Bandhan
Financial Services Ltd.

Bandhan Group

Annual Report 2023-24

Building a robust enterprise

Corporate Information

Board of Directors

Mr. Arun Shrivastava
Chairman
Independent Director

Mr. Chandra Shekhar Ghosh
Executive Director
(w.e.f. 04.09.2024)

Mr. Arvind Agrawal
Managing Director

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

Dr. Arindam Banik
Non-Executive Director

Prof. Amit Kumar Hazra
Non- Executive Director

CHIEF FINANCIAL OFFICER

Mr. Amrit Daga

COMPANY SECRETARY

Mr. Biplab Kumar Mani

Auditors

M/s. Suresh Surana & Associates LLP
Chartered Accountants
Suite A6, 12th Floor, Chatterjee
International Centre, 33A Jawaharlal
Nehru Road, Kolkata -700071

Corporate Office

Adventz Infinity@5, BN Block, Unit-507,
5th Floor, Sector-V, Salt Lake City,
Kolkata – 700091

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

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

Board's Report

TO THE MEMBERS,

Your Directors are pleased to present herewith the Twenty Nine Annual Report on the business and operations of your Company together with the financial statements for the financial year ended March 31, 2024.

FINANCIAL RESULTS

(Rs. In Million except EPS)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from Operations	495.50	281.81	6684.34	2432.54
Other Income	1.56	12.32	21.48	15.40
Total Income	497.06	294.13	6705.82	2447.94
Profit before share of profit of Associate	415.21	233.55	1726.02	1727.82
Share of profit of associate	-	-	7734.59	9614.73
Profit before Tax	415.21	233.55	9460.61	11342.55
Tax Expenses	109.65	63.75	884.53	445.09
Profit for the year	305.56	169.80	8576.08	10897.46
Profit / (Loss) After Tax Attributable to				
a) Owner of the parent	305.56	169.80	8046.74	10896.18
b) Non-Controlling interest	-	-	529.34	1.28
EPS (Basic)	2.39	1.33	62.95	85.25
EPS (Diluted)	2.39	1.33	62.95	85.25

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 31,2024, BFHL holds 39.98% shares of the Bandhan Bank Limited.

During the financial year under review, the standalone revenue was Rs. 495.50 million as compared to Rs. 281.81 million of the previous financial year. The profit after tax was Rs. 305.56 million as compared to Rs. 169.80 million of the previous financial year.

The Consolidated revenue for FY 2023-2024, includes revenue of Rs. 1004.78 Million from Bandhan Life Insurance Limited (Formerly Aegon Life Insurance Company Limited) after its acquisition. Hence, figures are not comparable with previous financial year. The Consolidated Profit has decreased to Rs. 8576.08 million from Rs. 10897.46 million, mainly on account of decrease in share of profit of Associate (Bandhan Bank Ltd.) from Rs. 9614.73 million to Rs. 7734.59 million and Loss incurred by Bandhan Life amounting to Rs. 920.63 million after its acquisition

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 haveoccurred between the end of the financial year to which the financial statements relate and the date of this Report.

DIVIDEND

On June 28, 2024, the Board of Directors of the Company recommended a final dividend of 14.30% (Rs.1.43) per share on 12,78,21,101 equity shares of the Company, aggregating to Rs. 182.78 million from the profits of the Company.

TRANSFER TO RESERVES

In terms of the RBI Guidelines, your Company has transferred Rs. 61.11 million to the statutory reserve during the financial year ended March 31, 2024.

CAPITAL ADEQUACY RATIO

Your Company's total Capital Adequacy Ratio (CAR) stood at 214.22%, well above the regulatory minimum requirement of 15%, of this, Tier I CAR was 214.22%.

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, 2024.

SUBSIDIARIES/JOINT VENTURES/ASSOCIATE COMPANY

Bandhan Financial Holdings Limited ('BFHL'/'NOFHC') is the wholly owned subsidiary of the Company as on March 31, 2024. As on March 31, 2024, BFHL holds 39.98% 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 Companyvide Certificate of Registration No. N-05.07018, dated 4thJune,2015.

Bandhan Bank Limited ('BBL') is an associate of the Company as on March 31, 2024.

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.

During the financial year 2023-24, the Bandhan Financial Holdings Limited, the wholly owned subsidiary Company, has acquired 95.78% stake of Aegon Life Insurance Company Limited which involved total investment of Rs. 1238.61 million. The name of Aegon Life Insurance Company Limited was changed to Bandhan Life Insurance Limited on 05/04/2024.

Board's Report

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

INTERNAL CONTROLS, AUDIT AND COMPLIANCE

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

BOARD OF DIRECTORS

As on March 31, 2024, 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.	Mr. Pankaj Sood (DIN- 05185378)	Nominee Director- Nominee of Caladium
6.	Mr. Arup Kumar (DIN- 07682113)	Nominee Director-Nominee of SIDBI
7.	Ms. Hulya Kefeli (DIN- 08836080)	Nominee Director- Nominee of IFC
8.	Prof. Amit Kumar Hazra (DIN- 09196376)	Non-Executive Director

Appointments

Pursuant to the recommendations of the Nomination and Remuneration Committee of the Company ('NRC'), the Board approved the appointment of Mr. Chandra Shekhar Ghosh (DIN-00342477) as an Additional Director (Category: Non-Executive Non Independent) w.e.f. July 10, 2024.

Further, the Board of Directors at its meeting held on 4th September, 2024, pursuant to the recommendation of the NRC, has appointed Mr. Chandra Shekhar Ghosh (DIN - 00342477) as Executive Director for a period of 5 years subject to the approval of the members at the forthcoming Annual General Meeting.

Re-appointments

Mr. Arup Kumar (DIN- 07682113) and Ms. Hulya Kefeli (DIN- 08836080) :-

In terms of the provisions of Section 152 of the Companies Act, out of the five Non-Executive Non-Independent Directors, Mr. Arup Kumar (DIN- 07682113) and Ms. Hulya Kefeli (DIN- 08836080), being longest in office, shall retire at ensuing AGM and being eligible, offered themselves for re-appointment.

The resolution(s) in respect of re-appointment(s) of the Directors, as aforesaid, have been included in the Notice convening the 29th 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 31.3.2024, 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 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 2023-24, the Board met 6 times i.e. May 4, 2023, June 30, 2023, September 5, 2023, December 7, 2023, February 12, 2024 and March 22, 2024. The details of meeting and the attendance of directors aregiven 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 29-09-2023
Mr. Arun Shrivastava (DIN- 06640892)	6	6	6	No
Mr. Arvind Agrawal (DIN- 02268883)	6	6	6	Yes
Dr. Arindam Banik (DIN -09037345)	6	6	6	No
Mr. Pankaj Sood (DIN- 05185378)	6	6	6	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	4	No
Mr. Arup Kumar (DIN- 07682113)	6	6	3	No

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 Circular on Information Technology Framework for the NBFC Sector, the Company formed an "IT Strategic Committee". In terms of master Guidelines of NBFC-CIC-NDSI the Company has formed the Risk Management Committee and Asset Liability Committee.

Board's Report

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 thecompany.

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 theBoard.

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 stipulatedtime.

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

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, 2024, the Audit Committee comprised of three members including two Independent Directors and was chaired by Mr. Subrata Mandal (DIN- 09196193), an Independent Director. During the financial year under review, the Audit Committee met four times on June 30, 2023, September 05, 2023, December 7, 2023 and March 21, 2024.

The details of the composition of the Committee and attendance at its Meetings during the FY 2023-24 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	4	4	4
Mr. Arun Shrivastava (DIN-06640892)	Member	4	4	4
Mr. Pankaj Sood (DIN-05185378)	Member	4	4	4

NOMINATION & REMUNERATION COMMITTEE

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

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

(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 toemployees;

(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 keyroles.

Composition

As on March 31, 2024, 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 28, 2023, December 7, 2023 and March 21, 2024.

The details of the composition of the Committee and attendance at its Meetings during the FY 2023-24 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

Thefunctions 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 otherbody.

The terms of reference 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 thecompany;

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

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 totime;

Composition

At March 31, 2024, 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 three times on June 20, 2023, September 4, 2023 and March 21, 2024.

Board's Report

The details of the composition of the Committee and attendance at its meetings during FY 2023-24 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	3	3	3
Ms. Hulya Kefeli (DIN-08836080)	Member	3	3	3
Mr. Subrata Mandal (DIN-09196193)	Member	3	3	3

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

INDEPENDENT DIRECTORS MEETING

The Independent Directors met on June 28, 2023 without the attendance of Non-Independent Directors and members of the Management. The Independent Directors reviewed the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors and assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

IT STRATEGY COMMITTEE

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

The terms of reference 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, 2024, 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 10, 2023 and February 19, 2024.

The details of the composition of the Committee and attendance at its meetings during FY 2023-24 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

Board's Report

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, 2024, the Risk Management Committee comprised of three members. During the year under review, the RMC met Four times on April 24, 2023, July 21, 2023, October 18, 2023 and February 08, 2024.

The details of the composition of the Committee and attendance at its meetings during FY 2023-24 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	4	4	4
Mr. Amrit Daga	Member	4	4	4
Mr. Biplab Kumar Mani	Member	4	4	4

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, 2024, the Asset Liability Committee comprised of three members. During the year under review, the Asset Liability Committee met twelve times on April 12, 2023, May 12, 2023, June 13, 2023, July 12, 2023 August 9, 2023, September 8, 2023, October 11, 2023, November 9, 2023 December 12, 2023, January 9, 2024, February 12, 2024, March 13, 2024.

The details of the composition of the Committee and attendance at its meetings during FY 2023-24 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	12	12	12
Mr. Amrit Daga	Member	12	12	12
Mr. Biplab Kumar Mani	Member	12	12	12

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

The Nomination and Remuneration Committee ('NRC') recommends the appointment of Directorsto 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 evaluatecriteria 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

Board's Report

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 RBIguidelines.

PARTICULARS OF EMPLOYEES

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section134(3)(c) of the Companies Act, 2013, the Board of Directors here by 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 ifany;

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, 2024 and of the profit of the Company for the year ended on thatdate;

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 andother irregularities;

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

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

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 Boardat its meeting held on December 07, 2023 on the recommendation of the Audit Committee of the Board has appointed M/s. Lodha & Co, Chartered Accountants (Firm registration no 301051E) as the Statutory Auditors of the Company from the conclusion of the 29th Annual General Meeting (AGM) who shall hold office till the conclusion of 32nd AGM of the Company subject to the approval of members. In place of the current Statutory Auditor M/s M/s Suresh Surana & Associates LLP, Chartered Accountants (Firm Regn. No- 121750W/W-100010)

The Independent Auditor's Report, given by the Statutory Auditors on the financial statement of the Company for the financial year ended March 31, 2024, forms part of this Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report. Also, no offence of fraud was reported by the Statutory Auditors of your Company under Section 143(12) of the Companies Act read with Rule 13(3) of the Companies (Audit and Auditors) Rule, 2014.

SECRETARIAL AUDITORS

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board at its meeting held on March 22, 2024 has appointed M/s. M Shahnawaz & Associates, Practising Company Secretary to conduct Secretarial Audit for the FY 2023-24. There has been no qualification, reservation, adverse remark given by the Secretarial Auditors in their Report. Also, no offence of fraud was reported by the Auditors of the Company under section 143(14) of the Companies Act, 2013. The Secretarial Audit Report is given in Annexure-3 to this report.

COST RECORDS

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

COMPLIANCE WITH SECRETARIAL STANDARD

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

EXTRACT OF ANNUAL RETURN

Pursuant to 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, 2024, 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, 2024, 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. As on March 31, 2024 no divided was laying unpaid / unclaimed.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

In terms of Section 135 (5) of the Companies Act, 2013, the liability of the Company towards CSR is Rs. 3.98 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.

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 Section134(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.

Board's Report

b. **Technical Absorption**: Nil

c. **Foreign Exchange earnings and out go:** **Foreign Exchange Earning:** NIL

Foreign Exchange Outgo: Rs. 4.70 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, 2024 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: Bhopal
Date: September 4, 2024

Annexure - 1

to the Board's Report

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

Part "A": Subsidiaries

(Amount in Rs. Million)

Sl No	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]	Bandhan Life Insurance Ltd
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	Same as Holding Company
2.	Date since when subsidiary was acquired	November 17, 2014	February 1, 2023	February 1, 2023	February 1, 2023	February 23, 2024
3.	Reporting currency and Exchange rate as on the last date of the relevant financialyear 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*	Not applicable as the subsidiary is a domestic company
4.	Share Capital (Rs.)	25,936.04	331.76	0.50	57.47	18,427.30
5.	Reserves & Surplus	25,999.77	3,171.76	6.78	(53.59)	(16,386.16)
6.	Total Assets	51,956.01	5,100.09	8.83	4.45	50,626.66
7.	Total Liabilities	20.20	1,596.57	1.55	0.57	48,585.52
8.	Investments	48,002.30	3,763.44	0.00	0.00	44,166.31
9.	Turnover	1,506.73	4,653.19	10.22	0.00	1,004.78
10.	Profit Before Taxation	1,409.32	1,785.25	3.12	(8.32)	(920.63)
11.	Provision for Taxation	406.35	367.76	0.78	0.00	0
12.	Profit After Taxation	1,002.97	1417.49	2.34	(8.32)	(920.63)
13.	Proposed Dividend	Nil	Nil	Nil	Nil	Nil
14.	% Of shareholding	100%	59.98%	60%	100%	96.06%

The following information shall be furnished: -

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

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

Part "B": Associates and Joint Ventures –

	Name of Associates/Joint Ventures	Bandhan Bank Limited
1.	Latest audited Balance Sheet Date	31st March, 2024
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 %	39.98%

Annexure - 1

to the Board's Report

	Name of Associates/Joint Ventures	Bandhan Bank Limited
3.	Description of how there is significant influence	The wholly owned Subsidiary Company, Bandhan Financial Holdings Limited, holds 39.98% stake in Bandhan Bank 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.85,816.55 million
6.	Profit / Loss for the year	
	i. Considered in Consolidation	Rs. 7,734.59 million
	ii. Not Considered in Consolidation	Rs. 11,610.05 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: Bhopal
Date: September 4, 2024

Annexure - 2

to the Board's Report

Annual Report on CSR Activities for the Period April 01, 2023, to March 31, 2024

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 meetings held during the year	No. of meetings entitled to attend	No. of meeting 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:

Sr. no.	Particulars	weblink
1	Composition of CSR Committee	https://www.bandhangroup.com/investors-relation/corporate-social-responsibility/index.html
2	CSR Policy	https://www.bandhangroup.com/investors-relation/corporate-social-responsibility/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	2020-21	0	0
2	2021-22	0	0
3	2022-23	0	0
	Total	**0**	**0**

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	2020-21	223.54
2	2021-22	169.03
3	2022-23	204.86
	Average	199.14

Annexure - 2

to the Board's Report

7. TOTAL CSR OBLIGATION FOR THE FINANCIAL YEAR

Sl. No.	Heads	Rs. In million
a.	Two percent of the average net profit of the company as per section 135(5)	3.98
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).	3.98

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
	4.12	NA	NA	NA	NA	NA
Total	**4.12**	**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	-	-	-	-	-	-	-	-	-	-

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	Odisha	*(i) Balasore*	3.61	No	Bandhan Konnagar	CSR00001463
2	Bandhan Climate Action Program (BCAP)	(ii)	Yes	West Bengal	(i) South 24 Parganas	0.51	No	Bandhan Konnagar	CSR00001463
	Total					**4.12**			

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. 4.12 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)	**3.98**
(ii)	Total amount spent for the Financial Year	4.12
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.14
(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.	2019-20	-	-	-	NIL	N/A	-
2.	2020-21	-	-	-	NIL	N/A	-
3.	2021-22	-	-	-	NIL	N/A	-
	Total	**-**	**-**		**NIL**		**-**

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

(Rs. In million)

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

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
Chief Executive Officer
Place : Kolkata
Date: September 4, 2024

Prof (Dr.) Amit Kumar Hazra
Chairman of CSR Committee
Place: Shantiniketan
Date: September 4, 2024

Mr. Arun Shrivastava
Chairman of the Company
Place: Bhopal
Date: September 4, 2024

Annexure - 3

to the Board's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024

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

To,
The Members
BANDHAN FINANCIAL SERVICESLIMITED
CIN: U70101WB1995PLC073339
DN-32, Sector-V, Salt LakeCity,
Kolkata-700091

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Bandhan Financial ServicesLimited(hereinafter referred as 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31 March 2024 ('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 31 March 2024, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder-- Not applicable to the Company;

(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;

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') - The Company being unlisted, the same is not applicable to the Company.

(vi) Other specifically applicable laws to the Company, namely;

   a. Rules, Regulations and Guidelines issued by the Reserve Bank of India as are applicable to Non-Deposit taking NBFC, which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

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.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 including a Woman Director. There is no change in the composition of the Board of Directors of the company during the Audit period.

- Adequate notice is given to all directors for the Board Meetings, including Committees thereof, along with agenda and detailed notes on agenda at least seven days in advance, 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 by the directors.
- All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this audit since the same have been subject to review by the statutory Auditors, Tax Auditors and other designated professionals.

I further report that as per the explanations given to me and the representation made by the Management and relied upon by me, 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, there were following specific events / actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.:

1. The shareholders of the Company at their AGM held on September 29, 2023 have approved:
   a. Declaration of Dividend of Rs. 0.79 per Equity Sharehaving face value of Rs 10 (ten) each fully paid-up, as recommended by the Board of Director.
   b. Approval for the increase in remuneration of the Statutory Auditor.
   c. Revision of Remuneration of Mr. Arvind Agrawal (DIN- 02268683) as Managing Director.
   d. Re-appointment of Mr. Arun Shrivastava (DIN- 06640892) as Independent Director of the Company.
   e. Re-appointment of Mr. Subrata Mandal (DIN- 09196193) as Independent Director of the Company.

M Shahnawaz & Associates
Company Secretaries
Firm Regn. No: S2015WB331500

CS Md. Shahnawaz
Proprietor
Membership No.: 21427
CP No.: 15076
Peer Review Regn No. 712/2020
UDIN: A021427F001141271

Place: Kolkata
Date: September 4, 2024

Annexure - 3

to the Board's Report

Annexure A

To,
The Members
BANDHAN FINANCIAL SERVICES LIMITED
CIN: U70101WB1995PLC073339
DN-32, Sector-V, Salt LakeCity,
Kolkata-700091

My 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. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever 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 efficacy or effectiveness with which the management has conducted the affairs of the company.

M Shahnawaz & Associates
Company Secretaries
Firm Regn. No: S2015WB331500

CS Md. Shahnawaz
Proprietor
Membership No.: 21427
CP No.: 15076
Peer Review Regn No. 712/2020
UDIN: A021427F001141271

Place: Kolkata
Date: September 4, 2024

Annexure - 4
to the Board's Report

FORM NO. AOC – 2

[Pursuant to clause(h) of sub-section(3) of section 134 of the Companies Act, 2013 and Rule8 (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 section188 of the Companies Act,2013 including certainarms-length transactions under third proviso thereto.

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

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

Annexure - 4

to the Board's 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.	1.73	N.A.	N.A.	N.A.	N.A.
2.	Bandhan Bank Limited (Associate Company)	Fixed Deposit	N.A.	3806.56	N.A.	N.A.	N.A.	N.A.
3.	Bandhan Bank Limited (Associate Company)	Interest Income on Fixed Deposits	N.A	248.69	N.A.	N.A.	N.A.	N.A.
4.	Financial Inclusion Trust (Promoter Entity)	Dividend Paid	N.A	33.23	NA	NA	NA	NA
5.	North East Financial Inclusion Trust (Promoter Entity)	Dividend Paid	N.A	7.90	NA	NA	NA	NA
6.	Remuneration of Key Managerial Personnel - Arvind Agrawal - Amrit Daga - Biplab Kr. Mani	Remuneration	N.A	 17.16 6.27 4.10	NA	NA	NA	NA
7.	Bandhan Konnagar (Not for Profit Society and Entity forming part of Promoter group)	Rent Paid	N.A	0.13	NA	NA	NA	NA
8.	Bandhan Konnagar (Not for Profit Society and Entity forming part of Promoter group)	Rent Income	N.A	1.56	NA	NA	NA	NA

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

Arun Shrivastava
Chairman
(DIN- 06640892)

Place: Bhopal
Date: September 4, 2024

Management Discussion and Analysis Report

ECONOMIC SCENARIO

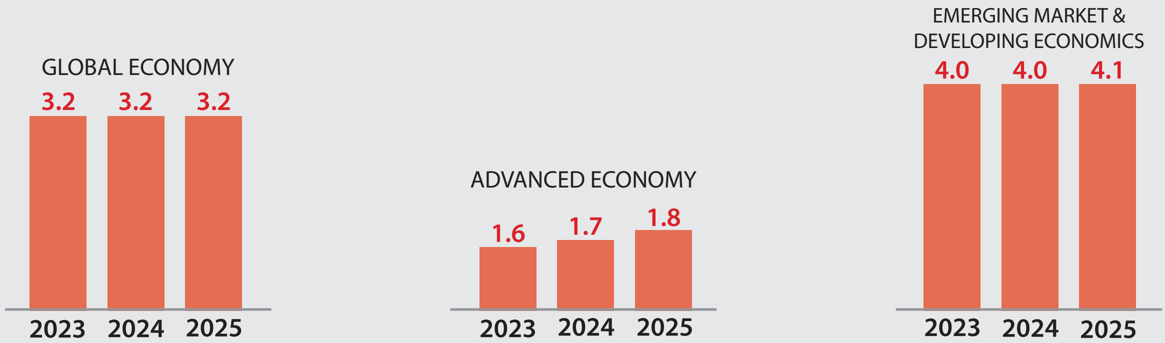
GLOBAL ECONOMIC OVERVIEW

The global economy expanded by 3.2% in the year 2023, demonstrating remarkable resilience in the face of several economic adversities, like geopolitical challenges and fluctuations in commodity prices. This has led to inflationary pressures across both advanced and emerging markets. To fight these headwinds, central banks of several economies employed strategies. They implemented interest rate increases, suppressing the escalation. Despite persistent geopolitical tensions, disrupting global supply chains and trade, inflation rates declined more swiftly than anticipated from their peak in 2022, resulting in gradual economic recovery and job creation in the US, Europe and other emerging markets. The Chinese economy continued to experience strain throughout 2023, a trend expected to persist even in 2024, given its significant manufacturing capabilities and supply chain influence, posing a potential risk to global economic stability. Owing to the rising foreign institution investor interest, several emerging economies like India, Vietnam and Mexico are expected to a show positive growth trajectory.

Against a background of multiple geo-political disruptions, global growth is expected to maintain a pace of slow but steady recovery. The global economy is projected to grow at 3.2% maintaining the same rate as in 2024 and 2025. Growth in advanced economies is expected to rise marginally from 1.6% in 2023 to 1.7% in 2024 and 1.8% in 2025, while emerging and developing economies are projected to grow at 4.2% in 2024 and 2025. There are of course considerable variations in growth across countries around these global and group averages. In the United States, growth is projected to rise to 2.7% in 2024 before moderating to 1.9% in 2025. Growth in the Euro area is expected to pick up from 0.4% in 2023 to 0.8% in 2024 and 1.5% in 2025. Growth in China is expected to slow down to 4.6% in 2024 and 4.1% in 2025, mainly due to the protracted crisis in the property sector.

Global GDP growth projections (Real GDP)

(Source: International Monetary Fund)



INDIAN ECONOMIC OVERVIEW AND OUTLOOK

Real GDP growth in India was a robust 7.6% in FY 2023-24 (Second Advanced Estimate, Central Statistical Organisation), up from 7% in FY 2022-23. The growth spurt in FY 2023-24 was driven by double digit growth of 10% in capital formation (Capex) which, in turn, was led by high public sector capex. At the sectoral level, high non-agricultural growth was broad based with 9% growth in industry and 7.5% growth in services. However, agriculture performed poorly, recording a growth of only 0.7%. This is mainly due to uneven rainfall, volatile weather conditions, and reduction in wheat acreage in response to softening of wheat prices with the easing of Black Sea supply disruption.

