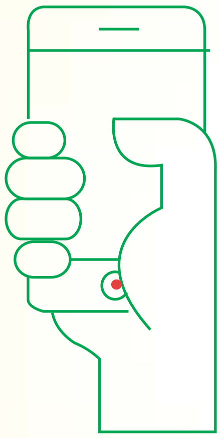
Bandhan Group

Bandhan
Financial Services Ltd.



2022-23 ANNUAL REPORT

INSPIRING SYNERGIES

Corporate Information…

Board of Directors

Mr. Arun Shrivastava
Chairman
Independent Director

Mr. Arvind Agrawal
Managing Director
(w.e.f. 08.04.2022)

Mr. Subrata Mandal
Independent Director

Mr. Pankaj Sood
Nominee Director
Caladium Investment Pte. Ltd

Ms. Hulya Kefeli
Nominee Director
International Finance Corporation

Mr. Arup Kumar
Nominee Director
Small Industries Development Bank of India
(w.e.f. 30.3.2023)

Dr. Arindam Banik
Non-Executive Director

Prof. Amit Kumar Hazra
Non- Executive Director

Mr. Sanjay Goyal
Nominee Director
Small Industries Development Bank of India
(appointed w.e.f. 21.06.2022 upto 30.3.2023)

Mr. Shri Ram Meena
Nominee Director
Small Industries Development Bank of India
(upto 21.06.2022)

Chief Financial Officer
Mr. Amrit Daga

Company Secretary
Mr. Biplab Kumar Mani

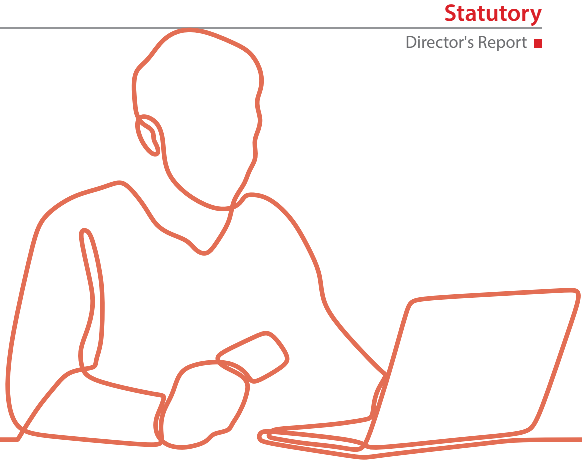
Registered Office
DN-32, Sector -V, Salt Lake City
Kolkata – 700091
CIN-U70101WB1995PLC073339
Phone – 033 4068 3134
Email – info@bandhangroup.com
Website – www.bandhangroup.com

Corporate Office
Adventz Infinity@5, BN Block, Unit-507,
5th Floor, Sector-V, Salt Lake,
Kolkata – 700 091

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



Director's Report

TO THE MEMBERS,

Your Directors take great pleasure in presenting the Twenty Eighth Annual Report on the business and operations of your Company together with the financial statements for the financial year ended March 31, 2023.

FINANCIAL RESULTS

(Rs. In Million except EPS)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from Operations	281.81	2822.76	2432.54	1833.64
Other Income	12.32	1.56	15.40	1.56
Total Income	294.13	2824.32	2447.94	1835.20
Profit before share of profit of Associate	233.55	2648.07	1727.82	1590.50
Share of profit of Associate	-	-	9614.73	2132.97
Profit before Tax	233.55	2648.07	11342.55	3723.47
Tax Expenses	63.75	355.63	445.09	743.84
Profit for the year	169.80	2292.44	10897.46	2979.63
Other Comprehensive Income	0.03	-	180.49	(0.24)
Total Comprehensive Income Attributable to :	169.77	2292.44	11077.95	2979.39
a) Owner of the parent	169.77	2292.44	11076.12	2979.39
b) Non-Controlling interest	-	-	1.83	-
EPS (Basic)	1.33	17.93	85.25	23.31
EPS (Diluted)	1.33	17.93	85.25	23.31

PERFORMANCE OF THE COMPANY

Your Company is registered with RBI as NBFC-CIC-ND-SI with effect from 21st September, 2017 vide registration number B-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, 2023, BFHL holds 39.99% shares of the Bandhan Bank Limited.

During the financial year under review, the standalone revenue was Rs 281.81million as compared to Rs. 2822.76 million of the previous financial year. The profit after tax was Rs.169.80 million as compared to Rs.2292.44 million of the previous financial year. The Revenue/Profit of the Company included dividend income of the current financial years was Rs. Nil as compare to Rs. 2593.60 million in the previous financial year.

The Consolidated revenue for FY 2022-2023, includes revenue of Rs. 609.59 Million from Bandhan AMC after its acquisition. Hence, figures are not comparable with previous financial year. The Consolidated Profit has increased to Rs. 10897.46 million from Rs. 2979.63 million, mainly on account of increase in share of profit of Associate (Bandhan Bank Ltd.) from Rs. 2132.97 million to Rs. 9614.73 million.

Director's Report

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.

DIVIDEND

On June 30, 2023, the Board of Directors of the Company recommended a final dividend of 7.9% (Re. 0.79) per share on 12,78,21,101 equity shares of the Company, aggregating to Rs. 100.98 Million (Rupees Hundred point Ninety Eight million only) from the profits of the Company.

TRANSFER TO RESERVES

In terms of the RBI Guidelines, your Company has transferred Rs. 33.96 million (Rupees Thirty Three point Ninety six million only) to the statutory reserve during the financial year ended March 31, 2023.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR) stood at 208.76%**,** well above the regulatory minimum requirement of 15%, of this, Tier I CAR was 208.76 **%.**

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, 2023.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANY

Bandhan Financial Holdings Limited ('**BFHL**'/'**NOFHC**') is the wholly owned subsidiary of the Company as on March 31, 2023. As on March 31, 2023, BFHL holds 39.99% 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, 2023.

During the financial year 2022-23, the Bandhan Financial Holdings Limited, the wholly owned subsidiary Company, has acquired 59.98% stake of IDFC Asset Management Company Limited and 60% stake of IDFC AMC Trustee Company Limited which involved total investment of Rs. 26992.90 million. The name of IDFC Asset Management Company Limited and IDFC AMC Trustee Company Limited was changed to Bandhan AMC Limited and Bandhan Mutual Fund Trustee Limited on April 19, 2023.

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

Director’s Report

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, 2023, the Board comprised of Eight Directors out of which two Independent Directors, five Non-Executive Non-Independent Directors including three Nominee Directors from Caladium Investment Pte. Limited (Caladium) , Small Industrial Development Bank of India (SIDBI) and International Finance Corporation (IFC) and one Executive Director, the details are as below:

S. No.	Name of Directors	Category
1.	Mr. Arun Shrivastava (DIN-06640892)	Chairman, Independent Director
2.	Mr. Arvind Agrawal (DIN-02268683)	Managing Director
3.	Mr. Subrata Mandal (DIN-09196193)	Independent Director
4.	Dr. Arindam Banik (DIN-09037345)	Non-Executive Director
5.	Prof. Amit Kumar Hazra (DIN-09196376)	Non-Executive Director
6.	Mr. Pankaj Sood (DIN-05185378)	Nominee Director- Nominee of Caladium
7.	Ms. Hulya Kefeli (DIN-08836080)	Nominee Director-Nominee of IFC
8.	Mr. Arup Kumar (DIN-07682113)	Nominee Director-Nominee of SIDBI

Appointments

During the year under review, SIDBI vide its letter dated May 26, 2022 has withdrawn the nomination in favour of Mr. Shri Ram Meena (DIN-08452187) and nominated Mr. Sanjay Goyal (DIN-07961517) 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. Further SIDBI vide its letter dated 27.02.2023 has withdrawn the nomination in favour of Mr. Sanjay Goyal (DIN-07961517) and nominated Mr. Arup Kumar (DIN-07682113) as 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. Arup Kumar (DIN-07682113) as nominee of SIDBI w.e.f. March 30, 2023.

Pursuant to the recommendations of the Nomination and Remuneration Committee of the Company (‘NRC’), the Board approved the appointment of Mr. Arvind Agrawal (DIN-02268683) as Additional Director and also as Managing Director w.e.f. April 08, 2022. The members at the Annual General meeting held on August 31, 2022 has confirmed the appointment of Mr. Agrawal as Director as well as Managing Director w.e.f. April 08, 2022.

Re-appointments

Mr. Pankaj Sood (DIN-05185378) and Prof. Amit Kumar Hazra (DIN-09196376)

In terms of the provisions of Section 152 of the Companies Act, out of the five Non-Executive Non-Independent Directors, Mr. Pankaj Sood (DIN-05185378) and Prof. Amit Kumar Hazra (DIN-09196376), being longest in office, shall retire at ensuing AGM and being eligible, offered themselves for re-appointment.

Mr. Arun Shrivastava (DIN-06640892) and Mr. Subrata Mandal (DIN-09196193)

Mr. Arun Shrivastava (DIN-06640892) and Mr. Subrata Mandal (DIN-09196193) were appointed as Independent Directors of the Company, effective June 21, 2021, for a period of three years and their current terms are expiring

Director's Report

on June 21, 2024. Accordingly, considering the outcome of their performance evaluation, notices received under Section 160 of the Companies Act from member(s) proposing their candidature for the office of Directors and the recommendations of the NRC, the Board, at its meeting held on September 05, 2023, has approved their re-appointments as Independent Directors of the Company, not liable to retire by rotation, for the second term of three years each, effective June 21, 2024, subject to the approval of Shareholders of the Company, by way of special resolution(s), at the ensuing AGM.

The resolution(s) in respect of re-appointment(s) of the Directors, as aforesaid, have been included in the Notice convening the 28th AGM of the Company. Brief profiles of these Directors, together with other requisite disclosures/ details, have been annexed to the said Notice. None of the Directors proposed for re-appointment, will attain the age of 75 years during the continuation of their tenure on the Board of the Company.

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 31.3.2023, Mr. Arvind Agrawal (DIN-02268683), 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.

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 2022-23, the Board met 6 times i.e. April 08, 2022, June 21, 2022, August 30, 2022, November 22, 2022, March 01, 2023 and March 30, 2023. The details of meeting and the attendance of directors are given 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 31-08-2022
Mr. Arun Shrivastava (DIN-06640892)	6	6	6	No
Mr. Arvind Agrawal (DIN-02268683)*	6	6	6	Yes
Dr. Arindam Banik (DIN-09037345)	6	6	6	Yes
Mr. Pankaj Sood (DIN 05185378)	6	6	4	No
Ms. Hulya Kefeli (DIN-08836080)	6	6	6	No
Mr. Subrata Mandal (DIN-09196193)	6	6	6	Yes
Prof. Amit Kumar Hazra (DIN-09196376)	6	6	6	No
Mr. Arup Kumar (DIN-07682113)**	6	1	-	No
Mr. Shree Ram Meena (DIN-08452187)***	6	1	1	No
Mr. Sanjay Goyal (DIN- 07961517)#	6	4	3	No

* Mr. Arvind Agrawal was appointed as Managing Director w.e.f. April 08, 2022

** Mr. Arup Kumar was appointed as Nominee Director of SIDBI w.e.f. March 30, 2023

*** Mr. Shree Ram Meena ceased to be Director w.e.f. June 21, 2022

Director's Report

Mr. Sanjay Goyal was appointed as Nominee Director of SIDBI w.e.f. June 21, 2022 and ceased to be Director w.e.f. March 30, 2023

The Company has the 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 Direction on Information Technology Framework for the NBFC Sector, the Company formed an "IT Strategic Committee". In terms of master Direction of NBFC-CIC-NDSI the Company has formed the Risk Management Committee and Asset Liability 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 31,2023, 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 five times on April 08, 2022, June 21, 2022, August 30, 2022, November 22, 2022 and February 28, 2023.

The details of the composition of the Committee and attendance at its Meetings during the FY 2022-23 are set out in the table below:

Name of Members	Category	No of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Mr. Subrata Mandal (DIN-09196193)	Chairman	5	5	5
Mr. Arun Shrivastava (DIN-06640892)	Member	5	5	5
Mr. Pankaj Sood (DIN-05185378)	Member	5	5	4

NOMINATION & REMUNERATIONCOMMITTEE

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

(a) To identify persons who are qualified to become directors in accordance with the criteria laid down, recommend

Director's Report

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, 2023, 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 three times on June 21, 2022, February 28, 2023 and March 30, 2023.

The details of the composition of the Committee and attendance at its Meetings during the FY 2022-23 are set out in the table below:

Name of Members	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Dr. Arindam Banik (DIN-09037345)	*Chairman*	3	3	3
Mr. Subrata Mandal (DIN-09196193)	Member	3	3	3
Mr. Arun Shrivastava (DIN-06640892)	Member	3	3	3

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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

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

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

Director's Report

Composition

At March 31, 2023, the Corporate Social Responsibility Committee comprised three members including one independent and was chaired by Prof. Amit Kumar Hazra (DIN - 09196376), Non-Executive Director. During the year under review, the Corporate Social Responsibility Committee met two times on June 27, 2022 and December 22, 2022.

The details of the composition of the Committee and attendance at its meetings during FY 2022-23 are set out in the table below:

Name of Members	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Prof. Amit Kumar Hazra (DIN-09196376)	Chairman	2	2	2
Ms. Hulya Kefeli (DIN-08836080)	Member	2	2	2
Mr. Subrata Mandal (DIN-09196193)	Member	2	2	2

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 21, 2022 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 RBI 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, 2023, the IT Strategy Committee comprised of three members including one independent and was chaired by Mr. Subrata Mandal (DIN-09196193), Independent Director. During the year under review, the IT Strategy Committee met two times on August 19, 2022 and February 9, 2023.

Director's Report

The details of the composition of the Committee and attendance at its meetings during FY 2022-23 are set out in the table below:

Name of Members	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. Arvind Agrawal (DIN- 02268683)	Member	2	2	2
Mr. Amrit Daga	Member	2	2	2

RISK MANAGEMENT COMMITTEE:

As per Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 the Company has constituted a Risk Management Committee.

The Company is a Core Investment company and operation of the group are performed through subsidiaries/ associate/ group companies. The risk therefore largely relates to investment made in its subsidiaries/Associates/ group companies. On standalone basis functional heads of the Company are responsible for managing risk on various parameters and ensure implementation of appropriate risk mitigation measures. The business Continuity Plan was prepared and implemented across the Company. Analysis of various scenarios was conducted and planned accordingly with the implementation in a proactive way. The management is able to steer the Company out of this crisis and brought it to a comfortable position.

At March 31, 2023, the Risk Management Committee comprised of three members. During the year under review, the Risk Management Committee met three times on September 14, 2022, December 14, 2022 and March 17, 2023.

The details of the composition of the Committee and attendance at its meetings during FY 2022-23 are set out in the table below:

Name of Members	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Mr. Arvind Agrawal (DIN-02268683)	Chairman	3	3	3
Mr. Amrit Daga	Member	3	3	3
Mr. Biplab Kumar Mani	Member	3	3	3

ASSET LIABILITY COMMITTEE:

As per Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 the Company has constituted an Asset Liability Committee.

At March 31, 2023, the Asset Liability Committee comprised of three members. During the year under review, the Asset Liability Committee met seven times on September 09, 2022, October 14, 2022, November 11, 2022, December 12, 2022, January 11, 2023 and February 14, 2023 and March 12, 2023.

The details of the composition of the Committee and attendance at its meetings during FY 2022-23 are set out in the table below:

Name of Members	Category	No. of meeting held during the year	Number of Meetings entitled to attend	Number of meetings attended
Mr. Arvind Agrawal (DIN-02268683)	Chairman	7	7	7
Mr. Amrit Daga	Member	7	7	7
Mr. Biplab Kumar Mani	Member	7	7	7

Director's Report

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

The Provision of Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

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, 2023 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.

Director's 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 the provisions of Section 92(3) read with Section 134(3)(a) of the Companies Act, the draft Annual Return of the Company, in Form No. MGT-7, as on March 31, 2023, is available on company's website at https://www.bandhangroup.com/investors-relation/results-and-reports/annual-reports/index.html. Further, the final Annual Return of the Company, as on March 31, 2023, will be available on your Company's website at the said link, upon filing of the same with the Registrar of Companies under Section 92(4) of the Companies Act.

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- 4** 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. 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.

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. 3.90 million. 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.

Director’s Report

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. 0.39 million

MANAGEMENT’S DISCUSSIONS AND ANALYSIS

The Management Discussion and Analysis report is enclosed as **Annexure - 5** forms part of this report.

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, 2023 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

Arun Shrivastava
Chairman
(DIN-06640892)

Place: Kolkata
Date: September 5, 2023

Annexure - 1

to the Directors Report

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	Bandhan AMC Limited (formerly known as IDFC Asset Management Company Limited)	Bandhan Mutual Fund Trustee Limited (formerly known as IDFC AMC Trustee Company Limited)	Investment Managers (Mauritius) Limited [formerly Known as IDFC Investment Managers (Mauritius) Limited]
1.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same as Holding Company	Same as Holding Company	Same as Holding Company	Same as Holding Company
2.	Date since when subsidiary was acquired	November 17, 2014	February 1, 2023	February 1, 2023	February 1, 2023
3.	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	Not applicable as the subsidiary is a domestic company	Not applicable as the subsidiary is a domestic company	INR*
4.	Share Capital (Rs.)	25,936.04	331.76	0.50	49.90
5.	Reserves & Surplus	24,996.90	1,695.54	4.40	(45.30)
6.	Total Assets	50,950.41	3,279.81	5.86	5.44
7.	Total Liabilities	17.47	1,252.51	0.96	0.84
8.	Investments	44,221.67	2,177.42	0.00	0.00
9.	Turnover	1,540.14	3,747.99	6.02	0.00
10.	Profit Before Taxation	1,488.57	1,178.25	0.29	(5.86)
11.	Provision for Taxation	378.84	299.13	0.07	0.00
12.	Profit After Taxation	1,109.73	879.12	0.22	(5.86)
13.	Proposed Dividend	Nil	Nil	Nil	Nil
14.	% of shareholding	100%	59.98%	60%	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

* Exchange Rate:

Closing Rate: 1USD = 82.2169

Average Rate: 1USD = 80.59468

Annexure - 1
to the Directors Report

Part "B": Associates and Joint Ventures –

	Name of Associates/Joint Ventures	Bandhan Bank Limited
1.	Latest audited Balance Sheet Date	31st March, 2023
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 by wholly owned subsidiary Bandhan Financial Holdings Limited)
	Extend of Holding %	39.99%
3.	Description of how there is significant influence	The wholly owned Subsidiary Company, Bandhan Financial Holdings Limited, holds 39.99% stake in Bandhan Banks Limited.
4.	Reason why the associate/joint venture is not consolidated	Not Applicable
5.	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. 77,932.73 million
6.	Profit / Loss for the year	
	i. Considered in Consolidation	Rs. 9,614.73 million
	ii. Not Considered in Consolidation	Rs. 14,430.27 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

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

Arun Shrivastava
Chairman
(DIN: 06640892)

Place: Kolkata
Date: September 5, 2023

Annexure - 2

to the Directors Report

Annual Report on CSR Activities for the Period April 01, 2022, to March 31, 2023

1. A BRIEF OUTLINE ON CSR POLICY

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

2. COMPOSITION OF CSR COMMITTEE:

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-09196376)	Chairman	2	2	2
Ms. Hulya Kefeli (DIN-08836080)	Member	2	2	2
Mr. Subrata Mandal (DIN-09196193)	Member	2	2	2

3. WEB-LINK WHERE THE COMPOSITION OF THE CSR COMMITTEE, CSR POLICY AND CSR PROJECTS APPROVED BY THE BOARD ARE DISCLOSED ON THE WEBSITE OF THE COMPANY:

Sl. No	Particulars	Web-link
1.	Composition of CSR Committee	https://www.bandhangroup.com/investors-relation/corporate-governance/committees-of-the-board/index.html
2.	CSR Policy	https://www.bandhangroup.com/investors-relation/corporate-governance/policies-and-codes/index.html
3.	CSR Projects	https://www.bandhangroup.com/investors-relation/corporate-social-responsibility/index.html

4. 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

5. 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	2019-20	0	0
2	2020-21	0	0
3	2021-22	0	0
	Total	**0**	**0**

Annexure - 2

to the Directors Report

6. 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	2019-20	192.68
2	2020-21	223.54
3	2021-22	169.03
	Average	195.08

7. 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)	3.90
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).	3.90

8. 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
	3.92	NA	NA	NA	NA	NA
Total	**3.92**	**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

to the Directors Report

c. 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) & (iii)	Yes	West Bengal	*Howrah*	2.53	No	Bandhan Konnagar	CSR00001463
2	Bandhan Financial Literacy Programme (BFLP)	(ii)	Yes	West Bengal	(i) Purba Medinipur	1.39	No	Bandhan Konnagar	CSR00001463
	Total					3.92			

d. Amount spent on Administrative Overheads	NIL
e. Amount spent on Impact Assessment, if applicable	NIL
f. Total amount spent for the Financial Year (8b+8c+8d+8e)	Rs. 3.92 million

g. Excess amount for set-off, if any

Sl. No.	Particular	Rs. in million
(i)	Two per cent of the average net profit of the company as per section 135(5)	**3.90**
(ii)	Total amount spent for the Financial Year	3.92
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.02
(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

9. 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**		**-**

Annexure - 2

to the Directors Report

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.
-	-	-	-	-	-	-	-	-

10. 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.

