit period) ;

(iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv). Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;

(v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 :-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable during the Audit period);

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not applicable during the Audit period);

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable during the Audit period);

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable during the Audit Period);

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable during the Audit Period);

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable during the Audit Period);

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable during the Audit period); and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable during the Audit period);

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Not applicable during the Audit period);

(vi) The Company is registered with Reserve Bank of India (hereinafter referred to as the 'RBI') to carry on the business of Core Investment Company - Non - Deposit taking Systemically Important Institution (herein after referred as 'NBFC-CIC-ND-SI') and accordingly The Reserve Bank of India Act, 1934 and Rules made thereunder read with the regulations, notifications, circulars, directions, guidelines, instructions etc. issued by the RBI including Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are the laws applicable specifically to the Company for the purpose of reporting under this point as per the Management Representation Letter issued by the Company of even date.

I have also examined compliance with the applicable clauses of the following:

(i). Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Central Government.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observation that the Company is yet to file some form(s) with the Registrar of Companies and it has been represented to us that they are in process of filing the same.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the Audit Period were carried out in compliance with the provisions of the Act.

Adequate notices were given to all directors to schedule the board meetings, agenda and detailed notes on agenda were sent at least seven days in advance or with shorter notice with consent of all directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at board meetings and committee meetings held during the Audit Period carried out unanimously as recorded in the minutes of the respective meetings.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the Audit Period, following specific events/actions which have a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards etc. referred to as above:

(i) The Company has been granted Legal Entity Identifier code i.e. 33580094HE341EWL8K37 (valid till 22nd December, 2021) in terms of RBI circular no. FMRD.FMID.No.10/11.01.007/2018-19 dated November 29, 2018 by Legal Entity Identifier India Limited.

(ii) The wholly owned subsidiary of the Company i.e. Bandhan Financial Holdings Limited (hereinafter referred to as the 'BFHL') being the holding Company of Bandhan Bank Limited (hereinafter referred to as the 'Bank') sold 33,73,67,189 equity shares i.e. 20.95% equity shares in compliance with the guidelines dated 22nd February, 2013 for licensing of new banks in the private sector as issued by RBI, for reducing the shareholding of BFHL in the Bank up to forty per cent.

This report is to be read with our letter of even date which is annexed as **Annexure A** and form an integral part of this report.

Date : 28.06.2021

Place: Kolkata

Name: CS Deepak Kumar Khaitan
Practising Company Secretary
ICSI Unique Code No. : I2003WB347200
(F.C.S. No. : 5615 /C.P. No.: 5207)
UDIN No. : F005615C000524375
Designated Partner: Deepak Khaitan & Co. LLP
ICSI Unique Code No.: L2020WB008100

Annexure A

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2021

To
The Members
BANDHAN FINANCIAL SERVICES LIMITED
Registered Office: DN-32, Sector V, Salt Lake, Kolkata -700 091

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Date : 28.06.2021
Place: Kolkata

Name: CS Deepak Kumar Khaitan
Practising Company Secretary
ICSI Unique Code No. : I2003WB347200
(F.C.S. No. : 5615 /C.P. No.: 5207)
UDIN No. : F005615C000524375
Designated Partner: Deepak Khaitan & Co. LLP
ICSI Unique Code No.: L2020WB008100

Annexure - 4

FORM NO. MGT.9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2021

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U70101WB1995PLC073339
ii)	Registration Details	03.08.1995
iii)	Name of the Company	Bandhan Financial Services Limited
iv)	Category / Sub-Category of the Company	Public Company Limited by shares
v)	Address of the Registered office and contact details	DN-32, Sector-V, Salt Lake, Kolkata – 700091 Ph: 033-66090909; Fax : 033-66090502
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	KFin Technologies Private Limited (Formerly known as Karvy Fintech Private Limited), Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500032, P: +91 40 6716 1570 | F: +91 40 23001153 hanumantha.patri@kfintech.com | www.kfintech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/ Services	NIC Code of the Product / service	% to total turnover of the company
1	Investment	Group – 649, Class – 6499 Sub-class - 64990	99.98

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section

1	Bandhan Financial Holdings Limited	U67190WB2014PLC204317	Subsidiary	100%	2(87)
2	Bandhan Bank Limited	L67190WB2014PLC204622	Associates	40% *	2(87)

* Bandhan Financial Holdings Limited holds 40% equity shares in Bandhan Bank Limited.

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

i) Category-wise Shareholding

Category	Category of Shareholder	No. of shares held at the beginning of the year 31/03/2020				No. of shares held at the end of the year 31/03/2021				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
A	**PROMOTER AND PROMOTER GROUP**									
(1)	INDIAN									
(a)	Individual /HUF	0	5,20,61,424	5,20,61,424	40.73	0	5,20,61,424	5,20,61,424	40.73	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1)	**0**	**5,20,61,424**	**5,20,61,424**	**40.73**	**0**	**5,20,61,424**	**5,20,61,424**	**40.73**	**0.00**
(2)	FOREIGN									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified	0	0	0	0.00	0	0	0	0.00	0.00

Category	Category of Shareholder	No. of shares held at the beginning of the year 31/03/2020				No. of shares held at the end of the year 31/03/2021				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
	Foreign Investor									
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total A=A(1)+A(2)	**0**	**5,20,61,424**	**5,20,61,424**	**40.73**	**0**	**5,20,61,424**	**5,20,61,424**	**40.73**	**0.00**
B	**Public Shareholding**									
(1)	Institutions									
(a)	Mutual Funds / UTI	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Financial Institutions / Banks	1,03,93,489	0	1,03,93,489	8.13	1,03,93,489	0	1,03,93,489	8.13	0.00
(c)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1)	**1,03,93,489**	**0**	**1,03,93,489**	**8.13**	**1,03,93,489**	**0**	**1,03,93,489**	**8.13**	**0.00**
(2)	Non-Institutions									
(a)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Individuals									
	(i) Individuals holding nominal share	68,944	72,701	1,41,645	0.11	68,944	72,701	1,41,645	0.11	0.00

Category	Category of Shareholder	No. of shares held at the beginning of the year 31/03/2020				No. of shares held at the end of the year 31/03/2021				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of total shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
	capital upto Rs.1 lakh									
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	24,96,789	2,03,61,566	2,28,58,355	17.88	24,96,789	20361566	2,28,58,355	17.88	0.00
(c)	**Others**									
	Foreign Bodies	4,23,66,188	0	4,23,66,188	33.14	4,23,66,188	0	4,23,66,188	33.14	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2)	4,49,31,921	2,04,34,267	6,53,66,188	51.14	4,49,31,921	2,04,34,267	6,53,66,188	51.14	0.00
	Total B=B(1)+B(2) :	**5,53,25,410**	**2,04,34,267**	**7,57,59,677**	**59.27**	**5,53,25,410**	**2,04,34,267**	**7,57,59,677**	**59.27**	**0.00**
	Total (A+B) :	**5,53,25,410**	**7,24,95,691**	**12,78,21,101**	**100.00**	**5,53,25,410**	**7,24,95,691**	**12,78,21,101**	**100.00**	**0.00**
(C)	Shares held by custodians, against which									
	Depository Receipts have been issued									
(1)	Promoter and Promoter Group									
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	GRAND TOTAL (A+B+C)	**5,53,25,410**	**7,24,95,691**	**12,78,21,101**	**100.00**	**5,53,25,410**	**7,24,95,691**	**12,78,21,101**	**100.00**	

(ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of 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	% change in shareholding during the year
1	Financial Inclusion Trust (FIT)	4,20,61,424	32.91	-	4,20,61,424	32.91	-	-
2	North East Financial Inclusion Trust (NEFIT)	1,00,00,000	7.82	-	1,00,00,000	7.82	-	-
	Total	5,20,61,424	40.73	-	5,20,61,424	40.73	-	-

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	52061424	40.73	52061424	40.73
	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	52061424	40.73	52061424	40.73

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

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% age of total share capital	No. of Shares	% age of total share capital
1.	**Caladium Investment Pte Ltd.**				
	At the beginning of the year	2,13,50,912	16.70	2,13,50,912	16.70
	Date wise Increase/Decrease in 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)	2,13,50,912	16.70	2,13,50,912	16.70
2	**Bandhan Employees Welfare Trust (BEWT)**				
	At the beginning of the year	18,680,922	14.61	18,680,922	14.61
	Date wise Increase/Decrease in 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)	18,680,922	14.61	18,680,922	14.61
3	**International Finance Corporation (IFC)**				
	At the beginning of the year	1,73,68,339	13.59	1,73,68,339	13.59
	Date wise Increase /Decrease in 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)	1,73,68,339	13.59	1,73,68,339	13.59

Sr. No	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		% age of total share capital	No. of Shares	% age of total share capital	No. of Shares
4	**Small Industries Development Bank of India (SIDBI)**				
	At the beginning of the year	1,03,93,489	8.13	10,393,489	8.13
	Date wise Increase/Decrease in shareholdings during the year specifying the reasons for increase / decrease/ (eg. Transfer/ allotment/bonus / sweet equity etc.)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	10,393,489	8.13	10,393,489	8.13
5	**IFC FIG Investment Company I**				
	At the beginning of the year	36,46,937	2.85	36,46,937	2.85
	Date wise Increase/Decrease in 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)	36,46,937	2.85	36,46,937	2.85
6.	**Mr. Angshuman Ghosh**				
	At the beginning of the year	23,83,613	1.86	23,83,613	1.86
	Date wise Increase / Decrease in 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)	23,83,613	1.86	23,83,613	1.86

Sr. No	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% age of total share capital	No. of Shares	% age of total share capital
7.	**Mr. Satyajit Ghosh**				
	At the beginning of the year	3,36,933	0.26	3,36,933	0.26
	Date wise Increase/Decrease in 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)	3,36,933	0.26	3,36,933	0.26
8.	**Mr. Swapan Kumar Saha**				
	At the beginning of the year	3,30,711	0.26	3,30,711	0.26
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase /decrease (e.g.allotment / transfer/ bonus/sweat equity etc):	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	3,30,711	0.26	3,30,711	0.26
9.	**Mr. Pritish Kumar Saha**				
	At the beginning of the year	3,22,333	0.25	3,22,333	0.25
	Date wise Increase/Decrease in 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)	3,22,333	0.25	3,22,333	0.25

Sr. No	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% age of total share capital	No. of Shares	% age of total share capital
10.	Kalyan Kundu				
	At the beginning of the year	3,19,000	0.25	3,19,000	0.25
	Date wise Increase/Decrease in 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)	3,19,000	0.25	3,19,000	0,.25

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	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
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

(vi) INDEBTEDNESS

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

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

(vii) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD /WTD / Manager	Total Amount (Rs.)
		MD	
		Ms. Asoka Chatterjee*	
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act,1961 Value of perquisites u/s 17(2) Income-tax Act, 1961 Profits in lieu of salary under section 17(3) Income- tax Act, 1961	11,19,355	11,19,355
2.	Stock Option	-	-
3.	Sweat Equity		
4.	Commission as % of profit		

Sl. no.	Particulars of Remuneration	Name of MD /WTD / Manager	Total Amount (Rs.)
	others, specify...		
5.	Others, please specify		
	Total (A)	11,19,355	11,19,355
	Ceiling as per the Act	Pursuant to section 197 of the Companies Act, 2013, 5% of the net profit for year	

*ceased to be director w.e.f. March 09, 2021

B. Remuneration to other directors:

(Amount in Rs.)

Sl. no	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Asit Pal- Independent Director (1)	**Mr. Vishwa nath Prasad Singh** - Independent Director (2)	**Mr. Ranodeb Roy** - Independent Director (3)	**Mr. Yogesh Chand Nanda** – Non Executive Director (4)	**Mr. Rajendra Kumar Ghose*** - Non Executive Director (5)	
	• Fee for attending Board Meetings	1,20,000	1,20,000	1,20,000	1,20,000	-	4,80,000
	• Committee meetings	1,65,000	1,35,000	15,000	1,20,000	-	4,35,000
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	Total (1)	**2,85,000**	**2,55,000**	**1,35,000**	**2,40,000**	**-**	**9,15,000**
2.		**Mr. Shri Ram Meena** - (Nominee– SIDBI- Paid to SIDBI) (6)	**Mr. Pankaj Sood** (Nominee – Caladium Investment Pte Ltd- Paid to Caladium) (7)	**Ms. Hulya Kefeli** (Nominee – IFCI -Paid to IFC)** (8)	**Dr. Arindam Banik** *** Non Executive Director (9)		
	• Fee for attending Board Meetings	90,000	1,20000	60,000	30,000		

Sl. no	Particulars of Remuneration	Name of Directors					Total Amount
	• Committee meetings • Commission • Others, please specify	- - -	- - -	- - -	- - -		
	Total (2)	**90,000**	**1,20000**	**60,000**	**30,000**		**3,00,000**
	Total (B) = (1 + 2)						**12,15,000**

* ceased to be director w.e.f. March 01, 2021

** Appointed w.e.f 26.11.2020

** Appointed w.e.f. 03.02.2021

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in Rs.)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Gaurav Mishra* Company Secretary	Biplab Kr. Mani** Company Secretary	Amrit Daga Chief Financial Officer	Total
1.	Gross salary Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961, Value of perquisites u/s 17(2) Income- tax Act, 1961, Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2,24,359	9,10,161	41,99,280	53,33,800
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission as % of profit, others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	**2,24,359**	**9,10,161**	**41,99,280**	**53,33,800**

** Resigned w.e.f. 30.05.2020
*** Appointed w.e.f. 26.11. 2020

(viii) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compoun	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)

			ding fees imposed		
A. COMPANY					
Penalty					
Punishment			**NIL**		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			**NIL**		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment			**NIL**		
Compounding					

For and on behalf of the Board of Directors
Bandhan Financial Services Limited

Place: Bhopal
Date: 30-08-2021

Arun Shrivastava
Chairman
(DIN: 06640892)

Annexure - 5

FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts / arrangements entered into by the Company with the related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certainarms-length transactions under third proviso thereto.

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

Sl. No.	Name of the related party and nature of relationship (a)	Nature of contracts / arrangements / transactions (b)	Duration of contracts / arrangements / transactions (c)	Salient features of contracts / arrangements / transactions, including value, if any (d)	Justification for entering into such into such contracts / arrangements / transactions (e)	Date(s) of approval by the Board (f)	Amount paid as advances, if any (g)	Date on which special resolution was passed in General meeting u/s 188(1) (h)
Not Applicable								

2. **Details of material contracts or arrangements or transactions at arm's length basis:**

(Amount in Rs.)

Sl. No.	Name of the related party and nature of relationship (a)	Nature of contracts / arrangements / transactions (b)	Duration of contracts / arrangements / transactions (c)	Salient features of contracts / arrangements / transactions, including value, if any (d)	Justification for entering into such contracts / arrange ments / transactions (e)	Date(s) Of approval by the Board / Audit Committee (f)	Amount paid as advances, if any (g)	Date on which special resolution was passed in general meeting u/s 188(1) (h)
1	Bandhan Bank Ltd (Associate Company)	Deposit	N.A.	409,94,22,932	N.A.	N.A.	N.A.	N.A.

Sl. No.	Name of the related party and nature of relationship (a)	Nature of contracts / arrangements / transactions (b)	Duration of contracts / arrangements / transactions (c)	Salient features of contracts / arrangements / transactions, including value, if any (d)	Justification for entering into such contracts / arrangements / transactions (e)	Date(s) Of approval by the Board / Audit Committee (f)	Amount paid as advances, if any (g)	Date on which special resolution was passed in general meeting u/s 188(1) (h)
2	Bandhan Bank Limited (Subsidiary Company)	Current Account	N.A.	1,36,86,102	N.A.	N.A.	N.A.	N.A.
3	Bandhan Bank Limited (Subsidiary Company)	Interest income on deposit	N.A.	15,12,74,415	N.A.	N.A.	N.A.	N.A.
4	Bandhan Financial Holdings Limited	Dividend	N.A	62,24,64,96,000	NA	NA	NA	NA
5	Any other transaction which may come under the ambit	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors
Bandhan Financial Services Limited

Place: Bhopal
Date: 30-08-2021

Arun Shrivastava
Chairman
(DIN: 06640892)

Annexure - 6

Management Discussion & Analysis

Non-Banking Finance Companies (NBFCs) are an integral part of the country's financial system because of their complementary as well as competitive role. They act as a critical link in the overall financial system catering to a large market of niche customers. However, as a result of consolidation and restructuring in the financial sector and liberalization and globalization of markets only few strong NBFCs now remain in business.