Inflation remained at 5.4% in FY 2023-24, within the 6% upper limit of RBI's tolerance band. It had exceeded

Management Discussion and Analysis Report

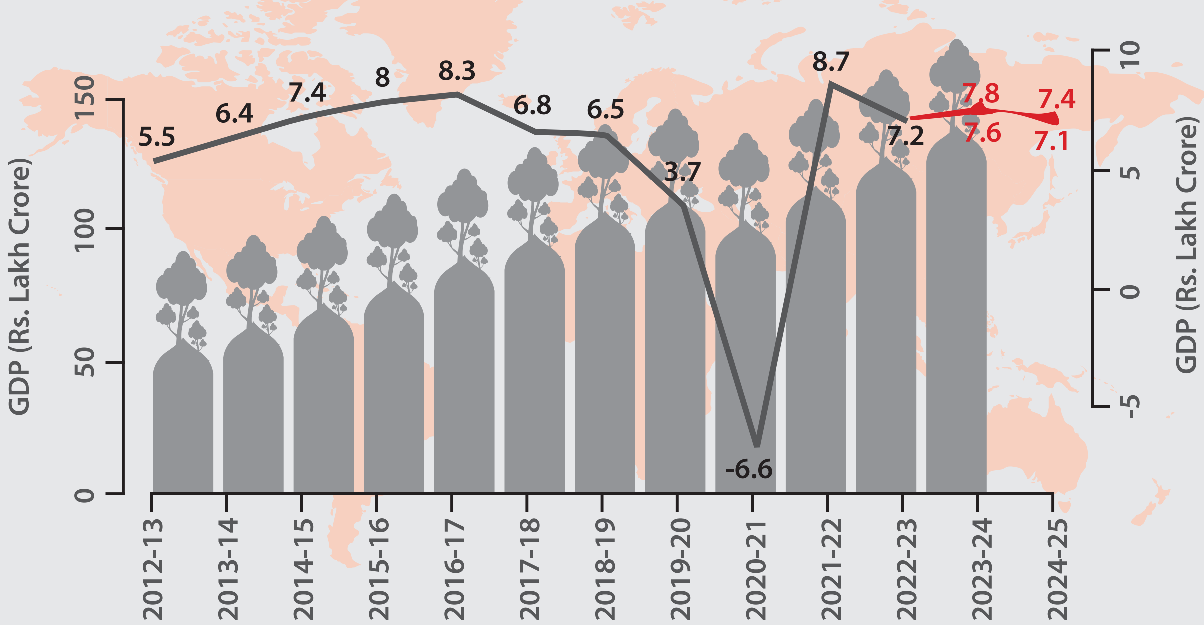
the upper limit in July and August, 2023-24 due to high inflation in prices of vegetables, pulses, and milk & milk products. Food price inflation remained elevated at 7.5% in FY 2023-24, while energy declined from September 2023. Core inflation was declining in FY 2023-24 but rebounded in the last two months, mainly on account of services.

For FY 2024-25 annual inflation rate is expected to be around 5%, still above the 4% RBI target, but within the tolerance band. However, the forecast is subject to upside risks on account of persisting high food price inflation and the rebound of global crude oil prices.

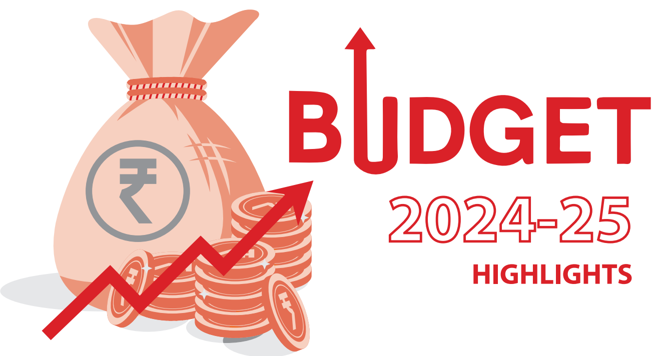
India's merchandise exports for FY 2023-24 were USD 437.06 Billion as against USD 450.5 Billion during FY 2022-23 (April-March), a decline of 3%. Merchandise exports fell for the first time in four years (since 2020-21) owing to geo-political tensions and export curbs on food items such as rice, wheat and sugar. However, merchandise imports declined by a steeper 5.5%. This helped narrow the merchandise trade deficit to USD 238.4 billion as compared to USD 265 billion in FY 2022-23. However, the overall trade deficit improved by 35% to USD 78 billion due to the buoyant services export. The services trade surplus at USD 162 billion in FY 2023-24 was more than USD 143 billion recorded in 2022-23.

As an outcome of the higher services exports, India's current account deficit narrowed to USD 10.5 billion or 1.2% of the GDP in the October-December quarter 2023-24 from USD 11.4 billion in the previous three months. For the first nine months of 2023-24 as well, the current account deficit narrowed to USD 31 billion as against USD 65.6 billion recorded in the corresponding period of 2022-23.

GDP growth



Source: National Institute of Public Finance and Policy)



Capex Target

11.1% increase

Defence Outlay

11.1% increase

The FY25 capex target has been set at US$ 133.8 (Rs 11.1 lakh crore), marking an 11.1% increase.

Defence outlay is set to be increased by 11.1% to US$ 133.9 Billion (Rs 11 Lakh crore), which will be 3.4% of GDP.

Management Discussion and Analysis Report

Garib Kalyan, Desh ka Kalyan

- Direct Benefit Transfer through PM Jan Dhan Accounts: The direct benefit transfer of US$ 409.8 Billion (Rs. 34 lakh crore) using PM Jan Dhan accounts resulted in substantial savings for the government. These savings have been achieved through the prevention of leakages, enabling the allocation of more funds for the welfare of the poor.
- The PM SVANIDHI scheme has extended credit assistance to 78 lakh street vendors, with 2.3 lakh vendors receiving credit for the third time.
- The PM JANMAN Yojana is reaching out to Particularly Vulnerable Tribal Groups.
- The PM Vishwakarma Yojana provides end-to-end support to artisans and craftspeople engaged in 18 trades.

Empowering the Youth

- The National Education Policy 2020 is ushering transformational reforms.
- Skill India Mission trained 1.4 crore youth, upskilled and reskilled 54 lakh youth, and established 3,000 new ITIs.
- Many institutions of higher learning, namely 7 IITs, 16 IIITs, 7 IIMs, 15 AIIMSs, and 390 universities, have been set up.
- PM Mudra Yojana has sanctioned 43 crore loans amounting to Rs. 22.5 lakh crore for the entrepreneurial aspirations of youth.
- Fund of Funds, Startup India, and Startup Credit Guarantee Schemes are assisting the youth.

Welfare of Farmers-Annadata

- Every year under PM Kisan Samman Yojana, direct financial assistance is provided to 11.8 crore farmers, including marginal and small farmers.
- Crop insurance is given to 4 crore farmers under PM Fasal Bima Yojana.
- These initiatives are assisting farmers in producing food for the country and for the world.
- The Electronic National Agricultural Market has integrated 1,361 mandis and is providing services to 1.8 crore farmers with a trading volume of US$ 36.2 Billion (Rs.3 Lakh Crore).

Nari Shakti

- 30 crore MUDRA Yojana loans have been given to woman entrepreneurs.
- Female enrolment in higher education has gone up by 28% in 10 years.
- In Science, Technology, Engineering and Mathematics (STEM) courses, girls and women constitute 43% of enrolment, one of the highest in the world.
- 1 crore women assisted by 83 lakh Self Help Groups (SHGs) to become Lakhpati Didis.

Management Discussion and Analysis Report

Agriculture and food processing

- Pradhan Mantri Kisan Sampada Yojana has benefitted 38 lakh farmers and generated 10 lakh employment.
- Pradhan Mantri Formalisation of Micro Food Processing Enterprises Yojana has assisted 2.4 lakh SHGs and sixty thousand individuals with credit linkages.
- For ensuring faster growth of the sector, the government will further promote private and public investment in post-harvest activities including aggregation, modern storage, efficient supply chains, primary and secondary processing, and marketing and branding.
- A strategy will be formulated to achieve 'atmanirbharta' for oil seeds such as mustard, groundnut, sesame, soybean, and sunflower.
- Implementation of Pradhan Mantri Matsya Sampada Yojana (PMMSY) will be stepped up to:
- Enhance aquaculture productivity from existing 3 to 5 tons per hectare,
- Double exports to Rs. 1 lakh crore; and generate 55 lakh employment opportunities in near future.

Railways

- Implementation of three major economic railway corridor programs: Energy, mineral, and cement corridors; Port connectivity corridors; and High traffic density corridors.
- Projects identified under PM Gati Shakti for multi-modal connectivity, aiming to enhance logistics efficiency and reduce costs.
- Decongestion of high-traffic corridors to improve passenger train operations, ensuring safety and higher travel speeds. Integration with dedicated freight corridors to accelerate GDP growth and cut down logistic costs.
- Conversion of 40,000 normal rail bogies to Vande Bharat standards for heightened safety, convenience, and passenger comfort.

Aviation Sector

- The number of airports has doubled, reaching a total of 149.
- 517 new routes catering to 1.3 crore passengers.
- Indian carriers placed orders for over 1000 new aircraft.

Green Energy

- Measures proposed to achieve 'net-zero' by 2070:
- Provision of viability gap funding to harness offshore wind energy potential, initially targeting a capacity of one gigawatt.
- Establishment of coal gasification and liquefaction capacity totalling 100 million tonnes by 2030.
- Implementation of a phased mandatory blending of compressed biogas (CBG) in compressed natural gas (CNG) for transportation and piped natural gas (PNG) for domestic use.
- Offering financial assistance for the procurement of biomass aggregation machinery to facilitate collection, supporting sustainable practices.

Management Discussion and Analysis Report

NBFC INDUSTRY IN INDIA

The Non-Banking Financial Companies (NBFCs) sector in India has undergone remarkable growth, establishing itself as a significant player within the country's financial landscape. Also, the space as a whole, has witnessed notable transformations ever since its emergence, with segments such as housing finance, microfinance and consumer finance contributing to its expansion. This growth is driven by various factors, such as a rising middle class, enhanced financial inclusion and positive policy interventions.

As per a study by the Boston Consulting Group, the Non-Banking Financial Companies (NBFC) sector in India maintained a strong pace of credit growth during FY 2023-24. Net advances grew by 21% year-on-year (YoY), reflecting the sector's resilience and ability to cater to increasing credit demand. The overall balance sheet size swelled up to Rs.21.8 lakh crore, marking a 19% growth YoY. Total net advances stood at Rs.19.2 lakh crore, showcasing a significant 21% YoY growth. This robust credit growth underscores the sector's critical role in driving financial inclusion and economic development.

Total net borrowings for the sector witnessed a substantial increase, reaching Rs.14.2 lakh crore, which represents a 19% YoY jump. The sector's total income also saw impressive growth, standing at Rs.2.8 lakh crore, reflecting a 24% YoY increase. This income growth was driven by higher disbursements and an expanding loan portfolio.

The Net Interest Margin (NIM) for NBFCs increased by 6.6%, with a 23 basis points (bps) YoY jump, indicating improved interest earnings relative to interest expenses. Despite this positive development, the total net profit of the sector experienced a marginal de-growth of 1% in FY24 compared to FY23. This slight decline in profitability was primarily due to challenges in the diversified category, which negatively impacted the overall Profit After Tax (PAT) for the sector.

Most NBFCs remained well-capitalized, with the Capital to Risk (Weighted) Assets Ratio (CRAR) staying above the minimum regulatory requirement of 15%. This strong capital position ensures the sector's stability and capacity for future growth. Additionally, the sector witnessed improved asset quality for the third consecutive fiscal year, with a reduction of 84 bps in Gross Non-Performing Assets (GNPA) in FY24. This improvement reflects enhanced risk management practices and stringent regulatory oversight.

Bank lending to NBFCs continued on a consistent upward trend, despite regulatory challenges posed by the Reserve Bank of India (RBI). Credit exposure of banks to NBFCs marked a 14.6% YoY increase. The share of bank advances to NBFCs as a portion of total bank advances grew from 5.2% in 2014 to 9.4% in 2024. This consistent growth in bank credit to NBFCs over the last decade is closely linked to the expansion in Assets Under Management (AUM) of NBFCs.

Large NBFCs in the diversified category continued to command a premium in the market, although some Housing Finance Companies (HFCs) still traded at a discount. Most NBFC players witnessed a YoY growth in market capitalization, generating healthy returns for investors over the past year.

Challenges

The NBFC industry in India faces several significant challenges during FY 2024. Regulatory changes and compliance requirements continue to pose hurdles, as the Reserve Bank of India (RBI) imposes stricter asset classification norms, enhanced liquidity management guidelines, and higher provisioning and capital adequacy standards. These regulatory demands necessitate substantial investments in compliance infrastructure, which can impact profitability. Funding and liquidity constraints are another major challenge, as NBFCs largely depend on wholesale funding, making them vulnerable to liquidity crises, especially in a rising interest rate environment. This dependency, coupled with intense competition from banks and other financial institutions, can strain liquidity further. Additionally, maintaining asset quality remains a persistent concern, with economic slowdowns or sector-specific downturns

Management Discussion and Analysis Report

potentially leading to higher non-performing assets (NPAs). This scenario requires robust risk management practices to safeguard against increased credit risk and ensure financial stability.

Outlook

The outlook for the NBFC industry in India during FY 2024 and beyond appears cautiously optimistic. Despite the challenges of regulatory compliance, funding constraints, and credit risk, the sector is poised for growth driven by increasing credit demand across retail, MSME, and infrastructure segments. Continued economic recovery post-pandemic is expected to bolster lending activities and expand the customer base. Technological advancements and digital transformation will play a pivotal role in enhancing operational efficiencies and customer engagement, enabling NBFCs to offer more tailored and accessible financial solutions. Moreover, supportive regulatory measures aimed at fostering financial stability and investor confidence will underpin the sector's growth trajectory. Strategic partnerships with fintech firms and banks will further enhance funding avenues and diversify product offerings. Overall, while challenges persist, the NBFC sector's adaptability and resilience position it well for sustained growth and a significant contribution to India's financial ecosystem.

BANKING INDUSTRY IN INDIA

Overview

The Indian banking sector is significantly under-penetrated which provides immense opportunities for banks and other financial institutions. The Indian banking industry has recently witnessed the rollout of innovative banking models like payments and small

Management Discussion and Analysis Report

finance banks. In recent years India has also focused on increasing its banking sector reach, through various schemes like the Pradhan Mantri Jan Dhan Yojana and Post payment banks. Schemes like these coupled with major banking sector reforms like digital payments, neo-banking, a rise of Indian NBFCs and fintech have significantly enhanced India's financial inclusion and helped fuel the credit cycle in the country. The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level five in the Faster Payments Innovation Index (FPII). India's Unified Payments Interface (UPI) has also revolutionized real-time payments and strived to increase its global reach in recent years. The Reserve Bank of India (RBI), which is the country's central and banking authority, regulates and supervises the banking sector. Over the years, the banking sector has undergone a number of reforms aimed at promoting a diversified, efficient, and competitive financial market, besides giving operational freedom to banks.

The Indian banking system consists of 12 public sector banks, 21 private sector banks, 44 foreign banks, 12 Small finance banks. As of April 2024, the total number of micro-ATMs in India reached 17,36,972. Moreover, there are 1,26,593 on-site ATMs and Cash Recycling Machines (CRMs) and 91,826 off-site ATMs and CRMs. Banks added 2,796 ATMs in the first four months of FY23, against 1,486 in FY22 and 2,815 in FY21. 100% of new bank account openings in rural India are being done digitally. The Indian banking system maintained a robust pace of credit growth at 15%, outpacing deposit growth at 13% in FY24. The sector's net profit surpassed Rs.3 lakh crore for the first time, driven by high credit growth, healthy fee income growth, and low credit costs. On a YoY basis, private banks' profit jumped by 25%, while public sector banks (PSBs) saw a 34% rise in net profit. The sector remained well-capitalized, with 33 out of 35 banks having a CRAR above 15%, well above the 9% regulatory requirement. Credit growth was healthy across segments: retail (13%), agriculture (18%), MSME (18%), and corporate (13%). PSBs led growth in retail credit at 15%, while new private banks led MSME growth at 24%. The banks reported a decline in GNPAs from 8.5% in FY20 to 2.8% in FY24. Across the banking spectrum, the Provision Coverage Ratio (PCR) exceeded 70%, indicating a solid safety net for future contingencies. According to RBI's Scheduled Banks' Statement, deposits of all scheduled banks collectively surged by a whopping Rs 2.04 lakh crore (US$ 2,452 billion) as of FY24 and bank deposits stood at Rs. 209.36 trillion (US$ 2507.62 billion) as of May 3, 2024 (Source: BCG and IBEF).

As of May 2024, the Jan Dhan Yojana scheme has banked 52.30 crore beneficiaries, with a total amount of Rs. 2,28,057 crore (US$ 27.32 billion). Bank accounts opened under Government of India's Pradhan Mantri Jan Dhan Yojana have deposits of over ~US$ 25.13 billion in beneficiary accounts. 51.11 crore beneficiaries banked till December 15th, 2023.

The RBI has launched a pilot to digitalize KCC lending in a bid for efficiency, higher cost savings, and reduction of TAT. This is expected to transform the flow of credit in the rural economy. As per the Union Budget 2023-24, the RBI has launched a pilot to digitalize Kisan Credit Card (KCC) lending in a bid for efficiency, higher cost savings, and reduction of TAT. This is expected to transform the flow of credit in the rural economy. The government has proposed to set up 75 Digital Banking Units in 75 districts of the country by Scheduled Commercial Banks. The government is also likely to introduce a digital rupee or a Central Bank Digital Currency (CBDC) which would be issued by the RBI using block-chain and other technologies. It is also expected that 1,50,000 post offices would be bought under the digital banking core business to enable financial inclusion.

Challenges

the Indian banking industry faced a range of challenges between April 2023 and March 2024, including rising operational costs, intense competition for deposits, provisioning and asset quality management issues, regulatory and compliance burdens, economic uncertainty, and the need for robust cyber-security measures.

One of the primary challenges faced by the Indian banking industry during this period was the increase in operational costs. The Cost-to-Income Ratio (CIR) deteriorated across the board, increasing by 206 basis points to 49.6%. This rise was driven by higher expenses related to technology upgrades, regulatory compliance, and expanding branch networks to enhance customer reach.

Secondly, banks struggled to attract low-cost Current Account Savings Account (CASA) deposits as customers increasingly preferred high-yielding term deposits. This shift led to a rise in funding costs, putting pressure on margins. Despite an overall deposit growth of 13% YoY, the highest in the last decade, public sector banks (PSBs) continued to lose market share to private peers, intensifying competition.

Thirdly, while there was a general decline in Gross Non-Performing Assets (GNPAs) from 8.5% in FY20 to 2.8% in FY24, asset quality management remained a significant concern. PSBs reported a 37% drop in provisioning, whereas new private banks saw an 18%

increase, reflecting contrasting approaches to risk management and reserve building. Maintaining a high Provision Coverage Ratio (PCR) of over 70% was crucial but challenging.

Fourthly, the banking industry faced heightened regulatory scrutiny and compliance requirements. Meeting these regulatory standards required significant investments in compliance infrastructure and risk management systems. The evolving regulatory landscape added complexity to the operational environment, demanding continuous adaptation and strategic planning. As banks increasingly adopted digital technologies to enhance customer experience and operational efficiency, cyber-security emerged as a critical challenge. Ensuring the security of digital platforms and protecting against cyber threats required continuous investment in advanced security measures and employee training.

Outlook

The outlook for the Indian banking industry in FY 2025 and beyond is optimistic, driven by sustained credit growth and technological advancements. The sector is expected to benefit from robust economic recovery and increasing demand for credit across retail, MSME, and infrastructure segments. Digital transformation will play a pivotal role, with investments in AI, ML, blockchain, and cloud computing enhancing operational efficiency and customer experience. Regulatory evolution by the Reserve Bank of India (RBI) will ensure financial stability and transparency, requiring banks to invest in compliance and risk management infrastructure. Additionally, improved asset quality and strong capital positions will further strengthen the sector. Banks will also leverage fintech partnerships to offer innovative financial products and expand their customer base, positioning the industry for continued growth and resilience in the coming years.

INDIAN MUTUAL FUND INDUSTRY

Overview

A mutual fund is an investment vehicle that pools money from many investors and invests it in various securities, such as stocks, bonds, and other assets. These funds are managed by professional fund managers who make investment decisions on behalf of the investors. The primary goal of a mutual fund is to generate returns by capitalising on the growth potential of the underlying securities while diversifying the investment risk. Simply put, a mutual fund allows investors to pool their money together and invest it in a diversified portfolio managed by professionals. This approach helps spread the risk across different investments and provides access to professional management expertise.

The assets under management (AUM) of the Indian mutual fund industry surged 35% and stood at Rs. 53.40 lakh crore in March 2024 as compared to Rs. 39.42 lakh crore in March 2023. This was the fastest year-on-year growth in AUM since March 2021 when AUM of the Indian mutual fund industry witnessed a growth of 41.17%. The AUM of the Indian mutual fund industry has grown by 124% over the last five years from March 2019.

The AUM of open-ended equity funds grew 55% and stood at Rs. 23.49 lakh crore in March 2024 as compared to Rs. 15.17 lakh crore in the same period of the previous year. On the other hand, the AUM of open-ended debt funds only grew by 7% to Rs. 12.62 lakh crore in March 2024 as compared to Rs. 11.82 lakh crore in March 2023.

Management Discussion and Analysis Report

The average assets under management (AAUM) of the Indian mutual fund industry in March 2024 stood at Rs. 55.01 lakh crore. In FY24, the industry's average AUM grew 37%.

The net inflows in the open-ended equity schemes grew by 10% in March 2024 to Rs. 22,633 crore as compared to Rs. 20,534 crore in March 2023. In March 2024, all categories under equity category witnessed net inflows barring small cap funds which witnessed net outflows of Rs. 94 crore. In FY24, sectoral/thematic funds witnessed net inflows of Rs. 46,138 crore, followed by small cap funds which witnessed net inflows of Rs. 40,189 crore. In FY24, all categories under equity schemes witnessed net inflows barring large cap funds and focused funds which witnessed net outflows of Rs. 613 crore and Rs. 4,060 crore respectively.

The open-ended debt-oriented schemes witnessed net outflows of Rs. 198,299 crore in March 2024 as compared to outflows of Rs. 56,884 crore in the same period of the previous year. In FY24, overnight funds witnessed net outflows of Rs. 41,205 crore while the net inflows of Rs. 29,859 crore were witnessed in money market funds.

In March 2024, Systematic Investment Plan (SIP) contribution rose 35% and stood at Rs. 19,271 crore as compared to Rs. 14,276 crore in March 2023. The total number of outstanding SIP accounts stood at 839.71 lakh in March 2024 against 635.99 lakh in March 2023 which indicates an increase of 32%. SIP AUM as a percentage of month-end AUM stood at 20.07% in March 2024 as compared to 17.33% in March 2023.

The strong SIP numbers support the notion that domestic investors maintain a high degree of faith in mutual funds as a successful means of generating wealth as well as in the Indian growth story.

Challenges

- **Need for Mutual Funds to Become a Pull Product:** Mutual funds need to become a product that investors actively seek out and invest in rather than being pushed onto them through aggressive sales tactics. This shift requires the industry to focus on educating investors about the benefits of mutual funds, providing easy-to-use digital tools, and demonstrating the value and performance of their offerings.
- **Robust Distribution Networks:** Having a strong distribution network is vital for the mutual fund industry to reach a wider audience. While urban areas have seen good participation, there is still a need to expand the reach of mutual funds to smaller towns and rural areas. A robust distribution network will not only make it easier for investors in these areas to access and invest in mutual funds but will also help build trust and confidence among potential investors.
- **Simplified Operational Process:** The mutual fund industry needs to make it easier for investors to get started. This includes simplifying processes like the Know Your Customer (KYC) process, which can be a hurdle for new investors. Additionally, integrating Aadhar (the unique identification system) with the Permanent Account Number (PAN) and allowing investments based on the KYC process already done by banks can make the process more convenient and accessible for investors.
- **Regulatory Challenges:** The mutual fund industry operates within a regulatory framework, and keeping up with changes in rules and regulations can be challenging. Changes in taxation rules, investment guidelines, or other compliance requirements can impact fund managers' decisions.

Outlook

The Indian mutual fund industry is set for growth, driven by rising investor awareness, regulatory support, and technological advances. However, the industry must innovate to capitalise on opportunities and tackle challenges. Simplifying processes, leveraging technology, and building robust distribution networks are essential for continued success.

Over the past decade, the industry has seen a fivefold increase in assets under management thanks to increased investor awareness, favourable market conditions, and diverse fund options. To maintain this growth, the industry must transition mutual funds into a "pull" product driven by value and performance, strengthen distribution networks, simplify operations, and adapt to regulatory changes.