11. 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
(DIN-02268683)
Place : Kolkata
Date: September 05, 2023

Prof Amit Kumar Hazra
Chairman of CSR Committee
(DIN-09196376)
Place: Shantiniketan
Date: September 05, 2023

Mr. Arun Shrivastava
Chairman of the Company
(DIN-06640892)
Place: Kolkata
Date: September 05, 2023

Annexure - 3

to the Directors Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2023

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

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

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

Based on our online verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit and 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 to the extent possible due COVID-19, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 (hereinafter called 'the Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

Annexure - 3

to the Directors Report

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

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

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

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

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

I further report that

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

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

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

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

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

(i) The Consent of the Board of Directors of the Company was accorded to take on lease the premises at Adventz Infinity Building at 5th Floor, BN –Block, Sector-V, Salt Lake, Kolkata – 700 091 having area of 1854 sq. ft. super built up area from BRGD Developer Private Limited.

(ii) The consent of the Board was accorded to IDFC Asset Management Company Limited (CIN U65993MH1999PLC123191) and IDFC AMC Trustee Company Limited (CIN U69990MH1999PLC123190) respectively for the proposed change in their name from "IDFC Asset Management Company Limited" and "IDFC AMC Trustee Company Limited" to "Bandhan AMC Limited" and "Bandhan Mutual Fund Trustee Limited" respectively or any other name(s) made available by the Registrar of Companies, Mumbai having the word/ name "Bandhan" (registered in the name of the Company with the Registrar of Trade Marks bearing no. 1814305 in Class 36) and to make necessary applications before the Registrar of Companies, Mumbai in this regard.

(iii) The Board of Directors of the Company accorded its approval for acquiring 100% stake in Genisys group consists of three companies viz. Genisys Information Systems (India) P Ltd. India, Genisys Software Limited US and Genisys Software Limited, UK.

(iv) The Board of Directors of the Company accorded its approval to BFHL for acquiring 100% stake in Aegon Life Insurance, which is a Joint Venture between Aegon NV and Bennet Coleman

Annexure - 3

to the Directors Report

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.

CS Shruti Singhania
Practising Company Secretary
(F.C.S. No.: 11752/C.P. No.: 18028)
UDIN No.: F011752E000938920
PR No.: 1552/2021
ICSI Unique Code No.: I2017WB1592300
Designated Partner - Deepak Khaitan & Co. LLP
ICSI Unique Code No.:L2020WB008100

Place: Kolkata
Date: September 5, 2023

Annexure A

To the SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023

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.

CS Shruti Singhania
Practising Company Secretary
(F.C.S. No.: 11752/C.P. No.: 18028)
UDIN No.: F011752E000938920
PR No.: 1552/2021
ICSI Unique Code No.:I2017WB1592300
Designated Partner -Deepak Khaitan & Co. LLP
ICSI Unique Code No.:L2020WB008100

Place: Kolkata
Date: September 5, 2023

Annexure - 4
to the Directors Report

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 certain arms-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								

Annexure - 4

to the Directors Report

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 / 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)
1.	Bandhan Bank Limited (Associate Company)	Current Account	N.A.	15.15	N.A.	N.A.	N.A.	N.A.
2.	Bandhan Bank Limited (Associate Company)	Fixed Deposit	N.A.	3075.78	N.A.	N.A.	N.A.	N.A.
3.	Bandhan Bank Limited (Associate Company)	Interest Income on Fixed Deposits	N.A	206.98	NA	NA	NA	NA
4.	Remuneration of Key Managerial Personnel	Remuneration	N.A		NA	NA	NA	NA
	- Arvind Agrawal			12.46				
	- Amrit Daga			4.93				
	- Biplab Kr. Mani			3.39				

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

Arun Shrivastava
Chairman
(DIN: 06640892)

Place: Kolkata
Date: September 05, 2023

Management Discussion and Analysis Report

ECONOMIC SCENARIO

GLOBAL ECONOMIC OVERVIEW

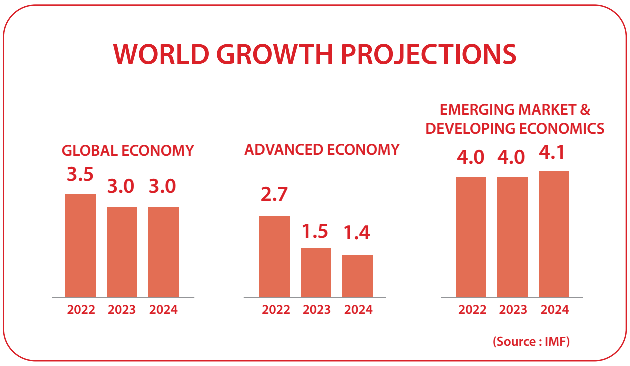
In spite of major challenges, predominantly the spill-over impacts of the Ukraine conflict and escalating worldwide inflation, the international economy demonstrated resilience throughout 2023. Europe was successful in navigating away from a profound recession during the 2022/23 winter period, largely due to milder weather and the swift transition to use of alternative energy resources following Russia's cessation of gas supply. Furthermore, the United States consumer spending outperformed predictions by EIU, bolstered by a healthier job market and increasing consumer expenditure in the opening months of 2023. Lastly, China's departure from its government-imposed zero-Covid stance has contributed positively to global economic activity.

Global GDP growth in 2023

The projection for global growth implies a decline from the current 3.5% in 2022 to a consistent 3.0% for both 2023 and 2024. This is being influenced by the persistent rise in central bank policy rates implemented as a measure against inflation, which is currently hampering economic activity. As for projections regarding global inflation rates, expectations show a decrease from an estimated 8.7% in 2022, down to 6.8% in 2023 and further down to 5.2% in 2024. However, it is important to note with regard to core inflation (also known as underlying inflation), the anticipated decline is likely to be more gradual. Also, there have been upward revisions in the inflation forecasts specifically for 2024.

Global GDP growth projections (Real GDP)

(Source: International Monetary Fund)



(Source: IMF)

Outlook

Resilient consumer spending on services, moderating inflation and declining immediate risk in the banking sector have fuelled some upturns for the global economic outlook. The improvements remain fragile, however, with China's slower-than-expected economic recovery, rather sticky core inflation, high interest rates and geopolitical uncertainties still weighing on economic activities, businesses and consumer confidence.

Even though growth for advanced economies are expected to move upwards during the current year, but they are expected to slow down from 2.7% in 2022 to 1.5% in 2023. In comparison, emerging economies are expected to sustain their growth momentum and are expected to grow at 4% during the current year as well. As per a recent projection by the International Monetary Fund (IMF) several economies would be witnessing are expected to perform better - Brazil's is expected to grow by 1.2% points, Spain by 1% point, Russia by 0.80% points and UK by 0.70% points - which indicate that economic activity has across the board proven to be more resilient than previously believed (Source: Indian Express and IMF).

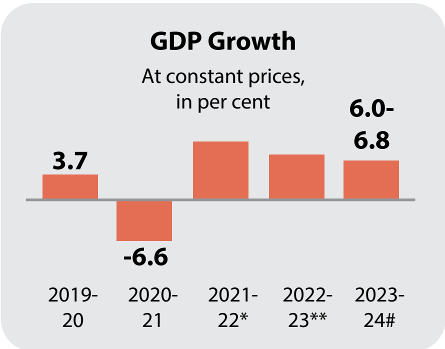
Emerging and developing economies remain the growth engine of the global economy in 2023-2024, driven by rebounding domestic activity, increased investment and tourism, among other factors. Nevertheless, the outlook is mixed across markets and regions. China's official manufacturing Purchasing Managers' Index (PMI) has stayed below the 50-point threshold since April 2023, indicating contraction in factory activities, as demand for Chinese exports weakens. The ongoing real estate crisis and a looming deflation risk also weigh on the outlook for China, although an expected fiscal stimulus should help boost the economy. Meanwhile, several emerging Asian economies continue to post solid growth in 2023, such as the Philippines (5.6%) and Vietnam (5.5%), as they benefit from solid consumption and investment trends. The Gulf economies have also weathered the uncertain global economic environment relatively well (Source: Euromonitor).

Management Discussion and Analysis Report

Despite some recent optimism witnessed in the global economy, many structural factors that have arisen over the last few years are still impacting the global growth outlook. The war in Ukraine, geopolitical tensions, demographic shifts, high debts, climate change and the rise of commodity and energy pressures are some of the most persistent issues. As these risks linger, the global economy continues to face various plausible scenarios, as highlighted in the chart below.

INDIAN ECONOMIC OVERVIEW

India is one of the fastest growing economies of the world and is poised to continue on this path, with aspirations to reach high middle income status by 2047, the centenary of Indian independence. It is also committed to ensuring that its continued growth path is equipped to deal with the challenges of climate change, and in line with its goal of achieving net-zero emissions by 2070. The country is expected to be on track to becoming the third largest economy in the world in the coming years, but a number of factors including the performance of other countries, skilling of our workforce as well as a sustained revival in domestic consumption demand would play a key role in achieving this.



India GDP growth in 2023

The projected Gross Domestic Product (GDP) growth for 2022-23 is approximately 7%, with an expected GDP growth of 6.0-6.8% in 2023-24. These forecasts hinge on global economic and political trends. The 2022-2023 Economic Survey highlights that the Central Government's Capital Expenditure (Capex) increased by 63.40% during the first eight months of FY23. This surge in Capex significantly contributed to India's economic growth. India's economic progression in the fiscal year 2022-23 has mostly been driven by private consumption and capital formation, aiding in creating employment opportunities (Source: Loksabha). Several factors contribute to these positive GDP growth projections. These are evident as - urban demand conditions have remained resilient as evidenced by the sales of mid-to-high-end segments of automobiles, the number of UPI transactions, and domestic air passenger traffic data. Rural demand, which was lagging, has also been rising lately as seen in the sales of tractors, IIP non-durable goods, and MGNREGA data. Investment is also showing traction. The credit-deposit ratio has continued to improve strongly from the lows of the pandemic despite the rising interest rates. The reemployment of migrant workers in construction, reinforcement of corporate balance sheets, and adequately financed public sector banks for credit supplies, among other aspects all shows a better picture of the domestic economy.

Outlook

The economy is set to benefit from efficiency gains from tax reforms, state support to digital and physical infrastructure and reducing leakages from government subsidy transfers. The Indian consumer market is expected to double by 2031, surging to $5.2 trillion from $2.3 trillion in 2022, driven by rise in household incomes and higher spending on food and other items. The growth projection hinges largely on a 10-12% increase in non-commodity sectors revenue, along with stable commodity prices. This follows a significant 16-18% on-year revenue surge in fiscal 2023, driven by the commodity super-cycle surge in fiscal 2022. The forecasted revenue growth is backed by government policies aimed at stimulating industrial capital expenditure (capex) and promoting new-age opportunities. The expectation is for infrastructure expenditure to catalyse a 12-16% increase in overall capex in the upcoming fiscal year. The aim is to hit nearly 75% of the initial goals established under the National Infrastructure Pipeline by fiscal 2025. The projected overall industrial capex is likely to ascend to approximately Rs. 5.7 lakh crores on average over fiscal years 2023-2027, a considerable increase compared to Rs. 3.7 lakh crores of the last five fiscal years. The Production-Linked Incentive (PLI) scheme and emerging sectors are expected to drive nearly half of this incremental capex. Manufacturing, services and infrastructure sector firms are optimistic about the growth and business outlook in the country. The protracted geopolitical tensions, tightening global financial conditions and slowing external demand are the downside risks.

Management Discussion and Analysis Report

NBFC INDUSTRY IN INDIA

Overview

Non-Banking Financial Companies (NBFCs) have been an integral part of India's financial ecosystem. They are financial institutions that provide a wide range of banking services like loans, credit facilities, investments, and other financial products. NBFCs have played a significant role in the Indian economy's growth story, especially in the rural and semi-urban areas. They cater to the financial needs of small and medium-sized businesses, entrepreneurs, farmers, and individuals who do not have access to traditional banking services. There are over 9,000 NBFCs which are currently registered with the RBI, and NBFCs are classified into four layers namely Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL) and Top Layer (NBFC-TL) based on their size, activity, and perceived riskiness. Recently, Four Hundred Twenty Five entities have been identified for categorisation as NBFC-ML under the Scale Based Regulation framework.

During the year, the NBFC system-wide lending jumped to a healthy 23.9% to Rs. 16,93,286 crore from Rs. 12,87,484 crore. In absolute terms, incremental lending rose by 4,05,802 crore. Bank lending to NBFCs grew 28% to Rs. 13.1 lakh crore in FY23 which in absolute terms jumped by Rs 3.8 lakh crore (Source: Finance & Industry Development Council and Times of India).

During the year under review, the housing finance companies are expected to grow at 12–14%, and the NBFC infrastructure segment is likely to grow at 10–12% (Source: ICRA and BQPrime). It is estimated that the NBFCs and the HFCs would need incremental funding of about Rs. 4.7–5 trillion in the current fiscal to manage the 13-15% AUM growth. The sector is expected to witness healthy growth and steady expansion in overall bank credit, while the trend of healthy market issuances and strong securitisation demand are expected to ensure the availability of funds. The unsecured loan segment is powering the overall growth of the NBFCs. This is primarily due to digitisation, cross-selling, and a sharp rise in the share of personal loans as the sector expanded at a 33% compound annual growth rate in the last five years. Loans below Rs. 5 lakh constituted over 70% of the personal-loan AUM, and the share of loans taken for a duration of less than a year was also increasing.

Challenges

A sharp increase in cost of funds and tightening of regulations by the Reserve Bank of India (RBI) may pose challenges to non-banking financial companies (NBFCs). A rise in borrowing cost for NBFCs due to the competition with banks as players by offering higher and competitive rate can be a serious challenge to the domestic NBFC industry.

The NBFC sector in India faced challenges over the past few years. The sector has been hit by a series of defaults by some of the prominent players like IL&FS and DHFL. These defaults have led to a liquidity crisis in the sector, resulting in a slowdown in credit growth. In a rising interest scenario, the cost of borrowings for NBFCs is expected to rise by 100-120 basis points (bps). With strong capital buffers, adequate provisions, and sufficient liquidity, NBFCs are poised for expansion. Going forward, NBFCs need to be wary of rising borrowing costs as financial conditions tighten.

Outlook

Despite the challenges, the future of NBFCs in India looks promising. The sector is expected to grow at a CAGR of 18.5% between 2021 and 2026. The growth is expected to be driven by various factors like the increasing demand for credit, the government's initiatives to promote financial inclusion, and the rise of digitalization. With the proliferation of smartphones and the internet, digital platforms have become a crucial medium for providing financial services. NBFCs have been quick to adopt digital technologies to enhance customer experience, streamline operations, and reduce costs. They have developed online platforms for loan applications, disbursals, and repayments. They have also adopted artificial intelligence and machine learning algorithms for risk assessment and credit scoring. The digital transformation has resulted in a significant increase in operational efficiency, enabling NBFCs to provide faster and more reliable services to their customers.

BANKING INDUSTRY IN INDIA

Overview

India's banking sector is sufficiently capitalized and well-regulated. The financial and economic conditions are comparatively better even by comparing with well developed economies. Indian banks are generally resilient and have withstood the global downturn well as can be noted by reviewing previous years records. The Indian banking

Management Discussion and Analysis Report

industry has recently witnessed the rollout of innovative banking models like payments and small finance banks. In recent years, the Banks are increasingly focusing widening banking reach, through various schemes like the Pradhan Mantri Jan Dhan Yojana and Post payment banks. The rise of Indian NBFCs and fintech have significantly enhanced India's financial inclusion and helped fuel the credit cycle in the country.

The Indian banking system consists of 12 public sector banks, 22 private sector banks, 46 foreign banks, 56 regional rural banks, 1485 urban cooperative banks and 96,000 rural cooperative banks in addition to cooperative credit institutions. As of March 2023, the total number of ATMs in India reached 14,74,548. Moreover, there are 1,21,894 on-site ATMs and Cash Recycling Machines (CRMs) and 96,243 off-site ATMs and CRMs. Bank assets across sectors increased significantly since 2020. In 2022-23, total assets in the public and private banking sectors were US$ 1,553.57 billion and US$ 901.3 billion, respectively. In 2022-23, assets of public sector banks accounted for 59.24% of the total banking assets (including public, private sector and foreign banks). According to RBI's Scheduled Banks' Statement, deposits of all scheduled banks collectively surged by a whopping Rs.1.98 lakh crore (US$ 24.32 billion) as on May 5, 2023, at a growth rate of 10.2% (Source: IBEF). According to the BCG Banking Sector Roundup Report of 9M FY23, credit growth is expected to hit 18.1% in 2022-23 which will be a double-digit growth in eight years. As of November 4, 2022 bank credit stood at Rs. 129.26 lakh crore (US$ 1,585.09 billion).

The RBI has decided to set up Public Credit Registry (PCR), an extensive database of credit information, accessible to all stakeholders. The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2017 Bill has been passed and is expected to strengthen the banking sector. Microfinance industry's gross loan portfolio (GLP) by 10% in FY22 to Rs. 2.85 trillion (US$ 36.42 billion).

The Government of India has been supportive of the banking sector in the country, especially on the financial inclusion agenda. A flagship program, the Pradhan Mantri Jan Dhan Yojana (PMJDY), was launched in August 2014 which aims to provide universal banking services to the unbanked by setting up bank accounts for them and issuing payment cards to all. As of 2022-23, the number of bank accounts—opened under the government's flagship financial inclusion drive 'Pradhan Mantri Jan Dhan Yojana (PMJDY)'—reached over 486 million and deposits in the Jan Dhan bank accounts totalled over US$ 24.2 billion.