Bandhan Financial Services Ltd is registered with RBI as NBFC - MFI was accorded in-principle approval by Reserve Bank of India ("RBI") on 9th April 2014 for setting up a Bank in the private sector ("in-principle approval") subject to compliance with the Guidelines on Licensing of New Bank in Private Sector issued by RBI dated 22ndFebruary 2013 ("guidelines").

However, your Company is only engaged in investments in its subsidiary i.e., Bandhan Financial Holdings Limited. Your Company was registered with RBI as NBFC-CIC-ND-SI with effect from 21st September, 2017 vide certificate of registration number: B-05.05841, dated 21st September, 2017.

For and on behalf of the Board of Directors
Bandhan Financial Services Limited

Arun Shrivastava
Chairman
(DIN: 06640892)

Place: Bhopal
Date: 30-08-2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Bandhan Financial Services Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Bandhan Financial Services Limited** (the "Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the standalone financial statements and our auditor's report thereon. The management report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the standalone financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the Directors' Report, if we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information.'

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income , cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the standalone financial statements of which we are the independent auditors. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

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

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account

   d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company does not have any pending litigations which would impact its financial position as at the year end
   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at the year end
   iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAJP4522)

Place: Mumbai
Date: June 28, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Bandhan Financial Services Limited (the "Company") as of March 31, 2021 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, 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, 2021, based on the criteria for internal financial control over financial reporting 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Firm 's Registration No.117365W)

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAJP4522)

Place: Mumbai
Date: June 28, 2021

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(b) The Property, Plant and Equipment were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, we report that the title deeds of immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees in respect of which provisions of Section 185 and Section 186 of the Companies Act are applicable and hence reporting under clause (iv) of the CARO 2016 is not applicable.

(v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and accordingly reporting under clause (v) of the CARO 2016 are not applicable.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of the CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

a) The Company has been regular in depositing undisputed statutory dues, including Income-tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

b) There were no undisputed amounts payable in respect of Income-tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

c) There are no dues of Income-tax, Sales Tax, Customs Duty, and Goods and Service Tax as on March 31, 2021 on account of disputes except for the following:

Name of the Statute	Nature of Dues	Forum in which the Dispute is pending	Period to which the amount relates	Amount (Rs.)
The Income Tax Act,1961	Income Tax	Commissioner of Income Tax Tribunal	AY 2014-15 (PY 2013-14)	30,360,680

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) To the best of our knowledge and according to the information and explanations given to us, , the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or subsidiary company or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

G.K. Subramaniam
Partner
(Membership No. 109839)
(UDIN: 21109839AAAAJP4522)

Place: Mumbai
Date: June 28, 2021

BANDHAN FINANCIAL SERVICES LIMITED

STANDALONE BALANCE SHEET AS AT MARCH 31,2021

(Amount in ₹)

	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	2	1,39,88,729	2,74,92,052
Bank Balances other than Cash and cash equivalents	3	5,04,70,38,932	63,23,62,061
Investments	4	27,16,07,04,195	26,17,33,33,534
Non-Financial assets			
Current tax assets (net)		2,04,26,64,135	4,10,52,503
Deferred tax assets (net)	5	9,31,412	-
Investment property	6	3,07,06,688	3,19,77,966
Property Plant and Equipment	7	1,62,623	1,64,081
Intangible Assets	8	5,04,326	-
Other non-financial assets	9	1,43,588	93,092
TOTAL - ASSETS		**34,29,68,44,628**	**26,90,64,75,289**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Other payables			
i) total outstanding dues of micro enterprises and small enterprises		-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	2,86,06,63,284	12,62,13,531
Non-Financial Liabilities			
Deferred tax liabilities (net)	5	-	16,86,991
Other non-financial liabilities	11	55,42,914	45,24,85,183
Equity			
Equity Share Capital	12	1,27,82,11,010	1,27,82,11,010
Other Equity	13	30,15,24,27,420	25,04,78,78,574
TOTAL - LIABILITIES AND EQUITY		**34,29,68,44,628**	**26,90,64,75,289**
Summary of significant accounting policies	1		

The accompanying notes from 1 to 37 are an integral part of these standalone financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number :- 117365W

For Bandhan Financial Services Limited

G.K. Subramaniam
Partner
Membership Number : 109839

Asit Pal
Chairman
Mumbai
DIN: 00742391

Arindam Banik
Director
Delhi
DIN: 09037345

Place : Mumbai
Date : June 28, 2021

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 28, 2021

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STATEMENT OF STANDALONE PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31,2021

	Note	Year ended March 31,2021	Year ended March 31, 2020
Revenue from operations			
Interest Income	14	22,39,30,324	19,60,78,870
Dividend Income	15	62,24,64,96,000	2,20,45,63,400
Rental income		15,55,560	15,55,560
Net gain on fair value changes	16	2,81,690	66,34,114
Total Revenue from operations		**62,47,22,63,574**	**2,40,88,31,944**
Other Income		-	-
Total income		**62,47,22,63,574**	**2,40,88,31,944**
Expenses			
Employee Benefits Expenses	17	72,12,633	60,55,309
Depreciation and amortisation expense	6,7&8	14,40,521	13,61,074
Other expenses	18	2,85,11,19,469	11,57,73,675
Total expenses		**2,85,97,72,623**	**12,31,90,058**
Profit before tax		**59,61,24,90,951**	**2,28,56,41,886**
Tax expense		**2,68,03,20,283**	**5,12,48,374**
Current Tax		2,68,29,38,686	4,83,32,493
Deferred Tax (net)		(26,18,403)	29,15,881
Profit for the Year	19	**56,93,21,70,668**	**2,23,43,93,512**
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss		-	-
(b) Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of taxes		-	-
Total Comprehensive Income for the year		**56,93,21,70,668**	**2,23,43,93,512**
Earnings per equity share			
Basic (₹)	20	445.41	17.48
Diluted (₹)		445.41	17.48
Nominal value per share		10	10

Summary of significant accounting policies

The accompanying notes from 1 to 37 are an integral part of these standalone financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number :- 117365W

For Bandhan Financial Services Limited

G.K. Subramaniam
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Kolkata
Date : June 28, 2021

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Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED MARCH 31,2021

(Amount in ₹)

		Year ended March 31, 2021	Year ended March 31, 2020
A.	**Cash flows from operating activities**		
	Profit before tax	59,61,24,90,951	2,28,56,41,886
	Adjustments for:		
	Depreciation and amortisation	14,40,521	13,61,074
	Amortisation of Premium on Govt. Securities	1,08,86,220	-
	Net Gain on Fair Value Changes measured at FVTPL	(2,81,690)	(66,34,114)
	Operating profit before working capital changes	**59,62,45,36,002**	**2,28,03,68,846**
	Movements in working capital:		
	(Increase)/ decrease in other non-financial assets	(50,496)	-
	Increase/ (decrease) in other non- financial liabilities	(44,69,42,269)	44,38,10,278
	Increase/ (decrease) in other Payables	2,73,44,49,753	7,33,24,119
	Cash generated from/ (used in) operations	**61,91,19,92,990**	**2,79,75,03,243**
	Direct taxes paid (Net of refunds)	(4,68,45,50,319)	21,31,535
	Net cash flow from/ (used in) operating activities (A)	**57,22,74,42,671**	**2,79,96,34,778**
B.	**Cash flows from investing activities**		
	Deposits placed with banks	(13,56,53,00,000)	(5,25,04,00,000)
	Deposits encashed with banks	9,15,06,23,128	6,83,87,72,169
	Purchase of property,plant and equipment	(1,50,470)	(1,66,970)
	Purchase of Intangible assets	(5,21,640)	-
	Purchase of investments	(1,00,69,62,190)	(75,29,00,000)
	Proceeds from sale of investments	89,87,000	74,94,00,000
	Net cash flow from investing activities (B)	**(5,41,33,24,172)**	**1,58,47,05,199**
C.	**Cash flows from financing activities**		
	Dividend paid (Including Tax)	(51,82,76,21,822)	(4,81,68,91,704)
	Net cash flow from/ (used in) in financing activities (C)	**(51,82,76,21,822)**	**(4,81,68,91,704)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(1,35,03,323)**	**(43,25,51,727)**
	Cash and cash equivalents at the beginning of the year	2,74,92,052	46,00,43,779
	Cash and cash equivalents at the end of the year	**1,39,88,729**	**2,74,92,052**
	Components of Cash and cash equivalents		
	Cash on hand	40	-
	Balances with banks	1,39,88,689	2,74,92,052
	Total Cash and cash equivalents	**1,39,88,729**	**2,74,92,052**

Summary of significant accounting policies 1

Note -1. Cash Flow has been prepared under indirect method as set out in the INDAS -7 " Statement of Cash Flows".

Note -2. Previous year figures has been re grouped/reclassified wherever applicable.

Summary of significant accounting policies

The accompanying notes from 1 to 37 are an integral part of these standalone financial statements

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number :- 117365W

For Bandhan Financial Services Limited

G.K. Subramaniam
Partner
Membership Number : 109839

Asit Pal
Chairman
Mumbai
DIN: 00742391

Arindam Banik
Director
Delhi
DIN: 09037345

Place : Kolkata
Date : June 28, 2021

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 28, 2021

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STATEMENT OF STANDALONE CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31,2021

1. Equity Share Capital

	No. of shares	*(Amount in ₹)*
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at March 31, 2019	12,78,21,101	1,27,82,11,010
Issue of equity shares	-	-
Balance as at March 31, 2020	12,78,21,101	1,27,82,11,010
Issue of equity shares	-	-
Balance as at March 31, 2021	**12,78,21,101**	**1,27,82,11,010**

2. Other Equity *(Amount in ₹)*

	Reserves & Surplus				Total other equity
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	
Balance as at April 1, 2019	**3,37,75,23,164**	**2,77,95,47,174**	**11,97,10,52,384**	**9,50,22,54,044**	**27,63,03,76,766**
Profit for the year	-	-	-	2,23,43,93,512	2,23,43,93,512
Interim Dividend for the year 2019-20 (including Dividend Distribution Tax)	-	-	-	(4,81,68,91,704)	(4,81,68,91,704)
Transfer from Retained Earnings to Statutory Reserves	44,68,78,702	-	-	(44,68,78,702)	-
Balance as at March 31, 2020	**3,82,44,01,866**	**2,77,95,47,174**	**11,97,10,52,384**	**6,47,28,77,150**	**25,04,78,78,574**
Profit for the year	-	-	-	56,93,21,70,668	56,93,21,70,668
Interim Dividend for the year 2020-21	-	-	-	(51,82,76,21,822)	(51,82,76,21,822)
Transfer from Retained Earnings to Statutory Reserves	11,38,64,34,134	-	-	(11,38,64,34,134)	-
Balance as at March 31, 2021	**15,21,08,36,000**	**2,77,95,47,174**	**11,97,10,52,384**	**19,09,91,862**	**30,15,24,27,420**

Note 2.1 : During the year ended March 31, 2021, the Company has declared Interim Dividend at 4054.70% on its Equity Shares by way of board resolution dated 7th August, 2020.

Note 2.2 Nature and purpose of reserves

(a) Securities premium reserve

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(b) Statutory reserve

Statutory Reserve is created in accordance with section 45-IC Reserve Bank of India Act, 1934 which requires every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its net profit every year as disclosed in the Statement of Profit and Loss and before declaration of dividend, if any.

(c) General Reserve

The Company has created General Reserve for the purpose of meeting contingencies and unforeseen events . It is created voluntarily and each year , the Company is transferring funds to it on a voluntary basis depending on the availability of sufficient distributable profit.

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number :- 117365W

For Bandhan Financial Services Limited

G.K. Subramaniam
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Director
Delhi
DIN: 09037345

Place : Mumbai
Date : June 28, 2021

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 28, 2021

Biplab Kumar Mani
Company Secretary
Kolkata

A. Corporate Information

Bandhan Financial Services Limited ('the Company') was engaged in microfinance activities for providing financial assistance to poor women till 22nd August, 2015.

Pursuant to the Banking license received from RBI on 17th June, 2015, all assets and liabilities pertaining to the Company's micro finance business were transferred to Bandhan Bank Limited (a wholly-owned step down subsidiary as on the date of transfer) on a slump sale basis with effect from 23rd August, 2015. Subsequent to such transfer, the Company is not carrying out any microfinance activities and is registered as a Core Investment Company (CIC) with effect from 21st September, 2017.

B. Basis of preparation of standalone financial statements

a) Basis of preparation

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. Further the carrying values of recognized assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortized cost, are adjusted to record changes in fair value attributable to the risks that are being hedged. The company presents its balance sheet in order of liquidity. An analysis regarding recovery and settlement within and more than 12 months after reporting date is presented in note 32.

b) Basis of Measurement

The financial statement have been prepared on the accrual basis as a going concern and under the historical cost convention, except for derivative instrument, if any, that are measured at fair value at the end of each reporting date as required under relevant Ind AS.

c) Form of Presentation

The Company prepared its Financial Statements as per the format defined by Ministry of Corporate Affairs (MCA) vide its Notification dated 11th October, 2018 and as incorporated in the Schedule- III of the Companies Act, 2013 or such format specified by the applicable laws, regulations and Accounting standards issued from time to time.

1. Summary of significant accounting policies

1.1 Use of Estimates

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosure and the disclosure of contingent liabilities, at the end of the reporting year. Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results could differ from those estimates and consequent revisions to accounting estimates are recognized in the year in which the estimates are revised. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future years.

1.1.1 Fair value measurement

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a valuation technique that include the use of valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk, liquidity risk and volatility.

1.2 Cash and Cash Equivalents

Cash and cash equivalent comprises of cash in hand, demand deposits and time deposits with original maturity of less than three months held with bank and which are subject to an insignificant change in value.

1.3 Revenue Recognition

1.3.1 Interest income

Interest income, for all financial instruments either at amortized cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as "Stage 3", the Company calculates interest income by applying the effective interest rate to the net amortized cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

1.3.2 Interest income from fixed deposit

Revenue from interest on bank deposits are recognized on accrual basis.

1.3.3 Dividend Income

Dividend income is recognized when the Company’s right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when shareholders approve the dividend.

1.4 Investment Property

Investment Property has been considered at carrying value in accordance with IND- AS 101 subsequently it need to be assessed for impairment.

1.5 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases and therefore, the lease payments are recognized as per terms of the lease agreement in the Statement of Profit and Loss.

1.6 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

1.6.1 Current Income tax

Current Income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income Tax Act, 1961 in respect of taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the financial statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, at the reporting date.

Current Income Tax will be recognised in statement of profit and loss. However, Current Income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in comprehensive income or equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

1.6.2 Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amount for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax for the year is recognised in statement of profit and loss. However, Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

1.7 Foreign currency translation

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the Statement of Profit and Loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

1.8 Provision and contingencies

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

1.9 Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

1.10 Dividends on equity shares

The Company recognises a liability to make cash to equity holders of the Company when the dividend is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, an interim dividend is authorised when it is approved by the Board of Directors and final dividend is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

1.11 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1.11.1 Financial Assets

1.11.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are generally recognized when funds are disbursed to the customers. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

1.11.1.2 Classification and Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

1.11.1.3 Debt instruments at amortized costs

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in interest income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit and loss.

1.11.1.4 Debt instruments at FVOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

1.11.1.5 Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

1.11.1.6 Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Para 10 of Ind AS 27, 'Separate Financial Statements'. Cost of investment represents amount paid for acquisition of the said investment.The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.

1.11.2 Financial Liabilities

1.11.2.1 Initial recognition and measurement

Financial liabilities are classified and measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

1.11.2.2 Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit and loss.

