Bandhan Financial Services Limited

Annual Report 2021-22

Corporate Information…

Board of Directors

Mr. Arun Shrivastava, Chairman
Independent Director
(appointed w.e.f. June 21, 2021)

Mr. Arvind Agrawal
Managing Director & CEO
(appointed w.e.f. April 08, 2022)

Mr. Asit Pal
Independent Director
(ceased w.e.f June 28, 2021)

Mr. Yogesh Chand Nanda
Non-Executive Director
(ceased w.e.f. June 21, 2021)

Mr. Pankaj Sood
Nominee Director- Caladium Investment Pte. Ltd

Mr. Shri Ram Meena
Nominee Director- Small Industries Development Bank of India
(ceased w.e.f. June 21, 2022)

Ms. Hulya Kefeli
Nominee Director- International Finance Corporation

Dr. Arindam Banik
Non-Executive Director

Mr. Subrata Mandal
Independent Director
(appointed w.e.f. June 21, 2021)

Prof. (Dr.) Amit Kumar Hazra
Non- Executive Director
(appointed w.e.f June 21, 2021)

Mr. Sanjay Goyal
Nominee Director- Small Industries Development Bank of India
(appointed w.e.f. June 21, 2022)

Chief Financial Officer

Mr. Amrit Daga

Company Secretary

Mr. Biplab Kumar Mani

Registered Office

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

Auditors

M/s. Suresh Surana & Associates LLP
Chartered Accountants
Suite A6, 12th Floor, Chatterjee International Centre, 33A Jawaharlal Nehru Road, Kolkata -700 071

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

Inside this Report

Directors' Report...

TO THE MEMBERS,

Your Directors take great pleasure in presenting the Twenty Seventh Annual Report on the business and operations of your Company together with the financial statements for the financial year ended March 31, 2022.

FINANCIAL RESULTS

(₹ In Million except EPS)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from Operations	2822.76	62470.70	1833.64	256981.91
Other Income	1.56	1.56	1.56	352.61
Total Income	2824.32	62472.26	1835.20	257334.52
Profit before Tax	2648.07	59612.49	3723.46	222346.35
Tax Expenses	355.63	2680.32	743.85	18661.47
Profit for the year	2292.44	56932.17	2979.63	203684.89
Other Comprehensive Income	0.00	0.00	(0.24)	(706.33)
Total Comprehensive Income	2292.44	56932.17	2979.63	202978.55
EPS (Basic)	17.93	445.41	23.31	1563.61
EPS (Diluted)	17.93	445.41	23.31	1563.61

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, 2022, BFHL holds 40% shares of the Bandhan Bank Limited.

During the financial year under review, the Company has earned a profit after tax of Rs.

2292.44 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 Company protected employees during Covid-19 pandemic through the following initiatives: mental and physical health status coordination; updating health benefits to accommodate emergencies and restoring normalcy

Initiatives:

- ✓ All administrative employees were provided the option to work from home during the lockdown.
- ✓ Nose Masks, Hand Wash Liquids and Sanitisers were provided;
- ✓ The Company Sanitised its offices
- ✓ Benefits like on-time salaries/wages, yearly increments / performance-linked incentives/ annual bonuses to employees remained protected
- ✓ Health insurance cover was ensured for employees

Vaccination was conducted for employees and contractors across the Group Company's.

DIVIDEND

The Board of Directors does not recommend any final dividend for FY 2021-22. However, the Board of Directors on February 24, 2022 has declared an Interim Dividend @ 10.56 per equity share. Total dividend pay-out for FY 2021-22 is Rs. 1349.79 million (Rupees One thousand three hundred forty-nine million and seven lacs Nine Thousand only).

TRANSFER TO RESERVES

In terms of the RBI Guidelines, your Company has transferred Rs. 458.49 million (Rupees Four Hundred Fifty Eight Million and four lacs nine thousand only) to the statutory reserve during the financial year ended March 31, 2022.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR) stood at 288.09%, well above the regulatory minimum requirement of 15%, of this, Tier I CAR was 288.09%.

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. 1278.21 million 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, 2022.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANY

Bandhan Financial Holdings Limited ('**BFHL**'/'**NOFHC**') is the wholly owned subsidiary of the Company as on March 31, 2022. As on March 31, 2021, BFHL holds 40% shares in 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 an associate of the Company as on March 31, 2022.
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, 2022, the Board comprised of Seven Directors out of which two 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. Arun Shrivastava (DIN- 06640892)	Chairman, Independent Director
2.	Mr. Subrata Mandal (DIN- 09196193)	Independent 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. Amit Hazra (DIN: 009196376)	Non-Executive Director

Appointments

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 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. All of them have been appointed as directors at the 26th AGM.

Pursuant to the recommendations of the Nomination and Remuneration Committee of the Company ('NRC'), the Board approved the appointment of Mr. Arvind Agrawal (DIN-06640892) as Additional Director and also as Managing Director & CEO w.e.f. April 08, 2022.

SIDBI vide its letter dated May 26, 2022 has withdrawn the nomination in favour of Mr. Shri Ram Meena and nominated Mr. Sanjay Goyal as a Nominee Director of SIDBI. Pursuant to the recommendations of the Nomination and Remuneration Committee of the Company ('NRC'), the Board approved the appointment of Mr. Sanjay Goyal (DIN- 07961517) as nominee of SIDBI w.e.f. June 21, 2022.

Cessations

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. Nanda and Mr. Pal during their tenure as Directors of the Company.

Re-appointments

Ms. Hulya Kefeli (DIN: 08836080) and Dr. Arindam Banik (DIN 09037345)
In terms of the provisions of Section 152 of the Companies Act, out of the five Non-Executive Non-Independent Directors, Ms Hulya Kefeli (DIN-08836080) and Dr. Arindam Banik (DIN 09037345), 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

As on 31.3.2022, 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. On April 08, 2022 Mr. Arvind Agrawal joined as Managing Director & CEO of the Company and in terms of section 203 of the Companies Act, 2013, Mr. Arvind Agrawal being one of the Key Managerial Personnel.

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

During the FY 2021-22, the Board met 6 times i.e. June 21, 2021, June 28, 2021, August 30, 2021, November 23, 2021, February 24, 2022 and March 19, 2022. The details of meeting and the attendance of directors are give in table hereunder.

Name of Directors	No of Meeting held during the year	Number of Meetings entitled to attend	Number of Meetings Attended	Attendance at AGM on 23-09-2021
Mr. Asit Pal (DIN – 00742391)*	6	2	2	No
Mr. Yogesh Chand Nanda (DIN-01643316)**	6	-	-	No
Mr. Arun Shrivastava (DIN- 06640892)***	6	5	5	No
Dr. Arindam Banik (DIN -09037345)	6	6	6	No
Mr. Pankaj Sood (DIN- 05185378)	6	6	6	No
Mr. Shri Ram Meena (DIN- 08452187)	6	6	2	No
Ms. Hulya Kefeli (DIN- 08836080)	6	6	6	No
Mr. Subrata Mandal (DIN- 09196193)***	6	5	5	Yes
Prof. Amit Hazra (DIN: 009196376) #	6	5	5	Yes

* Mr. Asit Pal (DIN-00742391) has completed his 2nd tenure as Independent Director on 28-06-2021.

** Mr. Y C Nanda (DIN-01643316) has tendered his resignation as Non-Executive Director w.e.f. 21-06-2021.

*** Mr. Arun Shrivastava (DIN- 06640892), Mr. Subrata Mandal (DIN- 09196193) was appointed as Independent Directors w.e.f. 21-06-2021.

Prof. Amit Kumar Hazra (DIN -09037345) was appointed as Non-Executive Non-Independent Director w.e.f. 21-06-2021

The Company has following Committees of the Board: -

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

In terms of Reserve Bank of India Circular on Information Technology Framework for the NBFC Sector, the Company formed an "IT Strategic 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 31,2022, the Audit Committee comprised of three members including two Independent Directors and was chaired by Mr. Subrata Mandal (DIN- 09196193), an Independent Director. During the financial year under review, the Audit Committee met four times on June 28, 2021, August 30, 2021, November 23, 2021 and February 24, 2022.

The details of the composition of the Committee and attendance at its Meetings during the FY 2021-22 are set out in the table below:

Name of Member	Category	No of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Mr. Subrata Mandal (DIN- 09196193)	Chairman	4	4	4
Mr. Arun Shrivastava (DIN- 06640892)	Member	4	4	4
Mr. Pankaj Sood (DIN- 05185378)	Member	4	4	4
Mr. Asit Pal* (DIN-01643316)	Member	4	1	1

* Mr. Asit Pal has completed his 2nd tenure as Independent Director on 28-06-2021.

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, 2022, the Nomination & Remuneration Committee comprised of three Directors including two Independent Directors and was chaired by Dr. Arindam Banik (DIN -09037345), Non-Executive Director. During the financial year under review, the Nomination and Remuneration Committee met four times on June 21, 2021, August 30, 2021, November 23, 2021 and January 07, 2022.

The details of the composition of the Committee and attendance at its Meetings during the FY 2021-22 are set out in the table below:

Name of Member	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Dr. Arindam Banik (DIN -09037345)	*Chairman**	4	4	4

Name of Member	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Mr. Subrata Mandal (DIN- 09196193)	Member	4	3	3
Mr. Arun Shrivastava (DIN- 06640892)	Member	4	3	3
Mr. Asit Pal** (DIN-01643316)	Member	4	1	1
Mr. Y C Nanda*** (DIN-01643316)	Chairman**	4	1	1

* Dr. Banik elected as Chairman of the Committee in place of Mr. Y C Nanda w.e.f. 21.06.2021

** Mr. Asit Pal (DIN-01643316) has completed his 2nd tenure as Independent Director on 28-06-2021

*** Mr. Y C Nanda (DIN-01643316) has tendered his resignation as Non-Executive Director w.e.f. 21-06- 2021

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, 2022, the Corporate Social Responsibility Committee comprised three members including one independent and was chaired by Mr. Amit Kumar Hazra (DIN -09037345), Non-Executive Director. During the year under review, the Corporate Social Responsibility Committee met two times on June 28, 2021 and December 27, 2021.

The details of the composition of the Committee and attendance at its meetings during FY 2021-22 are set outin the table below:

Name of Member	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Prof. Amit Kumar Hazra (DIN -09037345)	Chairman	2	2	2
Ms. Hulya Kefeli (DIN- 08836080)	Member	2	2	2
Mr. Subrata Mandal (DIN- 09196193)	Member	2	2	2
Mr. Asit Pal* (DIN-01643316)	Member	2	1	1

* Mr. Asit Pal (DIN-01643316) has completed his tenure as Independent Director w.e.f closure of business hours of 28-06-2021.

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

INDEPENDENT DIRECTORS MEETING

The Independent Directors met on June 28, 2021 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.

IT STRATEGY COMMITTEE

In terms of Master Direction no. NBS.PPD.No.04/66.15.001/2016-17 with respect of Information Technology Framework for the NBFC Sector ("Master Directions"), the Company formed an IT Strategic Committee.

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

- Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.

Composition

At March 31, 2022, the IT Strategy Committee comprised two members including one independent and was chaired by Mr. Subrata Mandal, Independent Director. During the year under review, the IT Strategy Committee met two times on September 29, 2021 and February 19, 2022.

The details of the composition of the Committee and attendance at its meetings during FY 2021-22 are set out in the table below:

Name of Member	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Mr. Subrata Mandal (DIN- 09196193)	Chairman	2	2	2
Mr. Amrit Daga	Member	2	2	2

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

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)*" 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 at the 26th Annual General Meeting (AGM) who shall hold office till the conclusion of 29th AGM of the Company. The members at the 26th AGM approved the appointment of M/s Suresh Surana & Associates LLP, Chartered Accountants (Firm Regn. No- 121750W/W-100010) as statutory auditors 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 M/s. Deepak Khaitan & Co. LLP, Practising Company Secretary 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, 2022 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. 39,74,032/- (Rupees Thirty-Nine Lacs Seventy-Four thousand thirty-two 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.

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. 0.47 million

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, 2022 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: June 21,2022

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. Million)

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.)	25,936.04
4. Reserves & surplus	23,887.18
5. Total assets	49,865.94
6. Total Liabilities	42.72
7. Investments	16938.79
8. Turnover	2248.60
9. Profit before taxation	2180.19
10. Provision for taxation	388.21
11. Profit after taxation	1791.98
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

ANNEXURE TO THE DIRECTORS' REPORT

Annexure – 1

Part "B": Associates and Joint Ventures –

Name of Associates/Joint Ventures	**Bandhan Bank Limited**
1. Latest audited Balance Sheet Date	31st March, 2022
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. 16,839.99 Million (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 67,843.40. million
7. Profit / Loss for the year	
i. Considered in Consolidation	Rs. 2,132.97 million
ii. Not Considered in Consolidation	Rs. 3,201.03 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: June 21, 2022

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

Arun Shrivastava
Chairman
(DIN: 06640892)

Annexure – 2

Annual Report on CSR Activities for the Period April 01, 2021, to March 31, 2022

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

1. **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

2. **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 (Rs. In million)	Amount required to be set-off for the financial year, if any (Rs. In million)
1	2018-19	0	0
2	2019-20	0	0
3	2020-21	0	0
	Total	**0**	**0**

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

SN	Financial Year	Net Profit Before Tax u/s 198 (Rs. In million)
1	2018-19	179.91
2	2019-20	192.68
3	2020-21	223.52
	Average	198.70

Annexure – 2

4. TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR

Sl. No.	Heads	Rs. In million
a.	Two per cent of the average net profit of the company as per section 135(5)	3.97
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).**	3.97

5. 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 (Rs. in million)	Amount Unspent (Rs. In million)				
		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
	4.01	NA	NA	NA	NA	NA
Total	4.01	**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 (Rs. In million)	Amount transferred to Unspent CSR Account for the project as per Section 135 (6) (Rs. In million)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
			State	Districts					Name	CSR Registration No.
-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	**-**	**-**	-	-	-

Annexure – 2

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 (Rs. In million)**	**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) South 24 Pgs (iii) Howrah (iv) West Medinipur	0.59 0.60 0.60 1.29	No	Bandhan Konnagar	CSR00001463
			Yes	Chattisgarh	Raipur	0.35			
2	Bandhan Financial Literacy Programme (BFLP)	(ii)	Yes	West Bengal	(i) Purba Medinipur (ii) Jalpaiguri (iii) Alipurduar	0.29 0.22 0.05	No	Bandhan Konnagar	CSR00001463
	Total					4.01			

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

Annexure – 2

Sl. No.	Particular	Rs. in million
(i)	Two per cent of the average net profit of the company as per section 135(5)	**3.97**
(ii)	Total amount spent for the Financial Year	4.01
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.04
(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

6. DETAILS OF UNSPENT CSR AMOUNT FOR THE PRECEDING FINANCIAL YEARS

a. Details of Unspent CSR amount for the preceding three financial years: (Rs. in Million)

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	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.
				Name of the Fund	Amount	Date of transfer	
1.	2018-19	-	-	-	NIL	N/A	-
2.	2019-20	-	-	-	NIL	N/A	-
3.	2020-21	-	-	-	NIL	N/A	-
	Total	**-**	**-**		**NIL**		**-**

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

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	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year.	Status of the project - Completed /Ongoing.
-	-	-	-	-	-	-	-	-

7. 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

Annexure – 2

8. 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)

Mr. Arvind Agrawal **Managing Director**	**Prof (Dr.) Amit Kumar Hazra** **Chairman of CSR Committee**	**Mr. Arun Shrivastava** **Chairman of the Company**
Place : Kolkata **Date: June 21, 2022**	**Place: Shantiniketan** **Date: June 21, 2022**	**Place: Bhopal** **Date: June 21, 2022**

Deepak Khaitan & Co. LLP

LLP Identification No. AAU-7316

+91 90070 55560/ 98748 47954@:khaitan52@gmail.com/singhaia.shruti19@gmail.com/officedkk@gmail.com

GEM House, 5B Russell Street, Unit 7B, 7th Floor, Kolkata – 700 071

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2022

[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

We 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 Auditand the explanations given to us and the management representation letter of even date, and considering the relaxations granted by Ministry of Corporate Affairs of India warranted due to the spread of COVID-19 pandemic, we hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 (hereinafter referred to as the 'Audit Period') complied with [illegible] 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.