Challenges

One silver lining for the Indian economy that emerged out of the COVID-19 pandemic was the banking sector. Contrary to expectations this sector remained relatively unscathed by the pandemic, and proved to be quite resilient. In fact, FY2023 turned out to be a good year for Indian banks. Several banks declared record profits in their annual results and there is a general sense of optimism about the banking sector. However, the way forward seems less optimistic and ridden with several challenges.

First, between May 2022 and May 2023, the RBI steadily increased the repo rate by 2.5% from 4% to 6.5% in order to bring inflation down. In 2018, Indian banks had adopted external benchmark-based loan pricing as a result of which roughly 45 percent of the total loan book is now linked to an external benchmark, repo rate being the most popular one. Hence, the increases in the policy rate in FY2023 got rapidly transmitted to bank loans. Across the banking sector, the increase in loan pricing ranged from 125 to 175 basis points, depending on the composition of banks' loan book. On the deposit side, however, the transmission was more modest, between 60 and 100 basis points. This means that banks' net interest margins widened considerably resulting in higher profits.

Monetary transmission has always been asymmetric in India with deposits getting re-priced with a lag relative to loans. This implies that going forward banks' deposits will get continually priced up which in turn would lower margins. In this context, it is also important to note that in FY2023, total bank credit outgrew deposits by about Rs. 2 trillion creating the biggest deposit-credit growth gap in the history of Indian banking. This is expected to lead to either lower credit growth or higher deposit pricing, or a bit of both. Net result: it is expected that banks' profits will come down from the current high levels.

Second, it seems increasingly likely that we are at the end of the monetary tightening cycle. With inflation cooling off, the RBI is unlikely to raise rates any further unless there are some unexpected shocks to inflation such as deficient monsoons, etc. They may however hold the rates at the current level for a prolonged period of time given that inflation still has not hit the 4% target. This means that banks will not be able to push up loan pricing any further and the scope for margins to grow is therefore limited.

Third, one factor that contributed to bank profitability in FY2023 was the remarkable uptake in credit growth. It peaked at roughly 18% in the first half of the year and cooled down to about 12% by the end of the last quarter. For

Management Discussion and Analysis Report

the entire year, the credit growth was around 15 percent, the highest in more than a decade. This strong growth was largely driven by MSME credit growing at 16% and consumer credit which grew at 20%. On the other hand, credit to large corporations remained lacklustre and grew at merely 3%.

The sharp surge in MSME credit was primarily due to the credit guarantee scheme introduced by the government in the wake of the pandemic in order to support this particular sector. This implies that whether MSME credit will continue to grow in future is critically contingent upon the government extending its scheme. Moreover, in Q4 of FY2023, overall credit growth began decelerating. The trend has been especially pronounced for consumer credit as rising interest rates finally began impacting credit demand. This suggests slower credit growth in the coming quarters and hence potential reduction in bank margins.

Outlook

The banking system in India continues to be stable and robust, characterized by strong liquidity and capital positions, enhanced asset quality, improved provisioning coverage, and increased profitability. As per a recent forecast by Global Rating Agency S&P, by March 31, 2025, the percentage of weak loans in the Indian banking sector will decrease to 3-3.5% of gross advances. This positive outlook is anticipated to be supported by various structural enhancements such as improved corporate balance sheets, more stringent underwriting standards, better risk-management practices, and strong economic prospects overall, thus reinforcing the resilience of financial institutions. Although the small and midsize enterprise sector and low-income households are vulnerable to rising interest rates and high inflation but it is expected that interest rates in India are unlikely to rise materially. This is expected to limit the risk for the country's banking industry.

Recently, global credit rating agency Moody's Investors has also maintained a stable outlook for India's (Baa3 stable) banking system backed by credit demand from private corporates will also stay strong as inflation increases need for working capital and as companies turn to domestic banks to meet their financing requirements at lower costs. This is expected to help sustain recovery in credit growth, which started in fiscal 2023, at around 15%.

INDIAN MUTUAL FUND INDUSTRY

Overview

The 'explosive growth' of assets under management (AUM) of mutual funds in India is a story told many times in the last few years. The AUM grew from ₹8.26 trillion in January 2013 to ₹39.62 trillion in January 2023 — a 4.8-fold nominal increase. During this 10-year period, GDP grew 2.25 times; the Consumer Price Index, 1.9 times; the securities market investor population, approximately measured by demat accounts, 7.47 times; bank deposits, 2.80 times; equity market capitalisation, 4.29 times; and equity derivatives turnover, by more than 20 times. During this 10-year period, GDP grew 2.25 times; the Consumer Price Index, 1.9 times; the securities market investor population, approximately measured by demat accounts, 7.47 times; bank deposits, 2.80 times; equity market capitalisation, 4.29 times; and equity derivatives turnover, by more than 20 times.

India is amongst the fastest-growing major economies in the world, and it also has one of the largest young population. Due to these two factors, a large number of households have entered the middle-income bracket. This is the income segment mutual funds are essentially designed to serve. The nuclearisation of families, increasing life expectancy and the rising costs of living have motivated individuals to look for avenues for planning their retirements, and mutual funds are a potential candidate for managing this money. On the back of these traits, the AUM during the year grew from ₹38.40 trillion in April 2022 to ₹41.53 trillion in March 2023.

Currently only around 2% of India's population invest through mutual funds. Within last 5 years investors are seen moving towards capital market instruments in search of better yield. There is strong evidence that countries with large stock market capitalisation to GDP have large AUM-to-GDP ratio. India's equity market is well-developed and considered on a par with international standards, ranking 5th globally in terms of market capitalisation. Retail participation in the Indian stock market has seen a marked improvement over the last few years. A supply side factor influencing the growth of the mutual fund industry is the distribution networks. Bank-affiliated funds are dominant players in the mutual fund space. Four of the top five mutual funds in India are bank-affiliated. They contribute around 60% of the overall AUM. Many of these mutual funds leverage on the branch network for distributing financial products. They also have solid brand recall. In addition, technology is supporting market penetration like never before. Internet penetration rate in India went up to nearly around 50% in 2023, from just about 4% in 2007. A vision document laid by the Mutual Fund industry has targeted the AUM to cross the ₹100 trillion mark by 2030.

Management Discussion and Analysis Report

Challenges

While the mutual financial industry is full of opportunities, we tend to limit our growth pointing to the challenges. However, it is all about the lens you wear. Some of the challenges faced by the industry are :

Shifting from awareness to education: The industry spends two basis points or about Rs.500 crore per annum on investors' education. 50 per cent of which was via AMFI's pretty successful Mutual Funds Sahi Hai campaign. However, need of the hour is to transform mutual funds from a push to a pull product. For example, adding financial investment (mutual funds) in high-school or college curriculum. Such efforts will help in instilling the habit of early savings.

Need for more distributors: There is a need for far more distributors and advisors to spread the message of investing in mutual funds far and wide. Indians are usually risk averse and lacks sound financial literacy, thus refrain from investing in market-linked products owing to a lack of understanding. To address this, we need an army of well-trained financial advisors who can help educate investors about modern investment tools such as mutual funds.

Simplified operational processes: While the mutual fund industry has made significant strides in standardising processes, but few challenges still remain: such as a simplified KYC to make onboarding hassle-free; making Aadhar inter-changeable with PAN; and allowing investments on the basis of 'Bank KYC'.

Outlook

Despite some challenges, the future of mutual funds in India looks bright. The industry is expected to continue to grow in the coming years, driven by a number of factors, including:

The rising affluence of Indian investors: As more and more Indians become more affluent, they are looking for ways to invest their money. Mutual funds offer a convenient and low-cost way to invest in a diversified portfolio of assets.

The increasing popularity of online investing: The internet and mobile phones have made it easier than ever for investors to access and trade mutual funds. This has led to a growing trend of digital investing, where investors use online platforms to buy and sell mutual funds.

The growing interest in niche sectors: In recent years, there has been a growing interest among Indian investors in niche sectors, such as healthcare, technology, and clean energy. These sectors offer the potential for higher returns than more traditional sectors.

COMPANY OVERVIEW

Established in August 03, 1995, Bandhan Financial Services Limited (BFSL) operates as the promoting entity for both Bandhan Financial Holdings Limited (BFHL) and Bandhan Bank Limited. Initially, BFSL was registered as an NBFC MFI with the Reserve Bank of India (RBI), conducting microfinance operations since 2009.

In June 2015, after receiving a license from the RBI, BFSL transferred all assets and obligations from its microfinance division to Bandhan Bank. This move was in accordance with the Guidelines for Licensing of New Banks in the Private Sector, put in place by the RBI on February 22, 2013. The complete transfer was carried out by August 2015.

During April 2022, the Bandhan Financial Holding Ltd-led consortium entered into a definitive agreement to acquire IDFC Asset Management Company and IDFC AMC Trustee Company for Rs. 4,500 crore which was further renamed to Bandhan Mutual Fund Trustee Limited.

Brief financial performance for 2022-23 is given below: **(Amount in Rs. Million)**

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from Operations	281.81	2822.76	2432.54	1833.64
Profit before share of profit of Associate	233.55	2648.07	1727.82	1590.50
Share of profit of Associate	-	-	9614.73	2132.97
Profit before Tax	233.55	2648.07	11342.55	3723.47

Management Discussion and Analysis Report

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2023	For the year ended March 31, 2022
Tax Expenses	63.75	355.63	445.09	743.84
Profit for the year	169.80	2292.44	10897.46	2979.63
Total Comprehensive Income	169.77	2292.44	11077.95	2979.39

RISKS AND CONCERNS

Effective risk management is a key success factor for realising our strategic objectives. Governed by stringent RBI regulations, the processes, Boards and Committees have been fortified to independently evaluate the risk policies, processes and look into each aspect critically. Our proactive approach is to ensure that risk is nipped at the operational level itself. With a more micro approach required for each of the business divisions. The Company has implemented an internal risk management and control framework to identify risks and opportunities that may impact us and to take appropriate mitigation initiatives. It has a dedicated risk management framework to identify and manage various risks to which the Company is exposed. In addition, the framework enables us to improve effectiveness and efficiency in our operations and it promotes reliable financial reporting, and compliance with laws and regulations.

Risk management framework

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company's Internal Financial Control System is commensurate with the size, scale and complexity of its operations. The Company has in place policies and procedures required to properly and efficiently conduct its business, safeguard its assets, detect frauds and errors, maintain accuracy and completeness of accounting records and prepare financial records in a timely and reliable manner. Further, your Company's Internal Financial Controls (IFC) has been reviewed and actions have been taken to strengthen financial reporting and overall risk management procedures. Detailed procedural manuals are in place to ensure that all the assets are safeguarded, protected against loss, proper prevention & detection of frauds & error, the accuracy and completeness of the accounting records, and all transactions are authorized, recorded and reported correctly.

The scope and authority of the Internal Audit (IA) function is defined in the internal financial control policy. These are monitored and routinely monitor and evaluated by the Statutory as well as Internal Auditors. The Internal Auditor monitors and evaluates the efficiency and adequacy of Internal Financial control system in the Company, its compliance with operating systems, accounting procedures and policies. To maintain its objectivity and independence, the Internal Auditor reports directly to the Chairman of the Audit Committee of the Board, all the significant audit observations and follow up actions thereon. Both Statutory and internal auditor have quarterly sessions with the Audit committee. The Internal audit reports are placed before the Audit committee on quarterly

Management Discussion and Analysis Report

basis and all findings and observation, if any are recorded thereon. The said observation and comments, if any of the Audit Committee are placed before the board. The Internal Auditor is a permanent invitee to the Audit Committee Meetings. The Audit Committee advises on various risk mitigation exercises on a regular basis.

M/s Suresh Surana & Associates LLP, the statutory auditors of the company have audited the financial statements included in this annual report and have issued an attestation report on our internal control over financial reporting (as defined in Section 143 of Companies Act 2013). In line with company's business & presence, the conduct of internal audit is oriented towards the review of internal controls and risks in the company's operations such as accounting and finance, Interest amount, credit risk, compliance risk, liquidity risk, employee engagement.

The audit committee also reviews reports submitted by the management and audit reports submitted by statutory auditors on a periodic basis. Suggestions for improvement are considered and the audit committee follows up on corrective action. The audit committee also meets company's statutory auditors on a regular basis to ascertain, inter-alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations, if any, periodically.

The Board is of the opinion that the Internal Financial Controls, affecting the Financial Statements of the Company are adequate and are operating effectively.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company considers employees as the most valued asset, who are at the core of the business. Human capital is the most important business driver. A strong people culture is the soul of the organization and biggest competitive advantage for a sustainable growth.

As an organization, all colleagues, at every level, are part of the organization's growth strategy and are empowered enough to take business decisions. The Company takes care of them much beyond salary, pay and perks and ensures that they get best-in-class learning and career advancement opportunities. The key pillars of the core philosophy are talent care and development, empowerment and decision making at all levels, innovation, agility and digital transformation.

The Company understands that internal selection and succession is very critical for the long-term sustenance of the business as it ensures business continuity, preserves corporate culture, enhances knowledge capital and fuels the ambitions of the company's talent leading to better retention. It is ensured that internal talent is groomed for the next level responsibilities.

As on 31st March, 2023, there are Four permanent employees on the rolls of Company.

CAUTIONARY STATEMENT

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Forward–looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual result could differ materially from those expressed in the statement or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

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

Arun Shrivastava
Chairman
(DIN: 06640892)

Place: Kolkata
Date: September 05, 2023

Independent Auditors 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, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

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, 2023, 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 and the Management 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 standalone financial statements, the consolidated 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

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 (Revised) 'The Auditors' responsibilities Relating to Other Information.'

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors and Management are 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; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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.

Independent Auditors Report

In preparing the standalone financial statements, the Board of Directors and Management are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements 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 standalone financial statements.

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

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

Independent Auditors Report

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 Flows 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 with reference to standalone financial statements 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 with reference to standalone financial statements.

    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, 2023 on its financial position in its standalone financial statements – Refer Note 34 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 40 to the standalone 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 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 40 to the standalone financial statements, 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

Independent Auditors Report

under sub-clause (i) and (ii) of Rule 11(e) as provided under A) and B) above, contain any material misstatement.

v. No dividend has been declared or paid during the financial year by the Company.

As stated in note 42 to the standalone financial statements, the Board of Directors of the Company has proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act to the extent it applies to the declaration of proposed dividend till date .

vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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)

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN - 23062668BGYZOG8623

Place: Kolkata
Date: June 30, 2023

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 with reference to Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of Bandhan Financial Services Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's and Board of Directors' Responsibilities for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone 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 prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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 with reference to standalone 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to Standalone Financial Statements

A company's internal financial control with reference to standalone financial statements 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 with reference to standalone 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 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 with reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone 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 with

Annexure – 'A' to the Independent Auditors Report

reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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 ICAI.

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

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN - 23062668BGYZOG8623

Place: Kolkata
Date: June 30, 2023

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, relevant details of right of use assets and investment property.

(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, right of use assets and investment property by which the property, plant and equipment, right of use assets and investment property are verified by the management 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 assets. In accordance with the policy, the Company has physically verified its property, plant and equipment, right of use assets and investment property 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 (including right of use assets) or intangible assets during the year.

(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, 2023 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 points 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, The Central Government has not specified the maintenance of cost records under Section 148(1) of the Act for the services of the Company and hence reporting under 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.

Annexure – 'B' to the Independent Auditors Report

(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 2023, 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 2023, which have not been deposited with the appropriate authorities on account of a dispute, is 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 government or any government authority.

(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.

(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, 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.

Annexure – 'B' to the Independent Auditors Report

(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. 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 no resignation of the statutory auditors of the Company during the year.

(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)

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN - 23062668BGYZOG8623

Place: Kolkata
Date: June 30, 2023

Standalone Balance Sheet

as at March 31, 2023

(Amount in Rs. Million)

	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and cash equivalents	2	15.44	14.57
Bank Balances other than Cash and cash equivalents	3	5,127.76	4,245.96
Investments	4	27,385.74	26,174.13
Other financial assets	5	0.43	-
Non-Financial assets			
Current tax assets (net)		32.83	2,043.10
Deferred tax assets (net)	6	-	4.59
Investment property	7	28.38	29.51
Property Plant and Equipment	8	5.51	0.11
Right of Use Assets	9	2.73	-
Intangible Assets	10	0.22	0.33
Other non-financial assets	11	0.07	0.05
TOTAL - ASSETS		**32,599.11**	**32,512.35**
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	12	36.78	132.35
Other Financial Liabilities			
Lease Liability	9	2.93	-
Non-Financial Liabilities			
Provisions	13	5.56	1.99
Deferred tax liabilities (net)	6	7.60	-
Other non-financial liabilities	14	3.18	4.67
Equity			
Equity Share Capital	15	1,278.21	1,278.21
Other Equity	16	31,264.85	31,095.08
TOTAL - LIABILITIES AND EQUITY		**32,599.11**	**32,512.35**

Summary of significant accounting policies 1

The accompanying notes are an integral part of these standalone 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
Kolkata
DIN-06640892

Arvind Agrawal
Managing Director
Kolkata
DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Standalone Statement of Profit and Loss

for the year ended March 31, 2023

(Amount in Rs. Million)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
Interest Income	17	231.94	228.34
Dividend Income	18	-	2,593.60
Net gain on fair value changes	19	49.87	0.82
Total Revenue from operations		**281.81**	**2,822.76**
Other Income	20	12.32	1.56
Total income		**294.13**	**2,824.32**
Expenses			
Finance Costs	21	0.21	-
Loss on de-recognition of financial instrument	22	-	14.94
Employee Benefits Expense	23	25.17	10.43
Depreciation and amortisation expense	24	2.02	1.48
Other expenses	25	33.18	149.40
Total expenses		**60.58**	**176.25**
Profit before tax		**233.55**	**2,648.07**
Tax expense	26	**63.75**	**355.63**
Current Tax		51.55	359.29
Deferred Tax charge/(credit) (net)		12.20	(3.66)
Profit for the Year		**169.80**	**2,292.44**
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement (gain)/loss on defined benefit plan		0.04	-
Tax impact		(0.01)	-
Subtotal		**0.03**	-
(b) Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of taxes		**0.03**	-
Total Comprehensive Income for the year		**169.77**	**2,292.44**
Earnings per equity share	27		
Basic (₹)		1.33	17.93
Diluted (₹)		1.33	17.93
Nominal value per share		10	10

Summary of significant accounting policies 1

The accompanying notes are an integral part of these standalone 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
Kolkata
DIN-06640892

Arvind Agrawal
Managing Director
Kolkata
DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Statement of Standalone Cash Flow

for the year ended March 31, 2023

(Amount in Rs. Million)

		Year ended March 31, 2023	Year ended March 31, 2022
A.	**Cash flows from operating activities**		
	Profit before tax	233.55	2,648.07
	Adjustments for:		
	Depreciation and amortisation expense	2.02	1.48
	Loss on derecognition of financial Instrument	-	14.94
	Finance Cost	0.21	-
	Interest on Income Tax Refunds	(10.76)	-
	Net Gain on Fair Value Changes	(49.87)	(0.82)
	Operating profit before working capital changes	**175.15**	**2,663.67**
	Movements in working capital:		
	(Increase) in other financial assets	(0.43)	-
	(Increase)/ decrease in other non-financial assets	(0.02)	0.09
	Decrease in other non- financial liabilities	(1.49)	(0.87)
	Increase in provisions	3.58	1.99
	Increase/ (decrease) in other Payables	(96.06)	(2,728.27)
	Cash generated from/ (used in) operations	**80.73**	**(63.39)**
	Direct taxes paid (Net of refunds) [Refer Note -3]	1,969.47	(359.73)
	Net cash flow from/ (used in) operating activities (A)	**2,050.20**	**(423.12)**
B.	**Cash flows from investing activities**		
	Deposits created with banks	(5,877.60)	(8,286.13)
	Deposits encashed with banks	4,995.76	9,087.23
	Purchase of property, plant and equipment	(5.49)	(0.05)
	Purchase of investments	(1,197.50)	(104.80)
	Sale of investments	35.76	1,077.24
	Net cash flow from/ (used in) investing activities (B)	**(2,049.07)**	**1,773.49**
C.	**Cash flows from financing activities**		
	Dividend paid	-	(1,349.79)
	Payment of Lease Liabilities	(0.26)	-
	Net cash flow used in financing activities (C)	**(0.26)**	**(1,349.79)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**0.87**	**0.58**
	Cash and cash equivalents at the beginning of the year	14.57	13.99
	Cash and cash equivalents at the end of the year	**15.44**	**14.57**
	Components of Cash and cash equivalents [Refer note -2]		
	Cash on hand*	0.00	0.00
	Balances with banks	15.44	14.57
	Total Cash and cash equivalents	**15.44**	**14.57**
* Represents Cash in Hand of Rs.1,678 (March 31, 2022 Rs.1,500)			

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 on investments are considered as part of cash flow from Operating activities.