1.11.3 Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

1.11.4 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

1.11.5 Impairment of Financial Assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease/trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

In case of debt instruments at FVTOCI, the loss allowance measured in accordance with the above requirements is recognised in other comprehensive income with a corresponding effect to the statement of profit and loss but is not reduced from the carrying amount of the financial asset in the balance sheet; so the financial asset continues to be presented in the balance sheet at its fair value

No Expected credit losses is recognised on equity investments.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. The expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience

1.11.6 De-recognition of financial assets and liabilities

1.11.6.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The Company also derecognizes the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

The Company has transferred the financial asset if, and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset Or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for de-recognition if either:

- The Company has transferred substantially all the risks and rewards of the asset Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognized only to the extent of the Company's continuing involvement, in which case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.11.6.2 Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

1.12 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

2. Cash and Cash Equivalents

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Cash on hand	40	-
Balances with Banks		
-In current accounts	1,39,88,689	2,74,92,052
	1,39,88,729	**2,74,92,052**

3. Bank balances other than cash and cash equivalents

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Deposits with Bank having original maturity exceeding three months	5,04,70,38,932	63,23,62,061
	5,04,70,38,932	63,23,62,061

4. Investments

(Amount in ₹)

	At cost	At Fair Value				Others	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss	Subtotal		
As at March 31, 2021							
-In India							
Equity Instrument (Subsidiary) at cost							
Bandhan Financial Holdings Limited	26,16,31,99,420	-	-	-	-	-	26,16,31,99,420
Investment in Debt Instrument (measured at Amortised Cost)							
Govt Securities	99,37,75,970			-	99,37,75,970	-	99,37,75,970
Investment in Debt Instrument (measured at FVTPL)							
Mutual Funds	-	-	37,28,805	-	37,28,805	-	37,28,805
Total- Gross	27,15,69,75,390	-	37,28,805	-	99,75,04,775	-	27,16,07,04,195
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**27,15,69,75,390**	**-**	**37,28,805**	**-**	**99,75,04,775**	**-**	**27,16,07,04,195**

Other Disclosures :	
Aggregate amount of unquoted investments	Rs. 26,16,69,28,225
Aggregate amount of quoted investments	Rs. 99,37,75,970
Aggregate amount of impairment in value of investments	Nil
Details of investment in subsidiary :	
Name	Bandhan Financial Holdings Limited
Principal place of business	West Bengal
Proportion of the ownership interest and voting rights held	100%
Method used to account for above stated subsidiary	Cost

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

Investments							
-In India							
Equity Instrument (Subsidiary) at cost							
Bandhan Financial Holdings Limited	26,16,31,99,420	-	-	-	-	-	26,16,31,99,420
Investment in Debt Instrument (measured at FVTPL)							
Mutual Funds	-	-	1,01,34,114		1,01,34,114		1,01,34,114
Total- Gross	26,16,31,99,420	-	1,01,34,114	-	1,01,34,114	-	26,17,33,33,534
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**26,16,31,99,420**	**-**	**1,01,34,114**	**-**	**1,01,34,114**	**-**	**26,17,33,33,534**

Other Disclosures :	
Aggregate amount of unquoted investments	Rs. 26,17,33,33,534
Aggregate amount of impairment in value of investments	Nil
Details of investment in subsidiary :	
Name	Bandhan Financial Holdings Limited
Principal place of business	West Bengal
Proportion of the ownership interest and voting rights held	100%
Method used to account for above stated subsidiary	Cost

5. Deferred Tax Assets/(Liabilities) (Net)

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Deferred Tax Assets		
Investments carried at fair value through profit or loss	27,39,844	-
	27,39,844	-
Deferred Tax Liabilities		
Investment Property	17,84,373	16,56,300
Investments carried at fair value through profit or loss	24,059	30,691
	18,08,432	16,86,991
Net Deferred Tax Asset/ (Liabilities)	**9,31,412**	**(16,86,991)**

Movement in Deferred Tax Assets/(Liabilities) (Net)

(Amount in ₹)

	As at March 31, 2020	Charged/ credited to profit or loss	As at March 31, 2021
Deferred Tax Assets			
Govt. Securities	-	27,39,844	27,39,844
	-	27,39,844	27,39,844
Deferred Tax Liabilities			
Investments carried at fair value through profit or loss	30,691	(6,632)	24,059
Timing difference on account of depreciation and amortization of property, plant and equipment, intangible assets & Investment Property	16,56,300	1,28,073	17,84,373
	16,56,300	1,28,073	17,84,373
Net Deferred Tax Assets/(Liabilities)	**(16,56,300)**	**(26,11,771)**	**9,55,471**

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

6. Investment Property

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Gross carrying amount		
Opening gross carrying amount	3,81,72,695	3,81,72,695
Additions	-	-
Closing gross carrying amount	3,81,72,695	3,81,72,695
Accumulated depreciation		
Opening accumulated depreciation	61,94,729	48,36,544
Depreciation charge	12,71,278	13,58,185
Closing accumulated depreciation	74,66,007	61,94,729
Net carrying amount	**3,07,06,688**	**3,19,77,966**

The fair value of investment property as at March 31, 2021 has been arrived at Rs. 350.38 Lakh, on the basis of valuation carried out by an independent valuer, not related to the Company. The property is a commercial unit situated in Tripura, India, and its fair value was derived using the market comparable approach, based on discounted cash flow method.

(i) Amount recognised in profit or loss for investment property

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Rental Income	15,55,560	15,55,560
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
Profit from investment properties before depreciation	**15,55,560**	**15,55,560**
Depreciation	(12,71,278)	(13,58,185)
Profit from investment property	**2,84,282**	**1,97,375**

(ii) Leasing arrangements

Investment property is leased to tenant under long term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment property are as follows:

	As at March 31, 2021	As at March 31, 2020
Within one year	15,55,560	15,55,560
Later than one year but not later than 5 years	37,59,235	53,14,795
Later than 5 years	-	-
	53,14,795	**68,70,355**

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

7. Property, Plant and Equipment

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Computer		
At beginning of the year	1,66,970	-
Additions	1,50,470	1,66,970
Disposals	-	-
At end of the year	3,17,440	1,66,970
Accumulated depreciation as at the beginning of the year	2,889	-
Depreciation for the year	1,51,928	2,889
Disposals	-	-
Accumulated depreciation as at the end of the year	1,54,817	2,889
Net carrying amount as at the end of the year	**1,62,623**	**1,64,081**

8. Intangible Assets

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Computer Software		
At beginning of the year	-	-
Additions	5,21,640	-
Disposals	-	-
At end of the year	5,21,640	-
Accumulated impairment as at the beginning of the year	-	-
Impairment for the year	17,314	-
Disposals	-	-
Accumulated impairment as at the end of the year	17,314	-
Net carrying amount as at the end of the year	**5,04,326**	**-**

9. Other non-financial assets

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	1,43,588	93,092
	1,43,588	**93,092**

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

10. Payables

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Other payables		
Total outstanding dues of creditors to Micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
-Payable for Corporate Social Responsibility (CSR) and Donation [Refer note : 30]	2,84,66,08,533	11,17,19,676
-Payable for others	1,40,54,751	1,44,93,855
	2,86,06,63,284	**12,62,13,531**

10.1 Disclosure as per Micro and Small Enterprises

Particulars	As at March 31, 2021	As at March 31, 2020
(i) The principal amount remaining unpaid to any supplier	-	-
(ii) Interest due thereon remaining unpaid at the end of the year	-	-
(iii) The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-
(iv)The amount of interest due and payable for the year	-	-
(v)The amount of interest accrued and remaining unpaid at the end of the year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

11. Other Non-financial liabilities

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Rent received in advance	53,14,795	68,70,355
Statutory liabilities	2,28,119	2,04,778
Dividend Distribution Tax payable	-	44,54,10,050
	55,42,914	**45,24,85,183**

12. Equity Share Capital

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Authorised equity shares capital		
15,00,00,000 (15,00,00,000) Equity Shares of Rs. 10 each fully paid up	1,50,00,00,000	1,50,00,00,000
	1,50,00,00,000	**1,50,00,00,000**
Issued, subscribed and fully paid-up equity shares capital		
12,78,21,101 (12,78,21,101) Equity Shares of Rs. 10 each fully paid up	1,27,82,11,010	1,27,82,11,010
	1,27,82,11,010	**1,27,82,11,010**

(i) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period. *(Amount in ₹)*

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Equity Share at the beginning of year	12,78,21,101	1,27,82,11,010	12,78,21,101	1,27,82,11,010
Add: Shares issued during the year	-	-	-	-
Equity Share at the end of year	**12,78,21,101**	**1,27,82,11,010**	**12,78,21,101**	**1,27,82,11,010**

(ii) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2021		As at March 31, 2020	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Small Industries Development Bank of India	1,03,93,489	8.13%	1,03,93,489	8.13%
Financial Inclusion Trust	4,20,61,424	32.91%	4,20,61,424	32.91%
North East Financial Inclusion Trust	1,00,00,000	7.82%	1,00,00,000	7.82%
Bandhan Employee's Welfare Trust	1,86,80,922	14.61%	1,86,80,922	14.61%
International Finance Corporation	1,73,68,339	13.59%	1,73,68,339	13.59%
Caladium Investment Pte. Ltd.	2,13,50,912	16.70%	2,13,50,912	16.70%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(iii) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

13. Other Equity

(Amount in ₹)

	As at March 31, 2021	As at March 31, 2020
Securities Premium Reserve	11,97,10,52,384	11,97,10,52,384
Statutory Reserve	15,21,08,36,000	4,11,94,35,506
General Reserve	2,77,95,47,174	2,77,95,47,174
Retained Earnings	19,09,91,862	7,65,30,11,708
	30,15,24,27,420	**26,52,30,46,772**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

14. Interest Income *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Financial Instrument measured at amortised cost		
-Interest on Deposits with Banks	19,81,22,774	19,60,78,870
-Interest on Govt. Securities	2,58,07,550	-
	22,39,30,324	**19,60,78,870**

15. Dividend Income *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Dividend Income from subsidiary	62,24,64,96,000	2,20,45,63,400
	62,24,64,96,000	**2,20,45,63,400**

16. Net Gain on fair value changes *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Net gain on financial instruments at fair value through profit or loss -		
Others -		
Realised	1,86,099	65,12,178
Unrealised	95,591	1,21,936
	2,81,690	**66,34,114**

17. Employee Benefits Expenses *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Salaries, wages and bonus	69,71,166	58,53,200
Contribution to provident fund	2,41,467	2,02,109
	72,12,633	**60,55,309**

18. Other expenses *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Professional and Consultancy Charges	17,92,744	13,14,801
Directors' sitting fees	14,33,700	14,51,400
Office Rent	4,01,859	84,547
Travelling and Conveyance	1,367	4,46,425
Insurance Premium	3,79,026	1,99,420
Bank charges	31,267	6,896
Rates & Taxes	19,850	50,516
Payment to auditors	4,13,000	3,50,000
Corporate social responsibility expenditure and Donation [Refer note: 30]	2,84,66,08,533	11,17,19,676
Miscellaneous Expenses	38,123	1,49,994
	2,85,11,19,469	**11,57,73,675**

18(i). Details of payments to Auditors *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Payment to auditors		
As auditors:		
Audit Fees	2,36,000	2,00,000
Tax Audit Fees	1,77,000	1,50,000
	4,13,000	**3,50,000**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

19. Tax Expenses

The major components of income tax expense for the year ended March 31, 2021 *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Current Income Tax:		
Current Income Tax	2,67,83,17,879	4,82,97,317
Adjustments in respect of current income tax of previous year	46,20,807	35,176
Deferred tax:		
Relating to origination and Reversal of temporary difference	(26,11,771)	28,85,190
Investments carried at fair value through profit or loss	(6,632)	30,691
	2,68,03,20,283	**5,12,48,374**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2021

	Year ended March 31,2021	Year ended March 31, 2020
Accounting profit before income tax	59,61,24,90,951	2,28,56,41,886
Company's Tax rate	25.17%	25.17%
Income tax expense calculated using Company's Income tax rate	15,00,32,71,722	57,52,96,063
Effect of Non deductible expenses	71,65,62,507	2,81,22,391
Effect of favourable addbacks	(13,04,41,34,753)	(55,22,05,256)
Tax Adjustment prior Periods	46,20,807	35,176
Income tax expense reported in the financial statement	**2,68,03,20,283**	**5,12,48,374**

20. Earning Per Share *(Amount in ₹)*

	Year ended March 31,2021	Year ended March 31, 2020
Net Profit attributable to Equity Shareholders	56,93,21,70,668	2,23,43,93,512
Weighted Average No. of Equity Shares	12,78,21,101	12,78,21,101
Basic / Diluted Earning Per Share	445.41	17.48
Nominal Value of Equity Shares	10	10

21 Fair value measurement

21.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

21.2 Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial officer.

21.3 Valuation Technique

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The management assessed that Cash and Cash equivalents,Bank Balances, other financial assets, other payables approximate their carrying amounts largely due to short term maturity of these instruments.

The management assessed that Investments in Mutual Funds are generally highly liquid ready available active prices on a regular basis. Therefore, units held in Mutual funds are measured based on their published Net Assets Value.

21.4 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

(Amount in ₹)

31-Mar-21	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Financial Assets				
Investments other than subsidiary and Govt. Securities	37,28,805	-	-	37,28,805
	37,28,805	**-**	**-**	**37,28,805**

31-Mar-20	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Financial Assets				
Investments other than subsidiary and Govt. Securities	1,01,34,114	-	-	1,01,34,114
	1,01,34,114	**-**	**-**	**1,01,34,114**

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

22 Risk Management Framework

The Company is a Core Investment Company (CIC) and its operations are limited to being a CIC. The risks therefore relate to investments made in its Subsidiary & Associate. The operations of subsidiary, the risks faced by it and the risk mitigation tools followed by it to manage these risks are reviewed periodically by the Audit Committees and the Board of the Subsidiary.

The Company always regard that managing the risks that affect its business as a fundamental activity, as they influence performance, reputation and future success. Effective risk management involves taking an integrated and balanced approach to risk and reward, and assists in achieving objectives of mitigating potential loss or damage and optimizing financial growth opportunities. Risk Management framework of the Company is aimed at aligning capital to investment strategy, to protect Company's financial strength, reputation and to ensure support to various investment activities while enhancing shareholder value.

Risk Management Governance

Risk management is the responsibility of the Board of Directors, which approves risk policies and the delegation matrix. The Board is supported by various management committees as part of the Risk Governance framework. The Company operates within overall limits set by the Board and Committees to whom powers are delegated by the Board.

The Audit Committee of the Board assists the Board in carrying out its oversight responsibilities as they relate to the company’s financial and other reporting practices, internal control, and compliance with laws, regulations, and ethics. From risk management perspective, it review the adequacy of Company’s risk management policies, processes and report the matter to the Board of Directors.

23 Segment Reporting:

The company is registered as a Core Investment Company (CIC) with effect from 21st September, 2017 and involved in investing activities only. There are no other segment which needs to be evaluated & reported under Ind AS 108 - Operating Segments.

24 Capital Commitments

The Company did not have any capital commitment as on March 31, 2021 and March 31, 2020.

25 Related party transactions

A. Names of related parties and nature of relationship

Entities	**Nature of relationship**
Bandhan Financial Holdings Limited	Subsidiary Company
Bandhan Bank Limited	Associate of Bandhan Financial Holdings Limited with effect from 3rd August,2020, Subsidiary till 2nd August,2020.
Key Management Personnel	
Mrs. Asoka Chatterjee	Managing Director (upto 6th March,2021)
Mr. Amrit Daga	Chief Financial Officer
Mr. Biplab Kumar Mani	Company Secretary (with effect from 26th November,2020)
Mr. Gaurav Mishra	Company Secretary (upto 31st May,2020)

B. Nature of transactions *(Amount in ₹)*

Sl. No.	Name of Related Party	March 31, 2021	March 31, 2020
1	**Bandhan Bank Limited**		
	Transaction during the year		
	Interest Income	15,12,74,415	19,49,35,886
	Balance outstanding		
	Deposits	4,09,94,22,932	55,09,41,761
	Current Account	1,36,86,102	2,73,10,647
2	**Bandhan Financial Holdings Limited**		
	Transaction during the year		
	Dividend Received	62,24,64,96,000	2,20,45,63,400
	Balance outstanding		
	Investment	26,16,31,99,420	26,16,31,99,420
3	**Key Managerial Personnel**		
	Remuneration and other allowances		
	- Mrs. Asoka Chatterjee	11,19,355	12,00,000
	- Mr. Amrit Daga	41,99,280	34,42,852
	- Mr. Gaurav Mishra	2,24,359	14,02,313
	- Mr. Biplab Kumar Mani	9,10,161	-

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

26 Additional disclosures pursuant to the Reserve Bank Directions vide :

A) Circular no. DNBS (PD) CC.No.300 /03.10.038/2012-13 dated August 03 , 2012

i) Exposure to Gold Loan

The Company has no exposure to Gold Loan directly or indirectly.