We 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, 2022 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 there under (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 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations,2021 (Not applicable during the Audit Period);

(a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India(Issue and Listing of Non-Convertible Securities)Regulations, 2021(Not applicable during the Audit Period);

(b) 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);

(c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009and TheSecurities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable during the Audit period); and

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

(b) 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.

We 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 with respect to Board and General Meetings.

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 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.

We 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.

We 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 Board of Directors of the Company provided authorization to Bandhan Financial Holdings Limited to explore to any Permissible Business as permitted under the Memorandum of Association and RBI Guidelines for Licensing of New Bank in the Private Sector dated February 22, 2013 read with Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

(ii) The Board of Directors of the Company accorded its consent to Bandhan Financial Holdings Limited for submission of Binding Bid for the acquisition of majority stake in IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited jointly with GIC and Chrys Capital.

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.

Place: Kolkata

Date: 21.06.2022

CS Shruti Singhania.

Practising Company Secretary

(F.C.S. No.: 11752/C.P. No.: 18028)

UDIN NO:F0011752D000511812
PR No.: 1552/2021

ICSI Unique Code

No.:I2017WB1592300

Designated Partner - Deepak Khaitan & Co. LLP

ICSI Unique Code No.:L2020WB008100

Annexure A

To the SECRETARIAL AUDIT REPORTFOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

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.

Place: Kolkata

Date: 21.06.2022

CS Shruti Singhania.
Practising Company Secretary
(F.C.S. No.: 11752/C.P. No.: 18028)
UDIN NO: F0011752D000511812
PR No.: 1552/2021
ICSI Unique Code No.:I2017WB1592300
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 31.03.2022

[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

Annexure – 4

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				No. of shares held at the end of the year				% 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	0	0	0	0.00	0	0	0	0.00	0.00

Annexure – 4

Category	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% 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)
	Corporate									
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	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(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**

ANNEXURE TO THE DIRECTORS' REPORT

Annexure – 4

Category	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% 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)
(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 capital upto Rs.1 lakh	68,944	72,701	1,41,645	0.11	68,944	72,701	1,41,645	0.11	0.00
	(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									

Annexure – 4

Category	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% 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)
(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	No. of shares	% of total shares of the

			company		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		Cumulative Shareholding	
		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

Annexure – 4

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
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/ (e.g. 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
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 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)	3,30,711	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
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

Annexure – 4

	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.)
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.	Stock Option	-	-
3.	Sweat Equity		
4.	Commission as % of profit others, specify...		
5.	Others, please specify		
	Total (A)	-	-
	Ceiling as per the Act	Pursuant to section 197 of the Companies Act, 2013, 5% of the net profit for year	

Annexure – 4

B. Remuneration to other directors:

(Rs. in million)

Sl. no	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Asit Pal- Independent Director* (1)	**Arun Shrivastava** Independent Director** (2)	**Subrata Mandal-** Independent Director** (3)	**Mr. Yogesh Chand Nanda –** Non Executive Director*** (4)	**Mr. Pankaj Sood** (Nominee – Caladium Investment Pte Ltd- Paid to Caladium) (5)	
	• Fee for attending Board Meetings	0.06	0.15	0.15	-	0.18	0.54
	• Committee meetings	0.06	0.15	0.18	0.02	0.11	0.51
	• Commission	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-
	Total (1)	**0.12**	**0.30**	**0.33**	**0.02**	**0.29**	**1.05**
2.		**Mr. Shri Ram Meena** - (Nominee– SIDBI- Paid to SIDBI) (6)	**Ms. Hulya Kefeli** (Nominee – IFCI -Paid to IFC) (8)	**Dr. Arindam Banik** Non-Executive Director (9)	**Mr. Amit Kumar Hazra –** Non-Executive Director (10)		
	• Fee for attending Board Meetings	0.06	0.18	0.18	0.15		0.57
	• Committee meetings	-	0.03	0.09	0.03		0.15

Annexure – 4

Sl. no	Particulars of Remuneration	Name of Directors					Total Amount
	• Commission • Others, please specify	- -	- -	- -	- -		
	Total (2)	**0.06**	**0.21**	**0.27**	**0.18**		**0.72**
	Total (B) = (1 + 2)						**1.77**

* Ceased to be director w.e.f. June 29, 2021

** Appointed w.e.f 21.06.2021

*** Ceased to be director w.e.f. 21.06.2021

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

(Rs. in million)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Amrit Daga Chief Financial Officer	**Biplab Kr. Mani Company Secretary**	**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	4.74	2.96	**7.70**
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit, others, specify...	-	-	-
5.	Others, please specify	-	-	-
	Total	**4.74**	**2.96**	**7.70**

(viii) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

Annexure – 4

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: June 21, 2022

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:**

(Rs. in million)

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 Limited (Associate Company)	Current Account	N.A.	14.13	N.A.	N.A.	N.A.	N.A.

Annexure – 5

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 (Associate Company)	Fixed Deposit	N.A.	4235.94	N.A.	N.A.	N.A.	N.A.
3.	Bandhan Financial Holdings Limited	Dividend	N.A	2593.60	NA	NA	NA	NA
4.	Bandhan Bank (Associate Company)	Rent	N.A	0.36	NA	NA	NA	NA
5.	Bandhan Bank	Interest on Fixed Deposit	N.A.	160.93	NA	NA	NA	NA
6.	Remuneration of Key Managerial Personnel - Amrit Daga - Biplab Kr. Mani	Remuneration	N.A	 4.74 2.96	NA	NA	NA	NA

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

Place: Bhopal
Date: June 21, 2022

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.

Global Economic Scenario

Before the impact of COVID-19 pandemic could ease, the global economy faces another set of threats – geo-political conflicts involving one of the major powers, surge in commodity prices and high inflation in a number of advanced and emerging economies. Financial markets and crude oil prices are experiencing high volatility with the latter jumping to a 14-year high.

According to the global composite purchasing managers' index ('PMI'), supply chain pressures are mounting leading to slowed output growth.

International Monetary Fund ('IMF') projected moderation in the world's growth at 3.6 per cent. In 2022 from 6.1 per cent. in 2021. It is further expected to slow down to 3.6 per cent. in 2023, which is conditionally estimated on factors such as improved global health outcomes, and higher vaccination rates. The uncertainty about the trajectory of the pandemic and geopolitical tensions remain major challenges for near future1.

The world is experiencing immediate shock, which is expected to persist for relatively longer period emanating from recent developments i.e. the pandemic, war, inflation, etc. Supply chain disruptions leading to global inflationary pressure on Food and Energy prices may increase financial stress and reduce global confidence. Subsequently, sanctions are hurting consumers directly and hence, the growth is expected to be impacted.

As per the World Bank estimates, not all countries in the Asia Pacific region are equipped to sustain the above shocks and hence growth prospects in 2022 for the region have been revised to 5 per cent. From previously 5.4 per cent. which could further go down to 4 per cent. if situations worsen and national policies aren't robust enough to handle the current scenario2.

To attain full economic recovery, international cooperation is most important among the economies. Policymakers who respond to the situation at hand with the inclusion of sound health policies to end access disparities, climate policies, fiscal, monetary and external policies as pivot are expected to fare better than the others.

Indian Economic Scenario:

India's real gross domestic product ('GDP') grew at 8.7 per cent. during FY2021-22, according to National Statistical Office ('NSO'), Growth during the quarter ended March 31, 2022 was at 4.1 per cent., a four-quarter low, reflecting impact of Omicron wave on manufacturing and contact intensive services. As per Monetary Policy Committee ('MPC') of Reserve Bank of India ('RBI'), the growth projected for FY2022-23 is 7.2 per cent. with first quarter at 16.2 per

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1 https://www.imf.org/en/Publications/WEO/Issues/2022/04/19/world-economic-outlook-april-2022
2 https://openknowledge.worldbank.org/bitstream/handle/10986/37097/9781464818585.pdf

cent.; second quarter at 6.2 per cent.; third quarter at 4.1 per cent. and fourth quarter at 4.0 per cent. Economic activity has experienced turbulence due to successive COVID-19 waves followed by geopolitical situations in the continent3.

In the sectoral growth analysis, agriculture remains unperturbed during national lockdown and had growth in the last two financial years, continues to show similar growth of 3.0 per cent. during FY2021-224. Manufacturing grew at 9.9 per cent. in the same period against previous year contraction of 0.6 per cent. Contact intensive sectors are on the path to normalcy, thus trade, hotels and transport showed growth of 11.1 per cent. during FY2021-224, which had experienced highest contraction during the pandemic.

Consumer Price Index ('CPI') inflation stood at 6.9 per cent. in March 2022. RBI, in its Monetary Policy Committee meeting of June 2022, revised the CPI inflation projection to 6.7 per cent. for FY2022-23 with 7.5 per cent., 7.4 per cent., 6.2 per cent. and 5.8 per cent. during first, second, third and fourth quarter, respectively, of FY2022-23.55Inflation outlook faces risks due to lingering war and sanctions, elevated oil and commodity prices, prolonged supply chain disruptions, accentuated global financial market volatility in major economies and renewed waves of COVID-19 across countries. Wholesale Price Index ('WPI') stood at 14.6 per cent. in March 2022

Owing to higher expenditure and lower receipt during the pandemic, India's fiscal deficit was 9.2 per cent. of GDP during FY2020-21. It improved to 6.7 per cent. during FY2021-22 owing to higher tax realization. The tax receipts during the fiscal were ₹18.2 trillion against revised estimate ('RE') of ₹17.7 trillion. Fiscal deficit is expected to further fall to

6.4 per cent. for FY2022-23 budget estimate ('BE')6.

Exports during FY2021-22 was US$ 417.8 billion but was outpaced by the imports at US$ 610.2 billion for the same period, leading to trade deficit of US$ 192.4 billion. As per preliminary data released by Ministry of Commerce and Industry ('MoCI'), share of petroleum imports in

3 https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/ MPR0804223897C8D9006C4981AEBA943DEDDD6F98.PDF

4 https://economictimes.indiatimes.com/news/economy/ indicators/gdp-grows-by-8-7-in-fy22-q4-gdp-slows-to-4-1/ articleshow/91914997.cms?from=mdr

5 https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/ PR3336416D60D22514022BC8C197A992D837C.PDF

6 https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/ MPR0804223897C8D9006C4981AEBA943DEDDD6F98.PDF

India's total imports was 26 per cent. during FY2021-22, of which the value of inbound shipments nearly doubled up (94 per cent.) as compared to a year earlier due to rise in global crude oil prices7 8.

In MPC meeting in April 2022, RBI kept the repo rate under the liquidity adjustment facility ('LAF') unchanged at 4.0 per cent. The central bank maintained the accommodative stance though focused at withdrawal of accommodation to support growth. The decisions are on the expected lines of the market to achieve targeted inflation level of 4.0 per cent. within +2.0 per cent. band along with focus on growth9

However, in the unscheduled MPC meeting in May 2022, the repo rate was raised by 40 basis points ('bps') to 4.40 per cent., considering high geopolitical uncertainty, global price dynamics, and supply chain disruptions. In June 2022 meeting, MPC further raised the policy rate by 50 bps to 4.90 per cent. and withdrew the accommodative stance of monetary policy

Money supply (M3) and bank credit by commercial banks rose (Y-o-Y) by 8.7 per cent. and 9.6 per cent., respectively, as at end-March, 2022. India's foreign exchange reserves increased by US$ 30.3 billion to US$ 607.3 billion in FY2021-2210

Company Performance

During the financial year under review, the Company has earned a profit after tax of Rs. 2292.44 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.

7 https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/ MPR0804223897C8D9006C4981AEBA943DEDDD6F98.PDF

8 https://www.business-standard.com/article/economy-policy/ trade-deficit-widens-to-192-billion-in-fy22-imports-at-record- high-122040500051_1.html#:~:text=India's%20merchandise%20 import%20in%20March,March%202022%20was%20%2418.69%20billion.

9 https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51683

10 https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53537

Annexure – 6

Operations

The footprint of your company is based at Kolkata. Your company is predominantly engaged in Investments in its wholly owned subsidiary Company only i.e. Bandhan Financial Holdings Limited.

During Financial Year 2021-22, Bandhan Financial Holdings Limited (BFHL), wholly owned subsidiary, was selected as the successful bidder for acquisition of IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited. Application for requisite approval and/or no-objections in regards to the given acquisition was sought from the Reserve Bank of India (RBI), Stock Exchange Board of India (SEBI), Competition Commission of India (CCI) and Financial Services Commission, Mauritius (FSC).

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

Arun Shrivastava
Chairman
(DIN: 06640892)

Place: Bhopal
Date: June 21, 2022

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, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the 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, 2022, its profit, total comprehensive income, changes in equity and its cash flows 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 (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report but does not include the standalone financial statements and our auditor's report thereon. The Director's 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 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 Auditors' responsibilities Relating to Other Information.'