Note -3 Includes income tax refund of Rs. 2021.67 million received during the F.Y. 2022-23. The same has been adjusted with Direct tax payment of Rs. 52.20 million for the year.

Summary of significant accounting policies 1

The accompanying notes are an integral part of these standalone 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
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Managing Director
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DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Standalone Statement of Changes in Equity

for the year ended March 31, 2023

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 April 01, 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
Changes in equity share capital during the year	-	-
Balance as at March 31, 2023	**12,78,21,101**	**1,278.21**

2. Other Equity

Previous reporting period **(Amount in Rs. Million)**

	Reserves and Surplus				Other Comprehensive Income(OCI)	Total other equity
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	Re-measurements of net defined benefit plans	
Balance as at April 01, 2021 (Opening Balance)	**15,210.83**	**2,779.55**	**11,971.05**	**191.00**	**-**	**30,152.43**
Changes in Accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**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**

Current reporting period **(Amount in Rs. Million)**

	Reserves and Surplus				Other Comprehensive Income(OCI)	Total other equity
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	Re-measurements of net defined benefit plans	
Balance as at April 01, 2022 (Opening Balance)	**15,669.32**	**2,779.55**	**11,971.05**	**675.16**	**-**	**31,095.08**
Changes in Accounting policy/prior period errors	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**15,669.32**	**2,779.55**	**11,971.05**	**675.16**	**-**	**31,095.08**
Profit for the year	-	-	-	169.80	-	169.80
Other Comprehensive Income (Net of Tax)	-	-	-	-	(0.03)	(0.03)
Transfer from Retained Earnings to Statutory Reserve	33.96	-	-	(33.96)	-	-
Balance as at March 31, 2023	**15,703.28**	**2,779.55**	**11,971.05**	**811.00**	**(0.03)**	**31,264.85**

Notes

to standalone financial statements as at and for the year ended March 31, 2023

Note 2.1 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, 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.

Summary of significant accounting policies 1
The accompanying notes are an integral part of these standalone 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
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Place : Kolkata
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For **Bandhan Financial Services Limited**

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Chief Financial Officer
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Biplab Kumar Mani
Company Secretary
Kolkata

Notes

to standalone financial statements as at and for the year ended March 31, 2023

A. Corporate Information

Bandhan Financial Services Limited ("the Company"), having CIN U70101WB1995PLC073339, 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 30,2023.

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) and other relevant provisions of the Act. The Company has also considered the applicable Master Directions, Circulars/ notifications issued by the Reserve Bank of India for the preparation of these Standalone Financial Statements.

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. 37.

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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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. For final dividend, 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 also disclosed in Note No. 7.

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 Right-of-Use assets. Such assets are amortised on the basis of straight line method 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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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

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, 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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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.

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

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

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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
Leasehold Improvements	9 years
Furniture and Fixtures	9 years
Office Equipments	5 years
Computer Hardware	3 years

Right of use Assets are depreciated over a period of 9 years on a straight line basis.

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 modify the 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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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 not 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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

1.20 Recent accounting pronouncements

(i) New and amended standards adopted

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended the following accounting standards, and are effective 1 April 2022

- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 109, Financial Instruments

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards issued

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023. The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of the above amendments.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

2. Cash and Cash Equivalents

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Cash on hand*	0.00	0.00
Balances with Bank		
- In current accounts	15.44	14.57
	15.44	**14.57**

* Represents Cash in Hand of Rs.1,678 (March 31, 2022 Rs.1,500)

3. Bank balances other than cash and cash equivalents

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Deposits with Banks having original maturity exceeding three months	5,127.76	4,245.96
	5,127.76	**4,245.96**

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, 2023							
-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	-	-	1,222.54	-	1,222.54	-	1,222.54
Total- Gross	-	-	1,222.54	-	1,222.54	26,163.20	27,385.74
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**-**	**-**	**1,222.54**	**-**	**1,222.54**	**26,163.20**	**27,385.74**
Other Disclosures :							
Aggregate amount of unquoted investments							27,385.74
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	

Notes

to standalone financial statements as at and for the year ended March 31, 2023

(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
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. Other financial assets (Unsecured,considered good)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Security Deposits	0.21	-
Advances recoverable in cash or kind	0.22	-
	0.43	**-**

6. Deferred Tax Assets/(liabilities) (Net)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Deferred Tax Assets		
On account of Timing difference in		
- Unabsorbed short-term Capital Loss	6.04	6.30
- Lease Liability	0.74	-
- Post employment Benefits	0.60	0.25
	7.38	**6.55**

Notes

to standalone financial statements as at and for the year ended March 31, 2023

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Deferred Tax Liabilities		
On account of Timing difference in		
- Property, plant and equipment	2.00	1.93
- Right of Use Assets	0.69	-
- Fair value gain on investment	12.29	0.03
	14.98	**1.96**
Net Deferred Tax Asset/ (Liabilities)	**(7.60)**	**4.59**

Movement in Deferred Tax Assets/(Liabilities) (Net) *(Amount in Rs. Million)*

	As at March 31, 2021	Charged/ credited to profit or loss	As at March 31, 2022	Charged/ credited to profit or loss	As at March 31, 2023
Deferred Tax Assets					
- Unabsorbed short-term Capital Loss	2.73	3.57	6.30	(0.26)	6.04
- Lease Liability	-	-	-	0.74	0.74
- Post employment Benefits	-	0.25	0.25	0.35	0.60
	2.73	**3.82**	**6.55**	**0.83**	**7.38**
Deferred Tax Liabilities					
- Property, plant and equipment	1.78	0.15	1.93	0.07	2.00
- Right of Use Assets	-	-	-	0.69	0.69
- Fair value gain on investment	0.02	0.01	0.03	12.26	12.29
	1.80	**0.16**	**1.96**	**13.02**	**14.98**
Net Deferred Tax Assets/(Liabilities)	**0.93**	**3.66**	**4.59**	**(12.19)**	**(7.60)**

7. Investment Property

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
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	8.66	7.46
Depreciation charge	1.13	1.20
Closing accumulated depreciation	9.79	8.66
Net carrying amount	**28.38**	**29.51**

The fair value of investment property as at March 31, 2023 has been arrived at Rs. 65.18 Million (Rs. 33.73 Million), on the basis of valuation carried out by an registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. The property is a commercial unit situated in Tripura, India, and its fair value was derived using the market approach method without any significant adjustments being made observable data. Accordingly, fair value estimates for Investment Property is classified as Level 3.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
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	(1.13)	(1.20)
Profit from investment property	**0.43**	**0.36**

(ii) Leasing arrangements

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

	As at March 31, 2023	As at March 31, 2022
Within one year	1.56	1.56
Later than one year but not later than 5 years	0.65	2.20
Later than 5 years	-	-

8. Property, Plant and Equipment

(Amount in Rs. Million)

	Furniture & Fixtures	Leasehold Improvements	Computer Hardware	Office Equipment	Total
Cost					
As at April 01, 2021	-	-	0.32	-	0.32
Additions	-	-	0.05	-	0.05
Disposals	-	-	-	-	-
As at March 31, 2022	-	-	0.37	-	0.37
Additions	0.45	3.92	0.10	1.46	5.93
Disposals	-	-	-	-	-
As at March 31, 2023	**0.45**	**3.92**	**0.47**	**1.46**	**6.30**
Depreciation					
As at April 01, 2021	-	-	0.15	-	0.15
Depreciation for the year	-	-	0.11	-	0.11
Disposals	-	-	-	-	-
As at March 31, 2022	-	-	0.26	-	0.26
Depreciation for the year	0.03	0.27	0.08	0.15	0.53
Disposals	-	-	-		-
As at March 31, 2023	**0.03**	**0.27**	**0.34**	**0.15**	**0.79**
Net carrying amount					
March 31, 2023	**0.42**	**3.65**	**0.13**	**1.31**	**5.51**
March 31, 2022	-	-	0.11	-	0.11

Notes

to standalone financial statements as at and for the year ended March 31, 2023

9. Leases

(Amount in Rs. Million)

Operating leases primarily comprise office premises. Extension and termination options are included in the leases of the Company. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. The majority of extension and termination options held are exercisable only by the Company and not by the respective lessor.

(i) The Company has cancellable operating Lease Agreement for Registered 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. 0.61 Million (31st March, 2022: Rs. 0.79 Million) has been recognised under Office Rent in the statement of Profit and Loss.

(ii) The Company has acquired corporate office premises on lease during the current financial year and adopted modified approach as per IND AS 116 - Leases. This has resulted in recognizing a right of use assets (an amount equal to lease liability) of Rs.2.98 million as at 31st March 2023. In the statement of profit and loss, operating lease expenses has been charged to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

(a) Leased Assets

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Right-of-use assets		
At cost at the beginning of the year	-	-
Additions	2.98	-
Disposals	-	-
At cost at the end of the year	**2.98**	**-**
Accumulated depreciation as at the beginning of the year	-	-
Depreciation for the year	0.25	-
Disposals	-	-
Accumulated depreciation as at the end of the year	0.25	-
Net carrying amount as at the end of the year	**2.73**	**-**

(b) Lease Liability

	As at March 31, 2023	As at March 31, 2022
Lease Liabilities		
Outstanding as at the beginning of the year	-	-
Additions during the year	2.98	-
Deductions during the year	-	-
Interest expense	0.21	-
Cash outflow	(0.26)	-
Outstanding as at the end of the year	**2.93**	**-**

(c) Amount recognised in the Statement of Profit & Loss

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation Charge on Right of Use Assets	0.25	-
Interest Expense	0.21	-
Expense Relating to Short-term Leases	0.61	0.79

Notes

to standalone financial statements as at and for the year ended March 31, 2023

10. Intangible Assets

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Computer Software		
At cost at the beginning of the year	0.52	0.52
Additions	-	-
Disposals	-	-
At cost at the end of the year	0.52	0.52
Accumulated amortisation as at the beginning of the year	0.19	0.02
Amortisation for the year	0.11	0.17
Disposals	-	-
Accumulated amortisation as at the end of the year	0.30	0.19
Net carrying amount as at the end of the year	**0.22**	**0.33**

11. Other non-financial assets

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	0.07	0.05
	0.07	**0.05**

12. Payables (at amortised cost)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
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)	20.00	114.62
- Payable for others	16.78	17.73
	36.78	**132.35**

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

	As at March 31, 2023	As at March 31, 2022
(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.	-	-

Notes

to standalone financial statements as at and for the year ended March 31, 2023

13. Provisions

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits	5.56	1.99
	5.56	**1.99**

14. Other Non-financial liabilities

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Rent received in advance	2.20	3.76
Statutory liabilities	0.98	0.91
	3.18	**4.67**

15. Equity Share Capital

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
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)

	As at March 31, 2023		As at March 31, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares at the beginning of year	127,821,101	1,278.21	127,821,101	1,278.21
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of year	**127,821,101**	**1,278.21**	**127,821,101**	**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, 2023		As at March 31, 2022	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Small Industries Development Bank of India	10,393,489	8.13	10,393,489	8.13
Financial Inclusion Trust	42,061,424	32.91	42,061,424	32.91
North East Financial Inclusion Trust	10,000,000	7.82	10,000,000	7.82
Bandhan Employee's Welfare Trust	18,680,922	14.61	18,680,922	14.61
International Finance Corporation	17,368,339	13.59	17,368,339	13.59
Caladium Investment Pte. Ltd.	21,350,912	16.70	21,350,912	16.70

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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, 2023			As at March 31, 2022		
	No. of Shares held	% of Holding	% of change during the year	No. of Shares held	% of Holding	% of change during the year
1. Financial Inclusion Trust	42,061,424	32.91	-	42,061,424	32.91	-
2. North East Financial Inclusion Trust	10,000,000	7.82	-	10,000,000	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.

16. Other Equity

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Securities Premium	11,971.05	11,971.05
Statutory Reserve	15,703.28	15,669.32
General Reserve	2,779.55	2,779.55
Retained Earnings	811.00	675.16
Other Comprehensive Income	(0.03)	-
	31,264.85	**31,095.08**

17. Interest income

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Financial Instrument measured at amortised cost		
- Interest on Deposits with Banks	231.94	185.72
- Interest on Govt. Securities	-	42.62
	231.94	**228.34**

18. Dividend income

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Dividend Income from subsidiary	-	2,593.60
	-	**2,593.60**

Notes

to standalone financial statements as at and for the year ended March 31, 2023

19. Net gain on fair value changes

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Net gain on financial instruments at fair value through profit or loss -		
Others -		
Realised	1.04	0.68
Unrealised	48.83	0.14
	49.87	**0.82**

20. Other Income

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Rental income	1.56	1.56
Interest on income tax refund	10.76	-
	12.32	**1.56**

21. Finance Costs

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Interest on Lease Liability	0.21	-
	0.21	**-**

22. Loss on de-recognition of financial instrument

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Loss on de-recognition of financial instrument at amortised cost	-	14.94
	-	**14.94**

23. Employee benefits expense

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	23.48	9.80
Contribution to provident fund and other fund	1.35	0.33
Post employment Benefits	0.31	0.30
Staff Welfare	0.03	-
	25.17	**10.43**

24. Depreciation and amortisation expense

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on Investment Property	1.13	1.20
Depreciation of property, plant and equipment	0.53	0.11
Depreciation on right-of-use assets	0.25	-
Amortisation of intangible assets	0.11	0.17
Total	**2.02**	**1.48**

Notes

to standalone financial statements as at and for the year ended March 31, 2023

25. Other expenses

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Professional and Consultancy Charges	5.40	29.60
Directors' sitting fees	1.93	2.09
Office Rent	0.61	0.79
Travelling and Conveyance	1.12	0.01
Insurance	0.19	0.31
Bank charges	0.01	0.02
Rates & Taxes	0.02	0.02
Payment to auditors [Refer note -25(i)]	2.57	1.87
Donation	20.00	110.72
Corporate social responsibility expenses [Refer note -35]	-	3.90
Miscellaneous Expenses	1.33	0.07
	33.18	**149.40**

(i) Details of payments to auditors

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Payment to auditors		
As auditors:		
Audit Fees	2.04	1.50
Tax Audit Fees	0.45	0.33
Certification fees	0.05	0.04
Reimbursement of expenses	0.03	0.00
	2.57	**1.87**

26. Tax Expenses

(Amount in Rs. Million)

The major components of income tax expense for the year ended March 31, 2023

	Year ended March 31, 2023	Year ended March 31, 2022
Current Income Tax:		
Current Income Tax	51.56	359.29
Adjustments in respect of excess income tax provision of earlier year (representing Rs 3,839; P.Y. Nil)	(0.00)	-
Deferred tax:		
-Relating to origination and Reversal of temporary difference	0.07	0.15
-Unabsorbed short-term Capital Loss	-	(3.56)
-Mark to Market gain on FVTPL Investments	12.52	-
-Post employment Benefits	(0.35)	(0.25)
-Right of Use Assets	0.69	-
-Lease Liability	(0.74)	-
	63.75	**355.63**

Notes

to standalone financial statements as at and for the year ended March 31, 2023

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2023

	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before income tax	233.55	2,648.07
Company's Tax rate	25.17%	25.17%
Income tax expense calculated using Company's Income tax rate	58.77	666.47
Effect of Non deductible expenses	5.03	29.19
Effect of favourable deductions	(0.05)	(340.03)
Income tax expense reported in the financial statements	**63.75**	**355.63**

27. Earnings Per Share

	Year ended March 31, 2023	Year ended March 31, 2022
Net Profit/(Loss) attributable to Equity Shareholders (Rs. In Million)	**169.80**	**2,292.44**
Weighted Average No. of Equity Shares (Nos.)	127,821,101	127,821,101
Basic / Diluted Earning Per Share (Rs.)	1.33	17.93
Nominal Value of Equity Shares (Rs.)	10	10

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. In order to show how fair values have been derived, financial instruments are classified based on valuation techniques, as explained below.

28.2 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 Finance which reports to the Chief Financial officer.

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:

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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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.

As at 31-03-2023	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Financial Assets				
Investment in Mutual Funds	1,222.54	-	-	1,222.54
	1,222.54	**-**	**-**	**1,222.54**

As at 31-03-2022	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**

29. 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 generally invested in Deposits with Banks, Government 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, Risk Management Committees and the Board of the Subsidiary. The Company is exposed to Equity Investment Risk, credit risk, liquidity risk and market risk.

i. Equity Invetsment Risk

The Company's investments in non-listed equity securities are accounted at cost in the financial statements net of impairment. The expected cash flows from these entities are regularly monitored internally and also independently, wherever necessary, to identify impairment indicators.

ii. 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, bank balances, 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.

iii. 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.

iv. 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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

Risk Management Governance

Risk management is the responsibility of the Risk Management Committee and the Board of Directors, which approves risk policies and the delegation matrix. The Board is supported by the Risk Management committees and the Audit Committee 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, Risk Management committees and Audit Committee reviews the adequacy of Company's risk management policies, processes and report the matter to the Board of Directors.

30. 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.

31. Capital commitments and other commitments

The Company did not have any capital or other commitment as on March 31, 2023 and March 31, 2022.