B) Circular no. RBI/2014-15/299, DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014

List of disclosure pertaining to captioned circular

Particulars		**Remarks**
1.	Capital to Risk (Weighted) Assets Ratio	Refer Note No. 26(C)
2.	Investments	Refer Note No. 26(D)
3.	Derivatives i) Forward Rate Agreement / Interest Rate Swap ii) Exchange Traded Interest Rate (IR) Derivatives iii) Disclosures on Risk Exposure in Derivatives iv) Forward rate agreement/interest rate swap	The Company has no transaction or exposure in Derivatives.
4.	Disclosures relating to Securitisation	
	i) Information duly certified by the SPV's auditors obtained by the originating NBFC from the SPV.	The Company has not entered into any securitisation transaction during the years ended 31st March, 2021 and 31st March, 2020.
	ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction	The Company has not sold financial assets to securitisation or reconstruction company for assets reconstruction.
	iii) Details of Assignment transactions undertaken by NBFCs	The Company has not entered into any assignment transaction during the years ended 31st March, 2021 and 31st March, 2020.
5.	Details of non-performing financial assets purchased / sold i) Details of non-performing financial assets purchased : ii) Details of Non-performing Financial Assets sold :	The Company has not purchased / sold non-performing financial assets.
6.	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 26 (H)
7.	Exposures	
	i) Exposure to Real Estate Sector	The Company has no exposure to real estate sector directly or indirectly.
	ii) Exposure to Capital Market	The Company has no exposure to capital market directly or indirectly.
8.	Details of financing of parent company products	This Disclosure is not applicable as the Company does not have any parent company.
9.	i) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC ii) Unsecured Advances	The Company does not have any advances as on 31st March, 2021 and 31st March, 2020.
10.	Miscellaneous	
	i) Registration obtained from other financial sector regulators	Refer Note No. 26(E)
	ii) Disclosure of Penalties imposed by RBI and other regulators	No Penalties were imposed by RBI and other regulators during the current and previous year.
	iii) Related Party Transactions	Refer Note No. 25(B)
	iv) Ratings assigned by credit rating agencies and migration of ratings during the year	Refer Note No. 26(F)
	v) Remuneration of Directors	Refer Note No. 25(B)
	vi) Net Profit or Loss for the period, prior period items and changes in accounting policies	Refer Note No.1
	vii) Revenue Recognition	Refer Note No. 1.3
11.	Additional Disclosures	
	i) Provisions and Contingencies	Refer Note No. 26(G)
	ii) Draw Down from Reserves	Refer to statement of changes in equity.
	iii) Concentration of Deposits, Advances, Exposures and NPAs	
	a) Concentration of Deposits (for deposit taking NBFCs)	This disclosure is not applicable as the company is non deposit taking NBFC.
	b) Concentration of Advances	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2021 and 31st March, 2020.
	c) Concentration of Exposure	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2021 and 31st March, 2020.
	d) Concentration of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2021 and 31st March, 2020.
	e) Sector-wise NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2021 and 31st March, 2020.
	f) Movement of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2021 and 31st March, 2020.
	iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The company has no exposure or transaction with overseas assets.
	v) Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)	The company has no exposure or transaction with reference to this disclosure.
12.	Disclosure of Complaints	This disclosure is not applicable to the Company.

C) Capital to Risk-Assets ratio (CRAR)

Particulars		**Year ended March 31,2021**	**Year ended March 31, 2020**
i)	CRAR (%)	264.63	104.51
ii)	CRAR - Tier I capital (%)	264.63	104.51
iii)	CRAR - Tier II capital (%)	-	-
iv)	Amount of subordinated debt raised as Tier - II Capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

D) Investment *(Amount in ₹)*

Particulars	**Year ended March 31,2021**	**Year ended March 31, 2020**
1) Value of Investments		
i) Gross Value of Investments		
a) In India	27,16,07,04,195	26,17,33,33,534
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investments		
a) In India	27,16,07,04,195	26,17,33,33,534
b) Outside India	-	-
2) Movement of provisions held towards depreciation on investments.		
i) Opening balance	-	-
ii) Add : Provisions made during the year	-	-
iii) Less : Write-off / write-back of excess provisions during the year	-	-
iv) Closing balance	-	-

E) Registration obtained from other financial sector regulators

The Company is registered with followings other financial sector regulator (Financial Regulator as described by Ministry of Finance)
i. Ministry of Corporate Affairs
ii. Ministry of Finance (Financial Intelligence Unit)

F) Ratings assigned by credit rating agencies and migration of ratings during the year:

No rating had been assigned by credit rating agencies during the year.
The above information is as certified by the Management and relied upon by the auditors.

G) Provisions and Contingencies

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account *(Amount in ₹)*

Particulars	**Year ended March 31,2021**	**Year ended March 31, 2020**
i) Provision made towards Income tax and Deferred Tax	2,68,03,20,283	5,12,48,374

H) Maturity pattern of certain Assets & Liabilities : *(Rs in Crore)*

Particulars	Upto 30/31 days	Over 1 month to 2 months	Over 2 month to 3 months	Over 3 month to 6 months	Over 6 month to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 1 year to 3 years	Over 5 years	Total
Investments	0.37	-	-	-	-	99.38	-	-	2,616.32	**2,716.07**
	(1.01)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,616.32)	**(2,617.33)**
Other payables	-	1.41	-	284.66	-	-	-	-	-	**286.07**
	(-)	(1.45)	(-)	(11.17)	(-)	(-)	(-)	(-)	(-)	**(12.62)**

Note : The above Asset-Liability Management on the basis of certain assumptions and estimates by the Management and relied upon by the Auditor . The company does not have any borrowing or Advances on 31st March, 2021 and 31st March, 2020. Previous Years figures are disclosed in (-).

27 Leases

The Company has cancellable operating Lease Agreement for Corporate Office premises which is in the nature of Operating Lease . The lease arrangement is for a period of 11 months . There is no obligation for renewal of the same and are renewable by mutual consent. Lease payment of Rs. 4,01,859 (31st March, 2020 : Rs. 84,547) has been recognised under Rent in the statement of Profit and Loss.

28 Disclosure of Micro and Small Enterprises

As per information available with the Company, there are no Micro and Small suppliers covered as per the Micro, Small & Medium Enterprise Development Act, 2006. As a result, no interest provision/payment have been made by the Company to such creditors, if any, and no disclosure thereof is made in these financial statements.

29 Contingent liabilities (To the extent not provided for) *(Amount in ₹)*

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Claims against the company not acknowledged as debt		
Income Tax claims under appeal	3,57,18,680	3,57,18,680

30 In terms of section 135 of the companies Act,2013 the company is required to spent 2% of the average net profit of last three years of the company towards the Corporate Social Responsibility (CSR). Further, in the terms of Article of Association, the company needs to spend 5% of profit after tax or Rs. 2 crore, whichever is higher towards donation to Bandhan Konnagar. Accordingly, during the current year, the Company has charged Rs. 2,84,66,08,533 (Rs. 11,17,19,676 for the year ended March 31, 2020) to statement of profit & Loss towards CSR Expenses and donation expense. This includes an amount of Rs. 39,74,032 (Rs. 36,94,646 for the year ended March 31, 2020) which represents obligation to contribute in terms of Section 135 of Companies Act,2013 which is required to be spent in the subsequent financial year.

31

Amount spent under CSR Expenditure and Donation:	**As at March 31, 2021**	**As at March 31, 2020**
a) Gross amount required to be spent by the company during the year	11,17,19,676	3,87,40,073
b) Amount spent during the year ended March 31, 2021:		
i) Construction/Acquisition of any asset	-	-
ii) On purpose other than (i) above	11,17,19,676	-
b) Amount spent during the year ended March 31, 2020:		
i) Construction/Acquisition of any asset	-	-
ii) On purpose other than (i) above	-	3,87,40,073

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

32. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	March 31, 2021			March 31, 2020		
	With in 12 months	**After 12 Months**	**Total**	**With in 12 months**	**After 12 Months**	**Total**
ASSETS						
Financial assets						
Cash and cash equivalents	1,39,88,729	-	1,39,88,729	2,74,92,052	-	2,74,92,052
Bank Balances other than Cash and cash equivalents	4,95,68,95,941	9,01,42,991	5,04,70,38,932	63,23,62,061	-	63,23,62,061
Investments	37,28,805	27,15,69,75,390	27,16,07,04,195	1,01,34,114	26,16,31,99,420	26,17,33,33,534
Other financial assets	-	-	-	-	-	-
Non-Financial assets						
Current tax assets (net)	-	2,04,26,64,135	2,04,26,64,135	-	4,10,52,503	4,10,52,503
Deferred tax assets (net)	-	9,31,412	9,31,412	-	-	-
Investment property	-	3,07,06,688	3,07,06,688	-	3,19,77,966	3,19,77,966
Property Plant & Equipment	-	1,62,623	1,62,623	-	1,64,081	1,64,081
Intangible Assets	-	5,04,326	5,04,326	-	-	-
Other non-financial assets	1,43,588	-	1,43,588	93,092	-	93,092
TOTAL - ASSETS	**4,97,47,57,063**	**29,32,20,87,565**	**34,29,68,44,628**	**67,00,81,319**	**26,23,63,93,970**	**26,90,64,75,289**
LIABILITIES						
Financial Liabilities						
Other payables	2,86,06,63,284	-	2,86,06,63,284	12,62,13,531	-	12,62,13,531
Non-Financial Liabilities						
Deferred tax liabilities (net)	-	-	-	-	16,86,991	16,86,991
Other non-financial liabilities	17,83,679	37,59,235	55,42,914	44,71,70,388	53,14,795	45,24,85,183
TOTAL - LIABILITIES	**2,86,24,46,963**	**37,59,235**	**2,86,62,06,198**	**57,33,83,919**	**70,01,786**	**58,03,85,705**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statement as at and for the year ended March 31, 2021

33 Capital Management

The company is a core investment company and maintains an capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI) of India. The primary objectives of the Company's capital management policy are to ensure that the company complies with externally imposed capital requirements and healthy capital ratios in order to support its business and to maximise shareholder value.

The company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

For Capital to Risk (Weighted) Assets Ratio refer **note no. - 26 (C)**

34 Post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India and across the world have taken significant measures to curtail the widespread of virus , including country wide lockdown and restriction in economic activities. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of its investments and non-financial assets, including property plant and equipment, Investment property and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

35 According to the Guidelines for Licensing of New Banks in Private Sector as issued by the Reserve Bank of India (the RBI) dated February 22 , 2013, Bandhan Financial Holdings Limited, Wholly owned subsidiary of the company being the Non-Operating Financial Holding Company (the NOFHC) was required to dilute its stake in Bandhan Bank Limited (BBL) to 40% within three years of its incorporation.

During the current year, the NOFHC has sold 33,73,67,189 number of its Equity Shares representing 20.95% holding in Bandhan Bank Limited on August 03, 2020 through secondary market at an average price (net off all related costs) of Rs. 312.26 per equity share, bringing down its remaining shareholding in Bandhan Bank to 40%.

The NOFHC, vide its Board Meeting dated August 06 , 2020 has further decided to distribute Dividend of Rs. 24 per equity share out of such profit on sale of investment in subsidiary. Accordingly, the company has received Rs. 6,224.65 Crores as dividend from the NOFHC in the current year.Subsequently, the company vide its board meeting dated August 7,2020 has further decided to distribute dividend of Rs. 405.70 per share out of such profits after making due provisions of all necessary expenditures including Income Tax, Statutory Reserve, Corporate Social Responsibility and Depreciation thereon.

36 Event after reporting date

There has been no events after the reporting date that require disclosure in these financial statements.

37 Prior year figures

The Company has reclassified and regrouped previous year figures including those in brackets to conform to this year's classification.

As per our report of even date

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number :- 117365W

G.K. Subramaniam
Partner
Membership Number : 109839

Place : Mumbai
Date : June 28, 2021

For Bandhan Financial Services Limited

Asit Pal
Chairman
Mumbai
DIN: 00742391

Arindam Banik
Director
Delhi
DIN: 09037345

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 28, 2021

Biplab Kumar Mani
Company Secretary
Kolkata

INDEPENDENT AUDITOR'S REPORT
To the Members of Bandhan Financial Services Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Bandhan Financial Services Limited** (the "Parent/Holding Company") and its subsidiary company, together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 312021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and 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 consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

- The Parent's/Holding Company's Board of Directors is responsible for the other information. The other information comprises the Directors' Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available, compare with the financial statements of the subsidiary, to the extent it relates to the entity and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- When we read the management report, if we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Consolidated Financial Statements

The Parent's/ Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent/ Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group is responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent/ Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent/ Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and, to the extent applicable that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent/ Holding Company taken on record by the Board of Directors of the Parent/ Holding Company and the reports of the subsidiary company none of the directors of the Group companies is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent/ Holding Company and subsidiaries. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amendedin our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent/ Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

    i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

    ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts

    iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent/ Holding Company and its subsidiary company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 117365W)

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAIU5416)

Place: Mumbai
Date: June 28, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Bandhan Financial Services Limited (hereinafter referred to as "the Holding Company" / "Parent") and its subsidiary company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company / Parent and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company/ Parent and its subsidiary company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent/Holding Company and its subsidiary company have, 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, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.117365W)

G. K. Subramaniam
(Partner)
(Membership No. 109839)
(UDIN: 21109839AAAAIU5416)

Place: Mumbai
Date: June 28, 2021

BANDHAN FINANCIAL SERVICES LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2021

(₹ in Million)

	Note	As at March 31,2021	As at March 31,2020
ASSETS			
Financial Assets			
Cash and Cash Equivalents	2	47.13	76,774.25
Bank balances other than Cash and Cash Equivalents	3	31,011.37	6,844.96
Derivative financial instruments		-	7.00
Loans	4	-	7,00,209.50
Investments	5	2,12,001.27	1,55,971.30
Other financial assets	6	-	2,635.18
Non-Financial assets			
Current tax assets (net)		2,044.55	45.11
Deferred tax assets (net)	7	2.77	5,573.87
Property Plant and equipment	8	0.24	3,373.91
Capital work in progress	8	-	215.00
Right to use asset	9	-	5,421.67
Other Intangible assets	10	0.98	99.14
Investment property	11	30.71	31.98
Other Non-financial assets	12	0.16	628.28
Total Assets		**2,45,139.18**	**9,57,831.15**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Trade Payable	13		
i) total outstanding dues of micro enterprises and small enterprises		-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		11.37	525.74
Debt Securities	14	-	2,263.24
Borrowings (other than debt securities)	15	-	2,13,004.35
Lease Liability	16	-	5,858.94
Deposits	17	-	5,68,670.32
Subordinated liabilities	18	-	1,600.00
Other financial liabilities	19	2,867.36	7,071.22
Non-Financial Liabilities			
Current tax liabilities (net)		-	911.56
Deferred Tax Liabilities (net)	7	49.60	1.69
Provisions	20	-	1,876.11
Other Non-financial liabilities	21	6.48	1,954.64
Equity			
Equity Share Capital	22	1,278.21	1,278.21
Other Equity	23	2,40,926.16	93,322.14
		2,42,204.37	94,600.35
Non- controlling interest		-	59,492.99
Total Liabilities and Equity		**2,45,139.18**	**9,57,831.15**
Summary of Significant Accounting Policies	1		

The accompanying Notes are an integral parts of these Consolidated Financial Statements
As per our Report of even date