Management's Responsibilities 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, total comprehensive income, changes in equity and cash flows 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
In preparing the standalone financial statements, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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 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 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

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

e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 has disclosed the impact of pending litigations as on March 31, 2022 on its financial position in its standalone financial statements – Refer Note 30 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year.

iv. A) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 36 to the accounts, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

B) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the note 36 to the accounts, no funds (which are material either individually or in aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

C) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under A) and B) above, contain any material mis-statement.

v. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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 **Suresh Surana & Associates**
Chartered Accountants
(Firm's Registration No. 121750W/W-100010)

Place: Kolkata
Date: June 21, 2022

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN -22062668ALJMNJ3996

Annexure - A to the Independent Auditors' Report
(Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Bandhan Financial Services Limited 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, 2022 in conjunction with our audit of the 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Suresh Surana & Associates**
Chartered Accountants
(Firm's Registration No. 121750W/W-100010)

Place: Kolkata
Date: June 21, 2022

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN – 22062668ALJMNJ3996

Annexure – 'B' to the Independent Auditors' Report
(Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Bandhan Financial Services Limited of even date)

(i) (a) (A) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and investment properties.

(B) According to the information and explanations given to us, the Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a regular programme of physical verification of its property, plant and equipment and investment properties by which the property, plant and equipment and investment properties are verified by the management according to a phased programme designed to cover all the items once every year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its property, plant and equipment and investment properties. In accordance with the policy, the Company has physically verified its property, plant and equipment and investment properties during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee, and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company.

(d) According to the information and explanations given to us, the Company has not revalued any of its Property, Plant and Equipment or intangible assets.

(e) Based on the audit procedures performed by us and according to the information, explanations and representations given to us, no proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.

(b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not made investments in or provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, reporting under clauses 3 (iii) (a) to (f) of the Order are not applicable to the Company.

(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. Accordingly, reporting under clause 3 (iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted deposits or amounts which are deemed to be deposits under directives issued by the Reserve Bank of India. Accordingly, reporting under clause 3 (v) of the Order is not applicable to the Company.

(vi) Having regard to the nature of the Company's business/activities, clause 3 (vi) of the Order is not applicable to the Company.

(vii) (a) In our opinion, the Company has been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of records of the Company, there were no undisputed outstanding statutory dues in respect of Goods and Services tax, Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no statutory dues in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues as at 31 March 2022, which have not been deposited with the appropriate authorities on account of any dispute. The statutory dues in respect of Income-tax as on 31 March 2022, which have not been deposited with the appropriate authorities on account of a dispute, are as under:

Name of the statute	**Nature of the dues**	**Amount (Rs in Million)**	**Period to which the amount relates**	**Forum where dispute is pending**
The Income Tax Act, 1961	Income Tax	30.36	AY 2014-15	Commissioner of Income Tax (Appeals)

(viii) According to the information and explanations given to us, there are no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (43 of 1961) and accordingly clause 3 (viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

(b) According to the information and explanations given to us, the Company has not been declared a wilful defaulter by any bank or financial institution or any other lender.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) In our opinion and according to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that prima facie, funds raised on short- term basis have not been utilised for long- term purposes by the Company.

(e) According to the information and explanations given to us and an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary or its associate.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiary company. Accordingly, the provisions of clause 3 (ix) (f) the Order is not applicable to the Company.

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3 (x) (a) of the Order is not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting under clause 3 (x) (b) of the Order is not applicable to the Company.

(xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

(b) No report has been filed by us under sub-section (12) of Section 143 of the Act in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.

(c) As represented to us by the management, no whistle blower complaints were received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3 (xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable Accounting Standards .

(xiv) (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.

(b) We have considered the Internal Audit reports of the Company issued till date for the period under audit.

(xv) According to the information and explanations given to us, in our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) 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.

(b) According to the information and explanations given to us, the Company has conducted the Non-Banking Financial Activity with a valid Certificate of Registration from Reserve Bank of India as per the Reserve Bank of India Act, 1934. However, the Company has not conducted any Housing Finance Activities.

(c) The Company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. The Company has obtained registration with the Reserve Bank of India (RBI) on September 21, 2017 and in our opinion and according to the information and explanations given to us, the Company continues to fulfil the criteria of a CIC as at the date of our Auditors' Report.

(d) Based on the information and explanations given to us and audit procedures performed by us, we report that the Group has no other Core Investment Company.

(xvii) In our opinion and according to the information and explanations given to us, the Company has not incurred cash losses in the current financial year as well as in the immediately preceding financial year.

(xviii) There has been resignation of the statutory auditors during the year. However, there were no issues, objections or concerns raised by the outgoing auditors.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors' and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) According to the information and explanations given to us in respect of other than ongoing projects, the Company has no unspent amount that needs to be transferred to a Fund specified in Schedule VII in compliance with second proviso to sub-section (5) of section 135 of the Act.

(b) In respect of ongoing project, the Company has no unspent amount which needs to be transferred to a special account in compliance with Section 135(6) of the Companies Act, 2013.

For **Suresh Surana & Associates**
Chartered Accountants
(Firm's Registration No. 121750W/W-100010)

Place: Kolkata
Date: June 21, 2022

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN – 22062668ALJMNJ3996

BANDHAN FINANCIAL SERVICES LIMITED

STANDALONE BALANCE SHEET AS AT MARCH 31, 2022

(Amount in Rs. Million)

	Note	As at March 31,2022	As at March 31,2021
ASSETS			
Financial assets			
Cash and cash equivalents	2	14.57	13.99
Bank Balances other than Cash and cash equivalents	3	4,245.96	5,047.04
Investments	4	26,174.13	27,160.70
Non-Financial assets			
Current tax assets (net)		2,043.10	2,042.66
Deferred tax assets (net)	5	4.59	0.93
Investment property	6	29.51	30.71
Property Plant and Equipment	7	0.11	0.17
Intangible Assets	8	0.33	0.50
Other non-financial assets	9	0.05	0.14
TOTAL - ASSETS		**32,512.35**	**34,296.84**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Other payables			
i) total outstanding dues of micro enterprises and small enterprises		0.05	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	10	132.35	2,860.66
Non-Financial Liabilities			
Provisions	11	1.99	-
Other non-financial liabilities	12	4.67	5.54
Equity			
Equity Share Capital	13	1,278.21	1,278.21
Other Equity	14	31,095.08	30,152.43
TOTAL - LIABILITIES AND EQUITY		**32,512.35**	**34,296.84**

Summary of significant accounting policies 1

The accompanying notes are an integral part of these financial statements

As per our report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
(ICAI Firm Registration Number :- 121750W/W-100010)

For Bandhan Financial Services Limited

Avilas Agarwal
Partner
(Membership Number : 062668)

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Place : Kolkata
Date : June 21, 2022

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31,2022

(Amount in Rs. Million)

	Note	Year ended March 31,2022	Year ended March 31, 2021
Revenue from operations			
Interest Income	15	228.34	223.92
Dividend Income	16	2,593.60	62,246.50
Net gain on fair value changes	17	0.82	0.28
Total Revenue from operations		**2,822.76**	**62,470.70**
Other Income			
-Rental income		1.56	1.56
Total income		**2,824.32**	**62,472.26**
Expenses			
Loss on de-recognition of financial instrument	18	14.94	-
Employee Benefits Expense	19	10.43	7.21
Depreciation and amortisation expense	6,7&8	1.48	1.44
Other expenses	20	149.40	2,851.12
Total expenses		**176.25**	**2,859.77**
Profit before tax		**2,648.07**	**59,612.49**
Tax expense	21	**355.63**	**2,680.32**
Current Tax		359.29	2,682.94
Deferred Tax Credit (net)		(3.66)	(2.62)
Profit for the Year		**2,292.44**	**56,932.17**
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		**2,292.44**	**56,932.17**
Earnings per equity share	22		
Basic (Rs.)		17.93	445.41
Diluted (Rs.)		17.93	445.41
Nominal value per share		10	10

Summary of significant accounting policies
The accompanying notes are an integral part of these financial statements
As per our report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
(ICAI Firm Registration Number :- 121750W/W-100010)

Avilas Agarwal
Partner
(Membership Number : 062668)

Place : Kolkata
Date : June 21, 2022

For Bandhan Financial Services Limited

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31,2022

(Amount in Rs. Million)

		Year ended March 31, 2022	Year ended March 31, 2021
A.	**Cash flows from operating activities**		
	Profit before tax	2,648.07	59,612.49
	Adjustments for:		
	Depreciation and amortisation expense	1.48	1.44
	Amortisation of Premium on Government Securities	-	10.89
	Loss on derecognition of financial Instrument	14.94	-
	Net Gain on Fair Value Changes	(0.82)	(0.28)
	Operating profit before working capital changes	**2,663.67**	**59,624.54**
	Movements in working capital:		
	(Increase)/ decrease in other non-financial assets	0.09	(0.05)
	Decrease in other non- financial liabilities	(0.87)	(446.94)
	Increase/ (decrease) in provisions	1.99	-
	Increase/ (decrease) in other Payables	(2,728.27)	2,734.45
	Cash generated from/ (used in) operations	**(63.39)**	**61,912.00**
	Direct taxes paid (Net of refunds)	(359.73)	(4,684.55)
	Net cash flow from/ (used in) operating activities (A)	**(423.12)**	**57,227.45**
B.	**Cash flows from investing activities**		
	Deposits created with banks	(8,286.13)	(13,565.31)
	Deposits encashed with banks	9,087.23	9,150.62
	Purchase of property,plant and equipment	(0.05)	(0.15)
	Purchase of Intangible Assets	-	(0.52)
	Purchase of investments	(104.80)	(1,006.96)
	Proceeds generated from sale of investments	1,077.24	8.99
	Net cash flow from/ (used in) investing activities (B)	**1,773.49**	**(5,413.33)**
C.	**Cash flows from financing activities**		
	Dividend paid	(1,349.79)	(51,827.62)
	Net cash flow used in financing activities (C)	**(1,349.79)**	**(51,827.62)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**0.58**	(13.50)
	Cash and cash equivalents at the beginning of the year	13.99	27.49
	Cash and cash equivalents at the end of the year	**14.57**	**13.99**
	Components of Cash and cash equivalents [Refer note -2]		
	Cash on hand*	0.00	0.00
	Balances with banks	14.57	13.99
	Total Cash and cash equivalents	**14.57**	**13.99**
	* Represents Cash in Hand of Rs.1,500 (March 31, 2021 Rs.40)		

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. As the Company is a core investment company, dividend received and interest earned are considered as part of cash flow from operating activities.

Summary of significant accounting policies
The accompanying notes are an integral part of these financial statements
As per our report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
(ICAI Firm Registration Number :- 121750W/W-100010)

Avilas Agarwal
Partner
(Membership Number : 062668)

Place : Kolkata
Date : June 21, 2022

For Bandhan Financial Services Limited

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31,2022

1. Equity Share Capital

	No. of shares	*(Amount in Rs. Million)*
Equity shares of Rs. 10 each issued, subscribed and fully paid		
Balance as at March 31, 2020	12,78,21,101	1,278.21
Changes in equity share capital during the year	-	-
Balance as at March 31, 2021	12,78,21,101	1,278.21
Changes in equity share capital during the year	-	-
Balance as at March 31, 2022	**12,78,21,101**	**1,278.21**

2. Other Equity *(Amount in Rs. Million)*

	Reserves and Surplus				Total other equity
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	
Balance as at April 01, 2020	**3,824.40**	**2,779.55**	**11,971.05**	**6,472.88**	**25,047.88**
Profit for the year	-	-	-	56,932.17	56,932.17
Interim Dividend for the year 2020-21	-	-	-	(51,827.62)	(51,827.62)
Transfer from Retained Earnings to Statutory Reserve	11,386.43	-	-	(11,386.43)	-
Balance as at March 31, 2021	**15,210.83**	**2,779.55**	**11,971.05**	**191.00**	**30,152.43**
Profit for the year	-	-	-	2,292.44	2,292.44
Interim Dividend for the year 2021-22	-	-	-	(1,349.79)	(1,349.79)
Transfer from Retained Earnings to Statutory Reserve	458.49	-	-	(458.49)	-
Balance as at March 31, 2022	**15,669.32**	**2,779.55**	**11,971.05**	**675.16**	**31,095.08**

Note 2.1 : During the year ended March 31, 2022, the Company has declared Interim Dividend at 105.60% on its Equity Shares by way of a board resolution dated 24th February, 2022 and the same has been duly paid off in compliance with the requirements of Companies Act,2013.

Note 2.2 Nature and purpose of reserves

(a) Securities premium

Securities premium 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 and rules and regulations notified by the Reserve Bank of India.

(b) Statutory reserve

Statutory Reserve is created in accordance with section 45-IC Reserve Bank of India (RBI) 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.Appropriation from this reserve fund is permitted only for the purpose specified by RBI.

(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. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013 and rules & regulations notified by the Reserve Bank of India.

(d) Retained Earnings

Retained earnings represents accumulated profits earned by the Company and remaining undistributed as on date. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013 and rules & regulations notified by the Reserve Bank of India.

For Suresh Surana & Associates LLP
Chartered Accountants
(ICAI Firm Registration Number :- 121750W/W-100010)

For Bandhan Financial Services Limited

Avilas Agarwal
Partner
(Membership Number : 062668)

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Place : Kolkata
Date : June 21, 2022

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

A. Corporate Information

Bandhan Financial Services Limited ("the Company") is a public company having its registered office at DN-32, Sector V, Salt Lake City, Kolkata- 700091. It was engaged in microfinance activities for providing financial assistance to poor women till August 22, 2015.

Pursuant to the Banking license received from RBI on June 17, 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 August 23, 2015. Subsequent to such transfer, the Company is not carrying out any microfinance activities. The Company currently operates as a Non- Deposit Taking Core Investment Company registered with the RBI vide Certificate No. B-05.05841 dated September 21, 2017. The Standalone financial statements were approved for issue by the Board of Directors on June,2022 .

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 Section 133 of the Companies Act. 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The standalone financial statements have been prepared on historical cost basis and accural basis of accounting, except for the following assets and liabilities which have been subsequently measured at fair value:
- Certain financial assets and liabilities at fair value, and
- Employee's Defined Benefit Plans as per actuarial valuation.

b) 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.

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 of the following circumstances:
-The normal course of business, and
-The event of default.

The Company presents its balance sheet in order of liquidity. An anlysis representing recovery and settlement within and more than 12 months after reporting date is presented in Note No. 33.

c) Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

1. Summary of significant accounting policies

1.1 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, including demand deposits and time deposits with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less which are subject to insignificant risk of changes in value.

1.2 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured

1.2.1 Interest income

Interest income, for all financial instruments at amortized cost 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.

1.2.2 Interest income from fixed deposits

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

1.2.3 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.

1.3 Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of the investment properties are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit and Loss, as incurred.