Opportunities include growing interest in mutual funds, a rising millennial population, fintech adoption, and expansion into smaller towns and rural areas. The mutual fund industry can ensure long-term growth and success by embracing innovation and catering to diverse investor needs.

COMPANY OVERVIEW

Bandhan Financial Services Limited ('BFSL') is the founder of Bandhan Financial Holdings Limited ('BFHL') and Bandhan Bank Limited. BFSL was established on August 03, 1995, and was authorized by the Reserve Bank of India ('RBI') as an NBFC MFI, involved in micro finance operations starting in 2009. Following the RBI's approval of a license for Bandhan Bank in June 2015, BFSL transferred all assets and obligations of its micro finance division to Bandhan Bank in August 2015 in accordance with the Guidelines for Licensing of New

Management Discussion and Analysis Report

Banks in the Private Sector Banks provided by the RBI on February 22, 2013.

During April 2022, the Bandhan Financial Holding Ltd (100% subsidiary of BFSL)-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.

During the financial year 2023-24, the Bandhan Financial Holdings Limited, the wholly owned subsidiary Company, has acquired 95.78% stake of Aegon Life Insurance Company Limited which involved total investment of Rs. 1238.61 million. The name of Aegon Life Insurance Company Limited was changed to Bandhan Life Insurance Limited on 05/04/2024.

Brief financial performance for 2023-24 is given below: (Amount in Rs. Million)

Particulars	Standalone		Consolidated	
	For the year ended March 31, 2024	For the year ended March 31, 2023	**For the year ended March 31, 2024**	For the year ended March 31, 2023
Total Income	497.06	294.13	6705.82	2447.94
Profit before share of profit of Associate	415.21	233.55	1726.02	1727.82
Share of profit of associate	-	-	7734.59	9614.73
Profit before Tax	415.21	233.55	9460.61	11342.55
Tax Expenses	109.65	63.75	884.53	445.09
Profit for the year	305.56	169.80	8576.08	10897.46

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios, alongwith detailed explanations thereof including:

Ratios	2023-24	2022-23	% Change	Reason (if more than 25% change)
Debtors Turnover	NA	NA	NA	
Inventory Turnover	NA	NA	NA	
Interest Coverage Ratio	NA	NA	NA	
Current Ratio	NA	NA	NA	
Debt Equity Ratio	NA	NA	NA	
Operating Profit Margin (%)	NA	NA	NA	
Net Profit Margin (%)	NA	NA	NA	
Return in Net Worth (%)	NA	NA	NA	

RISKS AND CONCERNS

We believe that in pursuit of its business objectives, we are exposed to certain risks. These risks have the potential of impacting the financial strength, operations and reputation of your Company. Keeping this in mind, your Company has a Risk Management Framework in place. The effectiveness of this framework is supervised periodically by the Risk Management Committee (RMC). Our risk appetite sets out the desired forward-looking risk profile and provides an objective base to guide strategic decision-making. This helps ensure that planned business activities provide an optimised balance of return for the risk assumed, while remaining within acceptable risk level.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational excellence. The system also meticulously records all transaction details and ensures regulatory compliance. It also has a team of internal auditors to conduct internal audit. The Company's internal control systems ensure that all transactions are correctly authorised and reported. The reports are reviewed by the Audit Committee of the Board. Wherever deemed necessary, internal control systems are strengthened and corrective actions initiated.

The financial statements contained in this annual report have been audited by M/s Suresh Surana & Associates LLP, the company's statutory auditors, who have also provided an attestation report on our internal control over financial reporting by section 143 of the Companies Act 2013. The audits align with the company's operations and focus on assessing internal controls and potential risks.

Upon reviewing the Internal Audit report, the committee duly notes various audit observations and takes viable corrective measures as required. To ensure the efficient functioning of internal control systems, the committee maintains an uninterrupted communication channel with both the statutory and internal auditors.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

At Bandhan Financial Services Limited, we pursue a strong Employment Value Proposition with a vision to build an organisation where employees are empowered. We recognise that our human capital drives the Company's customer-driven business model. Therefore, we continuously strive to attract and retain the best talent from the local markets; clearly define their roles and responsibilities; include them into robust performance management systems; create an inspiring and rewarding work environment; engage them into an inclusive work place; impart training and create development opportunities for increasing employee knowledge and efficiency to make them future ready; and create career opportunities within. The Company's 'Human Resource base' stands at [] as on 31 March 2024.

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: Bhopal
Date: September 4, 2024

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 Standalone Balance Sheet as at March 31, 2024, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone Statement of Changes in Equity for the year ended on that date and notes to the standalone financial statements, including a summary of the material 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, 2024, 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 Management Discussion and Analysis, Board's Report including Annexures to the Board's Report, Corporate Governance and Shareholder's Information, 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 of this information, 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 Indian Accounting Standards (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

Independent Auditors Report

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.

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 standalone Balance Sheet, the standalone Statement of Profit and Loss including Other Comprehensive Income, the standalone Statement of Changes in Equity and the standalone 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 and the rules thereunder.

e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 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 does not have any pending litigations which could impact its financial position as at the year end;

   ii. The Company does 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 39(g) 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 entity(ies) ("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 its knowledge and belief, as disclosed in the note 39(h) 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 entity(ies) ("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. (a) The final dividend proposed for the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, to the extent it applies to the payment of dividend.

(b) No Interim dividend has been declared or paid by the Company during the financial year.

(c) As stated in note 40 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the current 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 such proposed dividend till date.

vi. Based on our examination, which included test checks, the Company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

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, 2024, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2024.

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 - 24062668BKBIXH8334

Place: Kolkata
Date: June 28, 2024

Annexure – 'A' to the Independent Auditors Report

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")

(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, 2024 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.

Annexure – 'A' to the Independent Auditors Report

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 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, 2024, 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 - 24062668BKBIXH8334

Place: Kolkata
Date: June 28, 2024

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)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

(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, 2024 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) (a) The Company has not 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, paragraph 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e), and 3(iii)(f) of the Order are not applicable.

(b) In our opinion and according to the information and explanations given to us, the investments made by the Company are, prima facie, not prejudicial to the Company's interest. The Company has not provided any guarantees or given any securities during the year.

(iv) The Company has not granted any loans or 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.

Annexure – 'B' to the Independent Auditors Report

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

(b) According to the information and explanations given to us, there are no statutory dues in respect of Goods and Services tax, Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other material statutory dues as at 31 March 2024, which have not been deposited with the appropriate authorities on account of any dispute.

(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.

(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.

Annexure – 'B' to the Independent Auditors Report

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) The Company does not have any ongoing projects during the financial year covered by our audit. Accordingly, clause (xx) (b) of paragraph 3 of the aforesaid Order is not applicable to the Company.

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

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN - 24062668BKBIXH8334

Place: Kolkata
Date: June 28, 2024

Standalone Balance Sheet

as at March 31, 2024

(Amount in Rs. Million)

	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and cash equivalents	2	2.05	15.44
Bank Balances other than Cash and cash equivalents	3	4,291.05	5,127.76
Investments	4	28,463.50	27,385.74
Other financial assets	5	0.21	0.43
Non-Financial assets			
Current tax assets (net)		36.28	32.83
Investment property	6	27.31	28.38
Property Plant and Equipment	7	4.34	5.51
Right of Use Assets	8	2.40	2.73
Intangible Assets	9	0.04	0.22
Other non-financial assets	10	0.15	0.07
TOTAL - ASSETS		**32,827.33**	**32,599.11**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Payables			
Other payables			
i) total outstanding dues of micro enterprises and small enterprises		-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	11	33.10	36.78
Other Financial Liabilities			
Lease Liability	8	2.76	2.93
Provisions	12	8.22	5.56
Deferred tax liabilities (net)	13	33.87	7.60
Other non-financial liabilities	14	1.85	3.18
Equity			
Equity Share Capital	15	1,278.21	1,278.21
Other Equity	16	31,469.32	31,264.85
TOTAL - LIABILITIES AND EQUITY		**32,827.33**	**32,599.11**

Summary of material 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 : 28.06.2024

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, 2024

(Amount in Rs. Million)

	Note	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
Interest Income	17	388.45	231.94
Net gain on fair value changes	18	106.22	49.87
Gain on de-recognition of financial instrument	19	0.83	-
Total Revenue from operations		**495.50**	**281.81**
Other Income	20	1.56	12.32
Total income		**497.06**	**294.13**
Expenses			
Finance Costs	21	0.27	0.21
Employee Benefits Expense	22	30.76	25.17
Depreciation and amortisation expense	23	3.81	2.02
Other expenses	24	47.01	33.18
Total expenses		**81.85**	**60.58**
Profit before tax		**415.21**	**233.55**
Tax expense	**25**	**109.65**	**63.75**
Current Tax		83.34	51.55
Deferred Tax charge (net)		26.31	12.20
Profit for the Year		**305.56**	**169.80**
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement loss on defined benefit plan		0.15	0.04
Tax impact		(0.04)	(0.01)
Subtotal		**0.11**	**0.03**
(b) Items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of taxes		**0.11**	**0.03**
Total Comprehensive Income for the year		**305.45**	**169.77**
Earnings per equity share	26		
Basic (Rs.)		2.39	1.33
Diluted (Rs.)		2.39	1.33
Nominal value per share		10	10

Summary of material 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 : 28.06.2024

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, 2024

(Amount in Rs. Million)

		Year ended March 31, 2024	Year ended March 31, 2023
A.	**Cash flows from operating activities**		
	Profit before tax	415.21	233.55
	Adjustments for:		
	Depreciation and amortisation expense	3.81	2.02
	Finance Cost	0.27	0.21
	Interest on Income Tax Refunds	-	(10.76)
	Net Gain on Fair Value Changes	(106.22)	(49.87)
	Gain on derecognition of financial instrument	(0.83)	-
	Operating profit before working capital changes	**312.24**	**175.15**
	Movements in working capital:		
	(Increase)/ decrease in other financial assets	0.22	(0.43)
	(Increase)/ decrease in other non-financial assets	(0.08)	(0.02)
	Increase/ (decrease) in other non- financial liabilities	(1.33)	(1.49)
	Increase/ (decrease) in provisions	2.51	3.58
	Increase/ (decrease) in other Payables	(3.68)	(96.06)
	Cash generated from/ (used in) operations	**309.88**	**80.73**
	Direct taxes paid (Net of refunds) [Refer Note -3]	(86.80)	1,969.47
	Net cash flow from/ (used in) operating activities (A)	**223.08**	**2,050.20**
B.	**Cash flows from investing activities**		
	Deposits created with banks	(6,290.64)	(5,877.60)
	Deposits encashed with banks	7,127.35	4,995.76
	Purchase of property, plant and equipment	(1.01)	(5.49)
	Purchase of intangible assets	(0.05)	-
	Purchase of investments	(1,883.59)	(1,197.50)
	Sale of investments	912.89	35.76
	Net cash flow from/ (used in) investing activities (B)	**(135.05)**	**(2,049.07)**
C.	**Cash flows from financing activities**		
	Dividend paid	(100.98)	-
	Payment of interest accrued on Lease Liabilities	(0.27)	(0.21)
	Payment of principal included in Lease Liabilities	(0.18)	(0.05)
	Net cash flow used in financing activities (C)	**(101.42)**	**(0.26)**
	Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(13.39)**	**0.87**
	Cash and cash equivalents at the beginning of the year	15.44	14.57
	Cash and cash equivalents at the end of the year	**2.05**	**15.44**
	Components of Cash and cash equivalents [Refer note -2]		
	Cash on hand*	0.01	0.00
	Balances with banks	2.04	15.44
	Total Cash and cash equivalents	**2.05**	**15.44**
	* Represents Cash in Hand of Rs. 5,260 (March 31, 2023 Rs.1,678)		

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. Income tax refund of Rs. 2021.67 million was received during the F.Y. 2022-23. The same was adjusted with Direct tax payment of Rs. 52.20 million.

Summary of material accounting policies

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 : 28.06.2024

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 Changes in Equity

for the year ended March 31, 2024

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, 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
Changes in equity share capital during the year	-	-
Balance as at March 31, 2024	**12,78,21,101**	**1,278.21**

2. Other Equity

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

	Reserves and Surplus				Total other equity
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	
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
Add: Remeasurement Loss on Defined Benefit Plan	-	-	-	(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**	**810.97**	**31,264.85**

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

	Reserves and Surplus				Total other equity
	Statutory Reserve	General Reserve	Securities Premium	Retained Earnings	
Balance as at April 01, 2023 (Opening Balance)	**15,703.28**	**2,779.55**	**11,971.05**	**810.97**	**31,264.85**
Changes in Accounting policy/prior period errors	-	-	-	-	-
Restated balance at the beginning of the reporting period	**15,703.28**	**2,779.55**	**11,971.05**	**810.97**	**31,264.85**
Profit for the year	-	-	-	305.56	305.56
Less: Remeasurement Loss on Defined Benefit Plan	-	-	-	(0.11)	(0.11)
Final Dividend paid for the financial year 2022-23	-	-	-	(100.98)	(100.98)
Transfer from Retained Earnings to Statutory Reserve	61.11	-	-	(61.11)	-
Balance as at March 31, 2024	**15,764.39**	**2,779.55**	**11,971.05**	**954.33**	**31,469.32**

Standalone Statement of Changes in Equity

for the year ended March 31, 2024

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.

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 : 28.06.2024

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 to standalone financial statements as at and for the year ended March 31, 2024

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 28, 2024.

The RBI vide its notification dated October 19, 2023 has issued Scale Based Regulation (SBR) for NBFCs. As per the above notification, the Company is categorised in the Middle layer and applicable disclosures to such Middle layer entities have been considered in these financial statements.

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. 36.

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 material accounting policies

1.1 Cash and Cash Equivalents

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

1.2 Revenue Recognition

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

1.2.1 Interest income

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

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

1.2.2 Interest income from fixed deposits

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

1.2.3 Dividend Income

Dividend income is recognized when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. 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. 6.

1.4 Leases

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

Finance Lease

The Company as a Lessee

Leases, where substantially all the risks and benefits incidental to ownership of the leased item are transferred to the Lessee, are classified as finance lease. The assets acquired under finance lease are capitalised at lower of fair value, and present value of the minimum lease payments at the inception of the lease and disclosed as 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.

Operating Lease

The Company as a Lessee

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

The Company as a Lessor

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

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

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

1.5 Taxes

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

1.5.1 Current Income tax

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

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

1.5.2 Deferred tax

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

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

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

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

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

1.6 Foreign currency translation

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

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

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

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

1.7 Provision and contingencies

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

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

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

1.8 Earnings per share

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

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

1.9 Dividends on equity shares

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

1.10 Financial Instruments

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

1.10.1 Financial Assets

1.10.1.1 Initial recognition and measurement

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.

1.10.1.6 Equity Investments

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

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

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

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

1.10.1.7 Impairment of Financial Assets:

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

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

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

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

No Expected credit losses is recognised on equity investments.

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

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

1.10.2 Financial Liabilities

Classification as Debt or as Equity

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

Equity Instruments

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

1.10.2.1 Initial recognition and measurement

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

The Company's financial liabilities includes other payables.

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

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

1.10.3 Loans and borrowings

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

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

1.10.4 Reclassification of financial assets and liabilities

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

1.10.5 De-recognition of financial assets and liabilities

1.10.5.1 Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the financial asset have expired. The

Company also derecognizes the financial asset if it has transferred the financial asset and the transfer qualifies for de recognition.

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

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

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

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

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

A transfer only qualifies for de-recognition if either:

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

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

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

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

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 straight line basis over their estimated useful lives.

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

Intangible Assets and their useful lives are as under:

Asset	**Estimated Useful Life**
Computer Software	3 years

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

1.15 Impairment of Non-Financial Assets

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

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

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

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

1.16 Employee Benefits

Short-term Employee Benefits

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

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

Defined Contribution Plans

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

Defined Benefits Plans (Gratuity Obligation)

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

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

Re-measurement recognised in other comprehensive income is 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.

1.20 Recent accounting pronouncements

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, 2024

2. Cash and Cash Equivalents

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Cash on hand*	0.01	0.00
Balances with Bank		
-In current accounts	2.04	15.44
-In Deposit Accounts with original maturity within three months	-	-
	2.05	**15.44**

* Represents Cash in Hand of Rs. 5,260 (March 31, 2023 Rs.1,678)

3. Bank balances other than cash and cash equivalents

	As at March 31,2024	As at March 31,2023
Deposits with Banks having original maturity exceeding three months	4,291.05	5,127.76
	4,291.05	**5,127.76**

4. Investments

	Nos.	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, 2024								
-In India								
Equity Instrument (Subsidiary) at cost								
Bandhan Financial Holdings Limited	2,59,36,04,000	-	-	-	-	-	26,163.20	26,163.20
Investment in Debt Instrument (measured at Amortised Cost)								
Govt Securities	1,00,00,000	1,007.05	-	-	-	-	-	1,007.05
Investment in Debt Instrument (measured at FVTPL)								
Mutual Funds		-	-	1,293.25	-	1,293.25	-	1,293.25
Total- Gross		1,007.05	-	1,293.25	-	1,293.25	26,163.20	28,463.50
Less: Impairment Loss Allowance		-	-	-	-	-	-	-
Total Net		**1,007.05**	**-**	**1,293.25**	**-**	**1,293.25**	**26,163.20**	**28,463.50**
Other Disclosures :								
Aggregate amount of unquoted investments								28,463.50
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, 2024

(Amount in Rs. Million)

	Nos.	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	2,59,36,04,000	-	-	-	-	-	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	

5. Other financial assets (Unsecured,considered good)

	As at March 31,2024	As at March 31,2023
Security Deposits	0.21	0.21
Advances recoverable in cash or kind	-	0.22
	0.21	**0.43**

6. Investment Property

	As at March 31,2024	As at March 31,2023
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	9.79	8.66
Depreciation charge	1.07	1.13
Closing accumulated depreciation	10.86	9.79
Net carrying amount	**27.31**	**28.38**

The fair value of investment property as at March 31, 2024 has been arrived at Rs. 67.13 Million (31st March 2023: Rs. 65.18 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 on 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, 2024

(Amount in Rs. Million)

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

	As at March 31, 2024	As at March 31, 2023
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	(1.07)	(1.13)
Profit from investment property	**0.49**	**0.43**

(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, 2024	As at March 31, 2023
Within one year	0.65	1.56
Later than one year but not later than 5 years	-	0.65
Later than 5 years	-	-

7. Property, Plant and Equipment

(Amount in Rs. Million)

	Furniture & Fixtures	Leasehold Improvements	Computer Hardware	Office Equipment	Total
Cost					
As at April 01, 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**
Additions	-	-	0.31	0.70	1.01
Disposals	-	-	-	-	-
As at March 31, 2024	**0.45**	**3.92**	**0.78**	**2.16**	**7.31**
Depreciation					
As at April 01,2022	-	-	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**
Depreciation for the year	0.12	1.03	0.21	0.82	2.18
Disposals	-	-	-	-	-
As at March 31,2024	**0.15**	**1.30**	**0.55**	**0.97**	**2.97**
Net carrying amount					
March 31,2024	**0.30**	**2.62**	**0.23**	**1.19**	**4.34**
March 31,2023	**0.42**	**3.65**	**0.13**	**1.31**	**5.51**

Notes to standalone financial statements as at and for the year ended March 31, 2024

8. Leases

(a) Leased Assets

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Right-of-use assets		
At cost at the beginning of the year	2.98	-
Additions	-	2.98
Disposals	-	-
At cost at the end of the year	2.98	2.98
Accumulated depreciation as at the beginning of the year	0.25	-
Depreciation for the year	0.33	0.25
Disposals	-	-
Accumulated depreciation as at the end of the year	0.58	0.25
Net carrying amount as at the end of the year	**2.40**	**2.73**

(b) Lease Liability

	As at March 31,2024	As at March 31,2023
Lease Liabilities		
Outstanding as at the beginning of the year	2.93	-
Additions during the year	-	2.98
Deductions during the year	-	-
Interest expense	0.27	0.21
Cash outflow	(0.44)	(0.26)
Outstanding as at the end of the year	**2.76**	**2.93**

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

	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation Charge on Right of Use Assets	0.33	0.25
Interest Expense	0.27	0.21
Expense Relating to Short-term Leases	**0.13**	**0.13**

(d) Contractual Maturities of Lease Liabilities

The following table sets forth, for the periods indicated, the details of maturity of undiscounted lease liability for premises taken on operating lease:

	Year ended March 31, 2024	Year ended March 31, 2023
Not later than one year	0.44	0.44
Later than one year and not later than five years	2.09	1.96
Later than five years	1.32	1.89
	3.85	**4.29**

Notes to standalone financial statements as at and for the year ended March 31, 2024

9. Intangible Assets

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Computer Software		
At cost at the beginning of the year	0.52	0.52
Additions	0.05	-
Disposals	-	-
At cost at the end of the year	**0.57**	**0.52**
Accumulated amortisation as at the beginning of the year	0.30	0.19
Amortisation for the year	0.23	0.11
Disposals	-	-
Accumulated amortisation as at the end of the year	**0.53**	**0.30**
Net carrying amount as at the end of the year	**0.04**	**0.22**

10. Other non-financial assets

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Prepaid expenses	0.15	0.07
	0.15	**0.07**

11. Payables (at amortised cost)

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Other payables		
Total outstanding dues of to Micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
- Payable for Donation	16.00	20.00
- Payable for others	17.10	16.78
Net carrying amount as at the end of the year	**33.10**	**36.78**

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

		As at March 31,2024	As at March 31,2023
(i)	The principal amount remaining unpaid to any supplier	-	-
(ii)	Interest due thereon remaining unpaid at the end of the year	-	-
(iii)	The amount of interest paid along with the amounts of the payment beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the year	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the year	-	-
(vi)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

12. Provisions

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Provision for employee benefits	8.22	5.56
	8.22	**5.56**

13. Deferred Tax Liabilities) (Net)

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Deferred Tax Liabilities		
On account of Timing difference in		
-Property, plant and equipment	1.70	2.00
-Right of Use Assets	0.60	0.69
-Fair value gain on investment	34.36	12.29
	36.66	**14.98**
Deferred Tax Assets		
On account of Timing difference in		
-Unabsorbed short-term Capital Loss	1.14	6.04
-Lease Liability	0.69	0.74
-Post employment Benefits	0.96	0.60
	2.79	**7.38**
Net Deferred Tax Liabilities	**33.87**	**7.60**

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

	As at March 31, 2022	Charged/ credited to profit or loss*	As at March 31,2023	Charged/ credited to profit or loss*	As at March 31,2024
Deferred Tax Liabilities					
-Property, plant and equipment	1.93	0.07	2.00	(0.30)	1.70
-Right of Use Assets	-	0.69	0.69	(0.09)	0.60
-Fair value gain on investment	0.03	12.26	12.29	22.07	34.36
	1.96	**13.02**	**14.98**	**21.68**	**36.66**
Deferred Tax Assets					
-Unabsorbed short-term Capital Loss	6.30	(0.26)	6.04	(4.90)	1.14
-Lease Liability	-	0.74	0.74	(0.05)	0.69
-Post employment Benefits	0.25	0.35	0.60	0.36	0.96
	6.55	**0.83**	**7.38**	**(4.59)**	**2.79**
Net Deferred Tax (Assets)/Liabilities	**(4.59)**	**12.19**	**7.60**	**26.27**	**33.87**

* includes credited to other comprehensive income of Rs. 0.04 Million (31st March 2023: Rs. 0.01 Million)

14. Other Non-financial liabilities

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Rent received in advance	0.65	2.20
Statutory liabilities	1.20	0.98
	1.85	**3.18**

Notes to standalone financial statements as at and for the year ended March 31, 2024

15. Equity Share Capital

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
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, 2024		As at March 31, 2023	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares at the beginning of year	12,78,21,101	1,278.21	12,78,21,101	1,278.21
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of year	**12,78,21,101**	**1,278.21**	**12,78,21,101**	**1,278.21**

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

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

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Small Industries Development Bank of India	1,03,93,489	8.13	1,03,93,489	8.13
Financial Inclusion Trust	4,20,61,424	32.91	4,20,61,424	32.91
North East Financial Inclusion Trust	1,00,00,000	7.82	1,00,00,000	7.82
Bandhan Employee's Welfare Trust	1,86,80,922	14.61	1,86,80,922	14.61
International Finance Corporation	1,73,68,339	13.59	1,73,68,339	13.59
Caladium Investment Pte. Ltd.	2,13,50,912	16.70	2,13,50,912	16.70