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration Number :- 117365W

G.K. Subramaniam
Partner
Membership Number : 109839

Place : Mumbai
Date : June 28, 2021

For Bandhan Financial Services Limited

Asit Pal
Chairman
Mumbai
DIN:00742391

Arindam Banik
Director
Delhi
DIN:09037345

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 28, 2021

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STATEMENT OF CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Million)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations			
Interest Income	24	44,056.47	1,17,044.84
Fees & Commission Income	25	2,103.16	6,405.13
Profit on sale of stake in subsidiary and Fair Valuation of Retained Interest		2,08,787.28	-
Net Gain on Fair Value Changes	26	2,035.00	2,310.06
Total Revenue from Operation		2,56,981.91	1,25,760.03
Other income	27	352.61	1,689.34
Total income		**2,57,334.52**	**1,27,449.37**
Expenses			
Finance costs	28	17,040.30	48,101.80
Fees and Commission Expenses	29	68.21	387.68
Impairment on financial instruments	30	7,857.01	12,977.28
Employee benefits expense	31	5,549.89	13,976.59
Depreciation, amortisation and impairment	8,9,10&11	564.24	1,897.88
Other expenses	32	5,226.62	8,463.14
Total expenses		**36,306.27**	**85,804.37**
Profit before share of profit of Associate		**2,21,028.25**	**41,645.00**
Share of profit of Associate		1,318.10	-
Profit before tax		**2,22,346.35**	**41,645.00**
Tax expense	33	**18,661.47**	**10,890.54**
Current tax		19,661.56	12,001.37
Deferred tax (Net)		(1,000.09)	(1,110.83)
Profit for the year		**2,03,684.88**	**30,754.46**
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(79.33)	(460.63)
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI		(764.00)	(303.25)
Tax impact		212.25	213.86
Subtotal (a)		(631.08)	(550.02)
(b) Items that will be reclassified to profit or loss			
Financial instruments measured at FVOCI			
Net fair value gain/(loss) on investment in debt instruments measured at FVTOCI		(100.56)	216.92
tax impact		25.31	(46.22)
Subtotal (b)		(75.25)	170.70
Other comprehensive income for the year (a + b)		(706.33)	(379.32)
Total Income for the year		**2,02,978.55**	**30,375.14**
Profit for the year			
Attributable to :			
Owners of the parent		1,99,862.14	18,744.84
Non - Controlling interest		3,822.74	12,009.62
Total Comprehensive income for the year			
Attributable to :			
Owners of the parent		1,99,431.63	18,513.64
Non - Controlling interest		3,546.92	11,861.50
Earnings per equity share			
[Face value of share ₹ 10 (March 31, 2020: ₹10)]			
Basic (Rs.)	34	1,563.61	146.65
Diluted (Rs.)	34	1,563.61	146.65
Summary of Significant Accounting Policies	1		

The accompanying Notes are an integral parts of these Consolidated Financial Statements

as per our report of even date

For Deloitte Haskins & Sells	**For Bandhan Financial Services Limited**	
Chartered Accountants		
Firm Registration Number :- 117365W		
G.K. Subramaniam	**Asit Pal**	**Arindam Banik**
Partner	Chairman	Director
Membership Number : 109839	Mumbai	Delhi
	DIN:00742391	DIN:09037345
Place : Mumbai	**Amrit Daga**	**Biplab Kumar Mani**
Date : June 28, 2021	Chief Financial Officer	Company Secretary
	Kolkata	Kolkata
	Date : June 28, 2021	

BANDHAN FINANCIAL SERVICES LIMITED

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Million)

		Year ended March 31, 2021	Year ended March 31, 2020
A.	**Cash flows from operating activities**		
	Profit/ (loss) Before Tax	2,22,346.35	41,644.99
	Adjustments for:		
	Share of Profit of associate	(1,318.10)	-
	Profit on sale of stake in subsidiary and Fair Valuation of Retained Interest	(2,08,787.28)	-
	Depreciation, amortisation and impairment	564.24	1,897.89
	Impairment of Financial Instrument	7,809.08	12,976.79
	Profit on sale of Fixed Assets	(0.01)	(4.86)
	Provision for depreciation in value of investments	5.09	(1,162.00)
	Provision for Employee Benefits and other contingencies	(31.51)	(366.83)
	Interest Income from fixed deposits	(967.49)	(192.76)
	Profit on sale of Investment	(472.67)	(203.91)
	Interest Income for Investments	(2,309.75)	(7,759.66)
	Net gain on Fair Value Changes	(189.93)	(6.55)
	Amortisation of Premium on Govt. Securities	10.89	-
	Employee expenses on share based payments	360.56	755.56
	Interest expense on borrowings	149.66	273.71
	Operating profit before working capital changes	**17,169.12**	**47,852.38**
	Movements in working capital:		
	(Increase)/decrease in loans	(47,495.63)	(1,01,778.15)
	(Increase)/decrease in other financial assets	(5,980.77)	(49.21)
	(Increase)/decrease in other non-financial assets	(0.05)	(0.02)
	Increase/(decrease) in Deposits	52,650.30	1,24,379.94
	Increase/(decrease) in financial liabilities	6,433.26	2,774.01
	Increase/(decrease) in non-financial liabilities	(446.23)	443.60
	Cash generated from/ (used in) operations	**22,330.01**	**73,622.56**
	Direct taxes paid (Net of refunds)	(6,084.39)	**(11,336.78)**
	Net cash flow from/ (used in) operating activities (A)	**16,245.62**	**62,285.78**
B.	**Cash flows from investing activities**		
	Purchase of Property Plant Equipment and other Intangible and ROU Assets	(567.00)	(1,032.36)
	Sale of Property Plant Equipment	0.01	9.96
	Interest Income from Fixed Deposits	969.16	192.76
	Interest Income for Investments	2,283.93	7,759.66
	Purchase of equity shares	-	(3,000.00)
	Purchase of Investments at FVOCI	-	(2,211.98)
	(Increase)/Decrease in Held to Maturity Investment	41,924.33	(53,862.44)
	Purchase of other investments	(79,348.59)	(752.90)
	Sale of other investments	2,952.78	6,491.68
	Proceeds from sale of stake in subsidiary	1,05,347.50	-
	Taxes paid on Profit on Sale of stake in Subsidiary	(11,626.44)	-
	Deposits (created)/encashed with banks and financial institutions	(28,891.16)	(88.72)
	Net cash flow from/ (used in) investing activities (B)	**33,044.51**	**-46,494.34**
C.	**Cash flows from financing activities**		
	Repayment of Short Term Borrowings (Net)	1,202.84	(6,949.95)
	Proceeds from Long Term Borrowings (Net)	(1,241.19)	15,342.04
	Proceeds from share issue (Including share premium) by Bandhan Bank Ltd , the associate Company	-	88.56
	Payment of Lease Liability	(379.46)	(1,108.44)
	Payment of Merger related expenses with Gruh Finance Limited	-	(855.06)
	Dividend paid including Tax	(51,827.62)	(7,956.94)
	Net cash flow from/ (used in) in financing activities (C)	**(52,245.43)**	**(1,439.78)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(2,955.30)**	**14,351.65**
	Cash and cash equivalents at the beginning of the year	83,619.21	58,022.00
	Cash Acquired on acquisition of assets and liabilities from erstwhile GRUH Finance Limited	-	11,245.57
	Derecognition of cash and cash equivalents on account of cessation of control in the subsidiary	(80,647.06)	-
	Cash and cash equivalents at the end of the year	**16.85**	**83,619.21**
	Components of Cash and cash equivalents		
	Cash & Cash Equivalents	-	76,774.25
	Balances with banks	16.85	6,844.96
	Total Cash and cash equivalents	**16.85**	**83,619.21**

Summary of Significant Accounting Policies 1

Note A: This Cash Flow has been prepared under the Indirect method as set out in the IND AS-7 "Statement of Cash Flows".
Note B : Previous years figures have been regrouped/reclassified , wherever applicable.

The accompanying Notes are an integral parts of these Financial Statements as per our Report of even date

as per our report of even date For Deloitte Haskins & Sells Chartered Accountants	**For Bandhan Financial Services Limited**	
G.K. Subramaniam Partner Membership Number : 109839	**Asit Pal** Chairman Mumbai DIN:00742391	**Arindam Banik** Director Delhi DIN:09037345
Place : Mumbai Date : June 28, 2021	**Amrit Daga** Chief Financial Officer Kolkata Date : June 28, 2021	**Biplab Kumar Mani** Company Secretary Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

	No. of shares	(₹ in Million)
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at March 31, 2020	12,78,21,101	1,278.21
Balance as at March 31, 2021	**12,78,21,101**	**1,278.21**

B. Other Equity

	Reserve & Surplus								Other Comprehensive Income(OCI)			Total other equity
	Statutory Reserve [Refer Note B.2]	Statutory Reserve U/S 36(1)(VIII) OF Income Tax Act 1961	General Reserve [Refer Note B.3]	Capital Reserve	Securities Premium [Refer Note B.4]	Employee Stock Options Outstanding Account	Others - Investment Fluctuation Reserve	Retained Earnings [Refer Note B.5]	Re-measurements of net defined benefit plans	Gains/ (losses) from equity investments through OCI	Gains/ (losses) of other financials assets through OCI	
Balance As at 1st April,2019	**13,805.96**	**-**	**2,651.42**	**27,014.31**	**11,971.05**	**63.21**	**722.69**	**36,185.24**	**(63.39)**	**2.14**	**(48.68)**	**92,303.95**
Profit for the year	-	-	-	-	-	-	-	18,744.84	-		-	18,744.84
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	-202.14	-133.10	104.04	(231.20)
Distribution of Dividend (including Dividend Distribution Tax) (Note B.1)	-	-	-	-		-	-	(5,580.95)	-	-	-	(5,580.95)
Transfer to/from retained earnings	5,053.95	628.53	-		-	-	34.38	(5,716.87)	-	-	-	-
Addition	-	-	-	-	-	494.42	-	-	-	-	-	494.42
Transfer to Non-Controlling Interest on acquisition of Gruh Finance Limited	-	-	-	-	-	-	-	(20,788.96)		-	-	(20,788.96)
Changes on account of Acquisition of Gruh Finance Limited	-	3,968.94	-	3,219.38	-		604.02	594.40	(6.70)	-	-	8,380.04
Balance as at March 31, 2020	**18,859.91**	**4,597.47**	**2,651.42**	**30,233.69**	**11,971.05**	**557.63**	**1,361.09**	**23,437.71**	**(272.23)**	**(130.96)**	**55.36**	**93,322.14**
Profit for the year	-	-	-	-	-	-	-	1,99,862.14	-	-	-	1,99,862.14
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	(36.18)	(348.46)	(45.86)	(430.50)
Distribution of Dividend (Note B.1)	-	-	-	-		-	-	(51,827.62)	-	-	-	(51,827.62)
Transfer to/from retained earnings	32,794.37	-	-	-	-	-	-	(32,794.37)	-	-	-	-
Addition for the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment on account of Change in Control (Refer Note-46)	(13,988.80)	(4,597.47)	-	(30,233.69)	-	(557.63)	(1,361.09)	49,960.35	308.41	479.42	(9.50)	0.00
Balance as at March 31, 2021	**37,665.48**	**-**	**2,651.42**	**-**	**11,971.05**	**-**	**-**	**1,88,638.21**	**-**	**-**	**-**	**2,40,926.16**

Note-B.1 : Dividend represents final dividend paid by Bandhan Bank Limited, the Associate (with effect from 3rd August,2020)/Subsidiary Company to its minority shareholders. Also, it includes interim dividend paid by the company, Bandhan Financial services Limited to its shareholders.

Note-B.2 -Statutory Reserve : As per Section 45-IC of the Reserve Bank of India Act, 1934 , every NBFC shall create a Reserve Fund and transfer therein a sum of not less than 20% of its Net Profit every year as disclosed in the statement of Profit and Loss Account and before declaration of Dividend, if any.

As per Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 issued by Reserve Bank of India , every NOFHC shall create a Reserve Fund and transfer therein a sum of not less than 25% of its Net Profit every year as disclosed in the statement of Profit and Loss Account and before declaration of Dividend, if any.

Note-B.3 -General Reserve : The Group has created General Reserve for the purpose of meeting contingencies and unforeseen events . It is created voluntarily and each year , the Company is transferring funds to it on a voluntary basis depending on the availability of sufficient distributable profit.

Note-B.4 : Securities Premium : Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of Companies Act 2013.

Note-B.5 : "Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve, general reserve or any other such other appropriations to specific reserves."

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration Number :- 117365W

G.K. Subramaniam
Partner
Membership Number : 109839

Place : Mumbai
Date : June 28, 2021

For Bandhan Financial Services Limited

Asit Pal
Chairman
Mumbai
DIN:00742391

Arindam Banik
Director
Delhi
DIN:09037345

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 28, 2021

Biplab Kumar Mani
Company Secretary
Kolkata

1 Significant Accounting Policies for the year ended March 31, 2021

A. Corporate information

Bandhan Financial Services Limited ('the Company') was engaged in microfinance activities for providing financial assistance to poor women till 22nd August, 2015.

Pursuant to the Banking license received from RBI on 17th June, 2015, all assets and liabilities pertaining to the Company's micro finance business were transferred to Bandhan Bank Limited (a wholly-owned step down subsidiary as on the date of transfer) on a slump sale basis with effect from 23rd August, 2015. Subsequent to such transfer, the Company is not carrying out any microfinance activities and is registered as a Core Investment Company (CIC) with effect from 21st September, 2017.

In compliance with the RBI guidelines for licensing of new banks in the private sector dated 22nd February, 2013, the company has set up a bank through wholly owned non operative financial holding company (NOHFC).

The Company is the holding Company of Bandhan Financial Holdings Limited and Bandhan Bank Limited(collectively, the 'Group').

B. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest Millions, except when otherwise indicated.

B.1 Principles of Consolidation

The Consolidated Financial Statements relating to Bandhan Financial Services Limited,its Subsidiary & its associate (the group), have been prepared on the following basis:

a The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating material intra-group balances and intra-group transactions resulting in unrealised profits or losses unless cost cannot be recovered, as per IND AS 110 – Consolidated Financial Statements.
Associate have been combined on equity method following IND AS-28 by re-measuring BFHL's (Subsidiary) equity investments in BBL on fair value basis. However, since the dilution of BFHL's holding in BBL has taken place on 3rd August , 2020, in determining the BFHL's share of profit in BBL, a line-by-line method under IND AS-110 is followed till 02nd August , 2020 and equity method under IND AS-28, as aforesaid , is followed thereafter.

b The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2021

c The excess of Cost to the Company of its Investment in the Subsidiaries over the Company's portion of the Equity is recognised in the Financial Statements as Goodwill, being an asset in the Consolidated Financial Statement. The carrying value of Goodwill is tested for impairment as at the end of each reporting year. The goodwill is determined separately for each subsidiary Company and such amounts are not set off between different entities.

d The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.
The financial statements of the following subsidiary companies have been considered for consolidation:

Name of Entity	Relationship	Country of Incorporation	March 31,2021 % of holding	March 31,2020 % of holding
Bandhan Financial Holdings Limited	Subsidiary	India	100%	100%
Bandhan Bank Limited	Associate (with Effect from 3rd August,2020)/Subsidiary	India	39.99%	60.95%

The Company consolidate entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiary/associate ("the Group"). Control exists when the Parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns.

Subsidiary is consolidated from the date control commences until the date control ceases. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Profit or Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

e. **Changes in the Group's ownership interests in existing subsidiary**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate.
Associates are entities over which the Group has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the acquisition date.

B.2 Presentation of financial statements

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:

(i) The normal course of business
(ii) The event of default
(iii) The event of insolvency or bankruptcy of the Group and/or its counterparties

C Significant accounting policies

C.1 Financial instruments – initial recognition

C.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the transaction date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The Group recognises debt securities, deposits and borrowings when funds reach the Group.

C.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at Fair Value Through Profit or Loss (FVTPL), transaction costs are added to, or subtracted from, this amount.

C.1.3 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

► Amortised cost,
► Fair Value through Other Comprehensive Income,
► Fair Value Through Profit Loss

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or FVTPL when fair value designation is applied.