32. 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
Bandhan AMC Limited (formerly known as IDFC Asset Management Company Limited)	Subsidiary Company of Bandhan Financial Holdings Limited (with effect from February 1,2023)
Bandhan Mutual Fund Trustee Ltd (formerly known as IDFC Mutual Fund Trustee Limited)	Subsidiary Company of Bandhan Financial Holdings Limited (with effect from February 1,2023)
Investment Managers (Mauritius) Limited (formerly known as IDFC Investment Managers (Mauritius) Limited)	Subsidiary Company of Bandhan AMC Limited (with effect from February 1,2023)
Bandhan Konnagar [refer Note -a below]	Entity forming part of the Promoter group
Key Management Personnel	
Mr. Arvind Agrawal	Managing Director (with effect from April 8, 2022)
Mr. Amrit Daga	Chief Financial Officer
Mr. Biplab Kumar Mani	Company Secretary
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. Shri Ram Meena	Nominee Director of Small Industries Development Bank of India.(upto June 21,2022)
Mr. Sanjay Goyal	Nominee Director of Small Industries Development Bank of India.(with effect from June 21,2022 upto 30th March 2023).
Mr. Arup Kumar	Nominee Director of Small Industries Development Bank of India.(with effect from 30th March 2023).
Mr. Pankaj Sood	Nominee Director of Caladium Investment Pte. Ltd.
Ms. Hulya Kefeli	Nominee Director of International Finance Corporation.
Mr. Arindam Banik	Non Executive Director.
Mr. Amit Kumar Hazra	Non Executive Director (with effect from June 21,2021).

Notes

to standalone financial statements as at and for the year ended March 31, 2023

Sl. No.	Name of Related Party	Year ended March 31, 2023	Year ended March 31, 2022
1	**Bandhan Bank Limited**		
	Transaction during the year		
	Interest Income	206.98	160.93
	Office Rent	-	0.36
	Balance outstanding		
	Deposits	3,075.78	4,235.94
	Current Account	15.15	14.13
2	**Bandhan Financial Holdings Limited**		
	Transaction during the year		
	Dividend Received	-	2,593.60
	Balance outstanding		
	Investment	26,163.20	26,163.20
3	**Bandhan Konnagar**		
	Transactions during the year		
	Donation	20.00	110.72
	Contribution towards Corporate social responsibility expenses [Refer note -35]	-	3.90
	Office Rent	0.13	0.29
	Rental Income	1.56	1.56
	Balance outstanding		
	Rent received in Advance	2.20	3.76
	Donation and Corporate social responsibility expenses payable	20.00	114.62
4	**Key Managerial Personnel**		
	Remuneration and other allowances [refer note- b below]		
	Mr. Arvind Agrawal	12.46	-
	Mr. Amrit Daga	4.93	4.74
	Mr. Biplab Kumar Mani	3.39	2.96
5	**Sitting Fees to non-executive / independent directors**		
	Mr. Arun Shrivastava	0.32	0.30
	Mr. Subrata Mandal	0.38	0.33
	Mr. Pankaj Sood*	0.18	0.29
	Ms. Hulya Kefeli*	0.21	0.21
	Mr. Shri Ram Meena*	0.03	0.06
	Mr. Sanjay Goyal*	0.09	-
	Mr. Arindam Banik	0.23	0.27
	Mr. Amit Kumar Hazra	0.21	0.18
	Mr. Asit Pal	-	0.12
	Mr. Yogesh Chand Nanda	-	0.02
	Balance outstanding		
	Ms. Hulya Kefeli*	0.03	-

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

Note - a: The Company has considered Bandhan Konnagar (a Society registered under the West Bengal Societies Registration Act 1961), a promoter group entity, as a related party with effect from April 1, 2022. The previous year

Notes

to standalone financial statements as at and for the year ended March 31, 2023

numbers of related party transactions with Bandhan Konnagar are disclosed for comparative purpose only.

Note- b: Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company basis at the end of each year and, accordingly, have not been considered above.

33. 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

Sl. No.	Particulars	Remarks
1.	**Capital to Risk (Weighted) Assets Ratio**	Refer Note No. 33(C)
2.	**Investments**	Refer Note No. 33(D)
3.	**Derivatives**	The Company has no transaction or exposure in 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	
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, 2023 and 31st March, 2022.
	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, 2023 and 31st March, 2022.
5.	Details of non-performing financial assets purchased / sold	The Company has not purchased / sold non-performing financial assets during the years ended 31st March, 2023 and 31st March, 2022.
	i) Details of non-performing financial assets purchased :	
	ii) Details of non-performing Financial assets sold :	
6.	Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 33 (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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

Sl. No.	Particulars	Remarks
9.	i) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC	The Company does not have any advances as on 31st March, 2023 and 31st March, 2022.
	ii) Unsecured Advances	
10.	**Miscellaneous**	
	i) Registration obtained from other financial sector regulators	Refer Note No. 33(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. 32(B)
	iv) Ratings assigned by credit rating agencies and migration of ratings during the year	Refer Note No. 33(F)
	v) Remuneration of Directors	Refer Note No. 32(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 as per IND AS 110.
11.	**Additional Disclosures**	
	i) Provisions and Contingencies	Refer Note No. 33(G) and Note No. 34
	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, 2023 and 31st March, 2022.
	c) Concentration of Exposure	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2023 and 31st March, 2022.
	d) Concentration of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2023 and 31st March, 2022.
	e) Sector-wise NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2023 and 31st March, 2022.
	f) Movement of NPAs	This disclosure is not applicable as the Company does not have any advances as on 31st March, 2023 and 31st March, 2022.
	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.

Notes

to standalone financial statements as at and for the year ended March 31, 2023

C) Ratios

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

Sl. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i)	CRAR (%)	208.76	288.09
ii)	CRAR - Tier I capital (%)	208.76	288.09
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

Sl. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i)	Leverage Ratio	0.17%	0.43%
ii)	Liquidity Coverage Ratio	260038.40%	78170.98%
iii)	Return on Equity	0.52%	7.08%
iv)	Return on Assets	0.52%	7.05%
v)	Net Profit per employee (Rs. In Million)	42.45	573.11

D) Investments

		Particulars	Year ended March 31, 2023	Year ended March 31, 2022
1)	**Value of Investments**			
	i)	Gross Value of Investments		
		a) In India	27,385.74	26,174.13
		b) Outside India	-	-
	ii)	Provisions for Depreciation		
		a) In India	-	-
		b) Outside India	-	-
	iii)	Net Value of Investment		
		a) In India	27,385.74	26,174.13
		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)

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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

Sl. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i)	Provision made towards Income tax and Deferred Tax	63.75	355.63
ii)	Provision for Employee benefits	5.56	1.99

H) Maturity pattern of certain Assets & Liabilities :

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	**1,222.54**	-	-	-	-	-	-	-	**26,163.20**	**27,385.74**
	(10.93)	(-)	(-)	(-)	(-)	-	(-)	(-)	(26,163.20)	(26,174.13)
Other payables	**0.07**	**16.71**	-	**20.00**	-	-	-	-	-	**36.78**
	(2.32)	(15.46)	**(-)**	(114.62)	(-)	(-)	(-)	(-)	(-)	(132.40)

Note : The above Asset-Liability Management disclosure is on the basis of certain assumptions and estimates made by the Management. The Company does not have any borrowing or Advances as on 31st March, 2023 and 31st March, 2022. Previous Years figures are disclosed in brackets.

34. Contingent liabilities (To the extent not provided for)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Claims against the Company not acknowledged as debt		
Income Tax claims under appeal	35.72	35.72

35. Details of CSR Expenditure

(Amount in Rs. Million)

		As at March 31, 2023	As at March 31, 2022
a)	Gross amount required to be spent by the Company during the year	3.90	3.97
b)	amount of expenditure incurred [refer note (ii) below]	3.90	3.97
c)	shortfall at the end of the year	-	-
d)	total of previous years shortfall	-	-
e)	details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standards.	3.90	3.97
f)	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.	-	-

(i) The Company has spent the amount towards Eliminating poverty through its programme Targetting the hard core poor and Education in respect of Financial Literacy through the programe Bandhan Financial Literacy Programe.

(ii) Hitherto, the Company has been calculating its Corporate Social Responsibility (CSR) expenditure on the percentage of average net profits of the Company, as per Section198 of the Act in the three immediate financial years, including the financial year under reporting. However, in the current year (i.e. FY 2022-23), the Company

Notes

to standalone financial statements as at and for the year ended March 31, 2023

has aligned its CSR expense accounting as per the requirements under section 135(5) of the Companies Act, 2013 and has accordingly considered percentage of average net profits of the Company, in the three immediately preceding financial years for the said computation. Based on such alignment, no charge has been considered in the current years' Statement of Profit and loss against CSR expenses and hence forth the incurrence of charge and actual spent will be in the same financial year. The CSR expenditure accrued by the Company in the FY 2021-22 has been spent during the year 2022-23 by way of a contribution to the Bandhan Konnagar trust in compliance with Section 135 of the Companies Act, 2013.

36. Employee Benefits

a) Defined Contribution Plan

(Amount in Rs. Million)

	Year Ended March 31, 2023	Year Ended March 31, 2022
Employer's Contribution to Provident Fund	0.88	0.33
Employer's Contribution to Pension Fund	0.47	-

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	As at March 31, 2023	As at March 31, 2022
(A) Changes in Defined Benefit Obligation		
Present Value of Defined Benefit Obligation as at the beginning of the year	0.30	-
Current Service Cost	0.29	0.27
Past Service Cost - plan amendements	-	0.03
Interest Cost	0.02	-
Acturial (Gains)/ Loss	0.04	-
Benefit payments from employer	-	-
Present Value of Defined Benefit Obligation as at the end of the year	**0.65**	**0.30**
(B) Amount recognised in the Balance Sheet		
Present Value of Unfunded Obligation	0.65	0.30
Net (Assets)/ Liability recognised in the Balance Sheet	**0.65**	**0.30**
(C) Current and Non Current Liability and Asset		
Current Liabilities	0.00	0.00
Non Current Liabilities	0.65	0.30
	0.65	**0.30**

Notes

to standalone financial statements as at and for the year ended March 31, 2023

Particulars	As at March 31, 2023	As at March 31, 2022
(D) Expense recognized in Statement of Profit and Loss		
Total Service Cost	0.29	0.27
Past Service Cost - plan amendements	-	0.03
Interest cost	0.02	-
Total Expense required to be recognized in Statement of Profit and Loss	**0.31**	**0.30**
(E) Expense recognized in the Other Comprehensive Income (OCI)		
Remeasurements - Due to Demographic Assumptions	0.05	-
Remeasurements - Due to Financial Assumptions	-0.01	-
Remeasurements - Due to Experience Adjustments	-	-
Net (Income)/ Expense for the period to be recognized in OCI	**0.04**	**-**

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	% increase in DBO	Liability	% increase in DBO	Liability
Discount Rates				
+ 100 Basis Points	-8.50%	(0.06)	-10.20%	(0.03)
- 100 Basis Points	9.70%	0.06	11.90%	0.04
Salary Growth				
+ 100 Basis Points	7.30%	0.05	11.60%	0.04
- 100 Basis Points	-8.30%	(0.05)	-10.20%	(0.03)

Particulars	As at March 31, 2023	As at March 31, 2022
(G) Maturity profile of Defined Benefit Obligation		
i) Year 1 (*)	0.00	0.00
ii) Year 2 (*)	0.00	0.00
iii) Year 3 (*)	0.00	0.00
iv) Year 4 (*)	0.00	0.00
v) Year 5 (*)	0.00	0.00
vi) Year 6 to Year 10	0.02	0.02
	0.02	**0.02**

(*) Amount below rounding off number

Particulars	As at March 31, 2023	As at March 31, 2022
(H) The principal assumptions used in determining gratuity obligations for the company's plans are shown below:		
Discount rate (per annum)	7.20%	7.00%
Salary increase (per annum)	8.80%	8.80%
Withdrawal rate	8.00%	8.00%
Mortalility	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Notes

to standalone financial statements as at and for the year ended March 31, 2023

37. 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	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 Months	Total	Within 12 months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	15.44	-	15.44	14.57	-	14.57
Bank Balances other than Cash and cash equivalents	5,127.76	-	5,127.76	4,235.94	10.02	4,245.96
Investments	1,222.54	26,163.20	27,385.74	10.93	26,163.20	26,174.13
Other financial assets	0.22	0.21	0.43	-	-	-
Non-Financial assets						
Current tax assets (net)	-	32.83	32.83	-	2,043.10	2,043.10
Deferred tax assets (net)	-	-	-	-	4.59	4.59
Investment property	-	28.38	28.38	-	29.51	29.51
Property Plant & Equipment	-	5.51	5.51	-	0.11	0.11
Right of Use Assets	-	2.73	2.73	-	-	-
Intangible Assets	-	0.22	0.22	-	0.33	0.33
Other non-financial assets	0.07	-	0.07	0.05	-	0.05
TOTAL - ASSETS	**6,366.03**	**26,233.08**	**32,599.11**	**4,261.49**	**28,250.86**	**32,512.35**
LIABILITIES						
Financial Liabilities						
Payables						
Other payables	36.78	-	36.78	132.40	-	132.40
Lease Liability	0.18	2.75	2.93			-
Non-Financial Liabilities						
Provisions	3.39	2.17	5.56	0.97	1.02	1.99
Deferred tax liabilities (net)	7.60	0.00	7.60	-	-	-
Other non-financial liabilities	2.54	0.64	3.18	2.47	2.20	4.67
TOTAL - LIABILITIES	**50.49**	**5.56**	**56.05**	**135.84**	**3.22**	**139.06**

38. The Company had a term loan of Rs. 250 millions with Union Bank of India (erstwhile Corporation Bank) which was fully repaid during the financial Year 2016-17. Due to a technical glitch, the Company could not file the relevant documents with the Registrar of Companies, Kolkata, for registration of satisfaction of charges for the repayment of the said loan.The Company is in the process of filing for obtaining a condonation of delay from the relevant authorities to regularize the matter.

39. 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

Notes

to standalone financial statements as at and for the year ended March 31, 2023

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. 33 (C)

40. 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 Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the funding party /("Ultimate Beneficiaries").

41. During the year, the Company has incurred Foreign Currency expenses of Rs. 0.34 million (Previous year : Rs. 0.47 million) towards Sitting Fees paid to Directors.

42. The Board of Directors at its meeting held on June 30, 2023 have proposed dividend of Rs. 0.79 per equity share (previous year: Rs. Nil per share) for the financial year 2022-23 which is subject to the approval of the members at the ensuing Annual General Meeting.

43. Previous year's figures have been regrouped / reclassified , where necessary , to conform to Current year's classification.

44. Events after reporting date

There has been no significant 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
Kolkata
DIN-06640892

Arvind Agrawal
Managing Director
Kolkata
DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Independent Auditors 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 subsidiaries (the Company and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associate, comprising the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, for the year ended on that date, and 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 and based on the consideration of reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries and associate referred to in the Other Matters section below, 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 (Ind AS) 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 (financial position) of the Group and its associate as at March 31, 2023, their consolidated profit (financial performance including other comprehensive income), their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("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 and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us 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 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 standalone financial statements, consolidated financial statements and our auditor's report thereon. The Holding Company's Directors' 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 (Revised) "The Auditor's responsibility Relating to Other Information".

Responsibilities of Management and Those Charged with Governance 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 cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India.

Independent Auditors Report

The respective management and Board of Directors of the Companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its Associate 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error which have been used for the purpose of preparation of the consolidated financial statements by the management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies in the Group and its Associate 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 their respective Companies 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 and of its Associate 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 and its Associate 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 and its Associate 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

Independent Auditors Report

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 / financial information of four subsidiaries, including three step down subsidiaries, whose financial statements reflect total assets of Rs. 2,24,437.89 million as at March 31, 2023, total revenues of Rs. 2,153.81 million and net cash outflows amounting to Rs. 10.44 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. 9,793.87 million for the year ended March 31, 2023, 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 / financial information 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 these subsidiaries 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 subsidiaries and associate is based solely on the reports of the other auditors.

The following other matter paragraph is given by a component auditor of Bandhan AMC Limited, a step-down subsidiary company, which is reproduced as under:

The financial statements of one subsidiary located outside India, included in the consolidated financial statements, which constitute total assets of Rs 5.44 million and net assets of Rs 4.60 million as at balance sheet date, total comprehensive income (comprising of loss and other comprehensive income) of Rs (5.86) million and net cash flows amounting to Rs (5.90) million for the year then ended have been prepared in accordance with accounting principles generally accepted in their respective countries and have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in their respective countries to the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiary located outside India, including other information, is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements 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~~ and on the consideration of reports of the other auditors on the separate financial statements and the other financial information of the subsidiaries and associate referred to in the Other Matters section above we report, to the extent applicable, that:

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

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

Independent Auditors Report

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 relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with 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, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and its associate company incorporated in India, none of the directors of the Group companies and its associate incorporated in India is disqualified as on March 31, 2023 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 with reference to the consolidated financial statements of the Holding Company, its subsidiary companies incorporated in India and associate company 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, subsidiary companies and associate company incorporated in India, respectively. As informed, the reporting under section 143(3)(i) on internal financial controls is not applicable to one subsidiary incorporated outside India.

g) In our opinion and to the best of our information and explanations given to us and based on the reports of the statutory auditors of subsidiary companies incorporated in India, the remuneration paid during the current year by the Holding company, subsidiary companies incorporated in India to its directors is in accordance with the provisions of Section 197 read with Schedule V of the Act. As informed, the provisions of section 197 of the Act are not applicable to the Associate company by virtue of section 35B(2A) of the Banking Regulation Act, 1949.

h) In 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 and based on the consideration of the reports of the other auditors on separate financial statements as also the other financial information of subsidiary companies and associate company, as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2023 on the consolidated financial position of the Group. (Refer note 43 to the consolidated financial statements)

   ii. The Group and its associate 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 Holding Company and its subsidiary companies incorporated in India during the year ended March 31, 2023. We have been informed that there has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Associate company during the year ended March 31, 2023.

      A) The respective Managements of the Holding Company, and its subsidiary companies which are companies incorporated in India whose financial statements have been audited under the Act, have represented to us and the auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the note 38(vii) of 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 or any of such subsidiaries 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 any of such subsidiaries ("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 subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, have represented to us and the auditors of such subsidiaries, respectively, that, to the best of it's knowledge and belief,

Independent Auditors Report

as disclosed in the note 38(vii) to the consolidated accounts, no funds (which are material either individually or in aggregate) have been received by the Holding Company or any of such subsidiaries 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 or any of such subsidiaries 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 and those performed by the auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' 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.

iv. As stated in note 46 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed dividend for the financial year 2022-23 which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act to the extent it applies to the declaration of proposed dividend till date.

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 and by the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Holding Company, we report that in respect of those companies where audits have been completed under section 143 of the Act, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

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

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN - 23062668BGYZOH6891

Place: Kolkata
Date: June 30, 2023

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, 2023, we have audited the internal financial controls with reference to Consolidated Financial Statements of Bandhan Financial Services Limited (hereinafter referred to as the "Holding Company"), its subsidiary companies and its associate company which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective management and Board of Directors of the Holding Company, its subsidiary companies, and its associate company, which are the companies incorporated in India 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to the consolidated financial statements of the Holding Company, its subsidiary companies, and its associate company, which are the companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI (the "Guidance Note") and the Standards on Auditing, prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements: 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 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 with reference to the consolidated financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to the consolidated financial statements included obtaining an understanding of internal financial controls with reference to the consolidated financial statements, 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 obtained by us and the audit evidence obtained by the other auditors of the subsidiary companies and associate company, which are companies incorporated in India, 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 with reference to the consolidated financial statements of the Company, its subsidiary companies and its associate company which are the companies incorporated in India.

Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

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 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

Annexure - A to the Independent Auditors Report

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 with reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls 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 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 and based on consideration of reporting of the other auditors as mentioned in the Other Matters paragraph below, the Company, its subsidiary companies and its associate company which are the companies incorporated in India have, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2023, 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).