The Company, based on technical assessment made by the Management, depreciates the building over estimated useful lives as prescribed by Schedule II of the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Though the Company measures investment property, using cost-based measurement, the fair value of investment property is disclosed in Note No. 6.

1.4 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right-to-use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance Lease

The Company as a Lessee

Leases, where substantially all the risks and benefits incidental to ownership of the leased item are transferred to the Lessee, are classified as finance lease. The assets acquired under finance lease are capitalised at lower of fair value, and present value of the minimum lease payments at the inception of the lease and disclosed as leased assets. Such assets are amortised over the period of lease or estimated life of such asset, whichever is less. Lease payments are apportioned between the finance charges and reduction of the lease liability based on implicit rate of return. Lease management fees, lease charges and other initial direct costs are capitalised.

Operating Lease

The Company as a Lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset; (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and (3) the Company has the right to direct the use of the asset.

The Company as a Lessor

Leases, for which the Company is a lessor, are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for lessor's expected inflationary cost increase and therefore, the lease payments are recognised as per terms of the lease agreement in the Statement of Profit and loss.

1.5 Taxes

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

1.5.1 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.

1.5.2 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.

1.6 Foreign currency translation

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).

1.7 Provision and contingencies

A provision is recognized when the Company has a present obligation (legal or constructive) 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.

1.8 Earnings 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.

1.9 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.

1.10 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.

1.10.1 Financial Assets

1.10.1.1 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. 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.

1.10.1.2 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)

1.10.1.3 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.

1.10.1.4 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.

1.10.1.5 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.

1.10.1.6 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.

1.10.1.7 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

1.10.2 Financial Liabilities

Classification as Debt or as Equity

Debt and equity instruments, issued by the Company, are classified as either financial liabilities or as equity, in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

1.10.2.1 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 includes other payables.

1.10.2.2 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.

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.

1.10.3 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.

1.10.4 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.

1.10.5 De-recognition of financial assets and liabilities

1.10.5.1 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 assets, 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.

1.10.5.2 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.

1.11 Fair value measurement

The Company measures financial instruments, such as, investments (other than equity investments in Subsidiaries, Joint Ventures and Associates) and 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.

1.12 Property, Plant and Equipment ("PPE")

Property, plant and equipment shown in the balance sheet consists of assets used in operations. Assets used in operations are those used in the provision of services or for administrative purposes.

PPE held for use are stated in the balance sheet at acquisition cost or construction cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

PPE will be recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

An item of property, plant and equipment will be derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and will be recognised in the statement of profit and loss.

1.13 Depreciation and Amortisation

Depreciation will be recognised using written down value method so as to write off the cost of the assets (other than freehold land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method will be reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values will also be reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value will be recognised on prospective basis. PPE, individually costing less than Rupees five thousand, are fully depreciated in the year of purchase. Depreciation for additions to/deductions from, owned assets will be calculated pro rata to the period of use. Freehold land will not be depreciated. Leasehold land will be amortised over the duration of the lease. The useful life of the property, plant and equipment and Investment Property held by the Company are as follows:

ASSET	**Useful Life**
Building	5 to 60 years
Computers	3 years

1.14 Intangible Assets and Amortisation

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination,if any, is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modifythe amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss, unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a written down value over their estimated useful lives.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets and their useful lives are as under:

Asset	Estimated Useful Life
Computer Software	3 years

The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any

1.15 Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units, for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.16 Employee Benefits

Short-term Employee Benefits

Liabilities for salaries and wages, including non-monetary benefits and accumulating leave balance in respect of employees' services up to the end of the reporting period, are recognised as liabilities (and expenses) and are measured at the amounts expected to be paid when the liabilities are settled.

The Company also recognises a liability, and records an expense for bonuses (including performance-linked bonuses) where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined Contribution Plans

Provident Fund: The Company makes defined contributions to employee provident fund and employee pension schemes administered by government organisations, set up under the applicable statute.

Defined Benefits Plans (Gratuity Obligation)

The obligation in respect of defined benefits plans, which covers Gratuity, is provided for on the basis of an actuarial valuation at the end of each financial year.

In respect of Gratuity being post-retirement benefits, remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling, (if applicable) and the return on plan assets (excluding net interest) are reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur.

Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings, and will not be reclassified to the Statement of Profit and Loss.

Past service costs are recognised in the Statement of Profit and Loss on the earlier of:

• the date of the plan amendment or curtailment, and

• the date that the Company recognises related restricting costs. The Company recognises the following changes in the net defined benefit obligation under employee benefit expenses in the Statement of Profit and Loss:

• service costs (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); and

• net interest expenses or income.

The Company presents the above two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee Benefits Expense'.

The present value of the defined benefit plans liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds. The retirement benefit obligations recognised in the Balance Sheet represent the actual deficit or surplus in the Company's defined benefit plans.

Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in the future contribution to the plans.

1.17 Borrowing Costs

Borrowing costs, attributable to acquisition and construction of qualifying assets, are capitalised as a part of the cost of such assets up to the date when such assets are ready for its intended use. Other borrowing costs, if any, are charged to the Statement of Profit and Loss in the period in which they are incurred.

1.18 Statement of Cash Flows

The Statement of Cash Flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The Statement of Cash Flows from operating, investing and financing activities of the Company are segregated.

1.19 Significant Accounting Judgements, Estimates and Assumptions

The preparation of financial statements, in conformity, with the Ind AS, requires judgements, estimates and assumptions to be made, that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. 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 outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialised. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statements as at and for the Year ended March 31, 2022

2. Cash and Cash Equivalents *(Amount in Rs. Million)*

	As at March 31,2022	As at March 31,2021
Cash on hand*	0.00	0.00
Balances with Bank		
-In current accounts	14.57	13.99
	14.57	**13.99**

* Represents Cash in Hand of Rs.1,500 (March 31, 2021 Rs.40)

3. Bank balances other than cash and cash equivalents *(Amount in Rs. Million)*

	As at March 31,2022	As at March 31,2021
Deposits with Bank having original maturity exceeding three months	4,245.96	5,047.04
	4,245.96	5,047.04

4. Investments *(Amount in Rs. Million)*

	At Amortised cost	At Fair Value				Others (At Cost)	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss	Subtotal		
As at March 31, 2022							
-In India							
Equity Instrument (Subsidiary) at cost							
Bandhan Financial Holdings Limited	-	-	-	-	-	26,163.20	26,163.20
Investment in Debt Instrument (measured at FVTPL)							
Mutual Funds	-	-	10.93	-	10.93	-	10.93
Total- Gross	-	-	10.93	-	10.93	26,163.20	26,174.13
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**-**	**-**	**10.93**	**-**	**10.93**	**26,163.20**	**26,174.13**
Other Disclosures :							
Aggregate amount of unquoted investments							26,174.13
Aggregate amount of quoted investments						Nil	
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	

(Amount in Rs. Million)

	At Amortised cost	At Fair Value				Others (At Cost)	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	-	-	-	-	-	26,163.20	26,163.20
Investment in Debt Instrument (measured at Amortised Cost)							
Govt Securitites	993.77	-	-	-	-	-	993.77
Investment in Debt Instrument (measured at FVTPL)							
Mutual Funds	-	-	3.73	-	3.73	-	3.73
Total- Gross	993.77	-	3.73	-	3.73	26,163.20	27,160.70
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**993.77**	**-**	**3.73**	**-**	**3.73**	**26,163.20**	**27,160.70**
Other Disclosures :							
Aggregate amount of unquoted investments							26,166.93
Aggregate amount of quoted investments							993.77
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 (Net)

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
Deferred Tax Assets		
Unabsorbed short-term Capital Loss	6.30	2.73
Post employment Benefits	0.25	-
	6.55	2.73
Deferred Tax Liabilities		
Timing difference on account of depreciation and amortization of property, plant and equipment, intangible assets & Investment Property	1.93	1.78
Investments carried at fair value through profit or loss	0.03	0.02
	1.96	1.80
Net Deferred Tax Asset/ (Liabilities)	**4.59**	**0.93**

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

(Amount in Rs. Million)

	As at March 31, 2020	Charged/ credited to profit or loss	As at March 31,2021	Charged/ credited to profit or loss	As at March 31,2022
Deferred Tax Assets					
Unabsorbed short-term Capital Loss	-	2.73	2.73	3.57	6.30
Post employment Benefits	-	-	-	0.25	0.25
	-	2.73	2.73	3.82	6.55
Deferred Tax Liabilities					
Timing difference on account of depreciation and amortization of property, plant and equipment, intangible assets & Investment Property	1.66	0.12	1.78	0.15	1.93
Investments carried at fair value through profit or loss	0.03	(0.01)	0.02	0.01	0.03
	1.69	0.11	1.80	0.16	1.96
Net Deferred Tax Assets/(Liabilities)	**(1.69)**	**2.62**	**0.93**	**(3.66)**	**4.59**

6. Investment Property

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
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	7.46	6.19
Depreciation charge	1.20	1.27
Closing accumulated depreciation	8.66	7.46
Net carrying amount	**29.51**	**30.71**

The fair value of investment property as at March 31, 2022 has been arrived at Rs. 33.73 Million (Rs. 35.03 Million), on the basis of valuation carried out by an independent valuer. 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 Rs. Million)

	Year ended March 31,2022	Year ended March 31, 2021
Rental Income	1.56	1.56
Direct operating expenses for property that generated rental income	-	-
Direct operating expenses for property that did not generate rental income	-	-
Profit from investment properties before depreciation	**1.56**	**1.56**
Less: Depreciation	(1.20)	(1.27)
Profit from investment property	**0.36**	**0.29**

(ii) Leasing arrangements

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

	As at March 31,2022	As at March 31,2021
Within one year	1.56	1.56
Later than one year but not later than 5 years	2.20	3.76
Later than 5 years	-	-

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statements as at and for the Year ended March 31, 2022

7. Property, Plant and Equipment

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
Computer Hardware		
At cost at the beginning of the year	0.32	0.17
Additions	0.05	0.15
Disposals	-	-
At cost at the end of the year	0.37	0.32
Accumulated depreciation as at the beginning of the year	0.15	0.00
Depreciation for the year	0.11	0.15
Disposals	-	-
Accumulated depreciation as at the end of the year	0.26	0.15
Net carrying amount as at the end of the year	**0.11**	**0.17**

8. Intangible Assets

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
Computer Software		
At cost at the beginning of the year	0.52	-
Additions	-	0.52
Disposals	-	-
At cost at the end of the year	0.52	0.52
Accumulated amortisation as at the beginning of the year	0.02	-
Amortisation for the year	0.17	0.02
Disposals	-	-
Accumulated amortisation as at the end of the year	0.19	0.02
Net carrying amount as at the end of the year	**0.33**	**0.50**

9. Other non-financial assets (at amortised cost)

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
Prepaid expenses	0.05	0.14
	0.05	**0.14**

10. Payables (at amortised cost)

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
Other payables		
Total outstanding dues of to Micro enterprises and small enterprises	0.05	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
-Payable for Donation and Corporate Social Responsibility (CSR)	114.62	2,846.61
-Payable for others	17.73	14.05
	132.40	**2,860.66**

10.1 Disclosure as per Micro, Small and Medium Enterprises Development Act, 2006

Particulars	**As at March 31, 2022**	**As at March 31, 2021**
(i) The principal amount remaining unpaid to any supplier	0.05	-
(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. Provisions

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
Provision for employees benefits	1.99	-
	1.99	**-**

12. Other Non-financial liabilities

(Amount in Rs. Million)

	As at March 31,2022	As at March 31,2021
Rent received in advance	3.76	5.31
Statutory liabilities	0.91	0.23
	4.67	**5.54**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statements as at and for the Year ended March 31, 2022

13. Equity Share Capital *(Amount in Rs. Million)*

	As at March 31,2022	As at March 31,2021
Authorised equity share 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		
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 year. *(Amount in Rs. Million)*

Particulars	As at March 31, 2022 Number of Shares	Amount	As at March 31, 2021 Number of Shares	Amount
Equity Shares 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 Shares at the end of year	**12,78,21,101**	**1,278.21**	**12,78,21,101**	**1,278.21**

For the period of five years immediately preceding the date at which the Balance Sheet is prepared, the Company has a) not allotted any shares other than for cash, b) not allotted any shares by way of bonus, c) not bought back any shares.

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

	As at March 31, 2022		As at March 31, 2021	
	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) Details of Shareholding of Promoters

		As at March 31, 2022			As at March 31, 2021		
Sl. No.	**Promoter Name**	**No. of Shares held**	**% of Holding**	**% of change during the year**	**No. of Shares held**	**% of Holding in the class**	**% of change during the year**
1	Financial Inclusion Trust	4,20,61,424	32.91	-	4,20,61,424	32.91	-
2	North East Financial Inclusion Trust	1,00,00,000	7.82	-	1,00,00,000	7.82	-

(iv) 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.