C.2 Financial assets and liabilities

C.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

C.2.2 Financial assets or financial liabilities held for trading

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

C.2.3 Debt instruments at Fair Value through Other Comprehensive Income (FVOCI)

Debt instruments are measured at FVOCI when both of the following conditions are met:

(i) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
(ii) The contractual terms of the financial asset meet the SPPI test

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

C.2.4 Equity instruments at FVOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under *Ind AS 32 Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

C.2.5 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate ('EIR').

C.2.6 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

C.2.7 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with prespecified terms to the customer. Undrawn loan commitments are in the scope of the Expected Credit Loss ('ECL') requirements.
The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

C.3 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in FY 2019-20 and FY 2018-19.

C.4 Derecognition of financial assets and liabilities

C.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.
When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

(i) Change in counterparty
(ii) If the modification is such that the instrument would no longer meet the SPPI criterion
If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

C.4.2 Derecognition of financial assets other than due to substantial modification

C.4.2.1 Financial assets

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:
(i) The Group has transferred its contractual rights to receive cash flows from the financial asset Or
(ii) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

(i) The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

(ii) The Group cannot sell or pledge the original asset other than as security to the eventual recipients

(iii) The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients

A transfer only qualifies for derecognition if either:
(i) The Group has transferred substantially all the risks and rewards of the asset Or
(ii) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

C.4.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

C.5 Impairment of financial assets

C.5.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL)).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:
Stage - 1 : When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage - 2 : When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage - 3 : Loans considered credit-impaired. The Group records an allowance for the LTECLs.

C.5.2 Calculation of ECL

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

PD : The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD : The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into
account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred,.

LGD : The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage - 1 : The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage - 2 : When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage - 3 : For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

C.5.3 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as

► GDP growth
► Unemployment rates

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

C.6 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes is in the form of real estate, securities, book debts, inventories and other working capital items. Collateral, unless repossessed, is not recorded on the Group's balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis.

C.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to bad debt recovery on statement of profit and loss.

The customer does not have any contract that is more than 30 days past due. If modifications are substantial, the loan is derecognised.

C.8 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

C.9 Determination of fair value

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or
► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments −Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

► **Level 2** financial instruments−Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

► **Level 3** financial instruments −Those that include one or more unobservable input that is significant to the measurement as whole.

C.10 Recognition of interest income

C.10.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

C.10.2 Interest income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

C.11 Recognition of income and expenses

Revenue (other than for those items to which *Ind AS 109 Financial Instruments* are applicable) is measured at fair value of the consideration received or receivable. *Ind AS 115 Revenue from contracts with customers* outlines a single comprehensive model of accounting for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

C.11.1 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

C.11.2 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

C.12 Group as a lessee

Leases that do not transfer to the Group substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which it is incurred.

C.13 Cash and cash equivalents

Cash and cash equivalents comprises of Cash in Hand, demand deposits with other banks and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

C.14.A Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day–to–day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Assets under development as at the Balance Sheet Date are shown as Capital Work in Progress. The advance paid towards such development are shown as Capital Advance.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

Asset	Estimated useful life as assessed by the Company	Estimated useful life specified under Schedule II of the Companies Act 2013
Office Equipment	5 years	5 years
Computer Equipment	3 years	3 years
Improvements of Leasehold premises	3 years	3 years
Furniture and Fixtures	10 years	10 years
Vehicles	8 Years	8 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Investment property has been considered at carrying value in accordance with Ind AS 101.

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

C.14.B Intangible Assets :

Intangible Assets includes software only. It is stated at cost less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight–line method to write down the entire cost of the Assets in three years.

C.15 Impairment of non–financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, are recognised in the statement of profit and loss. For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

C.16 Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss in credit loss expense. The premium received is recognised in the statement of profit and loss in net fees and commission income on a straight line basis over the life of the guarantee.

C.17 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group, where applicable, operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

► The date of the plan amendment or curtailment, and

► The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

► Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

► Net interest expense or income.

C.18 Share based payments

Employee stock compensation cost for stock options is recognised as per IND AS 102. The Group measures compensation cost relating to the employee stock options using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options. The Group initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred at the time of grant. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

C.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

C.20 Taxes

C.20.1 Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

C.20.2 Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

► Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

►In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

► Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

► When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

► In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority .

C.20.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

► When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

► When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

C.21 Dividends on ordinary shares

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

D Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

D.1 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

D.2 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

D.3 Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

► The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment

► The segmentation of financial assets when their ECL is assessed on a collective basis

► Development of ECL models, including the various formulas and the choice of inputs

► Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs

► Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

► It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

D.4 Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

E Foreign Currency transactions

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.
Non-monetary items which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. Non-monetary items, which are measured at fair value or others similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on the settlement of monetary items or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Foreign exchange spot and forward contracts outstanding as at the Balance Sheet date and held for trading, are revalued at the closing spot and forward rates respectively as notified by FEDAI and at interpolated rates for contracts of interim maturities.

Contingent liabilities at the Balance Sheet date on account of outstanding forward foreign exchange contracts, guarantees, acceptances, endorsements and other obligations denominated in a foreign currency are stated at the closing rates of exchange notified by the FEDAI.

F Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if contracts to issue equity shares were exercised or converted during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

G Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account in terms of Section 52(2) of the Companies Act, 2013.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

2. Cash and Cash Equivalent (₹ in Million)

		As at March 31,2021	As at March 31,2020
I.	Cash in hand	0.00*	5,515.00
II.	Balances with Reserve Bank of India -		
	In Current Accounts	-	17,434.25
	In Reverse Repo	-	40,500.00
	In Other Accounts	-	-
III.	Money at Call and Short Notice -		
	with Banks	-	5,000.00
	with other institutions	-	2,567.00
IV.	Balance with other banks-		
	in Current Accounts	16.85	5,661.00
	in Current Accounts outside India	-	-
	in Deposit Accounts with original maturity within three months	30.28	97.00
	Total	**47.13**	**76,774.25**

*amount below rounding off number.

3. Bank Balances other than Cash and cash equivalents

		As at March 31,2021	As at March 31,2020
	Balance with Bank having original maturity exceeding three months	31,011.37	6,844.96
	Total	**31,011.37**	**6,844.96**

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Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021 (₹ in Million)

4. Loans			**Mar-21**					**Mar-20**		
Particulars	**At Amortised cost**	**At Fair Value through profit and loss**	**Designated at fair value through profit and loss**	**Subtotal**	**Total**	**At Amortised cost**	**At Fair Value through profit and loss**	**Designated at fair value through profit and loss**	**Subtotal**	**Total**
Aa as March 31 , 2021										
(A) (i) Bills purchased and Bills Discounted	-	-	-	-	-	-	-	-	-	-
(ii) Loans Repayable on Demand	-			-	-	13,111.00			-	13,111.00
(iii) Term Loans				-	-	7,05,165.50			-	7,05,165.50
(iv) Others	-			-	-	-			-	-
Total (A) - Goss	**-**	**-**	**-**	**-**	**-**	**7,18,276.50**	**-**	**-**	**-**	**7,18,276.50**
Less: Impairment loss allowance	-	-	-	-	-	18,067.00	-	-	-	18,067.00
Total (A) - Net	**-**	**-**	**-**	**-**	**-**	**7,00,209.50**			**-**	**7,00,209.50**
(B) (i) Secured by tangible assets	-	-	-	-	-	2,35,450.01			-	2,35,450.01
(ii) Secured by intangible assets	-	-	-	-	-	-	-	-	-	-
(iii) Covered by Government Guarantees	-	-	-	-	-	-	-	-	-	-
(iv) Unsecured	-	-	-	-	-	4,82,826.49			-	4,82,826.49
Total (B) - Goss	**-**	**-**	**-**	**-**	**-**	**7,18,276.50**	**-**	**-**	**-**	**7,18,276.50**
Less: Impairment loss allowance	-	-	-	-	-	18,067.00	-	-	-	18,067.00
Total (B) - Net	**-**	**-**	**-**	**-**	**-**	**7,00,209.50**	**-**	**-**	**-**	**7,00,209.50**
(C) (I) Loans in India										-
(i) Public sector	-	-	-	-	-	-	-	-	-	-
(ii) Priority sector	-	-	-	-	-	6,52,536.84	-	-	-	6,52,536.84
(ii) Others	-	-	-	-	-	65,739.66	-	-	-	65,739.66
Total (C) (I) - Goss	**-**	**-**	**-**	**-**	**-**	**7,18,276.50**	**-**	**-**	**-**	**7,18,276.50**
Less: Impairment loss allowance	-	-	-	-	-	18,067.00	-	-	-	18,067.00
Total (C) (I) - Net	**-**	**-**	**-**	**-**	**-**	**7,00,209.50**	**-**	**-**	**-**	**7,00,209.50**
(C) (II) Loans in Outside India	-	-	-	-	-	-	-	-	-	-
Total (C) (II) - Goss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Less: Impairment loss allowance	-	-	-	-	-	-	-	-	-	-
Total (C) (II) - Net	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Note:- 1) Secured loans are secured by book debts, inventories ,other working capital items and other tangible assets.
2) No Loan is given to any Related Party

4.2 Credit risk and impairment assessment:

As per Indian Accounting standard Ind AS 109 the Group is required to move from a standardized and regulatory approach to Expected Credit Loss model for recognizing an impairment allowance on their financials assets. The Group records allowance for expected credit losses for all loans portfolio which are classified as Amortized Cost. Equity instruments measured at fair value through Profit & Loss account are not subject to impairment under Ind AS 109. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL)). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Bank's loans portfolio primarily consists of micro banking loan (MFI) and housing loan portfolio comprising about 89.49% of the total advances. Considering the very high number of individual borrowers and very low amounts of loan exposure to each borrower make specific provisioning, by borrower, very difficult and impractical from a cost/benefit perspective. Management manage these exposures on an aggregated basis, combining past due data with historical statistical experience and macroeconomic indicators. Hence the management has adopted collective basis for loan loss provisioning.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

4.3 Impairment assessment:

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

The company considers a loan has defaulted and classifies it as stage 3 (credit impaired) for ECL calculations typically when the borrower becomes 90 days past due on contractual payments. The company may also classify a loan in stage 3 if there is significant deterioration in the loan collateral , deterioration in the financial condition of the borrower or an assessment that adverse market conditions may have a disproportionately detrimental effect on the loan repayment. Thus as a part of the qualitative assessment of whether an instrument is in default , the company also considers a verity of instances that may indicate delay in or non-repayment of loan. When such event occurs , the company carefully considers whether the event should result in treating the borrower as defaulted and therefore assessed as stage 3 for ECL calculation or whether stage 2 is appropriate .

Classification of loans into stage 2 is done a conservative basis and typically accounts where contractual are more than 30 days past due are classified in stage 2. Accounts usually go over 30 days past due owing to temporary mismatch in timing of the borrowers or his/her business underlying cash flows and are usually quickly resolved.

4.3.2 Exposure at Default:

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

4.3.3 Loss given default:

The Company uses historical loss data for identified homogeneous pools for the purpose of calculating LGD. The estimated recovery cash flows are discounted such that the LGD calculation factors in the NPV of the recoveries.

4.3.4 Significant increase in credit risk:

The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

4.3.5 Definition of default and cure:

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments. The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio. Defaulted borrower is considered to be cure only when all the overdue balances are fully recovered.

4.3.6 Forward Looking Information:

Impact of COVID -19:

The subsidiary company Bandhan Bank Limited of the Group have applied management overlays to the ECL Model to consider the impact of the Covid-19 pandemic on the provision. The probability of default has been assessed considering the likelihood of increased credit risk and consequential default due to pandemic. The impact on collateral values is also assessed for determination of loss given default and reasonable haircuts are applied wherever necessary. The moratorium benefit wherever extended has been taken into consideration for staging of loans in the Model. As part of the management overlays and as per the approved ECL policy of the subsidiary companies of the Group, the management has adjusted the underlying PD and LGD as computed by ECL Model depending on the nature of the portfolio/borrower, the management's estimate of the future stress and risk and available market information.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

4.4 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the group exposure of various sectors/borrowers with different risk characteristics year end stage classification.

a) Loans

(₹ in Million)

Particulars	March 31, 2021				March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans	-	-	-	-	6,94,575.50	13,772.50	9,928.50	7,18,276.50
Total	**-**	**-**	**-**	**-**	**6,94,575.50**	**13,772.50**	**9,928.50**	**7,18,276.50**

b) Reconciliation of ECL balance on Loans is given below:

Particulars	FY 20-21				FY 19-20			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	-	-	-	**-**	3,287.48	21.99	7,135.14	**10,444.62**
Loan Given	-	-	-	**-**	3,525.02	-	-	**3,525.02**
Transfers to Stage 1 (Net)	-	-	-	**-**	-	4,267.51	-	**4,267.51**
Transfers to Stage 2 (Net)	-	-	-	**-**	-	-	(170.14)	**(170.14)**
Transfers to Stage 3 (Net)	-	-	-	**-**	-		-	**-**
ECL allowance - closing balance	-	-	-	**-**	6,812.51	4,289.50	6,965.00	**18,067.00**

The increase in ECL of the portfolio was driven by an increase in the gross size of the portfolio and measured between stages as a result of increase in credit risk.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

5. Investments

(₹ in Million)

	At cost	At Fair Value				Others	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss	Subtotal		
As at March 31, 2021							
In India							
Government securities	993.78	-		-	-	-	993.78
Equity instruments (Unquoted)	-	-	-	-	-	-	-
Share in Associate	2,03,151.80	-			-		2,03,151.80
Mutual fund units		-	7,855.69	-	7,855.69	-	7,855.69
Others (Certificate of deposits and pass through certificates)	-	-	-	-	-	-	-
Total- Gross	2,04,145.58	-	7,855.69	-	7,855.69	-	2,12,001.27
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**2,04,145.58**	**-**	**7,855.69**	**-**	**7,855.69**	**-**	**2,12,001.27**
As at March 31, 2020							
In India							
Government securities	1,12,049.64	35,782.32	236.61	-	36,018.93	-	1,48,068.57
Debt securities	-	752.19	502.02	-	1,254.22	-	1,254.22
Equity instruments (Unquoted)	2.00	-	-	-	-	-	2.00
Share in Associate	-	4,161.03	-		4,161.03	-	4,161.03
Mutual fund units	-	-	14.13	-	14.13	-	14.13
Others (Certificate of deposits and pass through certificates)	-	2,471.36	-	-	2,471.36	-	2,471.36
Total- Gross	1,12,051.64	43,166.89	752.76	-	43,919.66	-	1,55,971.30
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**1,12,051.64**	**43,166.89**	**752.76**	**-**	**43,919.66**	**-**	**1,55,971.30**

6. Other Financial Assets

(₹ in Million)

	As at March 31, 2021	As at March 31, 2020
Interest receivable from Loans/Advances/Deposits given	-	673.31
Assets held for sale		
- Out of the above, non-banking assets acquired in satisfaction of claims	-	695.00
Security and other Deposits	-	246.57
Others*	-	1,020.30
Total	**-**	**2,635.18**

* Include receivables against commission, Insurance etc.