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

(iii) Details of Shareholding of Promoters

Sl. No.	Promoter Name	As at March 31, 2024			As at March 31, 2023		
		No. of Shares held	% of Holding	% of change during the year	No. of Shares held	% of Holding in the class	% of change during the year
1	Financial Inclusion Trust	4,20,61,424	32.91	-	4,20,61,424	32.91	-
2	North East Financial Inclusion Trust	1,00,00,000	7.82	-	1,00,00,000	7.82	-

(iv) Rights, preferences and restrictions attached to shares

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

Notes to standalone financial statements as at and for the year ended March 31, 2024

16. Other Equity

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Securities Premium	11,971.05	11,971.05
Statutory Reserve	15,764.39	15,703.28
General Reserve	2,779.55	2,779.55
Retained Earnings	954.33	810.97
	31,469.32	**31,264.85**

17. Interest income

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Financial Instrument measured at amortised cost		
-Interest on Deposits with Banks	370.02	231.94
-Interest on Govt. Securities	18.43	-
	388.45	**231.94**

18. Net gain on fair value changes

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Net gain on financial instruments at fair value through profit or loss -		
Others -		
Realised	18.68	1.04
Unrealised	87.54	48.83
	106.22	**49.87**

19. Gain on de-recognition of financial instrument

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Gain on de-recognition of financial instrument at amortised cost	0.83	-
	0.83	**-**

20. Other Income

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Rental income	1.56	1.56
Interest on income tax refund	-	10.76
	1.56	**12.32**

21.Finance Costs

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Interest on Lease Liability	0.27	0.21
	0.27	**0.21**

Notes to standalone financial statements as at and for the year ended March 31, 2024

22. Employee benefits expense

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Salaries, wages and bonus	28.83	23.48
Contribution to provident fund and other fund	1.56	1.35
Post employment Benefits	0.35	0.31
Staff Welfare	0.02	0.03
	30.76	**25.17**

23. Depreciation and amortisation expense

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on Investment Property	1.07	1.13
Depreciation of property, plant and equipment	2.18	0.53
Depreciation on right-of-use assets	0.33	0.25
Amortisation of intangible assets	0.23	0.11
Total	**3.81**	**2.02**

24. Other expenses

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Legal and Professional Charges	17.15	5.40
Directors' fees, allowances and expenses	3.38	2.97
Rent, Taxes & Energy Costs	0.43	0.24
Travelling and Conveyance	0.34	0.08
Insurance	0.28	0.19
Bank charges	0.03	0.01
Printing & Stationery	0.10	0.01
Communication Costs	0.19	0.11
Repairs & Maintenance	0.67	0.39
Payment to auditors [Refer note -24(i)]	2.72	2.57
Donation	16.00	20.00
Corporate social responsibility expenses [Refer note -34]	4.00	-
Miscellaneous Expenses	1.72	1.21
	47.01	**33.18**

24(i). Details of payments to auditors

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Payment to auditors		
As auditors:		
Audit Fees	2.12	2.04
Tax Audit Fees	0.41	0.45
Certification fees	0.14	0.05
Reimbursement of expenses	0.05	0.03
	2.72	**2.57**

Notes to standalone financial statements as at and for the year ended March 31, 2024

25. Tax Expenses

The major components of income tax expense for the year ended March 31, 2024

	Year ended March 31, 2024	Year ended March 31, 2023
Current Income Tax:		
Current Income Tax	83.34	51.56
Adjustments in respect of income tax provision of earlier year (representing Rs. 86,047; 31st March 2023: Rs. 3,839)	0.09	0.00
Deferred tax:		
-Relating to origination and Reversal of temporary difference	(0.30)	0.07
-Mark to Market gain on FVTPL Investments	26.97	12.52
-Post employment Benefits	(0.41)	(0.35)
-Right of Use Assets	(0.09)	0.69
-Lease Liability	0.05	(0.74)
	109.65	**63.75**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2024

	Year ended March 31, 2024	Year ended March 31, 2023
Accounting profit before income tax	415.21	233.55
Company's Tax rate	%25.17	%25.17
Income tax expense calculated using Company's Income tax rate	104.50	58.77
Effect of Non deductible expenses	5.06	5.03
Effect of favourable deductions	-	(0.05)
Tax Adjustment prior Periods	0.09	0.00
Income tax expense reported in the financial statements	**109.65**	**63.75**

26. Earnings Per Share

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Net Profit/(Loss) attributable to Equity Shareholders (Rs. In Million)	**305.56**	**169.80**
Weighted Average No. of Equity Shares (Nos.)	12,78,21,101	12,78,21,101
Basic / Diluted Earning Per Share (Rs.)	2.39	1.33
Nominal Value of Equity Shares (Rs.)	**10**	**10**

27 Fair value measurement

27.1 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.

27.2 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.

Notes to standalone financial statements as at and for the year ended March 31, 2024

27.3 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 with ready available active prices on a regular basis. Therefore, units held in Mutual funds are measured based on their published Net Assets Value.

27.4 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.

	Level 1	Level 2	Level 3	Total
As at 31-03-2024				
Assets measured at fair value on a recurring basis				
Financial Assets				
Investment in Mutual Funds	1,293.25	-	-	1,293.25
	1,293.26	**-**	**-**	**1,293.26**
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
Net Deferred Tax (Assets)/Liabilities	**1,222.53**	**-**	**-**	**1,222.53**

28 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 in Govt. Securities and Money market instruments. The Company reviews 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. Interest Rate Risk

The Company manages the duration of its investment portfolio with an objective to optimse the return with minimal possible fair value change impact. The interest rate risk on the investment portfolio and corresponding fair value change impact is monitored using Duration Gap analysis prepared by NBFCs and other parameters as defined in its Risk Management Policy.

v. 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 market 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.

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.

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.

29 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.

30 Capital commitments and other commitments

The Company did not have any capital or other commitment as on March 31, 2024 and March 31, 2023. Also refer note 41.

31 Related party transactions

A. Names of related parties and nature of relationship

Entities	Nature of relationship
Financial Inclusion Trust	Promoter Entity
North East Financial Inclusion Trust	Promoter Entity
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)

Notes to standalone financial statements as at and for the year ended March 31, 2024

Bandhan Life Insurance Limited (formerly known as Aegon Life Insurance CoLimited)	Subsidiary Company of Bandhan Financial Holdings Limited (with effect from February 23, 2024)
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	Not for Profit Society and 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
Mr. Subrata Mandal	Independent Director
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 March 30, 2023)
Mr. Arup Kumar	Nominee Director of Small Industries Development Bank of India (with effect from March 30, 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

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

Sl. No.	Name of Related Party	March 31, 2024	March 31, 2023
1	**Financial Inclusion Trust**		
	Transaction during the year		
	Dividend paid	33.23	-
2	**North East Financial Inclusion Trust**		
	Transaction during the year		
	Dividend paid	7.90	-
3	**Bandhan Bank Limited**		
	Transaction during the year		
	Interest Income	248.69	206.98
	Balance outstanding		
	Deposits	3,806.56	3,075.78
	Current Account	1.73	15.15
4	**Bandhan Financial Holdings Limited****		
	Balance outstanding		
	Investment	26,163.20	26,163.20
5	**Bandhan Konnagar**		
	Transactions during the year		
	Donation	16.00	20.00
	Contribution towards Corporate social responsibility expenses [Refer note -34]	4.00	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

Sl. No.	Name of Related Party	March 31, 2024	March 31, 2023
	Office Rent	0.13	0.13
	Rental Income	1.56	1.56
	Balance outstanding		
	Rent received in Advance	0.65	2.20
	Donation payable	16.00	20.00
6	**Key Managerial Personnel**		
	Remuneration and other allowances [refer note- a below]		
	Mr. Arvind Agrawal	17.16	12.46
	Mr. Amrit Daga	6.27	4.93
	Mr. Biplab Kumar Mani	4.10	3.39
7	**Sitting Fees to non-executive / independent directors**		
	Mr. Arun Shrivastava	0.32	0.32
	Mr. Subrata Mandal	0.36	0.38
	Mr. Pankaj Sood*	0.24	0.18
	Ms. Hulya Kefeli*	0.23	0.21
	Mr. Shri Ram Meena*	-	0.03
	Mr. Sanjay Goyal*	-	0.09
	Mr. Arup Kumar	0.09	-
	Mr. Arindam Banik	0.23	0.23
	Mr. Amit Kumar Hazra	0.17	0.21
	Balance outstanding		
	Ms. Hulya Kefeli*	-	0.03

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

** Also refer Note 41.

Note: 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.

32 Additional disclosures pursuant to the Reserve Bank Directions vide :

A) **Master Direction** - Core Investment Companies (Reserve Bank) Directions, 2016 dated August 25, 2016 as updated

B) **Master Direction** - Reserve Bank of India (Non-Banking Financial Company - Scale Based Regulation) Directions, 2023 dated October 19, 2023 as updated

List of disclosures pertaining to captioned circular

Sl. No.	Particulars	Remarks
1.	Components of ANW along with other related other information, Capital to Risk (Weighted) Assets Ratio and Other Ratios	Refer Note No. 32(C)
2.	Investments	Refer Note No. 32(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	

Notes to standalone financial statements as at and for the year ended March 31, 2024

Sl. No.		Particulars	Remarks
4.		Asset Liability Management Maturity pattern of certain items of Assets and Liabilities	Refer Note No. 32 (H)
5.		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.
	iii)	Exposure to Different Sectors & Industries	The Company has no exposure to any sector or industry directly or indirectly.
	iv)	Intra-group Exposures	The Company has no exposure to any intra-group directly or indirectly.
	v)	Unhedged Foreign Currency Exposures	The Company has no exposure to any unhedged foreign currency directly or indirectly.
6.		Details of financing of parent company products	This Disclosure is not applicable as the Company does not have any parent company.
7.			The Company does not have any loans or advances as on 31st March, 2024 and 31st March, 2023.
	i)	Details of Single Borrower Limit (SBL) / Group Borrower Limit (GBL) exceeded by the NBFC	
	ii)	Unsecured Advances	
10.		Miscellaneous	
	i)	Registration obtained from other financial sector regulators	Refer Note No. 32(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. 31
	iv)	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.
	v)	Remuneration of Directors	Refer Note No. 31
	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.
	ix)	Modified Opinion expressed in audit report or limited review report in respect of the financial results of any previous financial year or quarter which has impact on the profit or loss of the reportable period.	No such modified opinion is expressed on the financial results of any previous financial year or quarter which has impact on the profit or loss of the reportable period.

Notes to standalone financial statements as at and for the year ended March 31, 2024

Sl. No.	Particulars	Remarks
11.	**Additional Disclosures**	
	i) Provisions and Contingencies	Refer Note No. 32(F) and Note No. 33
	ii) Draw Down from Reserves	Refer statement of changes in equity.
	iii) Concentration of Deposits, Advances, Exposures and NPAs	This disclosure is not applicable as the Company is non deposit taking NBFC.
	a) Concentration of Deposits (for deposit taking NBFCs)	
	b) Concentration of Advances	
	c) Concentration of Exposure	
	d) Concentration of NPAs	
	e) Sector-wise NPAs	
	f) Movement of NPAs	
	iv) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)	The Company does not have any 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.
	vi) Off-balance Sheet Exposure	The Company has no exposure or transaction with reference to this disclosure. Also refer note 41.
	vii) Investment in Other CICs	The Company has not invested in any other CIC.
12.	Disclosure of Complaints	This disclosure is not applicable to the Company.
13.	Loans to Directors, Senior Officers and Relatives of Directors	The Company has not granted any loan to any Director, Senior Officer or Relative of Directors.

C) Ratios

C.1 - Components of Adjusted Net Worth (ANW) and other related information

		As at March 31,2024	As at March 31,2023
i)	ANW as a % of Risk Weighted Assets	214.22%	211.91%
ii)	Unrealised appeciation in the book value of quoted investements	-	-
iii)	Dimunition in the aggregate book value of quoted investments	-	-
iv)	Leverage Ratio	0.24%	0.17%

C.2 - Capital to Risk-Assets ratio (CRAR)

		As at March 31,2024	As at March 31,2023
i)	CRAR (%)	214.22%	211.91%
ii)	CRAR - Tier I capital (%)	214.22%	211.91%
iii)	CRAR - Tier II capital (%)	-	-
iv)	Amount of subordinated debt raised as Tier - II Capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

C.3 - Other Ratios

		Year ended March 31, 2024	Year ended March 31, 2023
i)	Return on Equity	0.93%	0.52%
ii)	Return on Assets	0.93%	0.52%
iii)	Liquidity Coverage Ratio	160990.16%	260038.40%
iv)	Net Profit per employee (Rs. In Million)	76.39	42.45
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

D) Investments

		Particulars	As at March 31,2024	As at March 31,2023
1)		**Value of Investments**		
	i)	Gross Value of Investments		
		a) In India	28,463.50	27,385.74
		b) Outside India	-	-
	ii)	Provisions for Depreciation		
		a) In India	-	-
		b) Outside India	-	-
	iii)	Net Value of Investment		
		a) In India	28,463.50	27,385.74
		b) Outside India	-	-
2)		**Movement of provisions held towards depreciation on investments.**		
	i)	Opening balance	-	-
	ii)	Add : Provisions made during the year	-	-
	iii)	Less : Write-off / write-back of excess provisions during the year	-	-
	iv)	Closing balance	-	-

E) Registration obtained from other financial sector regulators

The Company is registered with followings other financial sector regulator (Financial Regulator as described by Ministry of Finance)

i. Ministry of Corporate Affairs

ii. Ministry of Finance (Financial Intelligence Unit)

F) Provisions and Contingencies

Break up of Provisions and Contingencies shown under the head Expenditure in Profit and Loss Account

		Year ended March 31, 2024	Year ended March 31, 2023
i)	Provision made towards Income tax and Deferred Tax	109.65	63.75

Notes to standalone financial statements as at and for the year ended March 31, 2024

G) Schedule to Balance Sheet of an NBFC

Particulars			Year ended March 31, 2024		Year ended March 31, 2023	
Liabilities side			**Amount outstanding**	**Amount overdue**	**Amount outstanding**	**Amount overdue**
1)	**Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:**					
	(a)	Debentures : Secured	-	-	-	-
		: Unsecured	-	-	-	-
		(other than falling within the meaning of public deposits*)	-	-	-	-
	(b)	Deferred Credits	-	-	-	-
	(c)	Term Loans	-	-	-	-
	(d)	Inter-corporate loans and borrowing	-	-	-	-
	(e)	Commercial Paper	-	-	-	-
	(f)	Public Deposits	-	-	-	-
	(g)	Other Loans (specify nature)	-	-	-	-
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**					
	(a)	In the form of Unsecured debentures	-	-	-	-
	(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-	-	-
	(c)	Other public debosits	-	-	-	-

Assets side			As at 31st March 2024	As at 31st March 2023
(3)	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:**			
	(a)	Secured	-	-
	(b)	Unsecured	-	-
(4)	**Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities**			
	(i)	Lease assets including lease rentals under sundry debtors:		
		(a) Financial lease	-	-
		(b) Operating lease	-	-
	(ii)	Stock on hire including hire charges under sundry debtors:		
		(a) Assets on hire	-	-
		(b) Repossessed Assets	-	-
	(iii)	Other loans counting towards asset financing activities		
		(a) Loans where assets have been repossessed	-	-
		(b) Loans other than (a) above	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

Assets side	As at 31st March 2024	As at 31st March 2023
(5) Break-up of Investments :		
Current Investments :		
1. Quoted :		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	1,293.25	1,222.54
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
Long Term Investments :		
1. Quoted :		
(i) Shares		
(a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares		
(a) Equity	26,163.20	26,163.20
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of mutual funds	-	-
(iv) Government Securities	1,007.05	-
(v) Others (please specify)	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

Category	Year ended March 31, 2024			Year ended March 31, 2023		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
(6) Borrower group-wise classification of assets financed as in (3) and (4) above :						
1. Related Parties	-	-	-	-	-	-
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same Group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**

Category	As at March 31, 2024		As at March 31, 2023	
	Net Asset Value (NAV)	Book Value (Net of Provisions)	Net Asset Value (NAV)	Book Value (Net of Provisions)
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
1. Related Parties				
(a) Subsidiaries	51,935.81	26,163.20	50,932.94	26,163.20
(b) Companies in the same Group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	-	-
Total	**51,935.81**	**26,163.20**	**50,932.94**	**26,163.20**

	As at 31st March 2024	As at 31st March 2023
(8) Other information		
(i) Gross Non-Performing Assets		
(a) Related Parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets		
(a) Related Parties	-	-
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

H) Maturity pattern of certain Assets & Liabilities :

Current Reporting Period

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over one month and upto 2 months	Over two months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Cash and cash equivalents	2.05	-	-	-	-	-	-	-	-	-	2.05
Bank Balances other than Cash and cash equivalents	-	-	-	-	-	484.49	3,806.56	-	-	-	4,291.05
Investments	1,293.25	-	-	-	-	13.33	-	-	-	27,156.92	28,463.50
Other payables	0.07	-	1.43	-	-	18.36	13.24	-	-	-	33.10

Previous Reporting Period

Particulars	0 day to 7 days	8 days to 14 days	15 days to 30/31 days	Over one month and upto 2 months	Over two months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Cash and cash equivalents	15.44	-	-	-	-	-	-	-	-	-	15.44
Bank Balances other than Cash and cash equivalents	-	10.49	9.96	1,020.36	-	1,168.22	2,918.73	-	-	-	5,127.76
Investments	1,222.54	-	-	-	-	-	-	-	-	26,163.20	27,385.74
Other payables	1.23	-	-	-	20.00	2.31	13.24	-	-	-	36.78

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, 2024 and 31st March, 2023.

33 Contingent liabilities (To the extent not provided for)

(Amount in Rs. Million)

Particulars	As at March 31,2024	As at March 31,2023
Claims against the Company not acknowledged as debt		
Income Tax claims under appeal	-	35.72

34 Details of CSR Expenditure:

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
a) Gross amount required to be spent by the Company during the year	4.00	3.90
b) amount of expenditure incurred [refer note (ii) below]	4.00	3.90
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.	4.00	3.90
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.	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

	Year ended March 31, 2024	Year ended March 31, 2023
g) Amount spent in cash during the year on:		
i) Construction/acquisition of any asset	-	-
ii)) On purposes other than (i) above	4.00	3.90

(i) The Company has spent the amount towards Eliminating poverty through its programme targeting the hardcore poor and in respect of Bandhan Climate Action Programme.

(ii) Till FY 2021-22, 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 previous year (i.e. FY 2022-23), the Company 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 previous years' Statement of Profit and loss against CSR expenses and so that 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 society in compliance with Section 135 of the Companies Act, 2013.

35 Employee Benefits

a) Defined Contribution Plan

(Amount in Rs. Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Employer's Contribution to Provident Fund	1.03	0.88
Employer's Contribution to Pension Fund	0.53	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	March 31, 2024	March 31, 2023
(A) Changes in Defined Benefit Obligation		
Present Value of Defined Benefit Obligation as at the beginning of the year	0.65	0.30
Current Service Cost	0.31	0.29
Interest Cost	0.05	0.02
Acturial (Gains)/ Loss	0.15	0.04
Benefit payments from employer	-	-

Notes to standalone financial statements as at and for the year ended March 31, 2024

Particulars	March 31, 2024	March 31, 2023
Present Value of Defined Benefit Obligation as at the end of the year	**1.16**	**0.65**
(B) Amount recognised in the Balance Sheet		
Present Value of Unfunded Obligation	1.16	0.65
Net (Assets)/ Liability recognised in the Balance Sheet	**1.16**	**0.65**
(C) Current and Non Current Liability and Asset		
Current Liabilities	0.04	0.00
Non Current Liabilities	1.12	0.65
	1.16	**0.65**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(D) Expense recognized in Statement of Profit and Loss		
Total Service Cost	0.31	0.29
Interest cost	0.05	0.02
Total Expense required to be recognized in Statement of Profit and Loss	**0.36**	**0.31**
(E) Expense recognized in the Other Comprehensive Income (OCI)		
Remeasurements - Due to Demographic Assumptions	0.13	0.05
Remeasurements - Due to Financial Assumptions	0.02	(0.01)
Remeasurements - Due to Experience Adjustments	-	-
Net (Income)/ Expense for the period to be recognized in OCI	**0.15**	**0.04**

Particulars	As at March 31, 2024		As at March 31, 2023	
	% increase in DBO	Liability	% increase in DBO	Liability
(F) Sensitivity Analysis				
Discount Rates				
+ 100 Basis Points	(7.30%)	(0.08)	(8.50%)	(0.06)
- 100 Basis Points	8.20%	0.09	9.70%	0.06
Salary Growth				
+ 100 Basis Points	(5.90%)	(0.07)	7.30%	0.05
- 100 Basis Points	(6.00%)	0.07	(8.30%)	(0.05)

Particulars	As at March 31, 2024	As at March 31, 2023
(G) Maturity profile of Defined Benefit Obligation		
i) Year 1 (*)	0.04	0.00
ii) Year 2 (*)	0.06	0.00
iii) Year 3 (*)	0.06	0.00
iv) Year 4 (*)	0.10	0.00
v) Year 5 (*)	0.10	0.00
vi) Year 6 to Year 10	0.83	0.02
	1.20	**0.02**

(*) Amount below rounding off number

Notes to standalone financial statements as at and for the year ended March 31, 2024

Particulars	As at March 31, 2024	As at March 31, 2023
(H) The principal assumptions used in determining gratuity obligations for the company's plans are shown below:		
Discount rate (per annum)	7.00%	7.20%
Salary increase (per annum)	8.80%	8.80%
Withdrawal rate	8.00%	8.00%
Mortalility	Indian Assured Lives Mortality (2006-08) Ultimate.	Indian Assured Lives Mortality (2006-08) Ultimate.

36 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.

	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 Months	Total	Within 12 months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	2.05	-	2.05	15.44	-	15.44
Bank Balances other than Cash and cash equivalents	4,291.05	-	4,291.05	5,127.76	-	5,127.76
Investments	1,306.57	27,156.92	28,463.50	1,222.54	26,163.20	27,385.74
Other financial assets	-	0.21	0.21	0.22	0.21	0.43
Non-Financial assets						
Current tax assets (net)	-	36.28	36.28	-	32.83	32.83
Deferred tax assets (net)	-	-	-	-	-	-
Investment property	-	27.31	27.31	-	28.38	28.38
Property Plant & Equipment	-	4.34	4.34	-	5.51	5.51
Right of Use Assets	-	2.40	2.40	-	2.73	2.73
Intangible Assets	-	0.04	0.04	-	0.22	0.22
Other non-financial assets	0.15	-	0.15	0.07	-	0.07
TOTAL - ASSETS	**5,599.83**	**27,227.50**	**32,827.33**	**6,366.03**	**26,233.08**	**32,599.11**
LIABILITIES						
Financial Liabilities						
Payables						
Other payables	33.10	-	33.10	36.78	-	36.78
Lease Liability	0.20	2.56	2.76	0.18	2.75	2.93
Non-Financial Liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Provisions	4.55	3.67	8.22	3.39	2.17	5.56
Deferred tax liabilities (net)	33.87	0.00	33.87	7.60	0.00	7.60
Other non-financial liabilities	1.85	-	1.85	2.54	0.64	3.18
TOTAL - LIABILITIES	**73.57**	**6.23**	**79.80**	**50.49**	**5.56**	**56.05**

37 Capital Management

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

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

For Capital to Risk (Weighted) Assets Ratio refer note no. 32 (C).

38 (a) The Company had term loan of Rs. 2500 million with Indian Bank (erstwhile Allahabad Bank) which was repaid during the financial year 2015-16. The Company is in the process of obtaining the "No Dues Certificate" from Indian Bank to file satisfaction of charge with Registrar of Companies.

(b) The Company had term loan of Rs. 250 million with Union Bank of India (erstwhile Corporation Bank) which was 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 on the repayment of the said loan. The Company is in the process of filing a condonation of delay with the relevant authorities to regularize the matter.

39 Additional information:

(a) There is no proceeding initiated or pending against the company during the year for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(b) The Company is not declared wilful defaulter by any bank or financial Institution or any other lenders.

(c) There is no scheme of arrangements has been approved during the year by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

(d) There is no transaction that has not been recorded in the books of accounts and surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(e) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(f) The Company has not obtained any borrowings from banks or financial institutions on the basis of security of current assets and quarterly returns or statements of current assets filed by the Company with banks or financial institutions are in agreement with the books of accounts.