14. Other Equity *(Amount in Rs. Million)*

	As at March 31,2022	As at March 31,2021
Securities Premium	11,971.05	11,971.05
Statutory Reserve	15,669.32	15,210.83
General Reserve	2,779.55	2,779.55
Retained Earnings	675.16	191.00
	31,095.08	**30,152.43**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statements as at and for the Year ended March 31, 2022

15. Interest income **(Amount in Rs. Million)**

	Year ended March 31,2022	Year ended March 31, 2021
Financial Insrument measured at amortised cost		
-Interest on Deposits with Banks	185.72	198.11
-Interest on Govt. Securities	42.62	25.81
	228.34	**223.92**

16. Dividend income ***(Amount in Rs. Million)***

	Year ended March 31,2022	Year ended March 31, 2021
Dividend Income from subsidiary	2,593.60	62,246.50
	2,593.60	**62,246.50**

17. Net gain on fair value changes ***(Amount in Rs. Million)***

	Year ended March 31,2022	Year ended March 31, 2021
Net gain on financial instruments at fair value through profit or loss -		
Others -		
Realised	0.68	0.19
Unrealised	0.14	0.09
	0.82	**0.28**

18. Loss on de-recognition of financial instrument ***(Amount in Rs. Million)***

	Year ended March 31,2022	Year ended March 31, 2021
Loss on de-recognition of financial instrument at amortised cost	14.94	-
	14.94	**-**

19. Employee benefits expense ***(Amount in Rs. Million)***

	Year ended March 31,2022	Year ended March 31, 2021
Salaries, wages and bonus	9.80	6.97
Contribution to provident fund	0.33	0.24
Post employment Benefits	0.30	-
	10.43	**7.21**

20. Other expenses ***(Amount in Rs. Million)***

	Year ended March 31,2022	Year ended March 31, 2021
Professional and Consultancy Charges	29.60	1.80
Directors' sitting fees	2.09	1.43
Office Rent	0.79	0.40
Travelling and Conveyance	0.01	0.00
Insurance	0.31	0.38
Bank charges	0.02	0.03
Rates & Taxes	0.02	0.02
Payment to auditors [Refer note -20(i)]	1.87	0.41
Donation	110.72	2,842.64
Corporate social responsibility expenses	3.90	3.97
Miscellaneous Expenses	0.07	0.04
	149.40	**2,851.12**

20(i). Details of payments to auditors ***(Amount in Rs. Million)***

	Year ended March 31,2022	Year ended March 31, 2021
Payment to auditors		
As auditors:		
Audit Fees	1.50	0.20
Tax Audit Fees	0.33	0.15
Certification fees	0.04	-
Reimbursement of expenses	0.00	0.06
	1.87	**0.41**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statements as at and for the Year ended March 31, 2022

21. Tax Expenses

The major components of income tax expense for the year ended March 31, 2022 *(Amount in Rs. Million)*

	Year ended March 31,2022	Year ended March 31, 2021
Current Income Tax:		
Current Income Tax	359.29	2,678.32
Adjustments in respect of current income tax of previous year	-	4.62
Deferred tax:		
Relating to origination and Reversal of temporary difference	0.15	(2.61)
Unabsorbed short-term Capital Loss	(3.56)	(0.01)
Post employment Benefits	(0.25)	-
	355.63	**2,680.32**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022

	Year ended March 31,2022	Year ended March 31, 2021
Accounting profit before income tax	2,648.07	59,612.49
Company's Tax rate	25.17%	25.17%
Income tax expense calculated using Company's Income tax rate	666.47	15,003.27
Effect of Non deductible expenses-Details to be given	29.19	716.56
Effect of favourable addbacks -Details to be given	(340.03)	(13,044.13)
Tax Adjustment prior Periods	-	4.62
Income tax expense reported in the financial statements	**355.63**	**2,680.32**

22. Earnings Per Share

	Year ended March 31,2022	Year ended March 31, 2021
Net Profit/(Loss) attributable to Equity Shareholders (Rs. In Million)	**2,292.44**	**56,932.17**
Weighted Average No. of Equity Shares (Nos.)	12,78,21,101	12,78,21,101
Basic / Diluted Earning Per Share (Rs.)	17.93	445.41
Nominal Value of Equity Shares (Rs.)	10	10

23 Fair value measurement

23.1 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.

23.2 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.

23.3 Valuation Technique

The fair value of the financial assets and liabilities is 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, and 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.

23.4 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.

0

31-Mar-22	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Financial Assets				
Investment in Mutual Funds	10.93	-	-	10.93
	10.93	**-**	**-**	**10.93**

31-Mar-21	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Financial Assets				
Investments in Government Securities	993.77	-	-	993.77
Investment in Mutual Funds	3.73	-	-	3.73
	997.50	**-**	**-**	**997.50**

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2022

24 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. Apart from that surplus funds of the Company are invested in Deposits with Banks, Govenment Securities and Money Market Investments. 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 is exposed to credit risk, liquidity risk and market risk.

i. Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Company. Credit risk primarily arises from cash equivalents, financial assets measured at amortised cost, financial assets measured at FVTPL .

Financial assets represented substantially by investments, the Company has an investment policy which allows the Company to invest only with Govt. Securities and Money market instruments. The Company review these investment on regular basis. Further, Investment in subsidiary is reviewed by Board of Directors at regular intervals.

ii. Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents, investments in money market instruments and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period.

iii. Other risk (Market Risk)

The Company has deployed part of its surplus funds in money market instruments. The Company is exposed to price risk on such investments; which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

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 reviews the adequacy of Company's risk management policies, processes and report the matter to the Board of Directors.

25 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.

26 Capital Commitments

The Company did not have any capital commitment as on March 31, 2022, March 31, 2021.

27 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 August 3,2020, Subsidiary till August 2,2020)
Key Management Personnel	
Mrs. Asoka Chatterjee	Managing Director (upto March 6,2021)
Mr. Amrit Daga	Chief Financial Officer
Mr. Biplab Kumar Mani	Company Secretary (with effect from November 26,2020)
Mr. Gaurav Mishra	Company Secretary (upto May 31,2020)
Non-executive / Independent directors	
Mr. Arun Shrivastava	Independent Director (with effect from June 21,2021).
Mr. Subrata Mandal	Independent Director (with effect from June 21,2021).
Mr. Pankaj Sood	Nominee Director of Caladium Investment Pte. Ltd.
Ms. Hullya Kefeli	Nominee Director of International Finance Corporation (with effect from November 26,2020).
Mr. Shri Ram Meena	Nominee Director of Small Industries Development Bank of India.
Mr. Arindam Banik	Non Executive Director (with effect from February 3,2021).
Mr. Amit Kumar Hazra	Non Executive Director (with effect from June 21,2021).
Mr. Asit Pal	Independent Director (upto June 28,2021)
Mr. V P Singh	Independent Director (upto March 31,2021)
Mr. Yogesh Chand Nanda	Non Executive Director (upto June 21,2021)
Mr. Ranodeb Roy	Independent Director (upto March 31,2021)

B. Nature of transactions *(Amount in Rs. Million)*

Sl. No.	Name of Related Party	March 31, 2022	March 31, 2021
1	**Bandhan Bank Limited**		
	Transaction during the year		
	Interest Income	160.93	151.27
	Office Rent	0.36	-
	Balance outstanding		
	Deposits	4,235.94	4,099.42
	Current Account	14.13	13.69
2	**Bandhan Financial Holdings Limited**		
	Transaction during the year		
	Dividend Received	2,593.60	62,246.50
	Balance outstanding		
	Investment	26,163.20	26,163.20
3	**Key Managerial Personnel**		
	Remuneration and other allowances		
	Mrs. Asoka Chatterjee	-	1.12
	Mr. Amrit Daga	4.74	4.20
	Mr. Gaurav Mishra	-	0.22
	Mr. Biplab Kumar Mani	2.96	0.91
4	**Sitting Fees paid to non-executive / independent directors**		
	Mr. Arun Shrivastava	0.30	-
	Mr. Subrata Mandal	0.33	-
	Mr. Pankaj Sood*	0.29	0.12
	Ms. Hullya Kefeli*	0.21	0.06
	Mr. Shri Ram Meena*	0.06	0.09
	Mr. Arindam Banik	0.27	0.03
	Mr. Amit Kumar Hazra	0.18	-
	Mr. Asit Pal	0.12	0.29
	Mr. V P Singh	-	0.26
	Mr. Yogesh Chand Nanda	0.02	0.24
	Mr. Ranodeb Roy	-	0.14

* Sitting Fees have been paid to Respective Nominee companies of Directors.

28 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 disclosures pertaining to captioned circular

Particulars		**Remarks**
1.	Capital to Risk (Weighted) Assets Ratio	Refer Note No. 28(C)
2.	Investments	Refer Note No. 28(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, 2022 and 31st March, 2021.
	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, 2022 and 31st March, 2021.
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 during the years ended 31st March, 2022 and 31st March, 2021.
6.	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 28 (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, 2022 and 31st March, 2021.

10.	Miscellaneous	
	i) Registration obtained from other financial sector regulators	Refer Note No. 28(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. 27(B)
	iv) Ratings assigned by credit rating agencies and migration of ratings during the year	Refer Note No. 28(F)
	v) Remuneration of Directors	Refer Note No. 27(B)
	vi) Net Profit or Loss for the period, prior period items and changes in accounting policies	Standalone statement of Proft and Loss and Note No.1.
	vii) Revenue Recognition	Refer Note No. 1.2
	viii) Accounting Standard 21 -Consolidated Financial Statements (CFS)	Consolidated Financial Statement is prepared by the company.
11.	Additional Disclosures	
	i) Provisions and Contingencies	Refer Note No. 28(G)
	ii) Draw Down from Reserves	Refer 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, 2022 and 31st March, 2021.
	c) Concentration of Exposure	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2022 and 31st March, 2021.
	d) Concentration of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2022 and 31st March, 2021.
	e) Sector-wise NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2022 and 31st March, 2021.
	f) Movement of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2022 and 31st March, 2021.
	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) Ratios

C.1 - Capital to Risk-Assets ratio (CRAR)

Particulars		**Year ended March 31,2022**	**Year ended March 31, 2021**
i)	CRAR (%)	288.09	264.63
ii)	CRAR - Tier I capital (%)	288.09	264.63
iii)	CRAR - Tier II capital (%)	-	-
iv)	Amount of subordinated debt raised as Tier - II Capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

C.2 - Other Ratios

Particulars		**Year ended March 31,2022**	**Year ended March 31, 2021**
i)	Leverage Ratio	0.43%	9.12%
ii)	Liquidity Coverage Ratio	78170.98%	619498.54%
iii)	Return on Equity	7.08%	181.14%
iv)	Return on Assets	7.05%	166.00%
v)	Net Profit per employee (Rs. In Million)	573.11	18,977.39

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2022

D) Investment

(Amount in Rs. Million)

Particulars	**Year ended March 31,2022**	**Year ended March 31, 2021**
1) Value of Investments		
i) Gross Value of Investments		
a) In India	26,174.13	27,160.70
b) Outside India	-	-
ii) Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii) Net Value of Investment		
a) In India	26,174.13	27,160.70
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 Rs. Million)*

Particulars	**Year ended March 31,2022**	**Year ended March 31, 2021**
i) Provision made towards Income tax and Deferred Tax	355.63	2,680.32
ii) Provision for Employees benefit	1.99	-

H) Maturity pattern of certain Assets & Liabilities :

(Amount in Rs. Million)

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	**10.93**	-	-	-	-	-	-	-	**26,163.20**	**26,174.13**
	(3.73)	(-)	(-)	(-)	(-)	(993.77)	(-)	(-)	(26,163.20)	(27,160.70)
Other payables	**2.32**	**15.46**	-	**114.62**	-	-	-	-	-	**132.40**
	(-)	(14.05)	**(-)**	(2,846.61)	(-)	(-)	(-)	(-)	(-)	(2,860.66)

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, 2022 and 31st March, 2021. Previous Years figures are disclosed in brackets.

29 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. 0.79 Million (31st March, 2021 : Rs. 0.40 Million) has been recognised under Office Rent in the statement of Profit and Loss.

30 Contingent liabilities (To the extent not provided for) *(Amount in Rs. Million)*

Particulars	**As at March 31,2022**	**As at March 31,2021**
Claims against the Company not acknowledged as debt		
Income Tax claims under appeal	35.72	35.72

31 Details of CSR Expenditure: (Amount in Rs. Million)

Particulars	**As at March 31,2022**	**As at March 31,2021**
a) Gross amount required to be spent by the Company during the year	3.97	111.72
b) amount of expenditure incurred	3.97	111.72
c) shortfall at the end of the year	-	-
d)total of previous years shortfall	-	-
e) The Company has spent the amount towards Eliminating proverty through its programme Targetting the hard core poor and Education in respect of Financial Literacy through the programe Bandhan Financial Literacy Programe.		
f) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	-	-
g) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately.	-	-

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2022

32 Employee Benefits

a) Defined Contribution Plan

(Amount in Rs. Million)

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Employer's Contribution to Provident Fund	0.33	0.24

b) Defined Benefit Plan - Gratuity

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The Plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

Associated Risks :

1) Interest rate risk : The defined benefit obligation calculated uses a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2) Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

3) Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

(Amount in Rs. Million)

Particulars	31st March 2022	31st March 2021
(A) Changes in Defined Benefit Obligation		
Present Value of Defined Benefit Obligation as at the beginning of the year	-	-
Current Service Cost	0.27	-
Past Service Cost - plan amendements	0.03	-
Present Value of Defined Benefit Obligation as at the end of the year	**0.30**	**-**
(B) Amount recognised in the Balance Sheet		
Present Value of Unfunded Obligation	0.30	-
Net (Assets)/ Liability recognised in the Balance Sheet	**0.30**	**-**
(C) Current and Non Current Liability and Asset		
Current Liabilities	0.00	-
Non Current Liabilities	0.30	-
	0.30	**-**

(D) Expense recognized in Statement of Profit and Loss **(Amount in Rs. Million)**

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Total Service Cost	0.27	-
Past Service Cost - plan amendements	0.03	-
Interest cost	-	-
Total Expense required to be recognized in Statement of Profit and Loss	**0.30**	**-**
(E) Expense recognized in the Other Comprehensive Income (OCI) for Currnet Year		
Net (Income)/ Expense for the period to be recognized in OCI	**-**	**-**

(F) Sensitivity Analysis **(Amount in Rs. Million)**

Particulars	As at 31st March 2022		As at 31st March 2021	
	% increase in DBO	Liability	% increase in DBO	Liability
Discount Rates				
+ 100 Basis Points	-10.20%	-0.03	-	-
- 100 Basis Points	11.90%	0.04	-	-
Salary Growth				
+ 100 Basis Points	11.60%	0.04	-	-
- 100 Basis Points	-10.20%	-0.03	-	-

(G) Maturity profile of Defined Benefit Obligation

Particulars	As at 31st March 2022	As at 31st March 2021
i) Year 1	0.00	-
ii) Year 2	0.00	-
iii) Year 3	0.00	-
iv) Year 4	0.00	-
v) Year 5	0.00	-
vi) Year 6 to Year 10	0.02	-
	0.02	**-**

(H) The principal assumptions used in determining gratuity obligations for the

Particulars	As at 31st March 2022	As at 31st March 2021
Discount rate (per annum)	7.00%	-
Salary increase (per annum)	8.80%	-
Withdrawal rate	8.00%	-
Martalility	Indian Assured Lives Mortality (2006-08)	-

BANDHAN FINANCIAL SERVICES LIMITED

Notes to Standalone Financial Statements as at and for the Year ended March 31, 2022

33. Maturity analysis of assets and liabilities **(Amount in Rs. Million)**

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, 2022			March 31, 2021		
	With in 12 months	After 12 Months	Total	With in 12 months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	14.57	-	14.57	13.99	-	13.99
Bank Balances other than Cash and cash equivalents	4,235.94	10.02	4,245.96	4,956.90	90.14	5,047.04
Investments	10.93	26,163.20	26,174.13	3.74	27,156.96	27,160.70
Other financial assets	-	-	-	-	-	-
Non-Financial assets						
Current tax assets (net)	-	2,043.10	2,043.10	-	2,042.66	2,042.66
Deferred tax assets (net)	-	4.59	4.59	-	0.93	0.93
Investment property	-	29.51	29.51	-	30.71	30.71
Property Plant & Equipment	-	0.11	0.11	-	0.17	0.17
Intangible Assets	-	0.33	0.33	-	0.50	0.50
Other non-financial assets	0.05	-	0.05	0.14	-	0.14
TOTAL - ASSETS	**4,261.49**	**28,250.86**	**32,512.35**	**4,974.77**	**29,322.07**	**34,296.84**
LIABILITIES						
Financial Liabilities						
Payables						
Other payables	132.40	-	132.40	2,860.66	-	2,860.66
Non-Financial Liabilities						
Provisions	0.97	1.02	1.99	-	-	-
Deferred tax liabilities (net)	-	-	-	-	-	-
Other non-financial liabilities	2.47	2.20	4.67	1.78	3.76	5.54
TOTAL - LIABILITIES	**135.84**	**3.22**	**139.06**	**2,862.44**	**3.76**	**2,866.20**

34. The Company had a term loan of Rs. 250 millions with Union Bank (erstwhile Corporation Bank) in earlier years which was fully repaid in 2016. The registration of charge satisfaction for the repaid loan with Registrar of Companies, Kolkata is outstanding as on March 31, 2022 due to a technical issue encountered by the Company on uploading of form CHG-04 in the earlier year. The Company is in the process of filing form INC-28 for obtaining a condonation of delay from the relevant authorities to regularize the matter.