7. Deferred tax (net)

(₹ in Million)

	March 31, 2021	March 31, 2021	March 31, 2020	March 31, 2020
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Depreciation on Property plant and equipment & other intangible assets	0.02	1.82	317.29	1.66
Provisions for loan losses	-	-	2,812.34	0.03
Provision for depreciation in value of investments	2.75	47.78	(269.08)	-
Provision for Expenses	-	-	-	-
Amortisation of Processing Fees	-	-	1,045.00	-
Operating Lease	-	-	110.00	-
Others	-	-	1,558.32	-
Total	**2.77**	**49.60**	**5,573.87**	**1.69**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

8. Property, Plant and Equipment

(₹ in Million)

	Land & Building	Equipment/ Furniture and Fittings	Total
Tangible			
As at March 31 , 2021			
Gross carrying value at the beginning of the year	-	0.35	0.35
Additions	-	0.15	0.15
Acquisitions	-	-	-
Disposals	-	-	-
Gross carrying value at the end of the year	**-**	**0.50**	**0.50**
Accumulated depreciation and impairment as at the beginning of the year	-	0.01	0.01
Depreciation for the year	-	0.26	0.26
Disposals	-	-	-
Accumulated depreciation and impairment as at the end of the year	**-**	**0.27**	**0.26**
Net carrying amount as at the end of the year	**-**	**0.23**	**0.24**
Capital work in progress including advances for capital assets	-	-	-
Net Carrying Amount including CWIP	**-**	**0.23**	**0.24**
As at March 31 , 2020			
Gross carrying value at the beginning of the year	1,251.28	2,351.12	3,602.40
Additions	1,337.50	614.95	1,952.45
Disposals	-	(116.88)	(116.88)
Gross carrying value at the end of the year	**2,588.78**	**2,849.19**	**5,437.97**
Accumulated depreciation and impairment as at the beginning of the year	441.60	996.73	1,438.33
Depreciation for the year	201.50	536.01	737.51
Disposals	-	(111.78)	(111.78)
Accumulated depreciation and impairment as at the end of the year	**643.10**	**1,420.96**	**2,064.06**
Net carrying amount as at the end of the year	**1,945.68**	**1,428.23**	**3,373.91**
Capital work in progress including advances for capital assets	215.00	-	215.00
Net Carrying Amount including CWIP	**2,160.68**	**1,428.23**	**3,588.91**

9. Right to use Assets

(₹ in Million)

	As at March 31,2021	As at March 31, 2020
	Premises	**Premises**
Gross carrying amount		
Opening gross carrying amount		
Additions	-	6,686.51
Deletions	-	(170.88)
Closing gross carrying amount	**-**	6,515.63
Accumulated depreciation		
Opening accumulated depreciation	-	-
Depreciation charge	-	1,093.96
Closing accumulated depreciation	**-**	**1,093.96**
Net carrying amount	**-**	**5,421.67**

10. Other Intangible assets

(₹ in Million)

	Computer Software	Total
As at March 31 , 2021		
Gross carrying value at the beginning of the year	0.05	0.05
Additions	0.99	0.99
Gross carrying value at the end of the year	**1.04**	**1.04**
Accumulated amortization and impairment :		
At beginning of the year	0.01	0.01
Amortization	0.05	0.05
Disposals	-	-
Total amortization and impairment	**0.06**	**0.06**
Net Carrying amount	**0.98**	**0.98**
As at March 31 , 2020		
Gross carrying value at the beginning of the year	259.60	221.09
Additions	106.01	106.01
Gross carrying value at the end of the year	**365.61**	**365.61**
Accumulated amortization and impairment :		
At beginning of the year	201.41	141.96
Amortization	65.06	65.06
Disposals	-	-
Total amortization and impairment	**266.47**	**266.47**
Net Carrying amount	**99.14**	**99.14**

11. Investment Property

(₹ in Million)

	As at March 31,2021	As at March 31, 2020
Gross carrying amount		
Opening gross carrying amount	38.17	38.17
Additions	-	-
Closing gross carrying amount	**38.17**	**38.17**
Accumulated depreciation		
Opening accumulated depreciation	6.19	4.84
Depreciation charge	1.27	1.36
Closing accumulated depreciation	7.46	6.19
Net carrying amount	**30.71**	**31.98**

The fair value of investment property as at March 31, 2021 has been arrived at Rs. 35.04 Million, on the basis of valuation carried out by an independent valuer, not related to the Company. The property is a commercial unit situated in Tripura, India, and its fair value was derived using the market comparable approach, based on discounted cash flow method.

(i) Amount recognised in profit or loss for investment property

(₹ in Million)

	As at March 31,2021	As at March 31, 2020
Rental Income	1.56	1.56
Direct operating expenses from property that generated rental income	-	-
Direct operating expenses from property that did not generate rental income	-	-
Profit from investment properties before depreciation	**1.56**	**1.56**
Depreciation	(1.27)	(1.36)
Profit from investment property	**0.29**	**0.20**

(ii) Leasing arrangements

Investment property is leased to tenant under long term operating leases with rentals payable monthly. Minimum lease payments receivable under non-cancellable operating leases of investment property are as follows:

	As at March 31, 2021	As at March 31, 2020
Future lease rentals receivable at the end of the year		
- Not later than one year	1.56	1.56
- Later than one year but not later than five years	3.75	5.31
- Later than five years	-	-
Total minimum lease payments recognised in the Profit and loss account	1.56	1.56
Total of future minimum sub lease payments expected to be received under non-cancellable sub-lease	-	-

12. Other Non-Financial Assets

(₹ in Million)

	As at March 31,2021	As at March 31, 2020
Prepaid Expenses	0.13	161.85
Receivable from statutory authorities	-	175.82
Others	0.03	290.61
Total	**0.16**	**628.28**

13. Trade Payables

(₹ in Million)

	As at March 31,2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro	11.37	525.74
Total	**11.37**	**525.74**

14. Debt Securities (Secured by Government Securiites)

(₹ in Million)

	At amotised cost	At Fair Value through profit and loss	Designated at fair value through profit and loss	Total
As at March 31 , 2021				
Non Convertible Debenture	-	-	-	-
Total	**-**	**-**	**-**	**-**
Debt securities in India	-			-
Debt securities outside India	-	-	-	-
Total	**-**	**-**	**-**	**-**
As at March 31 , 2020				
Non Convertible Debenture	2,263.24	-	-	2,263.24
Total	**2,263.24**	**-**	**-**	**2,263.24**
Debt securities in India	2,263.24	-	-	2,263.24
Debt securities outside India	-	-	-	-
Total	**2,263.24**	**-**	**-**	**2,263.24**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

15. Borrowings other than debt securities (Secured by Government Securities) **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
At Amortised cost		
(a) Term Loan		
- From Banks	-	34,505.00
- From Financial Institution	-	1,25,423.00
(b) Collateral Borrowings	-	53,076.35
Total	**-**	**2,13,004.35**
Debt securities in India	-	2,13,004.35
Debt securities outside India	-	-
Total	**-**	**2,13,004.35**

16. Lease Liability **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
Lease Liability	-	5,858.94
Total	**-**	**5,858.94**

17. Deposits (at amotised cost) **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
Deposit from Public (Unsecured)	-	5,05,032.32
Deposit from Bank (Unsecured)	-	63,638.00
Total	**-**	**5,68,670.32**

18. Subordinated Liabilities **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
Unsecured Subordinated redeemable non convertible debenture	-	1,600.00
Total	**-**	**1,600.00**
Borrowings from India	-	1,600.00
Borrowings outside India	-	-
Total	**-**	**1,600.00**

19. Other Financial Liabilities **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
Interest accrued	-	2,754.00
CSR Expenses payable	2,852.99	732.56
Insurance Payable	-	396.51
Expenses Payable	-	874.80
Others	14.37	2,313.35
Total	**2,867.36**	**7,071.22**

20. Provisions **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
Provisions for employee benefits	-	1,706.07
Provision For Legal Case	-	3.51
Provision for Contingencies	-	122.43
Others	-	44.10
Total	**-**	**1,876.11**

21. Other Non-financial liabilities **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
Taxes	1.17	542.80
Dividend distribution tax	-	445.41
Others	5.31	966.43
Total	**6.48**	**1,954.64**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

22. Equity Share Capital

(₹ in Million)

	As at March 31, 2021	As at March 31, 2020
Authorised equity shares capital		
15,00,00,000 (15,00,00,000) Equity Shares of Rs. 10 each fully paid up	1,500.00	1,500.00
	1,500.00	**1,500.00**
Issued, subscribed and fully paid-up equity shares capital		
12,78,21,101 (12,78,21,101) Equity Shares of Rs. 10 each fully paid up	1,278.21	1,278.21
	1,278.21	**1,278.21**

(i) The reconciliation of equity shares outstanding at the beginning and at the end of the reporting period. (₹ in Million)

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of Shares	Amount	Number of Shares	Amount
Equity Share at the beginning of year	12,78,21,101	1,278.21	12,78,21,101	1,278.21
Add: Shares issued during the year	-	-	-	-
Equity Share at the end of year	**12,78,21,101**	**1,278.21**	**12,78,21,101**	**1,278.21**

(II) Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2021		As at March 31, 2020	
Name of share holder	No. of Shares	% of Holding	No. of Shares	% of Holding
Small Industries Development Bank of India	1,03,93,489	8.13%	1,03,93,489	8.13%
Financial Inclusion Trust	4,20,61,424	32.91%	4,20,61,424	32.91%
North East Financial Inclusion Trust	1,00,00,000	7.82%	1,00,00,000	7.82%
Bandhan Employee's Welfare Trust	1,86,80,922	14.61%	1,86,80,922	14.61%
International Finance Corporation	1,73,68,339	13.59%	1,73,68,339	13.59%
Caladium Investment Pte. Ltd.	2,13,50,912	16.70%	2,13,50,912	16.70%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(iii) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

23. Other Equity

(₹ in Million)

	As at March 31, 2021	As at March 31, 2020
Statutory Reserve	37,665.48	18,859.91
Statutory Reserve U/S 36(1)(VIII) OF Income Tax Act 1961	-	4,597.47
General Reserve	2,651.42	2,651.42
Capital Reserve	-	30,233.69
Securities Premium	11,971.05	11,971.05
Employee Stock Options Outstanding Account	-	557.63
Retained Earnings	1,88,638.21	23,437.71
Others - Investment Fluctuation Reserve	-	1,361.09
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI	-	(130.96)
Net fair value gain/(loss) on investment in debt instruments measured at FVTOCI	-	55.36
Remeasurement gain/(loss) on defined benefit plan	-	(272.23)
	2,40,926.16	**93,322.14**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

24. Interest income

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
At amortised cost		
Interest on loans	39,218.16	1,06,540.89
Interest income from investments	3,149.81	8,328.00
Interest on deposit with banks	1,456.26	1,634.43
Other interest income	232.24	541.52
Total	**44,056.47**	**1,17,044.84**

24.1 Detail of Income

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Income on financial instruments classified at amortised cost	43,216.89	1,14,301.91
Income on financial instruments classified at FVTPL	18.30	256.34
Income on financial instruments classified at FVOCI	821.28	2,486.59
Total	**44,056.47**	**1,17,044.83**

25. Fees & Commission Income

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Fees & Commission Income	2,103.16	6,405.13
Total	**2,103.16**	**6,405.13**

26. Net gain/ (loss) on fair value changes

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Net gain/ (loss) on financial instruments at fair value through statement of profit and loss :-		
On trading portfolio		
- Realised	1,819.00	1,133.57
- Un realised	(5.09)	1,162.85
Derivative	(17.00)	7.00
on Others		
- Realised	48.16	6.52
- Un realised*	189.93	0.12
Total	**2,035.00**	**2,310.06**

*Unrealised gain on others include mark to market gain on mutual funds amounting to Rs 189.93 Million.

27. Other income

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Monthly Rental received	24.34	22.01
Mechant Discount Income	60.03	426.68
Bad Debt Recovery	50.51	300.05
Others	217.73	940.59
Total	**352.61**	**1,689.34**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

28. Finance Cost

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
On Financial liabilities measured at Amortised cost		
-Interest on deposits	12,551.26	32,558.85
-Interest on borrowings (inter-bank) and RBI	556.32	3,233.77
-Interest on debt securities	150.15	2,223.54
-Interest on subordinated liabilities	77.68	233.05
-Other interest expense	3,704.89	9,852.59
Total	**17,040.30**	**48,101.80**

29. Fees & Commission Expenses

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Fees and commission expense	68.21	387.68
Total	**68.21**	**387.68**

30. Impairment on financial instruments

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
On Financial instruments measured at Amortised Cost -		
-On advances	7,809.05	12,977.28
-On investments	(0.20)	-
-On other assets *	48.16	-
Total	**7,857.01**	**12,977.28**

* Provision for legal cases, fraud etc.

31. Employee benefits

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Salaries and wages including bonus	5,268.42	12,968.68
Contribution to Provident Fund	243.63	712.97
Post employment benefits	-79.33	(460.63)
Employee Share Based Payments	117.17	755.56
Total	**5,549.89**	**13,976.59**

32. Other expenses

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Rent, taxes and energy costs	281.17	835.42
Repairs and maintenance	26.06	97.00
Communication Costs	107.00	307.00
Printing and stationery	46.00	253.00
Advertisement and publicity	166.00	663.00
Director’s fees, allowances and expenses	12.24	27.81
Auditor’s fees and expenses (Refer Note 32.1 below)	2.76	22.70
Legal and Professional charges	58.13	152.71
Insurance	342.38	785.20
CSR Expenses	3,091.29	883.54
IT Operating expenses	283.75	842.37
Other expenditure	809.84	3,593.39
Total	**5,226.62**	**8,463.14**

32.1. Auditor's Remuneration

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
Audit Fess	1.58	6.70
Tax Audit Fees	0.33	1.20
Certification and other Audit fees to auditor	0.85	7.60
Others	-	7.20
	2.76	**22.70**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

33. Tax Expenses

The major components of income tax expense for the year ended March 31, 2021 **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
(a) Profit & Loss Section		
Current Income Tax Expenses	19,656.94	12,001.37
Adjustments in respect of current income tax of previous year	4.62	-
Deferred tax:		
Relating to origination & Reversal of temporary difference	(1,000.09)	(1,110.83)
	18,661.47	**10,890.54**
(b) Other Comprehensive Section		
(i) Items that will not be reclassified to profit or loss		
Current Income Tax Expense	-	-
Deferred tax expense/(Income):		
Remeasurement gain/(loss) on defined benefit plan	(19.97)	(128.96)
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI	(192.28)	(84.90)
(ii) Items that will be reclassified to profit or loss		
Current Income Tax Expense	-	-
Deferred tax expense/(Income):		
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI	(25.31)	46.22
Income tax expense reported in the other comprehensive income [(i)+(ii)]	**(237.56)**	**(167.64)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2021 **(₹ in Million)**

	As at March 31, 2021	As at March 31, 2020
Accounting profit before income tax	2,21,028.25	41,644.99
Tax thereon at statutory Income Tax rate	55,628.39	9,965.17
Effect of Incomes which are taxed at different rates	(12,667.54)	-
Effect of Non deductible expenses	778.14	948.49
Effect of favourable addbacks	(25,631.52)	(23.15)
Tax Adjustment prior Periods	554.00	0.04
Net Tax liability	**18,661.47**	**10,890.54**

34 Earning Per Share

(₹ in Million)

	As at March 31, 2021	As at March 31, 2020
Profit attributable to Equity	1,99,862.14	18,744.84
Weighted Average No. of Equity Shares	12,78,21,101	12,78,21,101
Nominal Value of Equity Shares (In ₹)	10	10
Basic / Diluted Earning Per Share (In ₹)	1,563.61	146.65

35 Additional information pursuant to Schedule III to the Companies Act, 2013

Additional information pursuant to Schedule III to the Companies Act, 2013 for the year ended March 31, 2021

Name of the entity	Net Assets, i.e., total assets minus		Share in profit or loss		Share in other comprehensive		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated net Profit	Amount	As % of Other Comprehenvise Income	Amount	As % of consolidated net assets	Amount
Investing Company								
Bandhan Financial Services Limited	2.17%	5,267.46	-2.66%	(5,314.33)	0.00%	-	-2.66%	(5,314.33)
Subsidiary						-		
Bandhan Financial Holdings Limited	13.95%	33,785.10	30.34%	60,631.59	0.00%	-	30.40%	60,631.59
Associate								
Bandhan Bank Limited	83.88%	2,03,151.80	72.32%	1,44,544.88	100.00%	(430.51)	72.26%	1,44,114.37

36 Fair value measurement

36.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique , as explained below :

36.2 Valuation governance

The Group's process to determine fair values is part of its periodic financial close process . The Audit Committee exercises the overall supervision over the methodology and models to determine the fair value as part of its overall monitoring of financial close process and controls. The responsibility of on-going measurements of fair values resides with business units . Once submitted fair value estimates are also reviewed and challenged by the risk and finance functions.

36.3 Valuation Technique

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Cash and cash equivalents, Bank balance other than cash and cash equivalent, other financial assets, trade payables, Borrowings (other than debt securities), and other financial liabilities - The management assessed that the fair value for these financial assets and liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

Loans - The fair value of micro loans approximates their carrying amounts largely due to the short-term maturities of these instruments. Other loans are floating rate loans and their fair values are deemed to be equivalent to the carrying value.