(g) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall :

(i) 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

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

(h) The Company has not received any funds from any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Company shall :

(i) 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

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;

Notes to standalone financial statements as at and for the year ended March 31, 2024

(i) The Company is systemically important non-banking financial core investment company registered with the Reserve Bank of India as per Reserve Bank of India Act, 1934 (2 of 1934), accordingly the provisions prescribed under clause (87) of section 2 of the companies Act 2013 read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable to the Company. Pursuant to issue of Scale Based Regulation (SBR) issued by the RBI, the Company is now categorised in the Middle layer under the SBR framework.

(j) The Company has not entered into any transaction with any struck off companies during the year.

(k) The Company has not provided any loans and advances to key managerial persons during the year.

40 The Board of Directors at its meeting held on 28th June 2024 have proposed dividend of Rs. 1.43 per equity share (31st March 2023: Rs. 0.79 per share) for the financial year 2023-24 which is subject to the approval of the members at the ensuing Annual General Meeting.

41 The Company has issued a Letter of Comfort dated 28th May 2024 to its wholly owned subsidiary, Bandhan Financial Holdings Limited (BFHL) for extending financial assistance not exceeding Rs. 5000 million over the period of next 5 years, as mutually decided prior to disbursement and shall be subject to necessary consent and approval if any, for meeting financial obligations of BFHL towards Bandhan Life Insurance Limited (erstwhile Aegon Life Insurance Limited).

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

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 : 28.06.2024

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" or "Parent"), and its subsidiaries (the Parent 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, 2024, 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 notes to the consolidated financial statements, including a summary of the material 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 of the Group and its associate as at March 31, 2024, their consolidated profit 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 and its associate 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 along with the consideration of audit reports of the other auditors 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 Management Discussion and Analysis, Board's Report including Annexures to the Board's Report, Corporate Governance and Shareholder's Information 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)

Independent Auditors Report

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.

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.

Independent Auditors Report

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of financial information of the Holding Company included in the consolidated financial statements, of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

We did not audit the financial statements of five subsidiaries, including four step-down subsidiaries, whose financial statements reflect total assets of Rs. 3,12,688.01 million as at March 31, 2024, total revenues of Rs. 7,174.92 million and net cash inflow of Rs. 1,794.99 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 (including other comprehensive income) of Rs. 8,327.36 million for the year ended March 31, 2024, as considered in the consolidated financial statements, in respect of one associate company, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of 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 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 4.45 million and net assets of Rs 3.86 million as at March 31, 2024, total comprehensive income (comprising of loss and other comprehensive income) of Rs 8.32 million and net cash flows amounting to Rs (8.34) million for the year then ended have been prepared in accordance with accounting principles generally accepted in their country and have been audited by other auditors under generally accepted auditing standards applicable in their country. The Company's management has converted the financial statements of such subsidiary located outside India from the accounting principles generally accepted in their country 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.

The following other matter paragraph is given by the joint auditors of Bandhan Life Insurance Limited, a step-down subsidiary company, which is reproduced as under:

The actuarial valuation of liabilities for life policies in force and for policies in respect of which premium has been

Independent Auditors Report

discontinued but liability exists as at March 31, 2024 is the responsibility of the Companies Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at March 31, 2024 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority and the Institute of Actuaries of India in concurrence with the Insurance Regulatory and Development Authority. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in Financial Statements of the Company. Our conclusion is not modified in respect of this matter.

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 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 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.

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 and rules made thereunder.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiaries and associate company incorporated in India, none of the directors of companies mentioned above is disqualified as on March 31, 2024 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 and in respect of one subsidiary managerial remuneration is paid in accordance with provisions section 34A of the Insurance Act 1938.

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 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:

Independent Auditors Report

i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2024 on the consolidated financial position of the Group. (Refer note 50 to the consolidated financial statements)

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts. The Group and its associate company did not have any 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, 2024. 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, 2024.

iv. (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 44(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, as disclosed in the note 44(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 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.

v. (a) The final dividend proposed for the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, to the extent it applies to the payment of dividend.

(b) No Interim dividend has been declared or paid by the Holding Company during the financial year.

(c) As stated in note 53 to the consolidated financial statements, the Board of Directors of the Holding Company have proposed dividend for the financial year 2023-24 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. Based on our examination, which included test checks, and that performed by the respective auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company and subsidiaries have used accounting softwares for maintaining their respective books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares.

Independent Auditors Report

A) Joint auditors of Bandhan Life Insurance Limited, a step-down subsidiary company has stated in their audit report that in the case of two softwares, one for servicing of health policies and the other for servicing of other than health policies, for which the audit trails for direct data changes at the database level were not enabled during the year, which have been subsequently enabled from April 30, 2024.

B) Auditor of Bandhan AMC Limited and Bandhan Mutual Fund Trustee Limited step-down subsidiary companies have stated in his audit report that the Company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility, which was enabled during the year on different dates for specific transaction types, and was enabled for all relevant transactions from November 8, 2023, onwards. With respect to an accounting software used for payroll processing by an outsourced service provider, the service organisation's auditor's report species that it has a future of recording audit trail (edit log) and that has operated throughout the year for all relevant transactions recorded in the software, except that the audit trail record does not contain the pre-modified values.

Further, during the course of our audit we and respective auditors of the above referred subsidiaries did not come across any instance of the audit trail feature being tampered with.

As 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 on preservation of audit trail as per statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

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 - 24062668BKBIXI7156

Place: Kolkata
Date: June 28, 2024

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, 2024, 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 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 and its subsidiary companies 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

Annexure – 'A' to the Independent Auditors Report

assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls 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 and its subsidiary companies including step down subsidiaries 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, 2024, 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 the subsidiaries including step down subsidiaries and associate company, is based on the audit reports of the auditors of such companies. Our opinion is not modified in respect of this matter.

The following other matter paragraph is given by the joint auditors of Bandhan Life Insurance Limited, a step-down subsidiary company, which is reproduced as under:

The actuarial valuation of liabilities for life policies in force and policies where premium is discontinued is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") read with Insurance Regulatory and Development Authority of India circular IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016, and has been relied upon by us, as mentioned in "Other Matter" para of our audit report on the financial statements of the Company as at and for the year ended March 31, 2024. Accordingly, we have not audited the internal financial controls with reference to financial statements in respect of the valuation, measurement and accuracy of the aforesaid actuarial valuation.

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

Avilas Agarwal
Partner
(Membership No. 062668)
UDIN - 24062668BKBIXI7156

Place: Kolkata
Date: June 28, 2024

Consolidated Balance Sheet

as at March 31, 2024

(Amount in Rs. Million)

	Note	As at March 31, 2024	As at March 31, 2023
ASSETS			
Financial assets			
Cash and Cash Equivalents	2	2,703.72	41.95
Bank balances other than Cash and Cash Equivalents	3	6,902.97	11,892.73
Trade receivables	4	331.91	196.89
Loans	5	523.95	-
Investments	6	2,28,836.52	2,18,218.88
Investments of life Insurance Business			
- Investments of Life Insurance Policyholders	6A	33,062.04	-
- Investments of Life Insurance Shareholders	6B	894.27	-
Assets Held to Cover Linked Liabilities	7	10,210.00	-
Other Financial Assets	8	4,056.58	72.60
Non-Financial assets			
Current tax assets (net)	9.1	291.94	224.60
Deferred tax assets (net)	10.1	46.81	27.03
Investment property	11	27.31	28.38
Property Plant and equipment	12	166.13	110.03
Right of use Assets	13	384.95	320.06
Goodwill		25,762.32	25,762.32
Other Intangible assets	14	229.94	12.73
Other Non-financial assets	15	461.61	128.81
Total Assets		**3,14,892.97**	**2,57,037.01**
LIABILITIES AND EQUITY			
LIABILITIES			
Financial Liabilities			
Trade Payables	16		
i) total outstanding dues of micro enterprises and small enterprises		24.44	5.80
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		540.53	121.86
Other Payables	17		
i) total outstanding dues of micro enterprises and small enterprises		-	-
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		46.50	71.22
Policyholders' liabilities	18	46,204.91	-
Lease Liabilities	13	457.61	375.23
Other Financial Liabilities	19	1,543.01	495.74
Non-Financial Liabilities			
Current tax liabilities (net)	9.2	306.86	129.60
Deferred Tax Liabilities (net)	10.2	140.17	11.81
Provisions	20	76.87	16.64
Other Non-financial liabilities	21	243.29	99.93

Consolidated Balance Sheet

as at March 31, 2024

(Amount in Rs. Million)

	Note	As at March 31, 2024	As at March 31, 2023
Equity			
Equity Share Capital	22	1,278.21	1,278.21
Other Equity	23	2,62,545.12	2,53,617.57
Equity Attributable to Owners of the Parent		2,63,823.33	2,54,895.78
Non-Controlling Interests		1,485.45	813.40
Total Equity		**2,65,308.78**	**2,55,709.18**
Total Liabilities and Equity		**3,14,892.97**	**2,57,037.01**

Summary of Material accounting policies 1

The accompanying notes are an integral part of these consolidated 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 28, 2024

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, 2024

(Amount in Rs. Million)

	Note	Year ended March 31, 2024	Year ended March 31, 2023
Revenue from operations			
Interest Income	24	1,054.45	1,749.98
Dividend Income		2.76	-
Fees & Commission Income	25	3,855.85	594.08
Premium income from insurance business	26	684.62	-
Net gain on fair value changes	27	1,085.83	88.48
Gain on de-recognition of financial instrument	28	0.83	-
Total Revenue from Operation		**6,684.34**	**2,432.54**
Other income	29	21.48	15.40
Total income		**6,705.82**	**2,447.94**
Expenses			
Finance costs	30	33.82	4.89
Fees & Commission Expense		41.16	-
Employee benefits expense	31	1,552.79	255.82
Impairment on financial instruments	32	1.49	0.03
Claims incurred pertaining to insurance business	33	734.38	-
Net change in insurance/investment contract liabilities	34	976.19	-
Depreciation and amortisation expense	35	171.99	23.98
Other expenses	36	1,467.98	435.40
Total expenses		**4,979.80**	**720.12**
Profit before share of profit of Associate		**1,726.02**	**1,727.82**
Share of profit of Associate		7,734.59	9,614.73
Profit before tax		**9,460.61**	**11,342.55**
Tax expense	**37**	**884.53**	**445.09**
Current tax		800.79	426.94
Income Tax relating to earlier years		(24.86)	(0.04)
Deferred tax charge/ (credit) (Net)		108.60	18.19
Profit for the year		**8,576.08**	**10,897.46**
Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
Remeasurement gain/(loss) on defined benefit plan		(3.63)	1.81
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI		-	-
Tax impact		1.00	(0.46)
Share of Other Comprehensive Income of Associate		533.10	290.31
Subtotal		**530.47**	**291.66**
(b) Items that will be reclassified to profit or loss			
Debt Instruments through Other Comprehensive Income		37.35	-
Share of Other Comprehensive Income of Associate		59.67	(111.17)
Tax Impact		-	-
Subtotal		97.02	(111.17)
Other comprehensive income for the year (a + b)		627.49	180.49
Total Comprehensive Income for the year		**9,203.57**	**11,077.95**
Profit for the year			
Attributable to :			
Owners of the parent		8,046.74	10,896.18
Non - Controlling interest		529.34	1.28
Total Comprehensive income for the year			

Consolidated Statement of Profit and Loss
for the year ended March 31, 2024

(Amount in Rs. Million)

	Note	Year ended March 31, 2024	Year ended March 31, 2023
Attributable to :			
Owners of the parent		8,673.74	11,076.12
Non - Controlling interest		529.83	1.83
Earnings per equity share	38		
[Face value of share ₹ 10 (March 31, 2023: ₹10)]			
Basic (Rs.)		62.95	85.25
Diluted (Rs.)		62.95	85.25

CIN: U70101WB1995PLC073339
Summary of Material Accounting Policies 1
The accompanying notes are an integral part of these Consolidated 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 28, 2024

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, 2024

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
A. Cash flows from operating activities		
Profit/ (loss) Before Tax	9,460.61	11,342.55
Adjustments for:		
Share of (Profit)/Loss of associate	(7,734.59)	(9,614.73)
Depreciation, amortisation and impairment	171.99	23.98
Impairment of Financial Instrument	1.49	0.03
Interest on Income tax refund	(9.30)	(10.76)
Profit on sale of property, plant and equipments	(1.93)	(0.61)
Gain on Derecognition of Financial Instrument	(0.83)	-
Provision for policyholders liability	976.19	-
Net gain on Fair Value Changes	(1,085.83)	(88.48)
Dividend Income	(4.64)	(0.08)
Dividend from Associate	966.17	-
Interest income on financial assets measured at amortised cost	(2.93)	(0.38)
Employee expenses on share based payments	61.52	(0.05)
Unrealised Exchange Difference	0.02	0.05
Finance Cost	33.82	4.89
Operating profit before working capital changes	**2,831.76**	**1,656.41**
Movements in working capital:		
Decrease/ (Increase) in bank balances other than cash and cash equivalents	24.27	19.85
Decrease/ (Increase) in Trade Receivables	(106.51)	12.61
Decrease/ (Increase) in loans	(0.91)	-
Decrease/ (Increase) in other financial assets	(133.68)	(33.63)
Decrease/ (Increase) in other non-financial assets	(62.80)	(59.98)
Increase/ (Decrease) in Trade Payables	(25.64)	(26.51)
Increase/ (Decrease) in Provisions	28.77	9.01
Increase/ (Decrease) in other payables	(24.72)	(133.90)
Increase/ (Decrease) Policyholders' liabilities	239.85	-
Increase/ (Decrease) in other financial liabilities	459.06	41.98
Increase/ (Decrease) in non-financial liabilities	10.45	(512.09)
Cash generated from/ (used in) operations	**3,239.90**	**973.75**
Direct taxes paid (Net of refunds) [Refer note : C]	(656.11)	1,533.54
Net cash flow from/ (used in) operating activities (A)	**2,583.79**	**2,507.29**
B. Cash flows from investing activities		
Purchase of Property, Plant and Equipment	(106.46)	(18.30)
Sale of Property Plant Equipment	5.97	0.73
Purchase of Intangible Assets	(6.22)	-
Purchase of Subsidiaries (Refer Note 52)	(1,238.61)	(26,992.88)
Purchase of Debentures of Subsidiaries (Refer Note 52)	(700.00)	
Purchase of other investments	(18,960.97)	(2,223.50)
Sale of other investments	15,442.56	1,417.04
Deposits (created)/encashed with banks and financial institutions	4,965.49	25,327.71
Dividend Received	4.64	0.08
Net cash flow from/ (used in) investing activities (B)	**(593.60)**	**(2,489.12)**

Statement of Consolidated Cash Flow

for the year ended March 31, 2024

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
C. Cash flows from financing activities		
Payment of Lease Liability	(107.61)	(10.70)
Dividend Payment	(100.98)	-
Net cash flow from/ (used in) in financing activities (C)	**(208.59)**	**(10.70)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**1,781.60**	**7.47**
Cash and cash equivalents at the beginning of the year	41.95	15.02
Recognition of Cash/Cash Equivalent on account of acquisition of control in the Subsidiaries	880.17	19.46
Cash and cash equivalents at the end of the year	**2,703.72**	**41.95**
Components of Cash and cash equivalents		
Cash on hand	0.01	0.00*
Balances with banks	2,703.71	41.95
Total Cash and cash equivalents	**2,703.72**	**41.95**
*Represents cash in hand of Rs. 2,644 as on March 31,2023.		

CIN: U70101WB1995PLC073339

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. The same was adjusted with Direct tax payment of Rs. 52.20 million.

Summary of Material Accounting Policies 1

The accompanying notes are an integral part of these Consolidated 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 28, 2024

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, 2024

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, 2022	12,78,21,101	1,278.21
Changes in equity share capital	-	-
Balance as at March 31, 2023	12,78,21,101	1,278.21
Changes in equity share capital	-	-
Balance as at March 31, 2024	**12,78,21,101**	**1,278.21**

2. Other Equity

Previous reporting period

(Amount in Rs. Million)

	Reserve & Surplus						Other Comprehensive Income (OCI)			Equity attributable to owners of the Parent	Non-controlling interest	Total other equity including non controlling interest
	Statutory Reserve	General Reserve	Securities Premium	Employee Stock Options Outstanding Account	Others - Investment Fluctuation Reserve	Retained Earnings	Foreign currency translation reserve	Equity Instruments through OCI	Debt Instruments through OCI			
Balance as at April 01, 2022 (Opening Balance)	**38,571.90**	**2,651.42**	**11,971.05**	**-**	**-**	**1,89,361.39**	**-**	**-**	**-**	**2,42,555.76**	**-**	**2,42,555.76**
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**	**-**	**-**	**1,89,361.39**	**-**	**-**	**-**	**2,42,555.76**	**-**	**2,42,555.76**
On acquisition of Bandhan AMC Limited and Bandhan Mutual Fund Trustee Ltd.	-	-	-	-	-	-	-	-	-	-	821.12	821.12
Profit for the year	-	-	-	-	-	10,896.18	-	-	-	10,896.18	1.28	10,897.46
Other Comprehensive Income for the year	-	-	-	-	-	179.94	-	-	-	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)	-	-	-	-	-	-
Balance as at March 31, 2023	**38,883.29**	**2,651.42**	**11,971.05**	**-**	**-**	**2,00,111.78**	**0.03**	**-**	**-**	**2,53,617.57**	**813.40**	**2,54,430.97**

Current reporting period

(Amount in Rs. Million)

	Reserve & Surplus						Other Comprehensive Income (OCI)			Equity attributable to owners of the Parent	Non-controlling interest	Total other equity including non controlling interest
	Statutory Reserve	General Reserve	Securities Premium	Employee Stock Options Outstanding Account	Others - Investment Fluctuation Reserve	Retained Earnings	Foreign currency translation reserve	Equity Instruments through OCI	Debt Instruments through OCI			
Balance as at April 01, 2023 (Opening Balance)	**38,883.29**	**2,651.42**	**11,971.05**	**-**	**-**	**2,00,111.78**	**0.03**	**-**	**-**	**2,53,617.57**	**813.40**	**2,54,430.97**
Changes in Accounting policy/ prior period errors (Refer Note 55)	-	-	-	-	-	(64.95)	-	293.18	(228.23)	-	-	-
Restated balance at the beginning of the reporting periodx	**38,883.29**	**2,651.42**	**11,971.05**	**-**	**-**	**2,00,046.83**	**0.03**	**293.18**	**(228.23)**	**2,53,617.57**	**813.40**	**2,54,430.97**
On acquisition of Bandhan Life Insurance Limited	-	-	-	-	364.80	-	-	-	-	364.80	70.67	435.47
Change in controlling interest on account of fresh subscription of shares of Bandhan Life InsuranceLimited	-	-	-	-	-	(46.92)	-	-	-	(46.92)	46.92	-
Profit for the year	-	-	-	-	-	8,046.74	-	-	-	8,046.74	529.34	8,576.08
Employee stock option expense for the year	-	-	-	36.90	-	-	-	-	-	36.90	24.62	61.52

Consolidated Statement of Changes in Equity

for the year ended March 31, 2024

	Reserve & Surplus						Other Comprehensive Income (OCI)			Equity attributable to owners of the Parent	Non-controlling interest	Total other equity including non controlling interest
	Statutory Reserve	General Reserve	Securities Premium	Employee Stock Options Outstanding Account	Others - Investment Fluctuation Reserve	Retained Earnings	Foreign currency translation reserve	Equity Instruments through OCI	Debt Instruments through OCI			
Other Comprehensive Income for the year	-	-	-	-	-	(19.68)	-	551.24	95.44	627.00	0.49	627.49
Change during the year	-	-	-	-	-	-	0.01	-	-	0.01	0.01	0.02
Final Dividend paid for the financial year 2022-23	-	-	-	-	-	(100.98)	-	-	-	(100.98)	-	(100.98)
Transfer to/from retained earnings	311.86	-	-	-	-	(311.86)	-	-	-	-	-	-
Balance as at March 31, 2024	**39,195.15**	**2,651.42**	**11,971.05**	**36.90**	**364.80**	**2,07,614.13**	**0.04**	**844.42**	**(132.79)**	**2,62,545.12**	**1,485.45**	**2,64,030.57**

Note-1 : Dividend represents final dividend paid by the holding company to its shareholders.

Note-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.

Note-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-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-5 : Employee Stock Options Outstanding Account is used to recognise the grant date fair value of options issued to employees by the step down subsidiary company under Employee Stock Option Scheme (ESOS) over the vesting period (refer note 45).

Note-6 : Capital Reserve represents the gains of capital nature which mainly include the excess of value of share of net assets acquired over consideration paid by the Group for business amalgamation transactions.

Note-7 : Retained earnings represents accumulated profits earned by the group and remaining undistributed as on date. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013 and rules & regulations notified by the Reserve Bank of India.

Note-8 : Foreign currency translation reserve represents exchange difference arising on translation of foreign operations, recognised in other comprehensive income as described in accounting policy and are accumulated in special reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed off.

Note-9 : Debt Instruments through Other Comprehensive Income represents the cumulative gains (net of losses) arising on revaluation of Debt Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to profit or loss when those instruments are disposed off.

Note-10 : Equity Instruments through Other Comprehensive Income represents the cumulative gains (net of losses) arising on revaluation of Equity Instruments measured at Fair Value through Other Comprehensive Income, net of amounts reclassified, if any, to Retained Earnings when those instruments are disposed off.

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

Avilas Agarwal
Partner
(Membership Number : 062668)

Place : Kolkata
Date : June 28, 2024

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 to consolidated financial statements as at and for the year ended March 31, 2024

1 Significant Accounting Policies for the year ended March 31, 2024

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.

The RBI vide its notification dated October 19, 2023 has issued Scale Based Regulation (SBR) for NBFCs. As per the above notification, the Company is categorised in the Middle layer and applicable disclosures to such Middle layer entities have been considered in these financial statements.

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.

On February 23, 2024, Bandhan Financial Holdings Limited acquired 95.79% stake in Bandhan Life Insurance Limited post business hours (erstwhile Aegon Life Insurance Company Limited) by paying Rs. 1,238.61 million towards Purchase Consideration. As a result, Bandhan Life Insurance Limited has become its subsidiary with effect from February 23, 2024.

On March 28, 2024, Bandhan Financial Holdings Limited had applied for a Right Issue of 12,50,00,000 equity share of Rs. 10 each, fully paid up of Bandhan Life Insurance Company Ltd by paying Rs. 1,250 million and the same was allotted to the Company on March 31, 2024 at the end of the Business Hour. As a result, equity holding of the Company in its Subsidiary Bandhan Life Insurance Limited has increased to 96.06% with effect from March 31, 2024.

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, Investment Managers (Mauritius Limited), Bandhan Life Insurance Limited (collectively, the 'Group') and investing company for Bandhan Bank Limited, its associate.

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.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

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 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 has been combined on equity method following IND AS-28 by re-measuring BFHL (Subsidiary)'s 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 2024.

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.

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 / associate have been considered for consolidation:

Name of Entity	Relationship	Country of Incorporation	% of Holding	
			As at March 31,2024	As at March 31,2023
Bandhan Financial Holdings Limited	**Subsidiary**	**India**	**100.00%**	**100.00%**
Bandhan AMC Ltd	Step-down Subsidiary	India	59.98%	59.98%
Bandhan Mutual Fund Trustee Ltd	Step-down Subsidiary	India	60.00%	60.00%
Bandhan Investment Managers (Mauritius) Ltd	Step-down Subsidiary	Mauritius	60.00%	60.00%
Bandhan Life Insurance Limited	Step-down Subsidiary	India	96.06%	0.00%
Bandhan Bank Limited	Associate (with effect from August 3, 2020),Subsidiary (Upto August 2,2020)	India	39.98%	39.99%

e. 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.

f. **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 Financial Statements

The Group prepares its Financial Statements as per the format defined by Ministry of Corporate Affairs (MCA) vide its Notification dated 11th October, 2018 and as incorporated in the Schedule- III of the Companies Act, 2013(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 issued and effective from 1 April 2023

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 Material accounting policies

C.1 Financial Instruments – Initial Recognition

C.1.1 Date of recognition

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

C.1.2 Initial measurement of financial instruments

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

C.1.3 Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held such that it best reflects the way the business is managed. The information considered includes:

- the objectives for the portfolio, in particular, the Group's strategy of focusing on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the financial liabilities that are funding those financial assets or realising cash flows through the sale of the financial assets.
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity, though not considered in isolation, but as part of an overall assessment of achieving the stated objective for managing the financial assets and realization of cash flows.
- the risks affecting the performance of the business model and its management.
- how managers are compensated.

C.1.4 Sole payment of principal and interest ('SPPI') assessment

Fair value of the financial asset on initial recognition is considered as Principal. Consideration for the time value of money and for the credit risk associated with the principal amount and for other basic lending risks and costs, as well as profit margin is considered as Interest.