35 Capital Management

The Company is a core investment company and maintains a capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). 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. 28 (C)**

36 During the year, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). Further, the Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries."

37 During the year , the Company has incurred Foreign Currency expenses of Rs. 0.47 million (Previous year : Rs. 0.17 million) towards Sitting Fees paid to Directors.

38 Event after reporting date

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

As per our report of even date

For Suresh Surana & Associates LLP
Chartered Accountants
(ICAI Firm Registration Number :- 121750W/W-100010)

Avilas Agarwal
Partner
(Membership Number : 062668)

Place : Kolkata
Date : June 21, 2022

For Bandhan Financial Services Limited

Arun Shrivastava	**Arivind Agrawal**
Chairman	Managing Director
Bhopal	Kolkata
DIN:06640892	DIN:02268683
Amrit Daga	**Biplab Kumar Mani**
Chief Financial Officer	Company Secretary
Kolkata	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 Holding Company"), and its subsidiary (the Company and its subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the consolidated financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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, 2022, their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows 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 (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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

The Holding Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Director's Report but does not include the consolidated financial statements and our auditor's report thereon. The Holding Company's Director's Report is expected to be made available to us after the date of this auditor's report.
Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated 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 consolidated financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with Governance as required under SA 720 "The Auditor's responsibility Relating to Other Information".
Management's Responsibilities for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are 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, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective management and 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 each Company and for preventing and detecting frauds and other irregularities; the 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 consolidated 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 management and Board of Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies in the Group are 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 the Company or to cease operations, or has no realistic alternative but to do so.
The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities 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 controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the adequate internal financial controls with reference to the consolidated financial statements 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 and Board of Directors.

- Conclude on the appropriateness of management's and Board of Directors 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 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of financial information of the Holding Company included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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 Holding Company 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.

Other Matters

We did not audit the financial statements of one subsidiary, whose consolidated financial statements reflect total assets of Rs. 2,37,666.60 million as at 31st March 2022, total revenues of Rs. 1,604.48 million and net cash outflows amounting to Rs. 2.41 million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of Rs. 2132.97 million for the year ended 31st March 2022, as considered in the consolidated financial statements, in respect of one associate company, whose financial statements have not been audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and associate, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

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 of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to presentation 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, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the 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 Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group is disqualified as on March 31, 2022 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 with reference to the consolidated financial statements of the Holding Company and its subsidiary and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Holding Company and the subsidiary company respectively. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the 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 amended, in our opinion and on the basis of the report of the statutory auditors of the subsidiary company and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company and its subsidiary to their 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 as at March 31, 2022 on the consolidated financial position of the Group. Refer note 33 to the consolidated financial statements.

ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended March 31, 2022.

iv. A) The respective Managements of the Company and its subsidiary has represented that, to the best of its knowledge and belief, as disclosed in the note 39 to the consolidated financial statements, no funds (which are material either individually or in aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and its subsidiary to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

B) The respective Managements of the Holding Company and its subsidiary has represented, that, to the best of it's knowledge and belief, as disclosed in the note 39 to the consolidated accounts, no funds (which are material either individually or in aggregate) have been received by the Holding Company or its subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

C) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us on the Holding Company and the statutory audit report of its subsidiary, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under A) and B) above, contain any material mis-statement.

v. Based on the audit procedures performed by us on the Holding Company and statutory audit report of its subsidiary, the interim dividend declared and paid by the Holding Company and its subsidiary during the year and until the date of this audit report is in accordance with section 123 of the Companies Act 2013.

2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Holding Company and the CARO report of its subsidiary issued by the auditors of the subsidiary company, we report that there are no qualifications or adverse remarks in these CARO reports.

For **Suresh Surana & Associates**
Chartered Accountants
(Firm's Registration No. 121750W/W-100010)

Place: Kolkata
Date: June 21st, 2022

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN – 22062668ALJMQP8374

Annexure- A to the Independent Auditors' Report
(Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of Bandhan Financial Services Limited 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 financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of **Bandhan Financial Services Limited** (hereinafter referred to as the "Company") and its subsidiary company which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Company's management and Board of Directors 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to the consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to the consolidated financial statements 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 with reference to the consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to the consolidated financial statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its Subsidiary Company with reference to the consolidated financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to the consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to the consolidated financial statements 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to the consolidated financial statements, 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 with reference to the consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to the consolidated financial statements 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 and its subsidiary 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, 2022, 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.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to a subsidiary company, is based on the corresponding reports of the auditors of such company. Our opinion is not modified in respect of this matter.

For **Suresh Surana & Associates**
Chartered Accountants
(Firm's Registration No. 121750W/W-100010)

Place: Kolkata
Date: June 21st, 2022

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN – 22062668ALJMQP8374

BANDHAN FINANCIAL SERVICES LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31,2022

(₹ in Million)

	Note	As at March 31,2022	As at March 31,2021
		Audited	Audited
ASSETS			
Financial Assets			
Cash and Cash Equivalents	2	15.02	47.13
Bank balances other than Cash and Cash Equivalents	3	37,169.77	31,011.37
Investments	4	2,04,750.38	2,12,001.27
Non-Financial assets			
Current tax assets (net)		2,045.38	2,044.55
Deferred tax assets (net)	5	4.62	-
Investment property	6	29.51	30.71
Property Plant and equipment	7	0.33	0.24
Other Intangible assets	8	0.65	0.98
Other Non-financial assets	9	0.09	0.16
Total Assets		**2,44,015.75**	**2,45,136.41**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Trade Payable	10		
Other Payable			
i) total outstanding dues of micro enterprises and small enterprises		0.05	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		170.26	2,878.73
Non-Financial Liabilities			
Deferred Tax Liabilities (net)	5	-	46.83
Provisions	11	3.32	-
Other Non-financial liabilities	12	8.15	6.48
Equity			
Equity Share Capital	13	1,278.21	1,278.21
Other Equity	14	2,42,555.76	2,40,926.16
		2,43,833.97	2,42,204.37
Total Liabilities and Equity		**2,44,015.75**	**2,45,136.41**
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 Suresh Surana & Associates LLP
Chartered Accountants
(Firm Registration Number :- 121750W/W-100010)

For Bandhan Financial Services Limited

Avilas Agarwal
Partner
(Membership Number : 062668)

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Place : Kolkata
Date : June 21,2022

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 21,2022

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022 (₹ in Million)

	Note	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from operations			
Interest Income	15	1,574.08	44,056.47
Fees & Commission Income	16	-	2,103.16
Profit on sale of stake in subsidiary and Fair Valuation of Retained Interest		-	2,08,787.28
Net Gain on Fair Value Changes	17	259.56	2,035.00
Total Revenue from Operation		1,833.64	2,56,981.91
Other income	18	1.56	352.61
Total income		**1,835.20**	**2,57,334.52**
Expenses			
Finance costs	19	-	17,040.30
Fees and Commission Expenses	20	-	68.21
Impairment on financial instruments	21	-	7,857.01
Loss on de-recognition of financial instrument	22	14.94	-
Employee benefits expense	23	24.29	5,549.89
Depreciation, amortisation and impairment	6,7 & 8	1.71	564.24
Other expenses	24	203.76	5,226.62
Total expenses		**244.70**	**36,306.27**
Profit before share of profit of Associate		**1,590.50**	**2,21,028.25**
Share of profit of Associate		2,132.97	**1,318.10**
Profit before tax		**3,723.47**	**2,22,346.35**
Tax expense	25	**743.84**	**18,661.47**
Current tax		795.29	19,661.56
Deferred tax credit (Net)		(51.45)	(1,000.09)
Profit for the year		**2,979.63**	**2,03,684.88**
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(0.32)	(79.33)
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI		-	(764.00)
Tax impact		0.08	212.25
Subtotal		(0.24)	(631.08)
(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)
tax impact		-	25.31
Subtotal		-	(75.25)
Other comprehensive income for the year (a + b)		(0.24)	(706.33)
Total Income for the year		**2,979.39**	**2,02,978.55**
Profit for the year			
Attributable to :			
Owners of the parent		2,979.63	1,99,862.14
Non - Controlling interest		-	3,822.74
Total Comprehensive income for the year			
Attributable to :			
Owners of the parent		2,979.39	1,99,431.63
Non - Controlling interest		-	3,546.92
Earnings per equity share	26		
[Face value of share ₹ 10 (March 31, 2021: ₹10)]			
Basic (Rs.)		23.31	1,563.61
Diluted (Rs.)		23.31	1,563.61
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 Suresh Surana & Associates LLP
Chartered Accountants
(Firm Registration Number :- 121750W/W-100010)

Avilas Agarwal
Partner
(Membership Number : 062668)

Place : Kolkata
Date : June 21,2022

For Bandhan Financial Services Limited

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 21,2022

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2022

(₹ in Million)

		Year ended March 31, 2022	Year ended March 31, 2021
A.	**Cash flows from operating activities**		
	Profit/ (loss) Before Tax	3,723.47	2,22,346.35
	Adjustments for:		
	Share of (Profit)/Loss of associate	(2,132.97)	(1,318.10)
	Profit on sale of stake in subsidiary and Fair Valuation of Retained Interest	-	(2,08,787.28)
	Depreciation, amortisation and impairment	1.71	564.24
	Impairment of Financial Instrument	-	7,809.08
	Loss on de-recognition of financial instrument	14.94	-
	Profit on sale of Fixed Assets	-	(0.01)
	Provision for depreciation in value of investments	-	5.09
	Provision for Employee Benefits and other contingencies	3.08	(31.51)
	Interest Income from fixed deposits	-	(967.49)
	Profit on sale of Investment	-	(472.67)
	Interest Income for Investments	-	(2,309.75)
	Net gain on Fair Value Changes	(259.56)	(189.93)
	Dividend from Associate `	644.12	-
	Amortisation of Premium on Govt. Securities	-	10.89
	Employee expenses on share based payments	-	360.56
	Interest expense on borrowings	-	149.66
	Operating profit before working capital changes	**1,994.79**	**17,169.12**
	Movements in working capital:		
	(Increase)/decrease in loans	-	(47,495.63)
	(Increase)/decrease in other financial assets	-	(5,980.77)
	(Increase)/decrease in other non-financial assets	0.07	(0.05)
	Increase/(decrease) in Deposits	-	52,650.30
	Increase/(decrease) in financial liabilities	(2,708.42)	6,433.26
	Increase/(decrease) in non-financial liabilities	1.67	(446.23)
	Cash generated from/ (used in) operations	**(711.89)**	**22,330.01**
	Direct taxes paid (Net of refunds)	(796.12)	(6,084.39)
	Net cash flow from/ (used in) operating activities (A)	**(1,508.01)**	**16,245.62**
B.	**Cash flows from investing activities**		
	Purchase of Property Plant Equipment and other Intangible and ROU Assets	(0.26)	(567.00)
	Sale of Property Plant Equipment	-	0.01
	Interest Income from Fixed Deposits	-	969.16
	Interest Income for Investments	-	2,283.93
	(Increase)/Decrease in Held to Maturity Investment	-	41,924.33
	Purchase of other investments	(356.40)	(79,348.59)
	Sale of other investments	9,340.74	2,952.78
	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	(6,128.11)	(28,891.16)
	Net cash flow from/ (used in) investing activities (B)	**2,855.97**	**33,044.51**
C.	**Cash flows from financing activities**		
	Repayment of Short Term Borrowings (Net)	-	1,202.84
	Proceeds from Long Term Borrowings (Net)	-	(1,241.19)
	Payment of Lease Liability	-	(379.46)
	Dividend paid including Tax	(1,349.79)	(51,827.62)
	Net cash flow from/ (used in) in financing activities (C)	**(1,349.79)**	**(52,245.43)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(1.83)**	**(2,955.30)**
	Cash and cash equivalents at the beginning of the year	16.85	83,619.21
	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	**15.02**	**16.85**
	Components of Cash and cash equivalents		
	Cash on hand	0.00*	0.00*
	Balances with banks	15.02	16.85
	Total Cash and cash equivalents	**15.02**	**16.85**

*Represents cash in hand of Rs. 2933 (March 31,2021 Rs. 3129)

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: As the Company is a core investment company, dividend received and interest earned are considered as part of cash flow from operating activities.

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

as per our report of even date	**For Bandhan Financial Services Limited**	
For Suresh Surana & Associates LLP		
Chartered Accountants		
(Firm Registration Number :- 121750W/W-100010)		
Avilas Agarwal	**Arun Shrivastava**	**Arivind Agrawal**
Partner	Chairman	Managing Director
(Membership Number : 062668)	Bhopal	Kolkata
	DIN:06640892	DIN:02268683
Place : Kolkata	**Amrit Daga**	**Biplab Kumar Mani**
Date : June 21,2022	Chief Financial Officer	Company Secretary
	Kolkata	Kolkata
	Date : June 21,2022	

BANDHAN FINANCIAL SERVICES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

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
Changes in equity share capital	-	-
Balance as at March 31, 2021	**12,78,21,101**	**1,278.21**
Changes in equity share capital	-	-
Balance as at March 31, 2022	**12,78,21,101**	**1,278.21**

B. Other Equity *(₹ in Million)*

	Reserve & Surplus								Other Comprehensive Income(OCI)			Total other equity
	Statutory Reserve	Statutory Reserve U/S 36(1)(VIII) OF Income Tax Act 1961	General Reserve	Capital Reserve	Securities Premium	Employee Stock Options Outstanding Account	Others - Investment Fluctuation Reserve	Retained Earnings	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,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	-	-	-	-		-	-	(51,827.62)	-	-	-	(51,827.62)
Transfer to/from retained earnings	32,794.37	-	-	-	-	-	-	(32,794.37)	-	-	-	-
Adjustment on account of Change in Control	(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**
Profit/(Loss) for the year	-	-	-	-	-	-	-	2,979.63	-	-	-	2,979.63
Other Comprehensive Income for the year	-	-	-	-	-	-	-	-	(0.24)	-	-	(0.24)
Distribution of Dividend (Note B.1)	-	-	-	-		-	-	(1,349.79)	-	-	-	(1,349.79)
Transfer to/from retained earnings	906.42	-	-	-	-	-	-	(906.42)	-	-	-	-
Balance as at March 31, 2022	**38,571.90**	**-**	**2,651.42**	**-**	**11,971.05**	**-**	**-**	**1,89,361.63**	**(0.24)**	**-**	**-**	**2,42,555.76**

Note-B.1 : Dividend represents interim dividend paid by the company 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.Appropriation from this reserve fund is permitted only for the purpose specified by RBI.