Investments – Fair value of investments in government securities is measured based on quoted prices. Investments in mutual funds are valued based on NAV prices declared by respective fund houses. Investment in equity instrment is measured at market price quoted on stock exchanges.

Borrowings - The fair value of certain fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings are deemed to be equivalent to the carrying value.

36.4 Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy :

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

(₹ in Million)

31-Mar-21	Level 1	Level 2	Level 3	Total
Financial Assets				
(a)Investments other than associate	7,855.69	-	-	7,855.69
	7,855.69	**-**	**-**	**7,855.69**

31-Mar-20	Level 1	Level 2	Level 3	Total
Financial Assets				
(a) Derivative Financial Instruments	7.00	-	-	-
(b)Investments	1,911.03	39,758.64	2,250.00	43,919.67
	1,918.03	**39,758.64**	**2,250.00**	**43,919.67**
Financial liabilities				
(a) Lease Liabiliity	-	-	5,858.94	5,858.94
	-	**-**	**5,858.94**	**5,858.94**

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

37 Related Party disclosure

A) Names of related parties and nature of relationship

Entities	Nature of relationship
Bandhan Financial Holdings Limited (BFHL)	Subsidiary Company
Bandhan Bank Limited	Associate (from 3rd August,2020), Subsidiary Company (Upto 2nd August,2020)
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer, Bandhan Bank Ltd
Mr. Indranil Banerjee	Company Secretary, Bandhan Bank Ltd.
Mr. Sunil Samdani	Chief Financial Officer, Bandhan Bank Ltd.
Ms. Priyanka Gathani	Manager, Bandhan Financial Holdings Ltd.
Mr. Debasis Mukhopadhyay	Chief Financial Officer, Bandhan Financial Holdings Ltd.
Mr. Abhinay Shaw	Company Secretary, Bandhan Financial Holdings Ltd.
Mrs. Asoka Chatterjee	Managing Director (upto 6th March,2021)
Mr. Amrit Daga	Chief Financial Officer (w.e.f 9th March, 2019)
Mr. Biplab Kumar Mani	Company Secretary (from 26th November,2020)
Mr. Gaurav Mishra	Company Secretary (upto 31st May,2020)

Relatives of Key Management Personnel:
Nilima Ghosh, Angshuman Ghosh, Suchitra Ghosh, Vaskar Ghosh, Dibakar Ghosh, Nidhi Samdani, Sohan Samdani, Manju Somani, Asha Baheria,Usha Kothari, Saswati Banerjee, Arati Banerjee, Ishaan Banerjee, Mousumi Mukherjee.

B) Transactions and Balances

i) Outstanding liability as at 31st March, 2021 (₹ in million)

Particulars	Associate	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits accepted	-	-	-	-
	(-)	(5.40)	(64.00)	(69.40)
Deposits given	19,244.38	-	-	19,244.38
	(-)	(-)	(-)	(-)
Investment in Equity Share	2,03,151.80	-	-	2,03,151.80
	(-)	(-)	(-)	(-)

iii) Transactions during the year ended 31st March, 2021 (₹ in million)

Particulars	Associate	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	-	0.10	0.50	0.60
	(-)	(0.90)	(1.50)	(2.40)
Interest Income	610.67	-	-	-
	(-)	(-)	(-)	(-)
Remuneration	-	24.96	3.54	28.50
	(-)	(47.17)	(12.80)	(59.97)
Stock options exercised during the year*	-	0.42	-	0.42
	(-)	(2.70)	-	(2.70)
Other reimbursements	-	0.01	0.02	0.03
	(-)	(1.60)	-	(1.60)
Dividend paid	-	-	-	-
	(-)	(4.60)	(0.10)	(4.70)

Previous year figures are shown in"()".
*Options vested & exercised under Employee Stock Option Plan Series 1 issued by the subsidiary Bandhan Bank Limited.

A specific related party transaction is a significant transaction wherever it exceeds 10% of all related party transactions in that category. The significant transactions between the group and related parties during the year ended 31 March, 2021 and 31 March, 2020 are given below

Particulars	Key Management Personnel	Relatives of Key Management Personnel
Remuneration paid		
Chandra Shekhar Ghosh	6.82 (19.70)	- (-)
Sunil Samdani	3.54 (12.50)	- (-)
Indranil Banerjee	1.75 (5.90)	- (-)
Amrit Daga	4.20 (3.44)	- (-)
Debasis Mukhopadhyay	3.53 (3.03)	- (-)
Dibakar Chandra Ghosh	- (-)	2.32 (8.60)
Vaskar Chandra Ghosh	- (-)	1.22 (4.20)

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

38 Maturity pattern of items of assets and liabilities

(₹ in million)

	31-Mar-21			31-Mar-20		
Particulars	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Financial assets						
Cash and cash equivalent and other bank balances	29,658.50	1,400.00	**31,058.50**	75,009.94	8,609.27	**83,619.21**
Derivative Financial Instrument	-		**-**	7.00		**7.00**
Loans & Advances	-	-	**-**	4,26,018.22	2,74,191.28	**7,00,209.50**
Investment	7,855.69	2,04,145.58	**2,12,001.27**	79,784.61	76,186.69	**1,55,971.30**
Right to use assets	-	-	**-**	1,057.22	4,364.45	**5,421.67**
Other financial assets	-	-	**-**	-	2,635.18	**2,635.18**
	37,514.19	**2,05,545.58**	**2,43,059.77**	**5,81,876.99**	**3,65,986.87**	**9,47,863.86**
Non-Financial assets						
Current tax assets	1.89	2,042.66	**2,044.55**	-	45.11	**45.11**
Deferred tax assets	-	2.77	**2.77**	-	5,573.85	**5,573.85**
Property, plant and equipment	-	0.24	**0.24**	-	3,373.91	**3,373.91**
Capital work in progress	-	-	**-**	-	215.00	**215.00**
Other intangible assets	-	0.98	**0.98**	-	99.14	**99.14**
Investment Property		30.71	**30.71**		31.98	**31.98**
Other non-financial assets	0.09	0.06	**0.15**	0.09	628.19	**628.29**
	1.98	**2,077.43**	**2,079.41**	**0.09**	**9,967.20**	**9,967.29**
Total	**37,516.17**	**2,07,623.01**	**2,45,139.18**	**5,81,877.08**	**3,75,954.07**	**9,57,831.15**
Financial Liabilities						
Trade Payable	11.37	-	**11.37**	78.81	446.93	**525.74**
Debt securities	-	-	**-**	300.00	1,963.24	**2,263.24**
Borrowings (other than debt securities)	-	-	**-**	34,889.65	1,78,114.70	**2,13,004.34**
Lease Liabiliity	-	-	**-**	1,057.22	4,801.72	**5,858.94**
Sub-ordinated Debt	-	-	**-**	-	1,600.00	**1,600.00**
Deposits	-	-	**-**	2,68,263.17	3,00,407.15	**5,68,670.32**
Derivative Financial Instrument	-	-	**-**	-	-	**-**
Other financial liabilities	2,867.36	-	**2,867.36**	2,883.24	4,187.98	**7,071.22**
	2,878.73	**-**	**2,878.73**	**3,07,472.09**	**4,91,521.72**	**7,98,993.81**
Non Financial Liabilities						
Current tax liabilities (Net)	-	-	**-**	911.56	-	**911.56**
Deferred tax liabilities	49.60	-	**49.60**	-	1.69	**1.69**
Provisions	-	-	**-**	-	1,876.11	**1,876.11**
Subordinated liabilities	-	-	**-**	-	-	**-**
Other Non Financial Liabilities	2.72	3.76	**6.48**	447.40	1,507.24	**1,954.64**
	52.32	**3.76**	**56.08**	**1,358.96**	**3,385.04**	**4,744.00**
Total	**2,931.05**	**3.76**	**2,934.81**	**3,08,831.05**	**4,94,906.76**	**8,03,737.81**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2021

39 Segment Information

The parent company is a Core Investment Company (NBFC-CIC).There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Group for the year ended March 31, 2021 pursuant to the dilution of stake in Bandhan Bank Limited as mentioned in Note 46, as a result of which the Bank is no longer a subsidiary at the end of the reporting period. There are no operations outside India and hence there is no external revenue or assets which require disclosure. No revenue is reported from transactions with a single external customer amounted to 10% or more of the Group's total revenue in year ended March 31, 2021.

The disclosure for Segment Reporting for the year ended March 31, 2020 is as follows:

Primary (Business Segment) **(₹ in million)**

Particulars	Treasury	Retail Banking	Corporate/ Wholesale Banking	Other banking business	Total
Segment Revenue					
Gross interest income (external customers)	10,709.30	1,01,718.84	4,616.70	-	1,17,044.84
Other income	2,301.71	7,342.61	-	760.20	10,404.52
Total income as per profit and Loss Account	**13,011.01**	**1,09,061.45**	**4,616.70**	**760.20**	**1,27,449.36**
Add: Inter segment interest income	8,299.50	-	-	-	8,299.50
Total segment revenue	**21,310.51**	**1,09,061.45**	**4,616.70**	**760.20**	**1,35,748.86**
Less: Interest expenses	11,781.76	35,712.04	608.00	-	48,101.80
Less: Inter segment interest expenses	-	5,899.60	2,389.90	10.00	8,299.50
Less: Operating expenses	2,396.40	21,926.80	377.30	24.80	24,725.30
Operating Profit	**7,132.35**	**45,523.01**	**1,241.50**	**725.40**	**54,622.26**
Less: Provisions for non performing assets/others	-	12,660.48	316.80	-	12,977.28
Segment results	**7,132.35**	**32,862.53**	**924.70**	**725.40**	**41,644.98**
Less: provisions for tax					10,890.54
Net profit					**30,754.44**
Segment assets	2,36,800.00	6,68,378.25	46,727.50	107.50	9,52,013.25
Unallocated assets					5,817.90
Total assets	**2,36,800.00**	**6,68,378.25**	**46,727.50**	**107.50**	**9,57,831.15**
Segment liabilities*	3,98,394.87	5,49,209.36	8,752.50	-	9,56,356.73
Unallocated liabilities					1,474.42
Total liabilities	**3,98,394.87**	**5,49,209.36**	**8,752.50**	**-**	**9,57,831.15**
Capital Expenditure	-	1,032.17	-	-	**1,032.17**
Depreciation	-	1,897.88	-	-	**1,897.88**

Notes:

*Treasury segment liabilities includes share capital and reserve & surplus

40 Risk Management Framework

The Company is a Core Investment Company (CIC) and its operations are limited to being a CIC. The risks therefore relate to investments made in its Subsidiary & Associate. The operations of subsidiary, the risks faced by it and the risk mitigation tools followed by it to manage these risks are reviewed periodically by the Audit Committees and the Board of the Subsidiary.

The Group always regard that managing the risks that affect its business as a fundamental activity, as they influence performance, reputation and future success. Effective risk management involves taking an integrated and balanced approach to risk and reward, and assists in achieving objectives of mitigating potential loss or damage and optimizing financial growth opportunities. Risk Management framework of the group is aimed at aligning capital to investment strategy, to protect Company's financial strength, reputation and to ensure support to various investment activities while enhancing shareholder value.

Risk Management Governance

Risk management is the responsibility of the Board of Directors, which approves risk policies and the delegation matrix. The Board is supported by various management committees as part of the Risk Governance framework. The Company operates within overall limits set by the Board and Committees to whom powers are delegated by the Board.

The Audit Committee of the Board assists the Board in carrying out its oversight responsibilities as they relate to the company's financial and other reporting practices, internal control, and compliance with laws, regulations, and ethics. From risk management perspective, it review the adequacy of Company's risk management policies, processes and report the matter to the Board of Directors.

41 Commitments and contingencies

Details of Commitments and contingencies of the group are as follows :

(₹ in million)

Particulars	**Year Ended March 31, 2021**	**Year Ended March 31, 2020**
Claims against the Bank not acknowledged as debts	-	1,970.00
Liability for partly paid investments	-	-
Liability on account of outstanding forward exchange contracts	-	-
Liability on account of Income tax matters	35.72	35.72
Guarantees given on behalf of constituents		
(a) In India	-	1,117.60
(b) Outside India	-	-
Acceptances, endorsements and other obligations	-	568.65
Other items-Capital Commitments	-	590.09

42 Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI) of India.

42.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

43 Disclosure of Micro and Small Enterprises

There are no amounts that needs to be disclosed in accordance with the Micro, Small and Medium Enterprises Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises for the year ended March 31, 2021 and March 31, 2020.

44 In terms of section 135 of the companies Act,2013 the group is required to spent 2% of the average net profit of last three years of the company towards the Corporate Social Responsibility (CSR). Further, in the terms of Article of Association, the company needs to spend 5% of profit after tax or Rs. 2 crore, whichever is higher towards donation to Bandhan Konnagar. Accordingly, during the current year, the group has charged Rs. 3091.29 million (Rs. 883.54 Million for the year ended March 31, 2020) to statement of profit & Loss towards CSR Expenses and donation expense. This includes an amount of Rs. 248.66 Million (Rs. 775.52 for the year ended March 31, 2020) which represents obligation to contribute in terms of Section 135 of Companies Act,2013 which is required to be spent in the subsequent financial year.

45 Details of CSR and Donation Expenditure:

(₹ in million)

Particulars	March 31, 2021	March 31, 2020
a) Gross amount required to be spent by the company during the year	118.10	734.59
b) Amount spent during the year ended March 31, 2021:		
i) Construction/Acquisition of any asset	-	-
ii) On purpose other than (i) above	114.41	-
b) Amount spent during the year ended March 31, 2020:		
i) Construction/Acquisition of any asset	-	-
ii) On purpose other than (i) above	-	709.74

46 According to the Guidelines for Licensing of New Banks in Private Sector as issued by the Reserve Bank of India (the RBI) dated February 22 , 2013, Bandhan Financial Holdings Limited, Wholly owned subsidiary of the company being the Non-Operating Financial Holding Company (the NOFHC) was required to dilute its stake in Bandhan Bank Limited (BBL) to 40% within three years of its incorporation.
During the current year, the NOFHC has sold 33,73,67,189 number of its Equity Shares representing 20.95% holding in Bandhan Bank Limited on August 03, 2020 through secondary market at an average price (net off all related costs) of Rs. 312.26 per equity share, bringing down its remaining shareholding in Bandhan Bank to 40%. The divestment has resulted in a loss of control and therefore the profit on sale of the investment in the subsidiary (including the Remeasurement of the retained investment at fair value in accordance with Ind AS 110 "Consolidated Financial Statements") amounting to Rs. 2,08,787.28 million has been credited to the Consolidated Statement of Profit and Loss during the year ended March 31, 2021. The residual investment retained in the subsidiary now considered as an investment in an associate.

47 Post declaration of COVID-19 as a pandemic by the World Health Organization, the Government in India and across the world have taken significant measures to curtail the widespread of virus , including country wide lockdown and restriction in economic activities. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. Based on the current indicators of future economic conditions, the group expects to recover the carrying amount of its investments and non-financial assets, including property plant and equipment, Investment property and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

48 Derivative Financial Instrument

Particulars	**Notional Amounts**	**Net Fair Value Gain/(Loss)**
As at March,2021		
Forward Exchange & Derivative Contracts	-	-
Total	**-**	**-**
Included in above (Part-I) are Derivatives held for hedging and risk management purposes	-	-
Undersignated Derivatives	-	-
Total	**-**	**-**
As at March,2020		
Forward Exchange & Derivative Contracts	403.01	7.00
Total	**403.01**	**7.00**
Included in above (Part-I) are Derivatives held for hedging and risk management purposes	**-**	**-**
Undersignaed Derivatives	**403.01**	**-**
Total	**403.01**	**7.00**

49 Event after reporting date
There has been no events after the reporting date that require disclosure in these financial statements.

50 The Company has reclassified and regrouped previous years figure to confirm to this year's classification.

For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration Number :- 117365W

G.K. Subramaniam
Partner
Membership Number : 109839

Place : Mumbai
Date : June 28, 2021

For Bandhan Financial Services Limited

Asit Pal
Chairman
Mumbai
DIN:00742391

Arindam Banik
Director
Delhi
DIN:09037345

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 28, 2021

Biplab Kumar Mani
Company Secretary
Kolkata