Contractual terms of the instrument are considered in assessing whether the contractual cash flows are solely payments of principal and interest. This includes assessing the:

- reset terms
- contingent events that would change the amount and timing of contractual cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money – e.g. periodical reset of interest rates.

C.1.5 Measurement categories of financial assets and liabilities

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

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

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

C.2 Financial assets and liabilities

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

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

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

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

C.2.2 Financial assets or financial liabilities held for trading

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

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

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

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

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

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

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

C.2.4 Equity instruments at FVOCI

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

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

C.2.5 Debt securities and other borrowed funds

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

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

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

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

C.2.7 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with prespecified terms to the customer. Undrawn loan commitments are in the scope of the Expected Credit Loss ('ECL') requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

C.3 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Group did not reclassify any of its financial assets or liabilities in FY 2023-24 and FY 2022-23.

C.4 Derecognition of financial assets and liabilities

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

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

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

(i) Change in counterparty.

(ii) If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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

C.4.2.1 Financial assets

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

Notes to consolidated financial statements as at and for the year ended March 31, 2024

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

(i) The Group has transferred its contractual rights to receive cash flows from the financial asset Or

(ii) It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement.

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

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

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

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

A transfer only qualifies for derecognition if either:

(i) The Group has transferred substantially all the risks and rewards of the assets Or

(ii) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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.

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.

C.4.2.2 Financial liabilities

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

C.5 Impairment of financial assets

C.5.1 Overview of the ECL principles

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

The ECL allowance has been measured using the lifetime expected credit loss or LTECL, except for the financial assets which are:

- Determined to have low credit risk at the reporting date and financial assets on which there has been no significant increase in credit risk since initial recognition. In such cases, loss allowance has been measured at 12 month ECL.
- Indian Rupee denominated GOI securities and other securities backed by GOI Securities
- Loans to policyholder since it is backed by the policy holder's surrender value.

- CBLO- A collateralized borrowing and lending obligation
- Any receivable from stock exchanges like BSE/NSE since the exchanges guarantee settlement.

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.

At each reporting date, the financial assets carried at amortised cost and non-equity financial assets carried at FVOCI are assessed for credit-impairment. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the issuer of security
- A breach of contract such as default or past due event
- Issuer of security may enter bankruptcy or financial reorganization
- Disappearance of an active market for a security because of financial difficulties
- Downgrade of rating of the security.

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.

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 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 Determination of fair value

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

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

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

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

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

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

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

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

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

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

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

C.9 Methodology

Fair value of various financial assets is being derived as per below for FVTPL and FVOCI category of Assets:

Asset class	Valuation method
Central and State Government Securities	Crisil security level prices
Corporate Bonds/Debentures	Crisil Bond Valuer
Equity and ETF	Closing NSE prices, in case not traded on NSE than BSE closing prices
Mutual Fund	Latest available prices from AMFI
Treasury bills, TREPS	Carrying value
Security Receipts	Discounted cash flow
Fixed Deposits/Recurring Deposits	Carrying value

C.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

C.11 Loans

The Policy Loans are measured at amortised cost based on the effective interest rate method, subject to provisions for impairment, if any.

C.12 Policy Liabilities

Actuarial Liabilities on policies inforce and policies in respect of which premium has been discontinued but a liability exists are determined by the Appointed Actuary using generally accepted actuarial practice in accordance with the standards and guidance notes issued by the Institute of Actuaries of India, the requirement of the Insurance Laws (Amendment) Act, 2015, the regulations and the relevant circulars issued by the IRDA.

The liabilities are calculated in a manner that together with estimated future premium income and Investment income, the Company can meet estimated future claims and expenses related to maintenance of policies and settlement of claims.

The liabilities under unit linked policies comprise of unit reserve and non-unit reserve. Unit reserves are measured at fair value of the underlying investments. Non-unit reserves are estimated using gross premium method. Liabilities under non linked policies including health product are estimated using gross premium method. For the group insurance business, the liability is based on higher of the liability estimated using gross premium method or the unearned premium method.

C.13 Product Classification

Financial Instruments (Investment Contracts) are separated from insurance contracts under specified conditions under Ind AS 104 'Insurance Contracts'.

i. Insurance Contracts

Contracts are classified as Insurance Contracts where the Group has accepted significant insurance risk from the policyholder by agreeing to compensate if a specified uncertain future event adversely affects the policyholder. Benefits paid is compared with the benefits payable if the insured event did not occur to determine the presence of significant risk.

Further as suggested by IRDAI working committee report dated 30 December 2016 below threshold have been considered for product classification into Insurance Contracts:

- at least 5% of the Fund Value at any time during the life on the contract for unit linked products, or
- at least 5% of the annualized premium or Single Premium, as the case may be, at any time during the life on the contract for other than unit linked products
- Ratio of Expected Present Value (EPV) of death benefits to EPV of Other than death benefits is at least 5% measured at the inception of the policy

ii. Investment Contracts

Contracts are classified as Investment contracts where the Group has accepted significant financial risk from the policyholder and there is no significant insurance risk in the contract. Financial risk is the risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of price or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contract once classified as an insurance contract remains as an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire. Investment contracts are reclassified as insurance contracts after inception if insurance risk becomes significant.

Insurance and investment contracts are further classified as being either with or without Discretionary Participating Feature (DPF). DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are:

- Likely to be a significant portion of the total contractual benefits;
- The amount or timing of which is contractually at the discretion of the issuer;
- That are contractually based on:
- The performance of a specified pool of contracts or a specified type of contract
- Realised and or unrealised investment returns on a specified pool of assets held by the issuer
- The profit or loss of the Company, fund or other entity that issues the contract

Derivatives embedded in an insurance contract or an investment contract with DPF are separated and fair valued through the income statement unless the embedded derivative which is itself qualifying as an insurance contract or investment contract with DPF. The derivative is not separated where the host insurance contract and/or investment contract with DPF is measured at fair value through the income statement.

iii. Insurance contract liabilities

Insurance contract provisions have been computed using a gross premium valuation method. Provisions for investment contracts with a discretionary participating feature are also computed using the gross premium valuation method.

iv. Investment contract liabilities

Investment contract liabilities without DPF are recognized when contracts are entered into and premiums are charged.

Investment contract liabilities for unit-linked business are measured at fair value. Investment contract liabilities in respect of the Group's other than unit-linked business are recorded at amortized cost unless designated at fair value through profit or loss to eliminate or significantly reduce a measurement or recognition inconsistency.

The measurement of investment contracts without discretionary participation features is carried out in accordance with Ind AS 109 to reflect the deposit nature of the arrangement, with premiums and claims reflected as deposits and withdrawals and taken directly to the statement of financial position as movements in the financial liability balance.

v. Liability adequacy test

The Group performs adequacy testing on its insurance liabilities to ensure that the carrying amounts (net of related deferred acquisition costs) and, where relevant, present value of acquired in-force business is sufficient to cover current estimates of future cash flows. Any deficiency is immediately charged to the Statement of Profit and Loss Account.

C.14 Reinsurance Assets

The Group cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting year. Impairment occurs when there is objective evidence as a result of an event that occurred after initial recognition of the reinsurance asset that the company may not receive all outstanding amounts due under the terms of the contract and the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer. The impairment loss is recorded in the income statement.

C.15 Recognition of interest income

C.15.1 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.15.2 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 financial assets cure and are no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Interest income from fixed deposit

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

Interest Income on policy loan

Interest Income on policy loans is recognised on the basis of the effective interest rate.

C.16 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.

Expenses are recognised on accrual basis.

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.16.1 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.16.2 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.16.3 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.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

C.16.4 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.16.5 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.16.6 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.16.7 Revenue from investment contract

- Fees charged for investment management services provided in conjunction with an investment contract are recognized as revenue as the services are provided.
- Fees charged for investment management service contracts by asset management businesses are also recognized as revenue as the services are provided.

C.16.8 Premium income

Premium (net of Goods and Service Tax) is recognised as income when due from policyholders. Premium on lapsed contracts are recognised on receipt basis.

For linked business, premium income is recognised when the associated units are allotted and income from linked fund which includes fund management charges, annual administration charges, mortality charge, etc. is recovered from the linked funds in accordance with terms and conditions of the policy and is accounted on the accrual basis.

Amounts received under investment contracts other than those with a DPF contracts are recorded as deposits and credited directly to investment contract liabilities.

C.16.9 Reinsurance Premium

Premium ceded on reinsurance is accounted in accordance with the terms of the treaty on due basis at the time when related premium income is accounted for. For reinsurance arrangement where the Group is entitled to profit sharing for eligible business outlined in the treaty, the revenue is recognized in accordance with the terms of the arrangement and is netted off against premium ceded on reinsurance.

C.16.10 Acquisition Costs

i. Insurance Contracts

Acquisition costs such as commission, medical fees, stamp duty etc are costs that vary with and are primarily relatable to the acquisition of insurance contracts. Such costs are expensed in the period in which they are incurred. As the gross premium valuation method used to determine insurance contract provisions makes implicit allowance for the deferral of acquisition costs, no explicit Deferred acquisition cost ('DAC') asset is recognized in the statement of financial position for the contracts issued.

ii. Investment contracts

Incremental costs that are directly attributable to securing an investment management service contract are recognised as an asset if they can be identified separately and measured reliably and it is probable that they will be recovered. DAC represents the contractual right to benefit from providing investment management services and is amortised as the related revenue is recognised. Costs attributable to investment management service contracts in the asset management businesses are also recognised on this basis. However if the investment contract is measured at Fair Value Through Profit and Loss then no DAC is recognised and all the acquisition cost are expenses as incurred.

C.16.11 Benefits paid

Benefits paid comprise of policy benefit amount, surrenders, annuity, claim investigation fees and specific claims settlement costs where applicable and change in the outstanding provision for claims at the year end. Claims by death and surrender are accounted when intimated. Surrenders also include amounts payable towards the lapse policies and is accounted net of surrender charge on the due date as per the Policy Contract. Survival benefits and Annuity are accounted when due. Maturity claims are accounted on the date of maturity. Withdrawals under linked policies are accounted on the date of intimation in the respective schemes along with cancellation of associated units and are accounted net of charge.

Amounts recoverable from reinsurers are accounted for in the same period of the related claim.

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as reductions of the investment contract liabilities.

Amounts received under investment contracts, are not recorded through profit or loss, except for fee income and investment income attributable to those contracts, but are accounted for directly through the statement of financial position as an adjustment to investment contract liabilities.

C.17 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.17.1 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 months or less.

C.18 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.19 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.20.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

Asset	Estimated useful life as assessed by the Management	Estimated useful life specified under Schedule II of the Companies Act 2013
Office Equipment	5 years	5 years
Leasehold Improvements*	Extended lease terms or 5 years whichever is earlier	Over the period of Lease
Computer Equipment	3 years	3 years
Server and Networking Equipment	6 years	6 years
Right Of Use Assets	Over the period of Lease	Over the period of Lease
Furniture and Fixtures*	3-10 years	10 years
Vehicles*	3-4 years	8 years
Mobile Phones*	2 years	5 years

Depreciation will be recognised using Straight Line method so as to write off the cost of the assets 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. 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:

*The useful lives have been determined based on internal assessment done by the management which are believed to best represent the period over which the assets are expected to be used. The residual values are not more than 5% of the original cost of the asset.

C.20.B Intangible Assets

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

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

Intangible assets with finite lives are amortised on a straight-line basis 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	3-6 years

C.20.C Goodwill

Goodwill on acquisitions of subsidiaries 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.20.D Investment Property

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

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

Though the Group measures investment property, using cost-based measurement, the fair value of investment property is disclosed in Note No. 11.

C.21 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.22 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.23 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.24 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.25 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.26 Taxes

C.26.1 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.26.2 Deferred tax

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

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

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

C.26.3 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.26.4 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.27 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.

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
- Estimation of deferred tax expense
- Estimation of defined benefit obligation
- Estimation for fair value of financial instruments
- 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.

Exchange difference, arising on restatement of long-term monetary items that in substance forms part of the Group's net investment in foreign operations, is accumulated in Foreign Currency Translation Reserve (component of OCI), until the disposal of the investment, at which time, such exchange difference is recognised in the Statement of Profit and Loss.

F Earnings per Share

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

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

G Share Issue Expenses

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

H Statement of Cash Flows

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

Notes to consolidated financial statements as at and for the year ended March 31, 2024

2. Cash and Cash Equivalents

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
I. Cash on hand	0.01	0.00*
II. Balances with Banks		
-In current accounts	1,352.68	41.95
-In Deposit Accounts with original maturity within three months	1,351.03	-
Total	**2,703.72**	**41.95**

*Represents cash in hand of Rs. 2,644 as on March 31,2023.

3. Bank balances other than cash and cash equivalents

	As at March 31,2024	As at March 31,2023
Balance with Bank having original maturity exceeding three months	6,876.32	11,841.81
Balances in earmarked accounts		
- Investor Education Awareness on behalf of Bandhan Mutual Fund (formerly known as IDFC Mutual Fund)	23.37	49.43
- Other bank balances	3.28	1.49
Total	**6,902.97**	**11,892.73**

4. Trade receivables (at Amortised Cost)

	As at March 31,2024	As at March 31,2023
Receivables considered good - secured	-	-
Receivables considered good - unsecured	331.91	196.89
Total	**331.91**	**196.89**

Ageing of trade receivables: as at March 31, 2024

	Unbilled	Outstanding for following periods from the due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade receivables						
considered good	-	331.91	-	-	-	331.91
Disputed trade receivables	-		-	-	-	-

Ageing of trade receivables: as at March 31, 2023

	Unbilled	Outstanding for following periods from the due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
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, 2024

(Amount in Rs. Million)

5. Loans (at Amortised Cost)

	As at March 31,2024	As at March 31,2023
Loans		
-Loans Against Policies	30.34	-
-Other Loans	493.61	-
Total Gross (A)	**523.95**	**-**
Less: Impairment loss allowance	-	-
Total (Net) (A)	**523.95**	**-**
Secured by tangible assets	30.34	-
Unsecured	493.61	-
Total Gross (B)	**523.95**	**-**
Less: Impairment loss allowance	-	
Total (Net) (B)	**523.95**	**-**
Loans in India		
Public sector	-	-
Others	523.95	-
Total Gross (C)	**523.95**	**-**
Less: Impairment loss allowance	-	
Total (Net) (C) (I)	**523.95**	**-**
Loans outside India	-	-
Less: Impairment loss allowance	-	-
Total (Net) (C) (II)	**-**	**-**
Total (C) (I) and (C) (II)	**523.95**	**-**

Note: Loans including Instalment and Interest outstanding due from the directors amounts to Rs. Nil

6. Investments

	At cost	At Fair Value				At Amortised Cost	Total
		Through Other Comprehensive Income	Through profit and loss account	Designated at fair value through profit and loss	Subtotal		
As at March 31, 2024							
In India							
Equity instruments (Unquoted)	-	0.50	612.82	-	613.32	-	613.32
Equity instruments (Quoted)							
Share in Associate accounted under equity method - Bandhan Bank Ltd.	2,21,795.72	-	-	-	-	-	2,21,795.72
Investment in Debt Instrument (measured at FVTPL)							
Mutual fund units	-	-	5,280.01	-	5,280.01	-	5,280.01
Alternate investment funds units	-		140.42	-	140.42	-	140.42
Investment in Debt Instrument (measured at Amortised Cost)							
Govt. Security	-		-	-	-	1,007.05	1,007.05
Total- Gross	**2,21,795.72**	**0.50**	**6,033.25**	**-**	**6,033.75**	**1,007.05**	**2,28,836.52**
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**2,21,795.72**	**0.50**	**6,033.25**	**-**	**6,033.75**	**1,007.05**	**2,28,836.52**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

(Amount in Rs. Million)

	At Amortised cost	At Fair Value				Others (At Amortised 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	-	0.50	235.71	-	236.21	-	236.21
Equity instruments (Quoted)	-	-	-	-	-	-	-
Share in Associate accounted under equity method - Bandhan Bank Ltd.	2,14,434.53	-	-	-	-	-	2,14,434.53
Investment in Debt Instrument (measured at FVTPL)	-	-	-	-	-	-	-
Mutual fund units	-	-	3,548.14	-	3,548.14	-	3,548.14
Total- Gross	**2,14,434.53**	**0.50**	**3,783.85**	**-**	**3,784.35**	**-**	**2,18,218.88**
Less: Impairment Loss Allowance	-	-	-	-	-	-	-
Total Net	**2,14,434.53**	**0.50**	**3,783.85**	**-**	**3,784.35**	**-**	**2,18,218.88**

6A. INVESTMENTS - POLICYHOLDERS'

	As at March 31,2024	As at March 31,2023
A. Carried at Amortised Cost		
Quoted		
Investments in Government or Trust Securities	1,321.43	-
B. Carried at Fair Value through Other Comprehensive Income		
Quoted		
Investments in Government or Trust Securities	17,578.36	-
Investments in Debentures	12,147.34	-
Less: Impairment Loss Allowances for Investments in Debentures	-	-
Unquoted		
Investments - Others	623.87	-
C. Carried at Fair Value through Profit or Loss		
Quoted		
Investments in Equity Instruments	1,391.04	-
Total	**33,062.04**	**-**
Investments in India	**33,062.04**	**-**
Investments outside India	**-**	**-**

6B. INVESTMENTS - SHAREHOLDERS'

	As at March 31,2024	As at March 31,2023
A. Carried at Amortised Cost		
Quoted		
Investments in Government or Trust Securities	713.81	-
A. Carried at Fair Value through Other Comprehensive Income		
Quoted		
Investments in Government or Trust Securities	100.11	-
Investments in Debentures	80.35	-
Less: Impairment Loss Allowances for Investments in Debentures	-	-
Total	**894.27**	**-**
Investments in India	**894.27**	**-**
Investments outside India	**-**	**-**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

7. Assets Held to Cover Linked Liabilities

	As at March 31,2024	As at March 31,2023
A. Carried at Amortised Cost		
Quoted		
Investments in Government or Trust Securities	181.82	-
B. Carried at Fair Value through Profit or Loss		
Quoted		
Equity Instruments/Mutual Funds	8,442.15	-
Government or Trust Securities	1,141.94	-
Debentures	620.07	-
Other Assets	(175.98)	-
Total	**10,210.00**	**-**
Investments in India	10,210.00	-
Investments outside India	-	-

8. Other Financial assets

	As at March 31,2024	As at March 31,2023
Income accrued on Investments	724.61	-
Due from reinsurers	152.21	-
Unclaimed amount of policyholders	137.42	-
Reinsurance Assets	2,855.53	-
Other Receivables	19.10	1.55
Other deposit	36.50	36.50
Dividend Receivable	0.69	-
Security deposits	138.20	40.74
(Less): Impairment loss allowance of security deposits	(7.68)	(6.19)
Total	**4,056.58**	**72.60**

9.1. Current tax assets (net)

	As at March 31,2024	As at March 31,2023
Advance tax	291.94	224.51
(net of provision for tax as of 2024: Rs. 1,804.78 million; 2023: Rs. 1,768.07 million)		
Fringe benefit tax	-	0.09
(net of provision for tax as of 2024: Rs. Nil million; 2023: Rs. 13.10 million)		
Total	**291.94**	**224.60**

9.2. Current tax liabilities (net)

	As at March 31,2024	As at March 31,2023
Provision for Income Tax	306.86	129.60
(net of advance tax as of 2024: Rs. 2,915.96 million; 2023: Rs. 2,845.20 million)		
Total	**306.86**	**129.60**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

10.1. Deferred Tax Assets (net)

Promoter Name	As at March 31, 2024			As at March 31, 2023		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Property plant and equipment & other intangible assets	24.27	-	24.27	24.87	-	24.87
Fair value adjustments						
- Investments	-	-	-	-	17.04	(17.04)
- Security deposits	4.38	-	4.38	3.86	-	3.86
Right-of-use assets	-	90.39	(90.39)	-	79.19	(79.19)
Lease liabilities	106.62	-	106.62	92.97	-	92.97
Impairment on financial instruments-security deposits	1.93	-	1.93	1.56	-	1.56
Total	**137.20**	**90.39**	**46.81**	**123.26**	**96.23**	**27.03**

10.2. Deferred Tax Liabilities (net)

Promoter Name	As at March 31, 2024			As at March 31, 2023		
	Deferred tax assets	Deferred tax liabilities	Net	Deferred tax assets	Deferred tax liabilities	Net
Property plant and equipment & other intangible assets	0.29	1.70	(1.41)	-	2.70	(2.70)
Unabsorbed Short Term Capital Loss	1.14	-	1.14	6.04	-	6.04
Post employment benefits	1.53	-	1.53	0.66	-	0.66
Fair value adjustments						
- Investments	-	142.21	(142.21)	-	16.60	(16.60)
Right-of-use assets	-	0.60	(0.60)	-	0.69	(0.69)
Lease liabilities	1.38	-	1.38	1.48	-	1.48
Total	**4.35**	**144.51**	**(140.17)**	**8.18**	**19.99**	**(11.81)**

11. Investment Property

	As at March 31, 2024	As at March 31, 2023
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	9.79	8.66
Depreciation charge	1.07	1.13
Closing accumulated depreciation	10.86	9.79
Net carrying amount	**27.31**	**28.38**

The fair value of investment property as at March 31, 2023 has been arrived at Rs. 67.13 Million (31st March 2023: Rs. 65.18 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 consolidated financial statements as at and for the year ended March 31, 2024

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

	Year ended March 31, 2024	Year ended March 31, 2023
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	(1.07)	(1.13)
Profit from investment property	**0.49**	**0.43**

(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, 2024	As at March 31, 2023
Future lease rentals receivable at the end of the year		
- Not later than one year	0.65	1.56
- Later than one year but not later than five years	-	0.63
- Later than five years	-	-
Total minimum lease payments recognised in the Profit and loss account	**1.56**	**1.56**

12. Property, Plant and Equipment

(Amount in Rs. Million)

	Leasehold improvements	Furniture & Fixture	Vehicles	Computer Hardware	Office Equiments	Total
Cost						
As at April 01,2022	-	-	-	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
Acquisition	4.42	1.06	-	23.73	6.29	35.50
Additions	45.39	6.66	18.98	36.29	7.17	114.49
Disposals	(0.57)	(1.58)	(10.57)	(14.49)	(1.16)	(28.37)
As at March 31,2024	**138.36**	**25.16**	**37.66**	**197.35**	**49.11**	**447.64**
Depreciation						
As at April 01,2022	-	-	-	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
Acquisition	2.34	0.86	-	21.62	5.84	30.66
Depreciation for the year	16.40	2.78	5.97	28.68	5.36	59.19
Disposals	(0.57)	(1.56)	(6.60)	(14.44)	(1.16)	(24.33)
As at March 31,2024	**75.50**	**10.44**	**16.90**	**143.86**	**34.81**	**281.51**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

	Leasehold improvements	Furniture & Fixture	Vehicles	Computer Hardware	Office Equiments	Total
Net carrying amount						
March 31,2024	**62.86**	**14.72**	**20.76**	**53.49**	**14.30**	**166.13**
March 31,2023	31.79	10.66	11.72	43.82	12.04	110.03

13. 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 2024. 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 31,2024	As at March 31,2023
Balance at the beginning of the year	320.06	-
Acquisition	21.98	332.51
Additions during the year	134.33	-
Deletion during the year	-	-
Depreciation charge for the year	91.42	12.45
Balance at the end of the year	**384.95**	**320.06**

(ii) Movement of Lease Liabilities

	As at March 31,2024	As at March 31,2023
Balance at the beginning of the year	375.23	-
Acquisition	27.18	381.03
Additions during the year	128.98	-
Deletion during the year	-	-
Interest Expense	33.83	4.89
Payment of Lease Liabilities	(107.61)	(10.69)
Balance at the end of the year	**457.61**	**375.23**

(iii) Amount recognised in the Statement of Profit and Loss

	As at March 31,2024	As at March 31,2023
Depreciation Charge on Right of Use Assets	91.46	12.45
Interest Expense	33.83	4.89
Expense Relating to short-term leases	14.85	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.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

14. Other Intangible assets

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Computer Software		
Gross carrying value at the beginning of the year	150.87	1.04
Acquisition	2,363.52	148.08
Additions	6.22	1.75
Gross carrying value at the end of the year	**2,520.61**	**150.87**
Amortisation		
At beginning of the year	138.14	0.39
Acquisition	2,124.25	135.58
Amortisation for the year	28.28	2.17
Disposals	-	-
Total amortization	**2,290.67**	**138.14**
Net Carrying amount	**229.94**	**12.73**

15. Other Non-Financial Assets

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Prepaid Expenses	324.87	66.69
Supplier advances	39.73	36.61
Advances to employees	1.16	0.73
Receivable in respect of gratuity	0.46	0.61
Balances with government authorities	69.94	15.02
Stamps on Hand	8.45	-
Others	17.00	9.15
Total	**461.61**	**128.81**

16. Trade Payables (At Amortised Cost)

	As at March 31,2024	As at March 31,2023
Total outstanding dues of micro enterprises and small enterprises	24.44	5.80
Total outstanding dues of creditors other than micro enterprises and small enterprises	540.53	121.86
Total	**564.97**	**127.66**

Ageing of trade payables: as at March 31, 2024

	Unbilled	Not due	Outstanding for following periods from the due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	-	-	24.44	-	-	-	24.44
Others	282.95	-	257.32	0.04	0.22	-	540.53
Total	**282.95**	**-**	**281.76**	**0.04**	**0.22**	**-**	**564.97**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

Ageing of trade payables: as at March 31, 2023

	Unbilled	Not due	Outstanding for following periods from the due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed trade payables							
Micro enterprises and small enterprises	-	-	5.80	-	-	-	5.80
Others	89.57	-	31.93	0.09	0.13	0.14	121.86
Total	**89.57**	**-**	**37.73**	**0.09**	**0.13**	**0.14**	**127.66**

17. Other Payables (at Amortised Cost)

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
-Payable for Donation	16.00	20.00
-Payable for others	30.50	51.22
Total	**46.50**	**71.22**

18. Policyholders' liabilities

a. Life insurance and Investment Contract Liability

	As at March 31, 2024			
	With DPF*	Linked Business	Others	Total gross liabilities
Insurance Contract Liability				
Life	14,345.80	10,261.29	21,099.45	45,706.54
Pension	50.99	-	-	50.99
Total	**14,396.79**	**10,261.29**	**21,099.45**	**45,757.53**
Investment Contract Liability				
Life	-	80.84	-	80.84
Pension	-	366.54	-	366.54
Total	**-**	**447.38**	**-**	**447.38**
Grand Total	**14,396.79**	**10,708.67**	**21,099.45**	**46,204.91**

b. Movement of life insurance contract liabilities

	Period ended March 31, 2024			
	With DPF*	Linked Business	Others	Total gross liabilities
Gross Liability at 23rd Feb 2024	14,300.21	10,605.04	19,609.51	44,514.76
Add/(Less)				
Premium	124.72	102.15	509.43	736.30
Unwinding of the discount / Interest credited	4.24	(25.74)	15.69	(5.81)
Changes in valuation for expected future benefits	(89.60)	(398.45)	(133.59)	(621.64)
Insurance liabilities released	(30.97)	(1.36)	(100.84)	(133.17)
Undistributed Participating Policyholders surplus (UPPS)	(120.92)	0.00	0.00	(120.92)
Others	209.11	(20.35)	1,199.25	1,388.01
Gross Liability as at March 31, 2024	**14,396.79**	**10,261.29**	**21,099.45**	**45,757.53**

* DPF stands for Discretionary participation feature

Notes to consolidated financial statements as at and for the year ended March 31, 2024

c. Investment contract liabilities without DPF are stated at fair value.