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 three subsidiary companies and one associate company, is based on the audit reports of the auditors of such companies. Our opinion is not modified in respect of this matter.

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

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN - 23062668BGYZOH6891

Place: Kolkata
Date: June 30, 2023

Consolidated Balance Sheet

as at March 31, 2023

(Amount in Rs. Million)

	Note	As at March 31, 2023	As at March 31, 2022
ASSETS			
Financial assets			
Cash and Cash Equivalents	2	41.95	15.02
Bank balances other than Cash and Cash Equivalents	3	11,892.73	37,169.77
Receivables			
(I) Trade receivables	4	196.89	-
Investments	5	218,218.88	204,750.38
Other Financial Assets	6	72.60	-
Non-Financial assets			
Current tax assets (net)	7.1	224.60	2,045.38
Deferred tax assets (net)	8.1	27.03	4.62
Investment property	9	28.38	29.51
Property Plant and equipment	10	110.03	0.33
Right of use Assets	11	320.06	-
Goodwill		25,762.32	-
Other Intangible assets	12	12.73	0.65
Other Non-financial assets	13	128.81	0.09
Total Assets		**257,037.01**	**244,015.75**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Trade Payables	14		
i) total outstanding dues of micro enterprises and small enterprises		5.80	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		121.86	-
Other Payables	15		
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		71.22	170.26
Lease Liabilities	11	375.23	-
Other Financial Liabilities	16	495.74	-
Non-Financial Liabilities			
Current tax liabilities (net)	7.2	129.60	-
Deferred Tax Liabilities (net)	8.2	11.81	-
Provisions	17	16.64	3.32
Other Non-financial liabilities	18	99.93	8.15
Equity			
Equity Share Capital	19	1,278.21	1,278.21
Other Equity	20	253,617.57	242,555.76
Equity Attributable to Owners of the Parent		254,895.78	243,833.97
Non-Controlling Interests		813.40	-
Total Equity		**255,709.18**	**243,833.97**
TOTAL - LIABILITIES AND EQUITY		**257,037.01**	**244,015.75**

Summary of significant accounting policies 1

The accompanying notes are an integral part of these standalone 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
Kolkata
DIN-06640892

Arvind Agrawal
Managing Director
Kolkata
DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

(Amount in Rs. Million)

	Note	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from operations			
Interest Income	21	1,749.98	1,574.08
Fees & Commission Income	22	594.08	-
Net Gain on Fair Value Changes	23	88.48	259.56
Total Revenue from Operation		**2,432.54**	**1,833.64**
Other income	24	15.40	1.56
Total income		**2,447.94**	**1,835.20**
Expenses			
Finance costs	25	4.89	-
Loss on de-recognition of financial instrument	26	-	14.94
Employee benefits expense	27	255.82	24.29
Impairment on financial instruments	28	0.03	-
Depreciation, amortisation and impairment	29	23.98	1.71
Other expenses	30	435.40	203.76
Total expenses		**720.12**	**244.70**
Profit before share of profit of Associate		**1,727.82**	**1,590.50**
Share of profit of Associate		**9,614.73**	**2,132.97**
Profit before tax		**11,342.55**	**3,723.47**
Tax expense	31	**445.09**	**743.84**
Current tax		426.94	795.29
Deferred tax charge/ (credit) (Net)		18.19	(51.45)
Income Tax relating to earlier years		(0.04)	
Profit for the year		**10,897.46**	**2,979.63**
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		1.81	(0.32)
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI		-	-
Tax impact		(0.46)	0.08
Subtotal		**1.35**	**(0.24)**
(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		-	-
Tax impact		-	-
Subtotal		-	-
(c) Share of other comprehensive income of an associate		179.14	-
Other comprehensive income for the year (a + b)		**180.49**	**(0.24)**
Total Comprehensive Income for the year		**11,077.95**	**2,979.39**
Profit for the year			
Attributable to :			
Owners of the parent		10,896.18	2,979.63
Non - Controlling interest		1.28	-
Total Comprehensive income for the year			
Attributable to :			
Owners of the parent		11,076.12	2,979.39
Non - Controlling interest		1.83	-
Earnings per equity share	32		
[Face value of share ₹ 10 (March 31, 2021: ₹10)]			
Basic (₹)		85.25	23.31
Diluted (₹)		85.25	23.31

Summary of significant accounting policies 1
The accompanying notes are an integral part of these standalone 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
Kolkata
DIN-06640892

Arvind Agrawal
Managing Director
Kolkata
DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Statement of Consolidated Cash Flow

for the year ended March 31, 2023

(Amount in Rs. Million)

		Year ended March 31, 2023	Year ended March 31, 2022
A.	**Cash flows from operating activities**		
	Profit/(loss) before tax	11,342.55	3,723.47
	Adjustments for:		
	Share of (Profit)/Loss of associate	(9,614.73)	(2,132.97)
	Depreciation, amortisation and impairment	23.98	1.71
	Impairment of Financial Instrument	0.03	-
	Interest on Income tax refund	(10.76)	-
	Loss on de-recognition of financial instrument	-	14.94
	Profit on sale of property, plant and equipments	(0.61)	-
	Provision for Employee Benefits and other contingencies	-	3.08
	Net gain on Fair Value Changes	(88.48)	(259.56)
	Dividend Income	(0.08)	-
	Dividend from Associate	-	644.12
	Interest income on financial assets measured at amortised cost	(0.38)	-
	Employee expenses on share based payments	(0.05)	-
	Exchange Difference	0.05	-
	Finance Cost	4.89	-
	Operating profit before working capital changes	**1,656.41**	**1,994.79**
	Movements in working capital:		
	Decrease in bank balances other than cash and cash equivalents	19.85	-
	Decrease in Trade Receivables	12.61	-
	(Increase) in other financial assets	(33.63)	-
	(Increase) / Decrease in other non-financial assets	(59.98)	0.07
	(Decrease) in Trade Payables	(26.51)	-
	Increase in Provisions	9.01	
	(Decrease) in other payables	(133.90)	(2,708.42)
	Increase in other financial liabilities	41.98	-
	(Increase)/Decrease in non-financial liabilities	(512.09)	1.67
	Cash generated from/ (used in) operations	**973.75**	**(711.89)**
	Direct taxes paid (Net of refunds) [Refer note :C]	1,533.54	(796.12)
	Net cash flow from/ (used in) operating activities (A)	**2,507.29**	**(1,508.01)**

Statement of Consolidated Cash Flow

for the year ended March 31, 2023

(Amount in Rs. Million)

		Year ended March 31, 2023	Year ended March 31, 2022
B.	**Cash flows from investing activities**		
	Purchase of Property Plant Equipment and other Intangible assets	(18.30)	(0.26)
	Sale of Property Plant Equipment	0.73	-
	Purchase of Subsidiaries (Refer Note 45)	(26,992.88)	-
	Purchase of other investments	(2,223.50)	(356.40)
	Sale of other investments	1,417.04	9,340.74
	Deposits (created)/encashed with banks and financial institutions	25,327.71	(6,128.11)
	Dividend Received	0.08	-
	Net cash flow from/ (used in) investing activities (B)	**(2,489.12)**	**2,855.97**
C.	**Cash flows from financing activities**		
	Payment of Lease Liability	(10.70)	-
	Dividend Payment	-	(1,349.79)
	Net cash flow from/ (used in) in financing activities (C)	**(10.70)**	**(1,349.79)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**7.47**	**(1.83)**
	Cash and cash equivalents at the beginning of the year	15.02	16.85
	Recognition of Cash/Cash Equivalent on account of acquisition of control in the Subsidiaries	19.46	-
	Cash and cash equivalents at the end of the year	**41.95**	**15.02**
	Components of Cash and cash equivalents		
	Cash on hand	0.00*	0.00*
	Balances with banks	41.95	15.02
	Total Cash and cash equivalents	**41.95**	**15.02**

*Represents cash in hand of Rs. 2,644 (March 31,2022 Rs. 2,933)

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 Group is mainly involved in investment, dividend received and interest received are considered as part of cash flow from operating activities.

Note -C: Includes income tax refund of Rs. 2021.67 million received by the Holding Company during the F.Y. 2022-23.

Summary of significant accounting policies 1

The accompanying notes are an integral part of these standalone 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
Kolkata
DIN-06640892

Arvind Agrawal
Managing Director
Kolkata
DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

(Amount in Rs. Million)

1. Equity Share Capital

	No. of shares	*Amount in Rs. Million*
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Balance as at April 1, 2021	127,821,101	1,278.21
Changes in equity share capital	-	-
Balance as at March 31, 2022	127,821,101	1,278.21
Changes in equity share capital	-	-
Balance as at March 31, 2023	**127,821,101**	**1,278.21**

2. Other Equity

Previous reporting period **(Amount in Rs. Million)**

	Reserves and Surplus				Other Comprehensive Income(OCI)		Total other equity	Non-controlling interest	Total other equity including non controlling interest
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	Securities Premium	Retained Earnings			
Balance as at April 01, 2021 (Opening Balance)	**37,665.48**	**2,651.42**	**11,971.05**	**188,638.21**	**-**	**-**	**240,926.16**	**-**	**240,926.16**
Changes in Accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**37,665.48**	**2,651.42**	**11,971.05**	**188,638.21**	**-**	**-**	**240,926.16**	**-**	**240,926.16**
Profit for the year	-	-	-	2,979.63	-		2,979.63	-	2,979.63
Other Comprehensive Income for the year	-	-	-	-	(0.24)	-	(0.24)	-	(0.24)
Distribution of Dividend	-	-		(1,349.79)	-	-	(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**	**189,361.63**	**(0.24)**	**-**	**242,555.76**	**-**	**242,555.76**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

(Amount in Rs. Million)

Current reporting period

	Reserves and Surplus				Other Comprehensive Income(OCI)		Total other equity	Non-controlling interest	Total other equity including non controlling interest
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	Securities Premium	Retained Earnings			
Balance as at April 01, 2022 (Opening Balance)	**38,571.90**	**2,651.42**	**11,971.05**	**189,361.63**	**(0.24)**	**-**	**242,555.76**	**-**	**242,555.76**
Changes in Accounting policy/ prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	**38,571.90**	**2,651.42**	**11,971.05**	**189,361.63**	**(0.24)**	**-**	**242,555.76**	**-**	**242,555.76**
On acquisition of Bandhan AMC Limited and Bandhan Mutual Fund Trustee Ltd.							-	821.12	821.12
Profit/(Loss) for the year	-	-	-	10,896.18	-	-	10,896.18	1.28	10,897.46
Other Comprehensive Income for the year	-	-	-	179.14	0.80	-	179.94	0.55	180.49
Modification for cash settled share based payments	-	-	-	(14.34)	-	-	(14.34)	(9.57)	(23.91)
Change during the year	-	-	-	-	-	0.03	0.03	0.02	0.05
Transfer to/from retained earnings	311.39	-	-	(311.39)	-	-	-	-	
Addition for the year	-	-	-	-	-	-	-	-	
Balance as at March 31, 2023	**38,883.29**	**2,651.42**	**11,971.05**	**200,111.22**	**0.56**	**0.03**	**253,617.57**	**813.40**	**254,430.97**

Note-B.1 : Dividend represents interim dividend paid by the holding 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 Group may transfer 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.

Summary of significant accounting policies 1

The accompanying notes are an integral part of these standalone 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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
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Managing Director
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DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

A. Corporate information

Bandhan Financial Services Limited ("the Company" or "the Holding 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 or "BBL" (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 (NOFHC), Bandhan Financial Holdings Limited ("BFHL").

On January 31, 2023, Bandhan Financial Holdings Limited acquired 59.98% stake in Bandhan AMC Limited post business hours (erstwhile IDFC Mutual Fund) by paying Rs. 26,992.88 million towards Purchase Consideration. As a result, Bandhan AMC Limited, its subsidiary, Investment Managers (Mauritius) Ltd. and Bandhan Mutual Fund Trustee Ltd have become its subsidiaries and Investment Managers (Mauritius) Ltd became its step-down subsidiary with effect from February 01, 2023.

The Company is the holding Company of Bandhan Financial Holdings Limited which in turn is the holding company of Bandhan AMC Limited, Bandhan Mutual Fund Trustee Limited and Investment Managers (Mauritius 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) and other relevant provisions of the Act.

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 Subsidiaries (the group) & its associate, 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 on the date of dilution 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 March 2023

c. The excess of Cost to BFHL of its Investment in the Subsidiaries over the BFHL's portion of the Equity is recognised in the Financial Statements as Goodwill, being an asset in the Consolidated Financial Statements.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

d. The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

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

Name of Entity	Relationship	Country of Incorporation	March 31,2023 % of holding	March 31,2022 % of holding
Bandhan Financial Holdings Limited	Subsidiary	India	100%	100%
Bandhan AMC Ltd	Step-down Subsidiary	India	59.98%	-
Bandhan Mutual Fund Trustee Ltd	Step-down Subsidiary	India	60%	-
Bandhan Investment Managers (Mauritius) Ltd	Step-down Subsidiary	Mauritius	60%	-
Bandhan Bank Limited	Associate (with effect from August 3, 2020),Subsidiary (Upto August 2,2020)	India	39.99%	39.99%

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its subsidiaries ("the Group") and the associate company. 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 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 fair value at deemed 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. The carrying amount is further adjusted/reduced by any dividend received from the Associate.

B.2 Presentation of Financials Statement

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(as amended) 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

B.3 Recent accounting pronouncements

(i) New and amended standards adopted

The Ministry of Corporate Affairs had vide notification dated 23 March 2022 notified Companies (Indian Accounting Standards) Amendment Rules, 2022 which amended the following accounting standards, and are effective 1 April 2022

- Ind AS 16, Property, Plant and Equipment
- Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets
- Ind AS 109, Financial Instruments

These amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New and amended standards issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023. The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

The following set of financial statements represents the consolidated financial statements of the Group.

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

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The Group recognises debt securities, deposits and borrowings when funds reach the Group.

C.1.2 Initial measurement of financial instruments

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

C.1.3 Measurement categories of financial assets and liabilities

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

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

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

C.2 Financial assets and liabilities

C.2.1 Bank balances, Loans, Trade receivables and financials investments at amortised costs

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

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

C.2.2 Financial assets or financial liabilities held for trading

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

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

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

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

(i) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

(ii) The contractual terms of the financial asset meet the SPPI test.

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

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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 2022-23 and FY 2021-22.

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.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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 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

(ii) The Group has neither transfereed 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 an 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 guarntee over the trnasferred 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.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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 (12m ECL).

The 12m ECL 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 12m ECLs 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 12m ECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

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

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

C.5.2 Calculation of ECL

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

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

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

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

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

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

The mechanics of the ECL method are summarised below:

Stage - 1 : The 12m ECL 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 12m ECL allowance based on the expectation of a default occurring in the 12

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

- 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.

The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance). The calculation does not consider expected credit losses and includes transaction costs, premiums or discounts paid or received that are integral to the effective interest rate, such as origination fees, commitment fees, etc.

When the Group revises the estimates of future cash flows, the carrying amount of the respective financial asset is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognised in profit or loss.

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

Notes
to consolidated financial statements as at and for the year ended March 31, 2023

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 on time proportion 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. For final dividend this is generally when the shareholders approve the dividend.

C.11.2 Management Fees

Management fees from mutual funds and alternative investment funds are recognised on an accrual basis in accordance with terms of investment management agreement entered into by the Bandhan AMC Limited (formerly known as IDFC Asset Management Company Limited) with Bandhan Mutual Fund Trustee Limited (formerly known as IDFC AMC Trustee Company Limited) and provisions of The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, SEBI (Alternative Investment Funds) Regulation, 2012 and amendments thereto. Revenue from management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Group.

C.11.3 Portfolio Maagement Fees

Portfolio management fees are recognised on an accrual basis in accordance with the respective terms of contract with counter parties. Revenue from portfolio management fees is recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Group.

C.11.4 Advisory Fees

Advisory fees are recognised as and when services are performed over time as the customer simultaneously receives and consumes the benefits provided by the Group.

C.11.5 Performance Fees

The Group receives performance fees or incentive allocations from certain actively managed alternative investment funds and certain separately managed accounts. The Group is entitled to receive performance-based incentive fees when the return on assets under management exceeds certain benchmark returns or other performance targets.

The Group records performance-based incentive fee when the contractual terms of the asset management fee arrangement have been satisfied such that the performance fee is no longer subject to significant reversal or contingency.

C.11.6 Redemption Fees

Redemptions shall be subject to an early redemption fee of up to 1% of NAV, or such other rate as may be prescribed by the Trustee on the recommendation of the Investment Manager, shall be charged to a Unit Holder in case where the Unit Holder is desirous of and has requested for redemptions of the units held by it prior to the expiry of one year from the dealing date of subscription of such units.

C.12 Leasing

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

C.12.1 Group as a lessee

From April 1, 2019, leases are recognised as a right-of-use asset and corresponding liability at the date at which the leased asset is available for use by the Group. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group has is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments (including in-substance fixed payments), less any lease incentives receivable.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions .

To determine the incremental borrowing rate, the Group uses a indicative AAA equivalent borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

• the amount of the initial measurement of lease liability

• any lease payments made at or before the commencement date less any lease incentives received

• any initial direct costs, and

• restoration costs

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payment associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

months or less.

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 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

C.15.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
Leasehold Improvements	9 years
Furniture and Fixtures	9 to 10 years

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

Office Equipments	5 years
Computer Hardware	3 years
Server and Networking Equipments	6 years
Right Of Use Assets	Over the period of Lease
Vehicles	4 to 8 years
Mobile Phones	2 years

C.15.B Intangible Assets :

1 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

2 Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in our case are the operating segments.

C.15.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

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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. 9.

C.16 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.17 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.18 Retirement and other employee benefits

Retirement benefits in the form of provident fund and pension fund are defined contribution schemes. The Group has no obligation, other than the contribution payable to the funds. 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.19 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.20 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.21 Taxes

C.21.1 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.21.2 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

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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.21.3 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.21.4 Brokerage Expenses

Distribution cost in form the of brokerage paid to third parties are recognised over the duration of the scheme or clawback period in case of portfolio management services.

C.22 Unit Capital

The redeemable units have been classified as equity based on the recognition principles under IND-AS 32. The Fund continuously assesses the classification of the redeemable units. If the redeemable units cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity.

D. Significant accounting judgements, estimates and assumptions

The preparation of Group's consolidated financial statements requires the use of accounting estimates that, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

- Estimation of current tax expense and payable
- Estimation of defined benefit obligation
- Estimation for fair value of financial instruments
- Estimation of deferred tax expense
- Estimation of consolidation decision
- Estimation of useful lives of property, plant and equipment
- Estimation of provisions and contingencies
- Estimation for fair value of share-based payments
- Estimation for lease term

Estimates and judgments are evaluated continually. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

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 these estimates.

E Foreign Currency transactions

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date.