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.Appropriation from this reserve fund is permitted only for the purpose specified by RBI.

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 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 represents accumulated profits earned by the group and remaining undistributed as on date. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013 and rules & regulations notified by the Reserve Bank of India."

Note-B.6 : Re-measurements of net defined benefit plans : Actuarial Gain/ Loss on change in assumption of actuarial valuation of Employee Benefit.

For Suresh Surana & Associates LLP
Chartered Accountants
(Firm Registration Number :- 121750W/W-100010)

For Bandhan Financial Services Limited

Avilas Agarwal
Partner
(Membership Number : 062668)

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Place : Kolkata
Date : June 21,2022

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 21,2022

Biplab Kumar Mani
Company Secretary
Kolkata

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

1 Significant Accounting Policies for the year ended March 31, 2022

A. Corporate information

Bandhan Financial Services Limited ("the Company") is a public company having its registered office at DN-32, Sector V, Salt Lake City, Kolkata-700091. It was engaged in microfinance activities for providing financial assistance to poor women till August 22, 2015.

Pursuant to the Banking license received from RBI on June 17, 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 August 23, 2015. Subsequent to such transfer, the Company is not carrying out any microfinance activities. The Company currently operates as a Non- Deposit Taking Core Investment Company registered with the RBI vide Certificate No. B-05.05841 dated September 21, 2017.

In compliance with the RBI guidelines for licensing of new banks in the private sector dated February 22, 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 which in turn is the investing company of 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 Section 133 of the Companies Act. 2013 ("the Act"), read with 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 August 3, 2020, in determining the BFHL's share of profit in BBL, a line-by-line method under IND AS-110 is followed till August 2 , 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

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.

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
The financial statements of the following subsidiary companies have been considered for consolidation:

Name of Entity	Relationship	Country of Incorporation	March 31,2022 % of holding	March 31,2021 % of holding
Bandhan Financial Holdings Limited	Subsidiary	India	100%	100%
Bandhan Bank Limited	Associate (with Effect from August 3,2020),Subsidiary (Upto August 2,2020)	India	39.99%	39.99%

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.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

The Group prepares 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.

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

► 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

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

(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
(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 2021-22 and FY 2020-21.

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 assets 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

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 Group 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 Group 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 Group 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.

Interest income from fixed deposits

Revenue from interest on bank deposits are recognized on accrual 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 Group'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

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 comprise cash on hand and cash at bank, including demand deposits and time deposits with original maturity period of three months or less and short-term highly liquid investments with an original maturity of three months or less which are subject to insignificant risk of changes in value.

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 shown in the balance sheet consists of assets used in operations. Assets used in operations are those used in the provision of services or for administrative purposes.

PPE held for use are stated in the balance sheet at acquisition cost or construction cost less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

PPE will be recognised when it is probable that future economic benefits associated with the item is expected to flow to the Group and the cost of the item can be measured reliably. Expenditure incurred after the PPE have been put into operations, such as repairs and maintenance expenses are charged to the Statement of Profit and Loss during the period in which they are incurred.

An item of property, plant and equipment will be derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and will be recognised in the statement of profit and loss.

Depreciation and Amortisation

Depreciation will be recognised using written down value method so as to write off the cost of the assets (other than freehold land) less their residual values over their estimated useful lives specified in Schedule II to the Act, or in case of assets where the estimated useful life was determined by technical evaluation, over the useful life so determined. Depreciation method will be reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values will also be reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value will be recognised on prospective basis. PPE, individually costing less than Rupees five thousand, are fully depreciated in the year of purchase. Depreciation for additions to/deductions from, owned assets will be calculated pro rata to the period of use. Freehold land will not be depreciated. Leasehold land will be amortised over the duration of the lease. The useful life of the property, plant and equipment and investment property held by the Group are as follows:

ASSET	Useful Life
Premises-Building	5 to 60 years
Computers	3 years

C.14.B Intangible Assets :

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination,if any, is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment, whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modifythe amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss, unless such expenditure forms part of carrying value of another asset. Intangible assets are amortised on a written down value over their estimated useful lives.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

Intangible Assets and their useful lives are as under:

Asset	Estimated Useful Life
Computer Software	3 years

The estimated useful lives of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any

C.14.C Investment Property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.
The cost includes the cost of replacing parts and borrowing costs for long-term construction projects, if the recognition criteria are met. When significant parts of the investment properties are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Statement of Profit and Loss, as incurred.

The Group, based on technical assessment made by the Management, depreciates the building over estimated useful lives as prescribed by Schedule II of the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.
Though the Group measures investment property, using cost-based measurement, the fair value of investment property is disclosed in Note No. 6.

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

Remeasurements, comprising of actuarial gains and losses 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.

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.

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 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

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.

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.

H Statement of Cash Flows

The Statement of Cash Flows are reported using the indirect method, whereby the net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The Statement of Cash Flows from operating, investing and financing activities of the Group are segregated.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

2. Cash and Cash Equivalent (₹ in Million)

		As at March 31, 2022	As at March 31, 2021
I.	Cash in hand	0.00*	0.00*
II.	Balance with other banks-		
	in Current Accounts	15.02	16.85
	in Deposit Accounts with original maturity within three months	-	30.28
	Total	**15.02**	**47.13**

*Represents cash in hand of Rs. 2933 (March 31,2021 Rs. 3129)

3. Bank Balances other than Cash and cash equivalents

		As at March 31, 2022	As at March 31, 2021
	Balance with Bank having original maturity exceeding three months	37,169.77	31,011.37
	Total	**37,169.77**	**31,011.37**

4. Investments (₹ in Million)

	At cost	At Fair Value			Others	Total
		Through profit and loss account	Designated at fair value	Subtotal		
As at March 31, 2022						
In India						
Equity instruments (Quoted)	-	-	-	-	-	-
Share in Associate	2,04,640.65	-		-	-	2,04,640.65
Investment in Debt Instrument (measured at FVTPL)						
Mutual fund units	-	109.73	-	109.73	-	109.73
Total- Gross	2,04,640.65	109.73	-	109.73	-	2,04,750.38
Less: Impairment Loss Allowance	-	-	-	-	-	-
Total Net	**2,04,640.65**	**109.73**	**-**	**109.73**	**-**	**2,04,750.38**
As at March 31, 2021						
In India						
Investment in Debt Instrument (measured at Amortised Cost)						
Government securities	993.78	-	-	-	-	993.78
Equity instruments (Quoted)		-	-	-	-	-
Share in Associate	2,03,151.80	-		-	-	2,03,151.80
Investment in Debt Instrument (measured at FVTPL)						
Mutual fund units	-	7,855.69	-	7,855.69	-	7,855.69
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**

5. Deferred tax (net) (₹ in Million)

	As at March 31, 2022	As at March 31, 2022	As at March 31, 2022	March 31, 2021	March 31, 2021	March 31, 2021
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Depreciation on Property plant and equipment & other intangible assets	-	1.95	(1.95)	0.02	1.82	(1.80)
Unabsorbed Short Term Capital Loss	6.30	-	6.30	-	-	-
Post employment benefits	0.52	-	0.52	-	-	-
Provision for depreciation in value of investments	-	0.25	(0.25)	2.75	47.78	(45.03)
Total	**6.82**	**2.20**	**4.62**	**2.77**	**49.60**	**(46.83)**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

6. Investment Property **(₹ in Million)**

	As at March 31, 2022	As at March 31, 2021
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	7.46	6.19
Depreciation charge	1.20	1.27
Closing accumulated depreciation	8.66	7.46
Net carrying amount	**29.51**	**30.71**

The fair value of investment property as at March 31, 2022 has been arrived at Rs. 33.73 Million (Rs. 35.03 Million), on the basis of valuation carried out by an independent valuer. 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, 2022	As at March 31, 2021
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	(1.20)	(1.27)
Profit from investment property	**0.36**	**0.29**

(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:

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
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	2.19	3.75
- Later than five years	-	-
Total minimum lease payments recognised in the Profit and loss account	1.56	1.56

7. Property, Plant and Equipment ***(₹ in Million)***

	As at March 31, 2022	As at March 31, 2021
Computer Hardware		
Gross carrying value at the beginning of the year	0.51	0.35
Additions	0.26	0.15
Gross carrying value at the end of the year	**0.77**	**0.50**
Accumulated depreciation as at the beginning of the year	0.26	0.01
Depreciation for the year	0.18	0.25
Accumulated depreciation as at the end of the year	**0.44**	**0.26**
Net carrying amount as at the end of the year	**0.33**	**0.24**

8. Other Intangible assets ***(₹ in Million)***

	As at March 31, 2022	As at March 31, 2021
Computer Software		
Gross carrying value at the beginning of the year	1.04	0.05
Additions	-	0.99
Gross carrying value at the end of the year	**1.04**	**1.04**
Accumulated amortization :		
At beginning of the year	0.06	0.01
Amortisation for the year	0.33	0.05
Disposals	-	-
Total amortization	**0.39**	**0.06**
Net Carrying amount	**0.65**	**0.98**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

9. Other Non-Financial Assets

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Prepaid Expenses	0.07	0.13
Others	0.02	0.03
Total	**0.09**	**0.16**

10. Other Payables (at Amortised Cost)

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	0.05	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
-Payable for Donation and Corporate Social Responsibility (CSR)	120.91	2,852.99
-Payable for others	49.35	25.74
Total	**170.31**	**2,878.73**

11. Provisions

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Provisions for employee benefits	3.32	-
Total	**3.32**	**-**

12. Other Non-financial liabilities

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Statutory Liabilities	4.17	1.17
Rent Received in Advance	3.76	5.31
Income tax Refund	0.22	-
Total	**8.15**	**6.48**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

13. Equity Share Capital

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Authorised equity share 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		
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 year. (₹ in Million)

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares 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 Shares at the end of year	**12,78,21,101**	**1,278.21**	**12,78,21,101**	**1,278.21**

For the period of five years immediately preceding the date at which the Balance Sheet is prepared, the Company has a) not allotted any shares other than for cash, b) not allotted any shares by way of bonus, c) not bought back any shares.

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

Name of share holder	As at March 31, 2022		As at March 31, 2021	
	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) Details of Shareholding of Promoters

		As at March 31, 2022			As at March 31, 2021		
Sl. No.	Promoter Name	No. of Shares held	% of Holding	% change during the year	No. of Shares held	% of Holding	% change during the year
1	Financial Inclusion Trust	4,20,61,424	32.91%	-	4,20,61,424	32.91%	-
2	North East Financial Inclusion Trust	1,00,00,000	7.82%	-	1,00,00,000	7.82%	-

(iv) 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.

14. Other Equity

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Statutory Reserve	38,571.90	37,665.48
General Reserve	2,651.42	2,651.42
Securities Premium	11,971.05	11,971.05
Retained Earnings	1,89,361.63	1,88,638.21
Remeasurement gain/(loss) on defined benefit plan	(0.24)	-
	2,42,555.76	**2,40,926.16**

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

15. Interest income

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
At amortised cost		
Interest on loans	-	39,218.16
Interest income from investments	42.62	3,149.81
Interest on deposit with banks	1,531.46	1,456.26
Other interest income	-	232.24
Total	**1,574.08**	**44,056.47**

15.1 Detail of Interest Income

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Income on financial instruments classified at amortised cost	1,531.46	43,216.89
Income on financial instruments classified at FVTPL	42.62	18.30
Income on financial instruments classified at FVOCI	-	821.28
Total	**1,574.08**	**44,056.47**

16. Fees & Commission Income

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Fees & Commission Income	-	2,103.16
Total	**-**	**2,103.16**

17. Net gain/ (loss) on fair value changes

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Net gain/ (loss) on financial instruments at fair value through statement of profit and loss :-		
On trading portfolio		
- Realised	-	1,819.00
- Un realised	-	(5.09)
Derivative	-	(17.00)
On others		
- Realised	258.54	48.16
- Un realised	1.02	189.93
Total	**259.56**	**2,035.00**

18. Other income

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Monthly Rental received	-	24.34
Mechant Discount Income	-	60.03
Bad Debt Recovery	-	50.51
Others	1.56	217.73
Total	**1.56**	**352.61**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

19. Finance Cost

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
On Financial liabilities measured at Amortised cost		
-Interest on deposits	-	12,551.26
-Interest on borrowings (inter-bank) and RBI	-	556.32
-Interest on debt securities	-	150.15
-Interest on subordinated liabilities	-	77.68
-Other interest expense	-	3,704.89
Total	**-**	**17,040.30**

20. Fees & Commission Expenses

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Fees and commission expense	-	68.21
Total	**-**	**68.21**

21. Impairment on financial instruments

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
On Financial instruments measured at Amortised Cost -		
-On advances	-	7,809.05
-On investments	-	(0.20)
-On other assets	-	48.16
Total	**-**	**7,857.01**

22. Loss on de-recognition of financial instrument

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Loss on de-recognition of financial instrument at amortised cost	14.94	-
	14.94	**-**

23. Employee benefit Expenses

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Salaries and wages including bonus	22.35	5,268.42
Contribution to Provident Fund	0.33	243.63
Post employment benefits	1.61	(79.33)
Employee Share Based Payments	-	117.17
Total	**24.29**	**5,549.89**

24. Other expenses

(₹ in Million)

	Year ended March 31, 2022	Year ended March 31, 2021
Rent, Rates,taxes and energy costs	1.62	281.17
Repairs and maintenance	-	26.06
Communication Costs	0.28	107.00
Printing and stationery	-	46.00
Advertisement and publicity	-	166.00
Director’s fees, allowances and expenses	4.36	12.24
Auditor’s fees and expenses	2.53	2.76
Legal and Professional charges	73.19	58.13
Insurance	0.31	342.38
Donation Expenses	110.72	2,842.64
CSR Expenses	10.20	248.65
IT Operating expenses	-	283.75
Other expenditure	0.55	809.84
Total	**203.76**	**5,226.62**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended March 31, 2022