The investment contracts measured at fair value are mainly unit linked in structure and the fair value of the liability is equal to the unit reserve plus additional non-unit reserves, if required, on a fair value basis. These contracts are classified as Level 1 in the fair value hierarchy when the unit reserve is calculated as the publicly quoted unit price multiplied by the number of units in issue and any non-unit reserve is insignificant. Where the unit price is not publicly-available these contracts are classified as Level 2 in the fair value hierarchy provided the additional non-unit reserve is an insignificant input to the valuation. Where the non-unit reserve is a significant input in the valuation, the contracts are classified at Level 3 in the fair value hierarchy. The Company takes credit risk into account in assessing the fair value of the liabilities.

	Period ended March 31, 2024		
	Linked Business	Others	Total
At the beginning of 23rd Feb 2024	474.11	-	474.11
Additions			
Premium	1.62	-	1.62
Interest and Bonus credited to policyholders	0.45	-	0.45
Others	0.74	-	0.74
Deductions			
Withdrawals / Claims	(28.87)	-	(28.87)
Fee Income and Other Expenses	(0.67)	-	(0.67)
At the end of the period	**447.38**	**-**	**447.38**

Change in Reinsurance assets

	Period ended March 31, 2024			
	With DPF*	Linked Business	Others	Total gross liabilities
Opening Reinsurance Assets	25.44	2.06	2,567.22	2,594.72
Premium	0.74	0.98	63.67	65.39
Unwinding of the Discount/Interest Credited	0.02	0.01	2.00	2.03
Change in Valuation for expected future benefits	3.19	(0.34)	22.09	24.94
Insurance Liabilities released	(9.61)	(0.00)	178.06	168.45
Closing Reinsurance Assets	**19.78**	**2.71**	**2,833.04**	**2,855.53**

d. Key Assumptions

Actuarial Liabilities on policies in force and policies in respect of which premium has been discontinued but a liability exists are determined by the Appointed Actuary using generally accepted actuarial practice in accordance with the standards and guidance notes issued by the Institute of Actuaries of India, the requirement of the Insurance Act, 1938, the regulations and the relevant circulars issued by the IRDAI. The liabilities are calculated in a manner that together with estimated future premium income and Investment income, the step down subsidiary company Bandhan Life Insurance Limited ("BLIL") can meet estimated future claims and expenses related to maintenance of policies and settlement of claims. The liabilities under unit linked policies comprise of unit reserve and non-unit reserve, the latter being estimated using discounted cash flow method. Liabilities under non linked policies including health product are estimated using gross premium valuation method. For the short term/ long term group protection insurance business, the liability is based on the Unearned Premium Method/ Gross Premium Valuation Method.

The non-unit actuarial liabilities for individual life, pensions, annuity, health and group credit life businesses have been estimated using Gross Premium Valuation method for non-linked business, Unearned Premium reserves for Group Term business and Discounted Cashflow method for linked business, using assumptions for investment return, mortality, morbidity, expenses, inflation and lapses. These assumptions are based on best estimates with appropriate Margins for Adverse Deviations. Provisions have also been made, inter alia, for 'incurred but not reported' (IBNR) claims, lapse revival reserve, Paid-up reinstatement reserve, premium deficiency for group term policies (where required), Investment guarantee reserve (if applicable), free look policy cancellations and other

Notes to consolidated financial statements as at and for the year ended March 31, 2024

provisions. For most of the eligible policies, reserves held for free-look option given to policyholders are calculated using a free look cancellation rate of 2.40% (or 6.0% as applicable) as at March 31, 2024.

Mortality rates used are based on the published Indian Assured Lives (IALM) (2012-14) Ultimate mortality table for assurance adjusted to reflect expected experience whilst morbidity rates used are based on Critical Illness British Table 93 and other relevant tables, also adjusted for expected experience.

The expected investment returns on assets backing the policy liabilities (excluding reserves in respect of unit linked liabilities) have been assumed to be 5.60% (> 5 years) depending on nature of liabilities, term of liabilities and assets backing the group of liabilities. For Participating business, it is 5.5% (> 5 years).

Policy maintenance expenses have been assumed based on the long term expected renewal expense levels and appropriately updated with the regulations issued by IRDAI, as applicable from time to time. Per policy renewal expenses have been assumed to inflate at a rate of 5.50% per annum.

The unit liabilities have been estimated as the value of the units standing to the credit of policyholders, using the published unit price prevailing at the valuation date. This methodology is as per the guidance provided by the IRDAI.

Insurance Contracts	Mortality Rates**	Investment Returns***	Lapse and Surrender rates	Expenses****
With DPF	Max: 99% Min: 77% of IALM 12-14	Max: 6.60% Min: 5.40%	Max: 16% Min: 0.8%	Max: Rs 980 p.a Min: Rs 379 p.a
Linked Business	Max: 99% Min: 77% of IALM 12-14	Max: 6.20% Min: 5.60%	Max: 32% Min: 4%	Max: Rs 980 p.a Min: Rs 379 p.a
Others	Max: 159.5% Min: 33% of IALM 12-14	Max: 6.45% Min: 5.60%	Max: 40% Min: 0.8%	Max: Rs 980 p.a Min: Rs 201 p.a

The above assumptions are inclusive of Margin for Adverse Deviation (MAD)

** Mortality rates (excluding annuity products) are expressed as % of Indian Assured Lives Mortality (2012-14) and for annuity it is expressed as % of IIAM 12-15 – Indian Individual Annuitant Mortality Table (2012-15). Further in Annuity plans, Mortality improvement of 1% per annum has been assumed from the current rates

*** Under Unit linked, for unit growth rate (i.e. Investment return) and FMC rate weighted average rate of various unit funds within each product is used.

**** The value of future expenses has been derived to allow for expected future maintenance expenses as applicable namely fixed per policy, renewal premium (1.1%-1.38%), fund (0.17%-0.22%) related etc. The limits for fixed per policy expenses are as mentioned above in the table.

e. Sensitivity Analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross liabilities.The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis. It should be noted that movements in these assumptions are non–linear. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period. The sensitivities are same as shared with Regulators during annual reporting.

For Year Ended March 31, 2024

Sensitivity Parameters	Insurance		Investment	
	with DPF	without DPF	with DPF	without DPF
Lapses Increased by 10%	1,425.96	2,755.76	-	44.71
Lapses Decreased by 10%	1,425.96	2,959.76	-	44.72
Mortality Increased by 10%	1,425.96	2,925.71	-	44.72

Notes to consolidated financial statements as at and for the year ended March 31, 2024

Sensitivity Parameters	Insurance		Investment	
	with DPF	without DPF	with DPF	without DPF
Mortality Decreased by 10%	1,425.96	2,784.24	-	44.7
Expenses Increased by 10%	1,425.96	2,866.34	-	44.71
Expenses Decreased by 10%	1,425.96	2,838.86	-	44.71
Interest Rate Increased by 100 bps	1,425.96	2,845.19	-	44.44
Interest Rate Decreased by 100 bps	1,425.96	2,861.23	-	45.04
Inflation Rate Increased by 100 bps	1,425.96	2,871.65	-	44.71
Inflation Rate Decreased by 100 bps	1,425.96	2,837.07	-	44.71

19. Other Financial Liabilities (At amortised cost)

	As at March 31,2024	As at March 31,2023
Employee Benefits Payable	413.90	495.70
Payable to exchange / clearing house (net)	511.42	-
Claims Outstanding	260.68	-
Reinsurance payable	201.01	-
Premium/proposal deposits to be refunded	1.17	-
Unclaimed amount of policyholders	137.42	-
Other liabilities	17.41	0.04
Total	**1,543.01**	**495.74**

20. Provisions

	As at March 31,2024	As at March 31,2023
Provisions for employee benefits	76.87	16.64
Total	**76.87**	**16.64**

21. Other Non-financial liabilities

	As at March 31,2024	As at March 31,2023
Statutory Dues	191.69	73.63
Proposal deposit from insurance business	37.50	-
Premiums received in advance	13.45	
Rent Received in Advance	0.65	2.20
Income tax Refund	-	0.22
Cash Settled share based payment	-	23.88
Total	**243.29**	**99.93**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

22. Equity Share Capital

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
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, 2024		As at March 31, 2023	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares at the beginning of year	12,78,21,101	1,278.21	12,78,21,101	1,278.21
Add: Shares issued during the year	-	-	-	-
Equity Shares at the end of year	**12,78,21,101**	**1,278.21**	**12,78,21,101**	**1,278.21**

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

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

	As at March 31, 2024		As at March 31, 2023	
	No. of Shares held	% of Holding in the class	No. of Shares held	% of Holding in the class
Small Industries Development Bank of India	1,03,93,489	8.13%	1,03,93,489	8.13%
Financial Inclusion Trust	4,20,61,424	32.91%	4,20,61,424	32.91%
North East Financial Inclusion Trust	1,00,00,000	7.82%	1,00,00,000	7.82%
Bandhan Employee's Welfare Trust	1,86,80,922	14.61%	1,86,80,922	14.61%
International Finance Corporation	1,73,68,339	13.59%	1,73,68,339	13.59%
Caladium Investment Pte. Ltd.	2,13,50,912	16.70%	2,13,50,912	16.70%

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

(iii) Details of Shareholding of Promoters

Sl. No.	Promoter Name	As at March 31, 2024			As at March 31, 2023		
		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	4,20,61,424	32.91%	-	4,20,61,424	32.91%	-
2	North East Financial Inclusion Trust	1,00,00,000	7.82%	-	1,00,00,000	7.82%	-

(iv) Rights, preferences and restrictions attached to shares

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

Notes to consolidated financial statements as at and for the year ended March 31, 2024

23. Other Equity

(Amount in Rs. Million)

	As at March 31,2024	As at March 31,2023
Statutory Reserve	39,195.15	38,883.29
General Reserve	2,651.42	2,651.42
Capital Reserve	364.80	-
Securities Premium	11,971.05	11,971.05
Employee Stock Options Outstanding Account	36.90	-
Retained Earnings	2,07,614.13	2,00,111.78
Debt Instruments through OCI	(132.79)	-
Equity Instruments through OCI	844.42	-
Foreign currency translation reserve	0.04	0.03
	2,62,545.12	**2,53,617.57**

24. Interest income

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Interest on deposit with banks	801.37	1,749.98
Interest on Government deposits	253.08	-
	1,054.45	**1,749.98**

24.1 Details of Interest Income

	Year ended March 31, 2024	Year ended March 31, 2023
Income on financial instruments classified at amortised cost	829.39	1,749.98
Income on financial instruments classified at FVTPL	-	-
Income on financial instruments classified at FVOCI	225.06	-
Total	**1,054.45**	**1,749.98**

25. Fees & Commission Income

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Management fees	3,832.55	591.27
Portfolio management fees	13.10	1.81
Trusteeship fees	10.20	1.00
	3,855.85	**594.08**

26. Premium income from insurance business

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Premium from Insurance Business (net of GST)	750.04	-
Reinsurance ceded	(65.42)	-
Total	**684.62**	**-**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

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

	Year ended March 31, 2024	Year ended March 31, 2023
A. On Financial Instruments at Fair Value through Profit or Loss		
On Trading Portfolio		
Debts	1,019.80	88.48
Equity	20.47	-
B. On Financial Instruments at Fair Value through Other Comprehensive Income		
Debts	45.56	-
Total	**1,085.83**	**88.48**
- Realised	709.67	21.68
- Un realised	376.16	66.80
Total	**1,085.83**	**88.48**

28. Gain on de-recognition of financial instrument

	Year ended March 31, 2024	Year ended March 31, 2023
Gain on de-recognition of financial instrument at amortised cost	0.83	-
Total	**0.83**	**-**

29. Other income

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Interest on income tax refund	9.30	10.76
Profit on sale of property, plant and equipment (net)	1.93	0.61
Interest income on financial assets measured at amortised cost	2.93	0.38
Dividend	1.88	0.08
Others	5.44	3.57
Total	**21.48**	**15.40**

30. Finance Cost

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Interest on Lease Liability	33.82	4.89
	33.82	**4.89**

31. Employee benefit Expenses

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Salaries and wages including bonus	1,342.75	229.02
Contribution to Provident Funds and other funds	50.30	8.10
Post employment benefits	35.17	5.82
Employee Share Based Payments	69.36	12.88
Staff insurance, training and welfare expense	55.21	-
Total	**1,552.79**	**255.82**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

32. Impairment of financial instruments

	Year ended March 31, 2024	Year ended March 31, 2023
On Financial instruments measured at amortised Cost:		
Security deposit	1.49	0.03
Total	**1.49**	**0.03**

33. Claims incurred pertaining to insurance business

	Year ended March 31, 2024	Year ended March 31, 2023
Claims by Death	66.67	-
Claims by Maturity	102.71	-
Annuities/Pention Payments	0.03	-
Surrender and Withdrawals	419.86	-
Other Benefits (Riders)	145.11	-
Total	**734.38**	**-**

34. Net change in insurance/investment contract liabilities

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Changes in Valuation of Liabilities in respect of Life Insurance Policies	976.19	-
Total	**976.19**	**-**

35. Depreciation and amortisation expense

	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation of property, plant and equipment	51.18	8.23
Depreciation on right-of-use assets	91.46	12.45
Depreciation on investment property	1.07	1.13
Amortisation of intangible assets	28.28	2.17
Total	**171.99**	**23.98**

36. Other expenses

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Rent, Rates,taxes and energy costs	67.32	12.05
Repairs and maintenance		
- Equipments	17.51	3.77
- Others	68.39	11.40
Communication Costs	32.10	4.99
Printing and stationery	13.38	1.75
Advertisement and publicity	500.80	234.20
Director's fees, allowances and expenses	13.65	5.45
Auditor's fees and expenses	8.72	5.06
Legal and Professional charges	188.50	38.42
Insurance	4.94	0.57

Notes to consolidated financial statements as at and for the year ended March 31, 2024

	Year ended March 31, 2024	Year ended March 31, 2023
Listing and Rating Fees	2.87	0.27
Membership and Subscription	93.72	17.27
Scheme Issue Expenses	47.78	(0.64)
Operational Cost	54.48	11.22
Donation Expenses	16.00	20.00
Contribution to Corporate Social Responsibility	66.12	16.13
Computer Software Expenses	192.19	34.59
Travelling & Conveyance	43.96	13.24
Business processing services	4.90	-
Stamp duty	4.21	-
Bank Charges	1.23	-
Clearing & Custodian Charges	0.24	-
Other expenditure	24.97	5.66
Total	**1,467.98**	**435.40**

37. Tax Expenses

The major components of income tax expense for the year ended March 31, 2024

	Year ended March 31, 2024	Year ended March 31, 2023
(a) Statement of Profit & Loss		
Current Income Tax Expenses	800.79	426.94
Adjustments in respect of income tax of previous year	(24.86)	(0.04)
Deferred tax charge/(credit):		
Relating to origination & Reversal of temporary difference	108.60	18.19
	884.53	**445.09**
(b) Other Comprehensive Income		
(i) Items that will not be reclassified to profit or loss		
Current Income Tax Expense	-	-
Deferred tax expense/(credit):		
Remeasurement gain/(loss) on defined benefit plan	(1.00)	0.46
(ii) Items that will be reclassified to profit or loss	-	-
Net fair value gain/(loss) on investment in equity instruments measured at FVTOCI	-	-
Income tax expense reported in the other comprehensive income [(i)+(ii)]	(1.00)	0.46

Notes to consolidated financial statements as at and for the year ended March 31, 2024

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2024

	Year ended March 31, 2024	Year ended March 31, 2023
Accounting profit before income tax and share of profit in associate	1,726.02	1,727.82
Tax thereon at statutory Income Tax rate OF 25.168%	434.40	434.86
Effect of Incomes which are taxed at different rates	(13.50)	4.96
Effect of Non deductible expenses	24.28	9.38
Effect of favourable addbacks	(28.25)	(1.55)
Permanent Differences		
- ESOP	17.46	(0.02)
- Scheme issue expenses	-	0.46
Deferred Tax not created on loss making subsidiaries	231.72	-
Dividend from Associate	243.17	-
Tax Adjustments prior periods	(24.86)	-
Others	0.11	(3.00)
Net Tax Expense	**884.53**	**445.09**

38. Earnings Per Share

(Amount in Rs. Million)

	Year ended March 31, 2024	Year ended March 31, 2023
Profit attributable to Equity Shareholders	8,046.74	10,896.18
Weighted Average No. of Equity Shares	12,78,21,101	12,78,21,101
Nominal Value of Equity Shares (In ₹)	10	10
Basic / Diluted Earning Per Share (In ₹)	**62.95**	**85.25**

39. 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, 2024

	Net Assets, i.e., total assets minus total liabilities		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 Comprehensive Income	Amount (Rs. in Million)	As % of consolidated net assets	Amount (Rs. in Million)
Parent Company								
Bandhan Financial Services Ltd.	12.41%	32,747.52	3.80%	305.56	(0.02%)	(0.11)	3.52%	305.45
Subsidiary								
Bandhan Financial Holdings Ltd.	19.69%	51,935.81	12.46%	1,002.97	(0.03%)	(0.10)	11.56%	1,002.87
Bandhan AMC Ltd (formerly known as IDFC Asset Management Company Ltd)	1.33%	3,503.64	17.62%	1,417.49	(0.44%)	(2.79)	16.31%	1,414.70
Bandhan Life Insurance Ltd (Formerly Aegon Life Insurance Company Ltd)	0.77%	2,041.14	(11.44%)	(920.63)	6.01%	37.68	(10.18%)	(882.95)
Bandhan Mutual Fund Trustee Ltd (formerly known as IDFC Mutual Fund Trustee Ltd)	0.00%	7.28	0.03%	2.34	0.02%	0.04	0.03%	2.38
Investment Managers (Mauritius) Ltd (formerly known as IDFC Investment Managers (Mauritius) Ltd)	0.00%	3.88	(0.10%)	(8.31)	0.00%	-	(0.10%)	(8.31)

Notes to consolidated financial statements as at and for the year ended March 31, 2024

	Net Assets, i.e., total assets minus total liabilities		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 Comprehensive Income	Amount (Rs. in Million)	As % of consolidated net assets	Amount (Rs. in Million)
Less: Minority Interest in subsidiaries	(0.56%)	(1,485.45)	(6.58%)	(529.34)	(0.08%)	(0.49)	(6.11%)	(529.83)
Less: Eliminations	(17.71%)	(46,726.21)	(11.90%)	(957.93)	0.00%	-	(11.04%)	(957.93)
Associate								
Bandhan Bank Ltd	84.07%	2,21,795.72	96.12%	7,734.59	94.54%	592.77	96.01%	8,327.36
Grand Total	**100.00%**	**2,63,823.33**	**100.00%**	**8,046.74**	**100.00%**	**627.00**	**100.00%**	**8,673.74**

40 Fair value measurement

40.1 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 :

40.2 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.

40.3 Valuation Technique

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

Cash and cash equivalents, Bank balance other than cash and cash equivalent, other financial assets and other financial liabilities. The management assessed that the fair value for these financial assets and liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

Investments – Fair value of investments in government securities is measured based on quoted prices. Investments in mutual funds are valued based on NAV prices declared by respective fund houses. Investment in equity instrment is measured at market price quoted on stock exchanges.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

40.4 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:

As at March 31, 2024	Level 1	Level 2	Level 3	Total
Financial Assets				
A) Financial Investments at FVTPL				
-Equity instruments	507.00	-	105.82	612.82
-Alternate investment funds units		140.42	-	140.42
-Investment in Mutual Funds	5,280.01	-	-	5,280.01
Financial Assets Related to Life Insurance Business				
-Policyholders	1,391.04	-	-	1,391.04
-Shareholders	-	-	-	-
-Assets Held To Cover Linked Liabilities	8,442.15	1,762.01	-	10,204.16
B) Financial Investments at FVOCI				
- Equity instruments	-	0.50	-	0.50
Financial Assets Related to Life Insurance Business				
-Policyholders	-	29,725.70	-	29,725.70
-Shareholders	-	180.46	-	180.46
	15,620.20	**31,809.09**	**105.82**	**47,535.11**

As at March 31, 2023	Level 1	Level 2	Level 3	Total
Financial Assets				
A) Financial Investments at FVTPL				
-Equity instruments	47.35	85.72	102.65	235.72
-Investment in Mutual Funds	1,611.34	1,936.80	-	3,548.14
B) Financial Investments at FVOCI				
- Equity instruments	-	0.50	-	0.50
	1,658.69	**2,023.02**	**102.65**	**3,784.36**

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.

During the previous year the fair value of Gandhar Oil Refinery (India) Ltd (GORL) shares was determined using a combination of DCF and market multiples methods, both equally weighted and was classified as Level 2 investment.

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.

41 Related party transactions

A. Names of related parties and nature of relationship

Entities	Nature of relationship
Financial Inclusion Trust	Promoter Entity
Northeast Financial Inclusion Trust	Promoter Entity
Bandhan Bank Limited	Associate company
Bandhan Konnagar [refer Note below]	Entity forming part of Promoter Group
Bandhan AMC Limited group gratuity Scheme	Post employment benefits plan
Bandhan Life Insurance employees gratuity trust	Post employment benefits plan
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
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.
Mr. Vishal Kapoor	Chief Executive Officer,Bandhan AMC Limited (with effect from February 1,2023)
Mr. Satiswar Balakrishnan	Managing Director & Chief Executive Officer - Bandhan Life Insurance Ltd. (with effect from February 23, 2024)
Non-executive / Independent directors	
Mr. Arun Shrivastava	Independent Director.
Mr. Subrata Mandal	Independent Director.
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.