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

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

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

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

2. Cash and Cash Equivalents

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Cash in hand	0.00*	0.00*
Balances with Bank		
- In current accounts	41.95	15.02
	41.95	**15.02**

*Represents cash in hand of Rs. 2644 (March 31,2022 Rs. 2933)

3. Bank balances other than cash and cash equivalents

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Balance with Bank having original maturity exceeding three months	11,841.81	37,169.77
Balances in earmarked accounts		
- Investor Education Awareness on behalf of Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	49.43	-
- Other bank balances	1.49	-
Total	**11,892.73**	**37,169.77**

4. Trade receivables

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Receivables considered good - secured	-	-
Receivables considered good - unsecured	196.89	-
Total	**196.89**	**-**

	Unbilled	Outstanding for following periods from the due date					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Ageing of trade receivables: as at March 31, 2023							
Undisputed trade receivables							
considered good	-	196.89	-	-	-	-	196.89
Disputed trade receivables	-	-	-	-	-	-	-

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

5. Investments

(Amount in Rs. Million)

	At Amortised cost	At Fair Value: Through other comprehensive income	At Fair Value: Through profit and loss account	At Fair Value: Designated at fair value through profit and loss	At Fair Value: Subtotal	Others (At Cost)	Total
As at March 31, 2023							
In India							
Equity instruments (Unquoted)	-	0.50	235.71	-	236.21	-	236.21
Equity instruments (Quoted)	-			-	-	-	-
Share in Associate accounted under equity method.	214,434.53	-	-	-	-	-	214,434.53
Investment in Debt Instrument (measured at FVTPL)							
Mutual fund units	-	-	3,548.14	-	3,548.14	-	3,548.14
Total- Gross	214,434.53	0.50	3,783.85	-	3,784.35	-	218,218.88
Less: Impairment Loss Allowance	-		-	-	-	-	-
Total Net	**214,434.53**	**0.50**	**3,783.85**	**-**	**3,784.35**	**-**	**218,218.88**

	At Amortised cost	At Fair Value: Through other comprehensive income	At Fair Value: Through profit and loss account	At Fair Value: Designated at fair value through profit and loss	At Fair Value: Subtotal	Others (At Cost)	Total
As at March 31, 2022							
In India							
Equity instruments (Quoted)				-	-	-	-
Share in Associate accounted under equity method.	204,640.65	-	-		-	-	204,640.65
Investment in Debt Instrument (measured at FVTPL)							
Mutual fund units	-	-	109.73	-	109.73	-	109.73
Total- Gross	204,640.65	-	109.73	-	109.73	-	204,750.38
Less: Impairment Loss Allowance	-		-	-	-	-	-
Total Net	**204,640.65**		**109.73**	**-**	**109.73**	**-**	**204,750.38**

6. Other Financial Assets

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Other Receivables	1.55	-
Other deposit	36.50	-
Security deposits	40.74	-
(Less): Impairment loss allowance of security deposits	(6.19)	-
Total	**72.60**	**-**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

7.1 Current tax assets (net)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Advance tax	224.51	2,045.38
Fringe benefit tax	0.09	-
Total	**224.60**	**2,045.38**

7.2 Current tax liabilities (net)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Provision for Income Tax	129.60	-
(Net of Advance Tax as of 2023: Rs. 2,844.69 Million; 2022: Nil)	-	-
Total	**129.60**	**-**

8.1 Deferred Tax Assets (net)

(Amount in Rs. Million)

	As at March 31, 2023			As at March 31, 2022		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Property plant and equipment & other intangible assets	24.87	-	24.87	-	1.95	(1.95)
Unabsorbed Short Term Capital Loss	-	-	-	6.30	-	6.30
Post employment benefits	-	-	-	0.52	-	0.52
Fair value adjustments						
- Investments	-	17.04	(17.04)	-	0.25	(0.25)
- Security deposits	3.86	-	3.86	-	-	-
Right-of-use assets	-	79.19	(79.19)	-	-	-
Lease liabilities	92.97	-	92.97	-	-	-
Impairment on financial instruments-security deposits	1.56	-	1.56	-	-	-
Total	**123.26**	**96.23**	**27.03**	**6.82**	**2.20**	**4.62**

8.2 Deferred Tax Liabilities (net)

(Amount in Rs. Million)

	As at March 31, 2023			As at March 31, 2022		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Property plant and equipment & other intangible assets	-	2.70	(2.70)	-	-	-
Unabsorbed Short Term Capital Loss	6.04	-	6.04	-	-	-
Post employment benefits	0.66	-	0.66	-	-	-
Fair value adjustments						
- Investments	-	16.60	(16.60)	-	-	-
- Security deposits	-	-	-	-	-	-
Right-of-use assets	-	0.69	(0.69)	-	-	-
Lease liabilities	1.48	-	1.48	-	-	-
Total	**8.18**	**19.99**	**(11.81)**	**-**	**-**	**-**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

9. Investment Property

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
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	8.66	7.46
Depreciation charge	1.13	1.20
Closing accumulated depreciation	9.79	8.66
Net carrying amount	**28.38**	**29.51**

The fair value of investment property as at March 31, 2023 has been arrived at Rs. 65.18 Million (Rs. 33.73 Million), on the basis of valuation carried out by an registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules,2017. The property is a commercial unit situated in Tripura, India, and its fair value was derived using the market approach method without any significant adjustments being made observable data. Accordingly, fair value estimates for Investment Property is classified as Level 3.

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

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
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	(1.13)	(1.20)
Profit from investment property	**0.43**	**0.36**

(ii) Leasing arrangements

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

	As at March 31, 2023	As at March 31, 2022
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	0.63	2.19
- Later than five years	-	-
Total minimum lease payments recognised in the Profit and loss account	1.56	1.56

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

10. Property, Plant and Equipment

(Amount in Rs. Million)

	Leasehold improvements	Furniture & Fixture	Vehicles	Computer Hardware	Office Equipments	Total
Cost						
As at April 01,2021	-	-	-	0.51	-	0.51
Additions	-	-	-	0.26	-	0.26
Disposals	-	-	-	-	-	-
As at March 31, 2022	**-**	**-**	**-**	**0.77**	**-**	**0.77**
Acquisition	82.49	13.89	32.84	148.63	34.06	311.91
Additions	6.63	5.15	-	2.42	2.79	16.99
Disposals	-	(0.02)	(3.59)	-	(0.04)	(3.65)
As at March 31, 2023	**89.12**	**19.02**	**29.25**	**151.82**	**36.81**	**326.02**
Depreciation						
As at April 01, 2021	-	-	-	0.27	-	0.27
Depreciation for the year	-	-	-	0.17	-	0.17
Disposals	-	-	-	-	-	-
As at March 31,2022	**-**	**-**	**-**	**0.44**	**-**	**0.44**
Acquisition	55.19	7.93	20.16	103.60	23.96	210.84
Depreciation for the year	2.14	0.46	0.83	3.96	0.84	8.23
Disposals	-	(0.03)	(3.46)	-	(0.03)	(3.52)
As at March 31, 2023	**57.33**	**8.36**	**17.53**	**108.00**	**24.77**	**215.99**
Net carrying amount						
March 31, 2023	**31.79**	**10.66**	**11.72**	**43.82**	**12.04**	**110.03**
March 31, 2022	-	-	-	0.33	-	0.33

11. Leases

(Amount in Rs. Million)

The group has office premises on lease and adopted modified approach as per IND AS 116 - Leases. This has resulted in recognizing a right of use assets (an amount equal to lease liability) as at 31st March 2023. In the statement of profit and loss for the current period, operating lease expenses has changed from rent to depreciation cost for the right of use assets and finance cost for interest accrued on lease liability.

(i) Right of Use Assets

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	-	-
Additions during the year	332.51	-
Deletion during the year	-	-
Depreciation charge for the year	12.45	-
Balance at the end of the year	**320.06**	**-**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

(ii) Movement of Lease Liabilities *(Amount in Rs. Million)*

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	-	-
Additions during the year	381.03	-
Deletion during the year	-	-
Interest Expense	4.89	
Payment of Lease Liabilities	(10.69)	-
Balance at the end of the year	**375.23**	**-**

(iii) Amount recognised in the Statement of Profit and Loss *(Amount in Rs. Million)*

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation Charge on Right of Use Assets	12.45	-
Interest Expense	4.89	-
Expense Relating to short-term leases	3.76	-

(iv) Extension and Termination Options

Extension and termination options are included in the leases of the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

12. Other Intangible assets

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Computer Software		
Acquisition	148.08	-
Gross carrying value at the beginning of the year	1.04	1.04
Additions	1.75	-
Gross carrying value at the end of the year	**150.87**	**1.04**
At beginning of the year	0.39	0.06
Acquisition	135.58	-
Amortisation for the year	2.17	0.33
Disposals	-	-
Total amortization	**138.14**	**0.39**
Net Carrying amount	**12.73**	**0.65**

13. Other Non-Financial Assets

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Prepaid Expenses	66.69	0.07
Supplier advances	36.61	-
Advances to employees	0.73	-
Receivable in respect of gratuity	0.61	-
Balances with government authorities - cenvat credit available	15.02	-
Others	9.15	0.02
Total	**128.81**	**0.09**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

14. Trade Payables (At Amortised Cost)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	5.80	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	121.86	-
Total	**127.66**	**-**

	Unbilled	Not due	Outstanding for following periods from the due date					Total
			Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Ageing of trade payables: as at March 31, 2023								
Undisputed trade payables								
Micro enterprises and small enterprises	5.80	-	-	-	-	-	-	5.80
Others	121.86	-	-	-	-	-	-	121.86
Disputed trade payables	-	-	-	-	-	-	-	-
Micro enterprises and small enterprises	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-
Total	**127.66**	**-**	**-**	**-**	**-**	**-**	**-**	**127.66**

15. Other Payables (at Amortised Cost)

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
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)	20.00	120.91
-Payable for others	51.22	49.35
Total	**71.22**	**170.31**

16. Other Financial Liabilities

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Employee Benefits Payable	495.70	-
Other payables - Corpus	0.04	-
Total	**495.74**	**-**

17. Provisions

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Provisions for employee benefits	16.64	3.32
Total	**16.64**	**3.32**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

18. Other Non-financial liabilities

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Statutory Liabilities	73.63	4.17
Rent Received in Advance	2.20	3.76
Income tax Refund	0.22	0.22
Cash Settled share based payment	23.88	-
Total	**99.93**	**8.15**

19. Equity Share Capital

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
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)

	As at March 31, 2023		As at March 31, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares at the beginning of year	127,821,101	1,278.21	127,821,101	1,278.21
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of year	**127,821,101**	**1,278.21**	**127,821,101**	**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 the Shareholder	As at March 31, 2023		As at March 31, 2022	
	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.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

(iii) Details of Shareholding of Promoters

	As at March 31, 2023			As at March 31, 2022		
	No. of Shares held	% of Holding	% of change during the year	No. of Shares held	% of Holding	% of change during the year
1. Deposits	42,061,424	32.91%	-	42,061,424	32.91%	-
2. North East Financial Inclusion Trust	10,000,000	7.82%	-	10,000,000	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.

20. Other Equity

(Amount in Rs. Million)

	As at March 31, 2023	As at March 31, 2022
Statutory Reserve	38,883.29	38,571.90
General Reserve	2,651.42	2,651.42
Securities Premium	11,971.05	11,971.05
Retained Earnings	200,111.22	189,361.63
Remeasurement gain/(loss) on defined benefit plan	0.56	(0.24)
Foreign currency translation reserve	0.03	-
	253,617.57	**242,555.76**

21. Interest income

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
At amortised cost		
Interest income from investments	-	42.62
Interest on deposit with banks	1,749.98	1,531.46
Total	**1,749.98**	**1,574.08**

21.1 Details of Interest Income

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Income on financial instruments classified at amortised cost	1,749.98	1,531.46
Income on financial instruments classified at FVTPL	-	42.62
Total	**1,749.98**	**1,574.08**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

22. Fees & Commission Income

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Management fees	591.27	-
Portfolio management fees	1.81	-
Trusteeship fees	1.00	-
Total	**594.08**	**-**

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

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Net gain/ (loss) on financial instruments at fair value through statement of profit and loss :-		
- Realised	21.68	258.54
- Un realised	66.80	1.02
Total	**88.48**	**259.56**

24. Other income

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Interest income tax refund	10.76	-
Profit on sale of property, plant and equipment (net)	0.61	-
Interest income on financial assets measured at amortised cost	0.38	-
Dividend	0.08	-
Others	3.57	1.56
Total	**15.40**	**1.56**

25. Finance Costs

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Interest on Lease liability	4.89	-
Total	**4.89**	**-**

26. Loss on de-recognition of financial instrument

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Loss on de-recognition of financial instrument at amortised cost	-	14.94
	-	**14.94**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

27. Employee benefits expense

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages including bonus	229.02	22.35
Contribution to Provident Funds and other funds	8.10	0.33
Post employment benefits	5.87	1.61
Share based payment expense	(0.05)	-
Employee Share Based Payments	12.88	-
Total	**255.82**	**24.29**

28. Impairment of financial instruments

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
On Financial instruments measured at amortised Cost:		
Security deposit	0.03	-
Total	**0.03**	**-**

29. Depreciation and amortisation expense

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of property, plant and equipment	8.23	0.17
Depreciation on right-of-use assets	12.45	-
Depreciation on investment property	1.13	1.20
Amortisation of intangible assets	2.17	0.33
Total	**23.98**	**1.71**

30. Other expenses

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Rent, Rates,taxes and energy costs	12.05	1.62
Repairs and maintenance		
- Equipments	3.77	-
- Others	11.40	-
Communication Costs	4.99	0.28
Printing and stationery	1.75	-
Advertisement and publicity	234.20	-
Director's fees, allowances and expenses	5.45	4.36
Auditor's fees and expenses	5.06	2.53
Legal and Professional charges	38.42	73.19
Insurance	0.57	0.31
Listing and Rating Fees	0.27	-
Membership and Subscription	17.27	-
Scheme Issue Expenses	(0.64)	-
Operational Cost	11.22	-

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

(Amount in Rs. Million)

	Year ended March 31, 2023	Year ended March 31, 2022
Donation Expenses	20.00	110.72
CSR Expenses	16.13	10.20
Computer Software Expenses	34.59	-
Travelling Expenses	13.24	0.29
Other expenditure	5.66	0.26
Total	**435.40**	**203.76**

31. Tax Expenses

(Amount in Rs. Million)

The major components of income tax expense for the year ended March 31, 2023

	Year ended March 31, 2023	Year ended March 31, 2022
(a) Profit & Loss Section		
Current Income Tax Expenses	426.94	795.29
Adjustments in respect of current income tax of previous year	(0.04)	-
Deferred tax charge/(credit):		
Relating to origination & Reversal of temporary difference	18.19	(51.45)
	445.09	**743.84**
(b) Other Comprehensive Income		
(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	0.46	(0.08)
(ii) Items that will be reclassified to profit or loss	-	-
Income tax expense reported in the other comprehensive income [(i)+(ii)]	**0.46**	**(0.08)**

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

	Year ended March 31, 2023	Year ended March 31, 2022
Accounting profit before income tax and share of profit in associate	1,727.82	1,590.50
Tax thereon at statutory Income Tax rate	434.86	400.30
Effect of Incomes which are taxed at different rates	4.96	112.66
Effect of Non deductible expenses	9.38	34.78
Effect of favourable addbacks	(1.55)	196.10
Permanent Differences		
- ESOP	(0.02)	-
- Scheme issue expenses	0.46	-
Others	(3.00)	-
Net Tax Expense	**445.09**	**743.84**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

32. Earnings Per Share

	Year ended March 31, 2023	Year ended March 31, 2022
Profit attributable to Equity Shareholders	10,896.18	2,979.63
Weighted Average No. of Equity Shares	127,821,101	127,821,101
Nominal Value of Equity Shares (In ₹)	10	10
Basic / Diluted Earning Per Share (In ₹)	85.25	23.31

33. 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, 2023

Name of the entity	Net Assets, i.e., total assets		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income	
	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	2.50%	6,379.87	1.56%	169.80	-0.02%	(0.03)	1.53%	169.77
Subsidiary								
Bandhan Financial Holdings Limited	12.89%	32,862.41	10.18%	1,109.74	-0.01%	(0.01)	10.01%	1,109.73
Bandhan AMC Limited (formerly known as IDFC Asset Management Company Limited)	0.47%	1,209.68	0.02%	2.28	0.46%	0.83	0.05%	3.11
Bandhan Mutual Fund Trustee Limited (formerly known as IDFC Mutual Fund Trustee Limited)	0.00%	4.90	0.01%	0.05	0.02%	0.01	0.00%	0.06
Investment Managers (Mauritius) Limited (formerly known as IDFC Investment Managers (Mauritius) Limited)	0.00%	4.41	0.00%	(0.42)	0.00%	-	-0.01%	(0.42)
Associate								
Bandhan Bank Limited	84.13%	214,434.53	88.23%	9,614.73	99.56%	179.14	88.41%	9,793.87

34. Fair value measurement

34.1 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 :

34.2 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.

34.3 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:

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

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.

34.4 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:

(Amount in Rs. Million)

As at 31-03-2023	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial Investments at FVTPL				
- Equity instruments	47.35	85.72	102.64	235.71
- Investment in Mutual Funds	1,611.34	1,936.80	-	3,548.14
Financial Investments at FVOCI				
Equity instruments -	-	0.50	-	0.50
	1,658.69	**2,023.02**	**102.64**	**3,784.35**

As at 31-03-2022	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial Investments at FVTPL				
- Investment in Mutual Funds	109.73	-	-	109.73
	109.73	**-**	**-**	**109.73**

Specific valuation techniques used to value financial instruments include:

- the fair value of mutual fund units and alternate investment fund units is determined using observable NAV representing repurchase price issued by the mutual fund and alternate investment funds. However, the Group may perform an adjustment (e.g. liquidity valuation adjustment in case of thinly traded investment) to the NAV if they consider the same as significant in order to derive the fair value of the Level 2 classified investments.
- The investment in Mutual Fund utility (MFU) participation shares (classified under FVOCI) entitles access to MFU a transaction aggregating portal that enables free access to investors for NAV and other scheme related content across mutual funds. The Association of Mutual Funds in India mandates this investment for all the asset management companies in proportion of their assets under management (AUM) to access MFU. These units do not carry any participation in the net assets of MFU and will be redeemed at their face value when the AMC exits the platform. Accordingly the face value of the units is considered as a reasonable approximation of its fair value being the actual amount recoverable on exit from the platform.
- The fair value of Gandhar Oil Refinery (India) Ltd (GORL) shares has been determined using a combination of DCF and market multiples methods, both equally weighted. DCF Method expresses the present value of a business as a function of its future cash earning capacity. This methodology works on the premise that the value of a business is measured in terms of future cash flows stream, discounted to the present times at an appropriate discount rate. It recognizes that money has a time value by discounting future cash flows at an appropriate discount factor. The DCF methodology depends on projecting future cash flows and selecting an appropriate discount factor. A comparable market multiples method is a process used to evaluate the value of a company using the metrics of other businesses of similar size in the same industry. The market multiple method operates under the assumption that similar companies will have similar valuation multiples.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

- The investment in AMC Repo Clearing Limited (ARCL) is valued at a cost approach. The cost approach values the underlying assets of the business to determine the business value. This valuation method carries more weight with respect to companies which are in the initial stages of starting operations. Also, asset value approaches are more relevant to the extent that a significant portion of the assets are of a nature that could be liquidated readily if so desired.