25. Tax Expenses

The major components of income tax expense for the year ended March 31, 2022 **(₹ in Million)**

	As at March 31, 2022	As at March 31, 2021
(a) Profit & Loss Section		
Current Income Tax Expenses	795.29	19,656.94
Adjustments in respect of current income tax of previous year	-	4.62
Deferred tax:		
Relating to origination & Reversal of temporary difference	(51.45)	(1,000.09)
	743.84	**18,661.47**
(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	(0.08)	(19.97)
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI	-	(192.28)
(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)
Income tax expense reported in the other comprehensive income [(i)+(ii)]	**(0.08)**	**(237.56)**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 **(₹ in Million)**

	As at March 31, 2022	As at March 31, 2021
Accounting profit before income tax	1,590.50	2,21,028.25
Tax thereon at statutory Income Tax rate	400.30	55,628.39
Effect of Incomes which are taxed at different rates	112.66	(12,667.54)
Effect of Non deductible expenses	34.78	778.14
Effect of favourable addbacks	196.10	(25,631.52)
Tax Adjustment prior Periods	-	554.00
Net Tax liability	**743.84**	**18,661.47**

26 Earnings Per Share

(₹ in Million)

	As at March 31, 2022	As at March 31, 2021
Profit attributable to Equity	2,979.63	1,99,862.14
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 ₹)	23.31	1,563.61

27. 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, 2022

Name of the entity	Net Assets, i.e., total assets		Share in profit or loss		Share in other comprehensive		Share in total comprehensive	
	As % of consolidated net assets	Amount (Rs. in Million)	As % of consolidated net Profit	Amount (Rs. in Million)	As % of Other Comprehenvise Income	Amount (Rs. in Million)	As % of consolidated net assets	Amount (Rs. in Million)
Investing Company								
Bandhan Financial Services Limited	2.55%	6,210.09	-10.11%	(301.16)	0.00%	-	-10.11%	(301.16)
Subsidiary								
Bandhan Financial Holdings Limited	13.53%	32,983.23	38.52%	1,147.85	100.00%	(0.24)	38.52%	1,147.61
Associate								
Bandhan Bank Limited	83.93%	2,04,640.65	71.59%	2,132.97	0.00%	-	71.59%	2,132.97

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2022

28 Fair value measurement

28.1 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 :

28.2 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.

28.3 Valuation Technique

The fair value of the financial assets and liabilities is 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 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.

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.

28.4 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-22	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Mutual Funds	109.73	-	-	109.73
	109.73	**-**	**-**	**109.73**

31-Mar-21	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in Government Securities	993.78	-	-	993.78
Investment in Mutual Funds	7855.69	-	-	7,855.69
	8,849.47	**-**	**-**	**8,849.47**

29 Related Party Transactions

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 August 3,2020), Subsidiary Company (Upto August 2,2020)
Key Management Personnel	
Mr. Chandra Shekhar Ghosh	Managing Director & Chief Executive Officer, Bandhan Bank Ltd
Mr. Karni Singh Arah	Managing Director, Bandhan Financial Holdings Limited (with effect from October 27,2021)
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. (upto September 27,2021)
Mr. Debasis Mukhopadhyay	Chief Financial Officer, Bandhan Financial Holdings Ltd.
Mr. Abhinay Shaw	Company Secretary, Bandhan Financial Holdings Ltd.
Ms. Asoka Chatterjee	Managing Director (upto March 6,2021)
Mr. Amrit Daga	Chief Financial Officer
Mr. Biplab Kumar Mani	Company Secretary (from November 26,2020)
Mr. Gaurav Mishra	Company Secretary (upto May 31,2020)
Non-executive / Independent directors	
Mr. Arun Shrivastava	Independent Director (with effect from June 21,2021).
Mr. Subrata Mandal	Independent Director (with effect from June 21,2021).
Mr. Pankaj Sood	Nominee Director of Caladium Investment Pte. Ltd.
Ms. Hullya Kefeli	Nominee Director of International Finance Corporation (with effect from November 26,2020).
Mr. Shri Ram Meena	Nominee Director of Small Industries Development Bank of India.
Mr. Arindam Banik	Non Executive Director (with effect from February 3,2021).
Mr. Amit Kumar Hazra	Non Executive Director (with effect from June 21,2021).
Mr. Asit Pal	Independent Director (upto June 28,2021)
Mr. V P Singh	Independent Director (upto March 31,2021)
Mr. Yogesh Chand Nanda	Non Executive Director (upto June 21,2021)
Mr. Ranodeb Roy	Independent Director (upto March 31,2021)

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, 2022 (₹ in million)

Particulars	Associate	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits given	28,295.20	-	-	28,295.20
	(19,244.38)	(-)	(-)	(19,244.38)
Investment in Equity Share	2,04,640.65	-	-	2,04,640.65
	(2,03,151.80)	(-)	(-)	(2,03,151.80)

iii) Transactions during the year ended 31st March, 2022 (₹ in million)

Particulars	Associate	Key Management Personnel	Relatives of Key Management Personnel	Total
Interest expenditure	-	-	-	-
	(-)	(0.10)	(0.50)	(0.60)
Interest Income	1,113.30	-	-	1,113.30
	(610.67)	(-)	(-)	(610.67)
Office Rent	0.74			0.74
	(-)	(-)	(-)	(-)
Remuneration	-	18.50	-	18.50
	(-)	(24.96)	(3.54)	(28.50)
Stock options exercised during the year*	-	-	-	-
	(-)	(0.42)	-	(0.42)
Other reimbursements	-	0.02	-	0.02
	(-)	(0.01)	(0.02)	(0.03)
Sitting Fees Paid	-	1.77	-	1.77
	(-)	(1.22)	-	(1.22)

Previous year figures are shown in"()".
*Options vested & exercised under Employee Stock Option Plan Series 1 issued by the subsidiary Bandhan Bank Limited.

Details of Remuneration paid to Key managerial personnel (Rs. in million)

Particulars	Key Management Personnel	Relatives of Key Management Personnel
Mr. Chandra Shekhar Ghosh	- (6.82)	- (-)
Mr. Sunil Samdani	- (3.54)	- (-)
Mr. Indranil Banerjee	- (1.75)	- (-)
Mr. Karni Singh Arah	4.82 (-)	- (-)
Mr. Amrit Daga	4.74 (4.20)	- (-)
Mr. Debasis Mukhopadhyay	3.73 (3.53)	- (-)
Mr. Biplab Kumar Mani	2.96 (0.91)	- (-)
Mr. Abhinay Shaw	1.27 (1.15)	- (-)
Ms. Asoka Chatterjee	- (1.12)	- (-)
Mr. Gaurav Mishra	- (0.22)	- (-)
Ms. Priyanka Gathani	0.99 (1.72)	- (-)
Mr. Dibakar Chandra Ghosh	- (-)	- (2.32)
Mr. Vaskar Chandra Ghosh	- (-)	- (1.22)

Sitting Fees paid to non-executive / independent directors

Particulars	(Rs. in million)
Mr. Arun Shrivastava	0.30 (-)
Mr. Subrata Mandal	0.33 (-)
Mr. Pankaj Sood*	0.29 (0.12)
Ms. Hullya Kefeli*	0.21 (0.06)
Mr. Shri Ram Meena*	0.06 (0.09)
Mr. Arindam Banik	0.27 (0.03)
Mr. Amit Kumar Hazra	0.18 (-)
Mr. Asit Pal	0.12 (0.29)
Mr. V P Singh	- (0.26)
Mr. Yogesh Chand Nanda	0.02 (0.24)
Mr. Ranodeb Roy	- (0.14)

* Sitting Fees have been paid to respective nominee companies of the directors.

30 Maturity pattern of items of assets and liabilities

(₹ in million)

Particulars	31-Mar-22			31-Mar-21		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalent and other bank balances	31,400.51	5,784.28	**37,184.79**	29,658.50	1,400.00	**31,058.50**
Investment	109.72	2,04,640.66	**2,04,750.38**	7,855.69	2,04,145.58	**2,12,001.27**
	31,510.23	**2,10,424.94**	**2,41,935.17**	**37,514.19**	**2,05,545.58**	**2,43,059.77**
Non-Financial assets						
Current tax assets	2.28	2,043.10	**2,045.38**	1.89	2,042.66	**2,044.55**
Deferred tax assets	(1.93)	6.55	**4.62**	-	-	**-**
Investment Property	-	29.51	**29.51**		30.71	**30.71**
Property, plant and equipment	-	0.33	**0.33**	-	0.24	**0.24**
Other intangible assets	-	0.65	**0.65**	-	0.98	**0.98**
Other non-financial assets	0.05	0.04	**0.09**	0.09	0.07	**0.16**
	0.40	**2,080.18**	**2,080.58**	**1.98**	**2,074.66**	**2,076.64**
Total	**31,510.63**	**2,12,505.12**	**2,44,015.75**	**37,516.17**	**2,07,620.24**	**2,45,136.41**
Financial Liabilities						
Other payable	170.31		**170.31**	2,878.73	-	**2,878.73**
	170.31	**-**	**170.31**	**2,878.73**	**-**	**2,878.73**
Non Financial Liabilities						
Deferred tax liabilities	-	-	**-**	49.60	(2.77)	**46.83**
Provisions	0.97	2.35	**3.32**	-	-	**-**
Other Non Financial Liabilities	5.73	2.42	**8.15**	2.72	3.76	**6.48**
	6.70	**4.77**	**11.47**	**52.32**	**0.99**	**53.31**
Total	**177.01**	**4.77**	**181.78**	**2,931.05**	**0.99**	**2,932.04**

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2022

31 Employee Benefits

a) Defined Contribution Plan

Particulars	Year Ended 31st March 2022	Year Ended 31st March 2021
Employer's Contribution to Provident Fund	0.33	0.24

b) Defined Benefit Plan - Gratuity

The Gratuity scheme is a salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit.

Associated Risks :

1) Interest rate risk : The defined benefit obligation calculated uses a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

2) Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation.

3) Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Particulars	31st March 2022	31st March 2021
(A) Changes in Defined Benefit Obligation		
Present Value of Defined Benefit Obligation as at the beginning of the year	-	-
Current Service Cost	0.36	-
Past Service Cost - plan amendements	0.03	-
Interest Cost	-	-
Acturial (Gains)/ Loss	0.32	-
Benefit payments from employer	-	-
Present Value of Defined Benefit Obligation as at the end of the year	**0.71**	**-**
(B) Amount recognised in the Balance Sheet		
Present Value of Unfunded Obligation	0.71	-
Net (Assets)/ Liability recognised in the Balance Sheet	**0.71**	**-**
(C) Current and Non Current Liability and Asset		
Current Liabilities	0.16	-
Non Current Liabilities	0.55	-
	0.71	**-**

(D) Expense recognized in Statement of Profit and Loss

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2021
Total Service Cost	0.36	-
Past Service Cost - plan amendements	0.03	-
Interest cost	-	-
Total Expense required to be recognized in Statement of Profit and Loss	**0.39**	**-**
(E) Expense recognized in the Other Comprehensive Income (OCI) for Currnet Year		
Remeasurements - Due to Experience Adjustments	0.32	-
Net (Income)/ Expense for the period to be recognized in OCI	**0.32**	**-**

(E) Maturity profile of Defined Benefit Obligation

Particulars	As at 31st March 2022	As at 31st March 2021
i) Year 1	0.17	-
ii) Year 2	0.00	-
iii) Year 3	0.00	-
iv) Year 4	0.00	-
v) Year 5	0.00	-
vi) Year 6 to Year 10	0.34	-
vi) More than Year 10	0.35	
	0.86	**-**

(I) The principal assumptions used in determining gratuity obligations for the

Particulars	As at 31st March 2022	As at 31st March 2021
Discount rate (per annum)	7.00% to 7.32%	
Salary increase (per annum)	7.80% to 8.80%	
Withdrawal rate	8.00%	
Martalility	Indian Assured Lives Mortality (2006-08) Ultimate.	

32 Risk Management Framework

The Holding 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 and Associate, 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 and Associate. The group is exposed to credit risk, liquidity risk and market risk.

i. Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations leading to a financial loss to the Group. Credit risk primarily arises from cash equivalents, financial assets measured at amortised cost, financial assets measured at FVTPL .

Financial assets represented substantially by investments, the Company and its subsidiary has an investment policy which allows to invest only with Govt. Securities and Money market instruments. The Company review these investment on regular basis. Further, Investment in subsidiary and associate are reviewed by Board of Directors at regular intervals.

ii. Liquidity Risk

The Group's principal sources of liquidity are cash and cash equivalents, investments in money market instruments and cash flows that are generated from operations. The Company believes that its working capital is sufficient to meet the financial liabilities within maturity period.

iii. Other risk (Market Risk)

The group has deployed part of its surplus funds in money market instruments. The Company is exposed to price risk on such investments; which arises on account of movement in interest rates, liquidity and credit quality of underlying securities.

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 group'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 group 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 group's financial and other reporting practices, internal control, and compliance with laws, regulations, and ethics. From risk management perspective, it reviews the adequacy of group's risk management policies, processes and report the matter to the Board of Directors.

33 Contingent Liability.

Details of contingencies of the group are as follows :

(₹ in million)

Particulars	**Year Ended March 31, 2022**	**Year Ended March 31, 2021**
Liability on account of Income tax matters	35.72	35.72

34 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.

34.1 Capital management

The primary objectives of the Group's capital management policy is 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.

35 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, 2022 & March 31,2021 pursuant to the dilution of stake in Bandhan Bank Limited, 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 and March 31, 2021.

BANDHAN FINANCIAL SERVICES LIMITED

Notes to the Standalone Financial Statements as at and for the year ended 31st March, 2022

36 Estimated amount of Commitment towards "Share Purchase Agreement (SPA)" remaining to be executed and not provided for is within the range of Rs. 32,000 millions.

37 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 previous 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 erstwile 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 erstwile subsidiary is henceforth considered as an investment in an associate.

38 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.

39 During the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the group to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”) with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the group (Ultimate Beneficiaries). Further, the group has not received any fund from any party(s) (Funding Party) with the understanding that the group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the group (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the funding party.”

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

For Suresh Surana & Associates LLP
Chartered Accountants
(Firm Registration Number :- 121750W/W-100010)

Avilas Agarwal
Partner
(Membership Number : 062668)

Place : Kolkata
Date : June 21,2022

For Bandhan Financial Services Limited

Arun Shrivastava
Chairman
Bhopal
DIN:06640892

Arivind Agrawal
Managing Director
Kolkata
DIN:02268683

Amrit Daga
Chief Financial Officer
Kolkata
Date : June 21,2022

Biplab Kumar Mani
Company Secretary
Kolkata