35. 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 company
Bandhan AMC Limited (formerly known as IDFC Asset Management Company Limited)	Subsidiary Company (with effect from February 1,2023)
Bandhan Mutual Fund Trustee Limited (formerly known as IDFC Mutual Fund Trustee Limited)	Subsidiary Company (with effect from February 1,2023)
Bandhan Konnagar [refer Note a below]	Entity forming part of Promoter Group
Investment Managers (Mauritius) Limited (formerly known as IDFC Investment Managers (Mauritius) Limited)	Subsidiary Company (with effect from February 1,2023)
Key Management Personnel	
Mr. Arvind Agrawal	Managing Director, Bandhan Financial Services Limited (with effect from April 8, 2022)
Mr. Karni Singh Arah	Managing Director, Bandhan Financial Holdings Limited (with effect from October 27, 2021)
Mr. Amrit Daga	Chief Financial Officer,Bandhan Financial Services Limited
Mr. Biplab Kumar Mani	Company Secretary,Bandhan Financial Services Limited
Mr. Debasis Mukhopadhyay	Chief Financial Officer, Bandhan Financial Holdings Ltd.
Mr. Abhinay Shaw	Company Secretary, Bandhan Financial Holdings Ltd.
Ms. Priyanka Gathani	Manager, Bandhan Financial Holdings Ltd. (upto September 27, 2021)
Mr. Vishal Kapoor	Chief Executive Officer,Bandhan AMC Limited (with effect from February 1, 2023)
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. Hulya Kefeli	Nominee Director of International Finance Corporation.
Mr. Shri Ram Meena	Nominee Director of Small Industries Development Bank of India.(upto June 21, 2022)
Mr. Sanjay Goyal	Nominee Director of Small Industries Development Bank of India.(with effect from June 21, 2022 upto 30th March 2023).
Mr. Arup Kumar	Nominee Director of Small Industries Development Bank of India. (with effect from 30th March 2023).
Mr. Arindam Banik	Non Executive Director.
Mr. Amit Kumar Hazra	Non Executive Director (with effect from June 21, 2021).

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

B) Transactions and Balances

i) Outstanding as at 31st March, 2023

Particulars	Associate	Entity forming part of Promoter Group	Key Management Personnel
Deposits	8,046.82	-	-
	(28,295.20)	(-)	(-)
Investment in Equity Share	214,434.53	-	-
	(204,640.65)	(-)	(-)
Rent Received in Advance	-	2.20	-
	(-)	(3.76)	(-)
Donation Payable	-	20.00	-
	(-)	(110.72)	(-)
Corporate social responsibility expenses payable	-	-	-
	(-)	(3.90)	(-)
Sitting Fees payable	-	-	0.03
	(-)	(-)	(-)

ii) Transactions during the year ended 31st March, 2023 ***(Amount in Rs. Million)***

Particulars	Associate	Entity forming part of Promoter Group	Key Management Personnel
Interest Income	1,351.58	-	-
	(1,113.30)	(-)	(-)
Office Rent	-	0.25	-
	(0.74)	(0.57)	(-)
Rental Income	-	1.56	-
	(-)	(1.56)	(-)
Donation Given	-	20.00	-
	(-)	(110.72)	(-)
Contribution towards CSR expenses	-	16.13	-
	(-)	(10.30)	(-)
Remuneration [Rrefer note b below]	-	-	45.51
	(-)	(-)	(18.50)
Sitting Fees to non-executive / independent directors	-	-	1.64
	(-)	(-)	(1.77)

Previous year figures are shown in”()”.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

Details of Remuneration paid to Key managerial personnel *(Amount in Rs. Million)*

Particulars	Key Management Personnel	Relatives of Key Management Personnel
Mr. Arvind Agrawal	12.46	-
	(-)	(-)
Mr. Karni Singh Arah	13.26	-
	(4.82)	(-)
Mr. Amrit Daga	4.93	-
	(4.74)	(-)
Mr. Debasis Mukhopadhyay	4.03	-
	(3.73)	(-)
Mr. Biplab Kumar Mani	3.39	-
	(2.96)	(-)
Mr. Abhinay Shaw	1.68	-
	(1.27)	(-)
Mr. Vishal Kapoor	5.77	-
	(-)	(-)
Ms. Priyanka Gathani	-	-
	(0.99)	(-)

Sitting Fees to non-executive / independent directors *(Amount in Rs. Million)*

Particulars	**Transaction during the year**	**Balance outstanding**
Mr. Arun Shrivastava	0.32	-
	(0.30)	(-)
Mr. Subrata Mandal	0.38	-
	(0.33)	(-)
Mr. Pankaj Sood*	0.18	-
	(0.29)	(-)
Ms. Hullya Kefeli*	0.21	0.03
	(0.21)	(-)
Mr. Shri Ram Meena*	0.03	-
	(0.06)	(-)
Mr. Sanjay Goyal*	0.09	-
	(-)	(-)
Mr. Arindam Banik	0.23	-
	(0.27)	(-)
Mr. Amit Kumar Hazra	0.21	-
	(0.18)	(-)
Mr. Asit Pal	-	-
	(0.12)	(-)
Mr. Yogesh Chand Nanda	-	-
	(0.02)	(-)

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

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

Note - a: The Group has considered Bandhan Konnagar (a Society registered under the West Bengal Societies Registration Act 1961), a promoter group entity, as a related party with effect from April 1, 2022. The previous year numbers of related party transactions with Bandhan Konnagar are disclosed for comparative purpose only.

Note - b: Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall company wise basis at the end of each year and, accordingly, have not been considered above.

36. Maturity pattern of items of assets and liabilities

(Amount in Rs. Million)

Particulars	As at March 31, 2023			As at March 31, 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents & other bank balances	11,925.56	9.12	11,934.68	31,400.51	5,784.28	37,184.79
Trade receivables	196.89	-	196.89	-	-	-
Investment	2,813.94	215,404.94	218,218.88	109.72	204,640.66	204,750.38
Other Financial Assets	39.20	33.40	72.60	-	-	-
	14,975.59	**215,447.46**	**230,423.05**	**31,510.23**	**210,424.94**	**241,935.17**
Non-Financial assets						
Current tax assets	4.58	220.02	224.60	2.28	2,043.10	2,045.38
Deferred tax assets	-	27.03	27.03	(1.93)	6.55	4.62
Investment Property	-	28.38	28.38	-	29.51	29.51
Property, plant and equipment	-	110.03	110.03	-	0.33	0.33
Goodwill	-	25,762.32	25,762.32	-	-	-
Right of use Assets	-	320.06	320.06	-	-	-
Other intangible assets	-	12.73	12.73	-	0.65	0.65
Other non-financial assets	123.04	5.77	128.81	0.05	0.04	0.09
	127.62	**26,486.34**	**26,613.96**	**0.40**	**2,080.18**	**2,080.58**
Total	**15,103.21**	**241,933.80**	**257,037.01**	**31,510.63**	**212,505.12**	**244,015.75**
Financial Liabilities						
Trade Payables	127.66	-	127.66	-	-	-
Other Payables	71.22	-	71.22	170.31	-	170.31
Lease Liabilities	70.75	304.48	375.23	-	-	-
Other Financial Liabilities	495.70	0.04	495.74	-	-	-
	765.33	**304.52**	**1,069.85**	**170.31**	**-**	**170.31**
Non Financial Liabilities						
Current tax liabilities (Net)	129.55	0.05	129.60	-	-	-
Deferred tax liabilities	11.81	-	11.81	-	-	-
Provisions	12.97	3.67	16.64	0.97	2.35	3.32
Deposits	98.96	0.97	99.93	5.73	2.42	8.15
	253.29	**4.69**	**257.98**	**6.70**	**4.77**	**11.47**
Total	**1,018.62**	**309.21**	**1,327.83**	**177.01**	**4.77**	**181.78**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

37. Employee Benefits

a) Defined Contribution Plan

(Amount in Rs. Million)

	Year Ended March 31, 2023	Year Ended March 31, 2022
Employer's Contribution to Provident Fund	6.76	0.33
Pension fund	1.34	-
Labour welfare fund	0.01	-
Superannuation fund	-	-

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.

(Amount in Rs. Million)

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Changes in Defined Benefit Obligation		
Present Value of Defined Benefit Obligation as at the beginning of the year	0.71	-
Addition on Acquisition	16.96	-
Current Service Cost	31.83	0.36
Past Service Cost - plan amendements	0.28	0.03
Interest Cost	0.70	-
Acturial (Gains)/ Loss	(22.47)	0.32
Change in surplus/deficit	0.05	-
Benefit payments from employer	(17.57)	-
Present Value of Defined Benefit Obligation as at the end of the year	**10.49**	**0.71**
(B) Amount recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	10.49	0.71
Net (Assets)/ Liability recognised in the Balance Sheet	**10.49**	**0.71**
(C) Current and Non Current Liability and Asset		
Total Service Cost	4.76	0.39
(Including Past Service Cost - plan amendements and Interest cost)		
Total Expense required to be recognized in Statement of Profit and Loss	**4.76**	**0.39**
(D) Expense recognized in the Other Comprehensive Income (OCI) for Currnet Year		
Adjustment to recognise due to Remeasurement of defined benefit plan	1.81	0.32
Net (Income)/ Expense for the period to be recognized in OCI	**1.81**	**0.32**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

Particulars	As at March 31, 2023	As at March 31, 2022
(E) The principal assumptions used in determining gratuity obligations for the company's plans are shown below:		
Discount rate (per annum)	7.00% to 7.32%	7.00% to 7.32%
Salary increase (per annum)	7.80% to 8.80%	7.80% to 8.80%
Withdrawal rate	8.00%	8.00%
Martalility	Indian Assured Lives Mortality (2006-08).	Indian Assured Lives Mortality (2006-08).

38. Additional regulatory information required by Schedule III

i) Details of Benami property held

No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii) Borrowing secured against current assets

The Group does not have any borrowings from banks and financial institutions on the basis of security of current assets.

iii) Wilful defaulter

The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

iv) Relationship with struck off companies

The Group has not entered into any transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956 other than as stated below. The below transaction was in Bandhan AMC Ltd. (formerly IDFC Asset Management Co. Ltd.)

Name of the struck off Company	Nature of transactions with struck-off Company	Relationship with the struck off company	Balance outstanding as at March 31, 2023	Balance outstanding as at March 31, 2022
Parikh Inn Private Limited	Advertising, publicity and promotion	Service provider/ Vendor	-	-

v) Compliances with number of layers of companies

The holding company is a systemically important non-deposit taking Non Banking Financial Company as defined in clause (f) of Section 45I of the Reserve Bank of India Act, 1934. Accordingly Companies (Restriction on Number of Layers) Rules, 2017 is not applicable to the holding company.

vi) Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

vii) Utilisation of borrowed funds and share premium

The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the group shall:

a) 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

b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries

viii) Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that is required to be recorded in the books of account.

ix) Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

x) Valuation of PPE, Intangible Asset and Investment Property

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

xi) The Holding Company had a term loan of Rs. 250 millions with Union Bank of India (erstwhile Corporation Bank) which was fully repaid during the financial Year 2016-17. Due to a technical glitch encountered in earlier years, the Company could not file the relevant documents with the Registrar of Companies, Kolkata, for registration of satisfaction of charges for the repayment of the said loan.The Company is in the process of filing for obtaining a condonation of delay from the relevant authorities to regularize the matter.

xii) There are no borrowings obtained by the Group from banks or financial institutions.

39. Disclosure of Micro Enterprises and Small Enterprises

The Group has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The below information regarding micro, small and medium enterprises have been determined on the basis of information available with the Group. The disclosures pursuant to the said MSMED Act are as follows (refer note 14 & 15):

(Amount in Rs. Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Principal amount due to suppliers registered under MSMED Act and remaining unpaid as at year end	5.80	0.05
Interest due to suppliers registered under MSMED Act and remaining unpaid as at year end	-	-
Principal amount paid to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under MSMED Act, beyond the appointed day during the year	-	-
Amount of Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act	-	-
Interest accrued and remaining unpaid at the end of each accounting year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act	-	-

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

40. 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 Subsidiaries & Associate. The operations of subsidiaries 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 Subsidiaries and Associate. The group is exposed to credit risk, liquidity risk and market risk.

i. Credit Risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from its investment transactions.

Credit risk is monitored on an ongoing basis by the Group in accordance with its policies and procedures. The Group is exposed to credit risk from investments held in units of the funds it manages. These investments are measured at fair value through profit or loss. The Group has no significant concentration of credit risk.

The Group's financial assets subject to the expected credit loss model under Ind AS 109 are cash and cash equivalents, deposits with banks, security deposits, trade receivables and other receivables.

Trade receivables and other receivables have been considered to have a low credit risk as they meet the following criteria:

i) they have a low risk of default,

ii) the counterparty is considered, in the short term, to have a strong capacity to meet its obligations in the near term, and

iii) the Group expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfil its obligations.

The Group has placed security deposit with lessors for premises leased by the Group aggregating to Rs. 40.30 million as at March 31, 2023 (previous year Rs. 68.91 million). Where the Group perceives any significant decline in credit risk of the lessors and the amount of security deposit is material the Group has provided for expected credit losses on such security deposits.

The exposure to security deposit is considered in stage 1 and accordingly impairment loss is charged considering 12 months expected credit loss model. The ECL computation is done based on the formula Exposure at default (EAD)*Probability of default (PD)*Loss given default (LGD) where:

- Exposure at default (EAD) is based on the amount that the Group expects to be owed at the time of default, over the next 12 months (12M EAD).

- The Probability of default (PD) represents the likelihood of a counterparty defaulting on its financial obligation over the next 12 months (12M PD).

- Loss given default (LGD) represents the Group's expectation of the extent of loss on a defaulted exposure. LGD varies by the type of counterparty.

The following table contains an analysis of the credit risk exposure of security deposits for which an ECL allowance is recognised. The gross carrying amount of security deposit below also represents the Group's maximum exposure to credit risk on these assets.

As at March 31, 2023

Particulars	Risk rating	Lessor type	Exposure at default (Rs. in million)	Probability of default	Loss given default	Expected credit loss (Rs. in million)
Security Deposit	Stage 1 (12 month ECL)	Corporate	15.94	26.92%	45.00%	1.93
		Others	24.35	26.92%	65.00%	4.26
	Total		**40.29**			**6.19**

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

Cash and cash equivalents and bank deposits are held with only high rated banks/financial institutions, credit risk on them is, therefore, insignificant.

The Group's exposure to credit risk is limited to the carrying amount of the following assets recognised at the reporting date, as summarised below:

(Amount in Rs. Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivables	196.89	-
Deposits	41.95	15.02
Bank balances other than cash and cash equivalents above	11,892.73	37,169.77
Other financial assets	72.60	-

ii. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. Prudent liquidity risk management implies maintaining sufficient cash and liquid investments. The Group believes that current cash and bank balances, bank deposits and investments in liquid investments are sufficient to meet liquidity requirements since Group has no external borrowings. Accordingly, liquidity risk is perceived to be low. The following table shows the maturity analysis of financial liabilities of the Group based on contractually agreed cash flows as at the balance sheet date:

As at March 31, 2023	Less than 12 months	More than 12 months	Total
Trade and other payables	198.88	-	**198.88**
Lease Liabilities	70.75	304.48	**375.23**
Other financial liabilities	495.70	0.04	**495.74**
Total	**765.33**	**304.52**	**1,069.85**

iii. Other risk (Market Risk)

The group has deployed part of its surplus funds in money market instrument and equity instruments. The group 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 of the group companies, 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.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

41. Commitments

Capital Commitments and other commitments: *(Amount in Rs. Million)*

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account	7.93	5.34

Estimated amount of commitment towards "Share Purchase Agreement (SPA)" (in the previous year 2021-22) remaining to be executed and not provided for is within the range of Rs.32,000 million.

42. Capital management

The capital structure of the Group is based on management's judgment of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. Management considers the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group's policy is to maintain a stable and adequate capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and continue as a going concern entity.

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.

Remuneration [Rrefer note b below]

43. Contingent liabilities (To the extent not provided for)

(Amount in Rs. Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Claims not acknowledged as debts in respect of:		
- Income Tax claims under appeal	35.72	35.72
- Income Tax demand	0.72	-
- Reversal of Cenvat credit under protest	15.02	-
Total	**51.46**	**35.72**

44. Segment Information

The Group has considered below segments as reportable segments for disclosure

The services included in each of the reported business segments are as follows:

- Asset Management

- Others*

*constitutes Investing Activities

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

Business Segments

(Amount in Rs. Million)

	Asset Management	Others	Segment Total	Unallocated	Total
Segment revenues	609.59	1,822.95	2,432.54	15.40	2,447.94
Less: Inter-segment revenue	-	-	-	-	-
Total Revenue from operations	609.59	1,822.95	2,432.54	15.40	2,447.94
Segment results	2.56	1,709.86	1,712.42	15.40	1,727.82
Current Tax	-	-	-	(426.94)	(426.94)
Income Tax relating to earlier years	-	-	-	0.04	0.04
Deferred Tax	-	-	-	(18.19)	(18.19)
Share of Profit from an Associate accounted under Equity Method	-	9,614.73	9,614.73	-	9,614.73
Profit after tax	2.56	11,324.59	11,327.15	(429.69)	10,897.46
Segment assets	3,067.08	253,689.92	256,757.00	280.01	257,037.01
Segment liabilities	1,123.80	62.61	1,186.41	141.42	1,327.83
Capital employed (Segment assets - Segment liabilities)	4,190.88	253,752.53	257,943.41	421.43	258,364.84
Capital expenditure	6.27	12.47	18.74	-	18.74
Depreciation	20.96	3.02	23.98	-	23.98

Geographic Information

Particulars	India	Outside India	Total
Segment revenues	2,447.56	-	2,447.94
Segment assets	257,031.57	5.44	257,037.01
Segment liabilities	1,326.99	0.84	1,327.83

Segment Reporting was not applicable to the Group during the Previous Year (Refer Note 46).

45. During the year, wholly-owned subsidiary of the Company has acquired 59.98% and 60% Equity Stake in Bandhan AMC Limited (formerly known as IDFC Asset Management Company Limited) and Bandhan Mutual Fund Trustee Limited (formerly known as IDFC Mutual Fund Trustee Limited) at a total cost of Rs.26,989.87 million and Rs.3.01 million respectively. The acquisition took place on 31st January, 2023 post business hours . As a result of such acquisition, Bandhan AMC Ltd, Bandhan Mutual Fund Trustee Ltd and Investment Managers (Mauritius) Ltd. (formerly IDFC Investment Managers (Mauritius) Ltd.) have become Step-Down Subsidiaries of the Company.

46. The Board of Directors of the Company at its meeting held on June 30, 2023, have proposed final dividend of Rs. 0.79 per equity share (previous year: Rs. Nil per share) for the financial year 2022-23 and is subject to the approval of the members of the Company at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act.

47. a) Previous year's figures are not comparable with those of the current year's figures as the acquisition of Bandhan AMC Ltd, Bandhan Mutual Fund Trustee Ltd and IDFC Investment Managers (Mauritius) Ltd. is done with effect from 31st January, 2023, post business hours (Refer Note - 45)

b) Previous year's figures have been regrouped / reclassified , where necessary , to conform to Current year's classification.

Notes

to consolidated financial statements as at and for the year ended March 31, 2023

48. Approval of Consolidated Financial Statements

The Consolidated financial statements were approved for issue by the Board of Directors on June 30, 2023.

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 30, 2023

For **Bandhan Financial Services Limited**

Arun Shrivastava
Chairman
Kolkata
DIN-06640892

Arvind Agrawal
Managing Director
Kolkata
DIN-02268683

Amrit Daga
Chief Financial Officer
Kolkata

Biplab Kumar Mani
Company Secretary
Kolkata

Notes

Bandhan
Group

Bandhan
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