*Since consolidated financial statements present information about the holding and its subsidiaries as a single reporting enterprise, intra group transactions are eliminated.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

B) Transactions and Balances *(Amount in Rs. Million)*

i) Outstanding as at 31st March, 2024

Particulars	Promoter Entities	Associate	Entity forming part of Promoter Group	Key Management Personnel	Relatives of Key Management Personnel	Total
Deposits	-	6,374.34	-	-	-	6,374.34
	(-)	(8,046.92)	(-)	(-)	(-)	(8,046.92)
Rent Received in Advance	-	-	0.65	-	-	0.65
	(-)	(-)	(2.20)	(-)	(-)	(2.20)
Donation Payable	-	-	16.00	-	-	16.00
	(-)	(-)	(20.00)	(-)	(-)	(20.00)
Sitting Fees payable	-	-	-	-	-	-
	(-)	(-)	(-)	(0.03)	(-)	(0.03)
Post employment benefits plan						Refer note. 43

ii) Transactions during the year ended 31st March, 2024

Particulars	Promoter Entities	Associate	Entity forming part of Promoter Group	Key Management Personnel	Relatives of Key Management Personnel	Total
Dividend received during the year	-	966.17	-	-	-	966.17
	(-)	(-)	(-)	(-)	(-)	(-)
Dividend paid during the year	41.13	-	-	-	-	41.13
	(-)	(-)	(-)	(-)	(-)	(-)
Interest Income	-	562.08	-	-	-	562.08
	(-)	(1,351.58)	(-)	(-)	(-)	(1,351.58)
Office Rent	-	-	0.26	-	-	0.26
	(-)	(-)	(0.25)	(-)	(-)	(0.25)
Rental Income	-	-	1.56	-	-	1.56
	(-)	(-)	(1.56)	(-)	(-)	(1.56)
Donation Given	-	-	16.00	-	-	16.00
	(-)	(-)	(20.00)	(-)	(-)	(20.00)
Contribution towards CSR expenses	-	-	29.79	-	-	29.79
	(-)	(-)	(16.13)	(-)	(-)	(16.13)
Remuneration (Refer Note below)	-	-	-	188.62	-	188.62
	(-)	(-)	(-)	(45.51)	(-)	(45.51)
Sitting Fees to non-executive / independent directors	-	-	-	1.62	-	1.62
	(-)	(-)	(-)	(1.64)	(-)	(1.64)
Post employment benefits plan						Refer note. 43

Previous year figures are shown in"()".

Notes to consolidated financial statements as at and for the year ended March 31, 2024

Details of Remuneration paid to Key managerial personnel

Particulars	Key Management Personnel	Relatives of Key Management Personnel
Mr. Arvind Agrawal	17.16	-
	(12.46)	(-)
Mr. Karni Singh Arah	18.46	-
	(13.26)	(-)
Mr. Amrit Daga	6.27	-
	(4.93)	(-)
Mr. Debasis Mukhopadhyay	5.08	-
	(4.03)	(-)
Mr. Biplab Kumar Mani	4.10	-
	(3.39)	(-)
Mr. Abhinay Shaw	2.13	-
	(1.68)	(-)
Mr. Vishal Kapoor	133.11	-
	(5.77)	(-)
Mr. Satiswar Balakrishnan	2.41	-
	(-)	(-)

Sitting Fees to non-executive / independent directors

Particulars	Transaction during the year	Balance outstanding
Mr. Arun Shrivastava	0.32	-
	(0.32)	(-)
Mr. Subrata Mandal	0.36	-
	(0.38)	(-)
Mr. Pankaj Sood*	0.24	-
	(0.18)	(-)
Ms. Hullya Kefeli*	0.23	-
	(0.21)	(0.03)
Mr. Shri Ram Meena*	-	-
	(0.03)	(-)
Mr. Sanjay Goyal*	-	-
	(0.09)	(-)
Mr. Arindam Banik	0.23	-
	(0.23)	(-)
Mr. Amit Kumar Hazra	0.17	-
	(0.21)	(-)
Mr. Arup Kumar*	0.09	-
	(0.12)	(-)

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

Note: 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.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

42 Maturity pattern of items of assets and liabilities

Particulars	As at March 31, 2024			As at March 31, 2023		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	2,703.72	-	2,703.72	41.95	-	41.95
Other bank balances	6,902.97	-	6,902.97	11,883.61	9.12	11,892.73
Trade receivables	331.91	-	331.91	196.89	-	196.89
Loans	39.49	484.46	523.95	-	-	-
Investments	4,368.03	2,24,468.49	2,28,836.52	2,813.94	2,15,404.94	2,18,218.88
Investments of Life Insurance Policyholders	3,199.46	29,862.58	33,062.04	-	-	-
Investments of Life Insurance Shareholders	743.77	150.50	894.27	-	-	-
Assets Held to Cover Linked Liabilities	9,286.97	923.03	10,210.00	-	-	-
Other Financial Assets	4,015.29	41.29	4,056.58	39.20	33.40	72.60
	31,591.61	**2,55,930.35**	**2,87,521.96**	**14,975.59**	**2,15,447.46**	**2,30,423.05**
Non-Financial Assets						
Current tax assets	4.09	287.85	291.94	4.58	220.02	224.60
Deferred tax assets	-	46.81	46.81	-	27.03	27.03
Investment Property	-	27.31	27.31	-	28.38	28.38
Property, plant and equipment	-	166.13	166.13	-	110.03	110.03
Right of use Assets	11.36	373.59	384.95	-	320.06	320.06
Goodwill	-	25,762.32	25,762.32	-	25,762.32	25,762.32
Other intangible assets	-	229.94	229.94	-	12.73	12.73
Other non-financial assets	251.72	209.89	461.61	123.04	5.77	128.81
	267.17	**27,103.84**	**27,371.01**	**127.62**	**26,486.34**	**26,613.96**
Total	**31,858.78**	**2,83,034.19**	**3,14,892.97**	**15,103.21**	**2,41,933.80**	**2,57,037.01**
Financial Liabilities						
Trade Payables	564.97	-	564.97	127.66	-	127.66
Other Payables	46.50	-	46.50	71.22	-	71.22
Policyholders' liabilities	6,685.29	39,519.62	46,204.91	-	-	-
Lease Liabilities	111.86	345.75	457.61	70.75	304.48	375.23
Other Financial Liabilities	1,542.97	0.04	1,543.01	495.70	0.04	495.74
	8,951.59	**39,865.41**	**48,817.00**	**765.33**	**304.52**	**1,069.85**
Non Financial Liabilities						
Current tax liabilities (Net)	306.86	-	306.86	129.55	0.05	129.60
Deferred tax liabilities	37.62	102.55	140.17	11.81	-	11.81
Provisions	44.37	32.50	76.87	12.97	3.67	16.64
Other Non Financial Liabilities	243.29	-	243.29	98.96	0.97	99.93
	632.14	**135.05**	**767.19**	**253.29**	**4.69**	**257.98**
Total	**9,583.73**	**40,000.46**	**49,584.19**	**1,018.62**	**309.21**	**1,327.83**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

43 Employee benefit obligations

a) Defined Contribution Plan

The Group has recognised the following amounts in the consolidated statement of profit and loss towards contribution to defined contribution plans which are included under contribution to provident and other funds:

	Year ended March 31, 2024	Year ended March 31, 2023
Provident fund	42.06	6.76
Pension fund	6.89	1.34
Labour welfare fund	0.01	0.01
Total	**48.96**	**8.11**

b) Defined benefit plans

The Company and Bandhan Financial Holdings Limited have an unfunded defined benefit Gratuity Plan. The Subsidiaries have a funded defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the said Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarises the components of net benefit expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

i) Balance sheet

Particulars	Present value of obligation	Fair value of plan assets	Net amount
As at April 1, 2022	0.71	-	0.71
On Acquisition	190.59	180.06	10.53
Current service cost	5.81	0.01	5.80
Interest expense/income	2.12	1.96	0.16
Return on plan assets	-	(0.04)	0.04
Actuarial loss / (gain) arising from change in financial assumptions	(1.77)	-	(1.77)
Actuarial loss / (gain) arising from change in demographic assumptions	0.05	-	0.05
Actuarial loss / (gain) arising on account of experience changes	(1.98)	-	(1.98)
Changes in surplus/deficit	-	(0.01)	0.01
Reversal of the liability	-	-	-
Employer contributions	-	2.90	(2.90)
Benefit payments	(2.90)	(2.74)	(0.16)
Past Service Cost	-	-	-
As at March 31, 2023	**192.63**	**182.14**	**10.49**
On Acquisition	54.94	52.62	2.32
Current service cost	34.04	-	34.04
Interest expense/(income)	14.19	14.00	0.19
Return on plan assets	-	(1.58)	1.58
Actuarial loss / (gain) arising from change in financial assumptions	11.56	-	11.56
Actuarial loss / (gain) arising from change in demographic assumptions	(0.02)	-	(0.02)
Actuarial loss / (gain) arising on account of experience changes	(8.77)	-	(8.77)

Notes to consolidated financial statements as at and for the year ended March 31, 2024

Particulars	Present value of obligation	Fair value of plan assets	Net amount
Reversal of the liability	-	-	-
Changes in surplus/deficit	-	0.07	(0.07)
Employer contributions	-	9.58	(9.58)
Benefit payments	(39.48)	(39.48)	-
Past Service Cost	-	-	-
As at March 31, 2024	**259.09**	**217.35**	**41.74**

	As at March 31, 2024	As at March 31, 2023
Present value of plan liabilities	259.10	192.63
Fair value of plan assets	217.35	182.14
Plan liability net of plan assets	**41.75**	**10.49**

ii) Statement of profit and loss

	Year ended March 31, 2024	Year ended March 31, 2023
Employee benefit expense		
Current service cost	34.04	5.81
Total	**34.04**	**5.81**
Finance costs	0.19	0.16
Past Service Cost	-	-
(Gains)/Losses on settlement	-	-
Net impact on the profit before tax	**34.23**	**5.97**

	Year ended March 31, 2024	Year ended March 31, 2023
Remeasurements of the net defined benefit liability:		
Return on plan assets excluding amounts included in interest expense/income	(1.58)	0.04
Actuarial gains/(losses) arising from changes in demographic assumptions	0.02	(0.05)
Actuarial gains/(losses) arising from changes in financial assumptions	(11.56)	1.77
Actuarial gains/(losses) arising from changes in experience	8.77	1.98
Net impact on the other comprehensive income before tax	**(4.35)**	**3.75**

iii) Actuarial assumptions

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans and post retirement medical benefits at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

	As at March 31, 2024	As at March 31, 2023
Discount rate	7.00% to 7.20%	7.20% to 7.45%
Salary escalation rate*	8.00% to 10.00%	8.80% to 10.00%

* takes into account inflation, seniority, promotions and other relevant factors.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

v) Sensitivity

As at March 31, 2024	Change in assumption	Impact on defined benefit obligation	
		Increase by	Decrease by
Discount rate	100 bps	(19.08)	20.64
Salary escalation rate	100 bps	19.78	(18.46)

As at March 31, 2023	Change in assumption	Impact on defined benefit obligation	
		Increase by	Decrease by
Discount rate	100 bps	(17.90)	19.37
Salary escalation rate	100 bps	18.82	(17.57)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior year.

vi) Weighted Average Duration of Defined Benefit Obligation

The weighted average duration of the Defined Benefit Obligation is 5-10 years (31st March 2023: 9.70-10 years).

44 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, 2024	Balance outstanding as at March 31, 2023
Parikh Inn Private Limited	Advertising, publicity and promotion	Service provider/ Vendor	-	-

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.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

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

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) (a) The Holding Company had term loan of Rs. 2500 million with Indian Bank (erstwhile Allahabad Bank) which was fully repaid during the financial year 2015-16. The Holding Company is in the process of obtaining the "No Dues Certificate" from Indian Bank to file satisfaction of charge with Registrar of Companies.

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

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

45 Employee share based payments

a) Employee stock option scheme (equity settled)

I The step down subsidiary company Bandhan AMC Limited ("BAMCL") has constituted the Bandhan AMC Limited Employee Stock Option Scheme, 2023 ("BAMC ESOS 2023") which grant options to eligible employees of BAMCL as decided by Nomination and Remuneration Committee (NRC). This ESOS – 2023 was formulated by NRC of BAMCL at their meeting held on July 27, 2023 and the same was approved by the Board of Directors of BAMCL on July 27, 2023 and subsequently by the Shareholders of BAMCL vide special resolution at their Extra-Ordinary General Meeting held on August 1, 2023.

The options granted under BAMC ESOS - 2023 would vest essentially on passage of time in the following manner. The vesting of options would be a function of continued employment with BAMCL (vesting condition) and on achievement of performance criteria (performance condition) as specified by the NRC of BAMCL as communicated on grant of options. The options granted can be exercised within a maximum period of five years from the date of vesting.

Date of vesting	Vesting options
1st Anniversary from the Grant Date	34% of the Options Granted
2nd Anniversary from the Grant Date	33% of the Options Granted
3rd Anniversary from the Grant Date	33% of the Options Granted

Options are granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share.

Summary of options granted under the plan:

	Year ended March 31, 2024		Year ended March 31, 2023	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	-	-	-	-
Granted during the year	135.39	62,21,102	-	-
Exercised during the year	-	-	-	-
Forfeited during the year	135.39	(1,18,737)	-	-
Lapsed/expired during the year			-	-
Closing balance	**135.39**	**61,02,365**	**-**	**-**
Vested and exercisable	**-**	**-**	**-**	**-**

The weighted average share price at the date on which options were exercised during the year ended March 31, 2024 was Rs. Nil (previous year Rs. Nil).

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date			Exercise price (Rs.)	Outstanding as at March 31, 2024
	Vest 1	Vest 2	Vest 3		
August 1, 2023	August 1, 2029	August 1, 2030	August 1, 2031	135.39	59,06,448
August 25, 2023	August 25, 2029	August 25, 2030	August 25, 2031	135.39	41,558
March 1, 2024	March 1, 2030	March 1, 2031	March 1, 2032	135.39	1,54,359
Total				**-**	**61,02,365**
Weighted average remaining contractual life of options outstanding at end of period					7.83

Fair value of options granted

The fair value at grant date is determined using the Black Scholes Model/Monte Carlo Model which takes into account the exercise price, the term of the option, the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The options are granted for no consideration and will vest upon the completion of service condition and performance condition as specified in the scheme in a graded manner. Vested options are exercisable for a period of five years after vesting.

The model inputs for options granted during the year ended March 31, 2024 included:

Assumptions	Year ended March 31, 2024 Weighted Average	Year ended March 31, 2023 Weighted Average
Expected volatility	34.14%	-
Expected dividends	2.50%	-
Expected term (In years)	4.66	-
Risk free rate	7.02%	-
Exercise price (Rs.)	135.39	-
Market price (Rs.)	135.27	-
Fair value of the option at grant date (Rs.)	35.54	-

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

II BAMCL had constituted an IDFC AMC Employee Stock Option Scheme, 2020 ("ESOS 2020") which provided for grant of equity shares to eligible employees of BAMCL as decided by Nomination and Remuneration Committee (NRC) of BAMCL. This ESOS – 2020 was formulated by NRC of BAMCL at their meeting held on December 23, 2019 and the same was approved by the Board of Directors BAMCL on December 23, 2019 and subsequently by the Shareholders of BAMCL vide special resolution at their Extra-Ordinary General Meeting held on December 24, 2019.

The maximum aggregate number of employee stock options that could be awarded under this scheme and the previous scheme ESOS 2017 combined was 5% of issued equity shares outstanding (excluding warrants and conversions) of BAMCL.

The options granted under ESOS - 2020 would vest on completion of three years from the date of grant. The vesting of options would be a function of continued employment with BAMCL (vesting condition) and on achievement of performance criteria (performance condition) as specified by the NRC of BAMCL as communicated on grant of options. The options granted can be exercised within a maximum period of five years from the date of vesting.

Options were granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option was convertible into one equity share. The performance conditions specified were not based upon market conditions and therefore at every reporting date entity revised its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Summary of options granted under the plan:

	Year ended March 31, 2024		Year ended March 31, 2023	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)*	Number of options*
Opening balance	-	-	60.46	72,24,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	58.25	(58,50,000)
Forfeited during the year	-	-	58.25	(7,56,000)
Lapsed/expired during the year	-	-		
Total:	**-**	**-**	**60.46**	**6,18,000**
Transferred to Cash settled (Refer note (i) below)	**-**	**-**	**60.46**	**6,18,000**
Closing balance	**-**	**-**	**-**	**-**

The weighted average share price at the date on which options were exercised during the year ended March 31, 2024 was Rs. Nil (previous year Rs. 1,625.00).

*Adjusted for the 11:1 bonus shares.

Cash Settled share based payment

In the event of change of control of BAMCL during the previous year, the options granted were fully vested subject to the minimum time for vesting prescribed under the SEBI Regulations. For the outstanding options under the ESOS - 2020 scheme, BAMCL has, after applying the guidance under Ind AS 102, classified them as "Cash settled share based payments" in the financial statements. The fair value of the amount payable to employees is recognised as employee benefit expenses' with a corresponding increase in liabilities. The liability is remeasured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefits expenses.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant date	Expiry date	Exercise price (Rs.)*	Outstanding as at March 31, 2024	Outstanding as at March 31, 2023*
January 01, 2020	January 01, 2028	58.25	-	60,000
April 1, 2020	April 1, 2028	58.25	-	90,000
October 1, 2020	October 1, 2028	58.25	-	1,38,000
September 1, 2021	September 1, 2028	98.84	-	2,10,000
December 1, 2021	December 1, 2028	120.28	-	1,20,000
Total			**-**	**6,18,000**
Weighted average remaining contractual life of options outstanding at end of period				5.90

*Adjusted for the 11:1 bonus shares

During the year, NRC of BAMCL at its meeting held on July 27, 2023 approved the closure of Employee Stock Option Scheme - 2020 ("ESOS 2020") and the same was approved by the Board of Directors of BAMCL on the same day.

III BAMCL had constituted an Employee Stock Option Scheme-2017 ("ESOSAMC-2017") which provided for grant of equity shares to eligible employees of the BAMCL as decided by Nomination and Remuneration Committee (NRC) of BAMCL. This ESOSAMC – 2017 was formulated by NRC of BAMCL at their meeting held on August 9, 2017 and the same was approved by the Board of Directors of BAMCL on August 9, 2017 and subsequently by the Shareholders of BAMCL vide special resolution at their Extra-Ordinary General Meeting held on September 7, 2017.

The maximum aggregate number of employee stock options that could be awarded under this scheme was 2% of issued equity shares outstanding (excluding warrants and conversions) of BAMCL.

The options granted under ESOSAMC-2017 would vest on completion of three years from the date of the grant. The vesting of options would be a function of continued employment with BAMCL (vesting condition) and on achievement of performance criteria (performance condition) as specified by the NRC as communicated on grant of options. The options granted could be exercised within a maximum period of five years from the date of vesting.

Options were granted under the plan for no consideration and carry no dividend or voting rights. When exercisable, each option was convertible into one equity share. The performance conditions specified were not based upon market conditions and therefore at every reporting date entity revised its estimate of the number of options expected to vest in order to determine the share based payment charge for the year.

Summary of options granted under the plan:

	Year ended March 31, 2024		Year ended March 31, 2023	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)*	Number of options*
Opening balance*	-	-	80.39	43,88,160
Granted during the year	-	-	-	-
Exercised during the year	-	-	80.39	(42,88,680)
Forfeited during the year	-	-	80.39	(99,480)
Lapsed/expired during the year	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**
Vested and exercisable	**-**	**-**	**-**	**-**

The weighted average share price at the date on which options were exercised during the year ended March 31, 2024 was Rs. Nil (previous year Rs. 1,625.00).

*Adjusted for the 11:1 bonus shares.

During the year, NRC of BAMCL at their meeting held on May 9, 2023 approved the closure of Employee Stock Option Scheme - 2017 ("ESOS 2017") and the same was approved by the Board of Directors of BAMCL on May 10, 2023.

b) Group share based payment scheme (equity settled)

IDFC Limited (ultimate holding company) has introduced IDFC Employee Stock Option Scheme, 2016 ("IDFC ESOS - 2016") to enable the employees of the group companies to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees of the Company to acquire equity shares of the IDFC Limited, that will vest in a graded manner and that are to be exercised within a specified period.

Options granted under the plan to the employees of BAMCL are without any consideration and carry no dividend or voting rights. When exercisable, each option is convertible into one equity share of IDFC Limited. Since BAMCL does not have an obligation to settle the award granted to its employees, the award is treated as an equity-settled share-based payment in BAMCL's accounts.

Summary of options granted under the plan:

	Year ended March 31, 2024		Year ended March 31, 2023	
	Average exercise price (Rs.)	Number of options	Average exercise price (Rs.)	Number of options
Opening balance	-	-	55.22	8,82,066
Granted during the year	-	-	-	-
Exercised during the year	-	-	53.21	(6,31,814)
Forfeited during the year	-	-	60.35	(28,966)
Lapsed/expired during the year	-	-	59.22	(2,21,286)
Closing balance	**-**	**-**	**-**	**-**
Vested and exercisable	**-**	**-**	**-**	**-**

The weighted average share price at the date on which options were exercised during the year ended March 31, 2024 was Rs. Nil (previous year Rs. 53.25).

Fair value of options granted

There were no options granted during the year ended March 31, 2024 and March 31, 2023.

c) Expense arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised in the Statement of Profit and Loss as part of employee benefit expense were as follows:

	Year ended March 31, 2024	Year ended March 31, 2023
Employee stock option scheme (equity settled)	61.52	18.20
Employee stock option scheme (cash settled)	7.84	(0.06)
Group share based payment scheme (equity settled)	-	-
Total	**69.36**	**18.14**

46 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).

Notes to consolidated financial statements as at and for the year ended March 31, 2024

- 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, 2024

Particulars	Risk rating	Lessor type	Exposure at default	Probability of default	Loss given default	Expected credit loss
Security Deposit	Stage 1 (12 month ECL)	Corporate	25.83	26.92%	45.00%	3.13
		Others	26.04	26.92%	65.00%	4.55
	Total		**51.87**			**7.68**

As at March 31, 2023

Particulars	Risk rating	Lessor type	Exposure at default	Probability of default	Loss given default	Expected credit loss
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**

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:

	As at March 31, 2024	As at March 31, 2023
Trade Receivables	331.91	196.89
Cash & Cash Equivalents	2,703.72	41.95
Bank balances other than cash and cash equivalents above	6,902.97	11,892.73
Loans	523.95	-
Other financial assets	4,056.58	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, 2024	Less than 12 months	More than 12 months	Total
Trade and other payables	611.47	-	611.47
Lease liabilities	111.86	345.75	457.61
Other financial liabilities	1,542.97	0.04	1,543.01
Policyholders' liabilities	6,685.29	39,519.62	46,204.91
Total	**8,951.59**	**39,865.41**	**48,817.00**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

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.

Please refer Note 47 for Risk Management of Life Insurance Business.

47 Risk Management for Life Insurance Business

47.1 Governance Framework

The primary objective of BLIL's risk and financial management framework is to protect BLIL's shareholders as well as policyholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities.

BLIL has an effective Risk Management Framework in place which provides for risk identification, risk assessment and evaluation, monitoring, tracking and feedback mechanism framework to identify, evaluate business risks and opportunities.

BLIL has a risk balancing approach and follows the process of risk evaluation, monitoring and control. BLIL has structured and uniform method of risk monitoring and control through the Risk and Control Self- Assessment (RCSA) Framework.

BLIL continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors of BLIL has overall responsibility for the establishment and oversight of BLIL's risk management framework. This is supplemented with the clear organisational structure and documented delegated authorities and responsibilities from the board of directors BLIL to various executive management committees.

Capital management objectives, policies and approach

The primary source of capital used by BLIL is Equity. BLIL's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analysis. The process is ultimately subject to approval by the Board of BLIL.

BLIL has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To comply with the insurance capital requirements that the IRDAI require. In this respect, the IRDAI has prescribed minimum solvency ratio of 150% (refer note on Capital Management for solvency ratio);
- To maintain the required level of stability of BLIL, thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders.
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities, taking account of risks inherent in the business
- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

  In reporting, financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. BLIL's Capital Management Policy for its business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives and maintain a health solvency ratio.

Regulatory framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that BLIL is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that BLIL maintains an appropriate solvency position to meet unforeseeable liabilities arising from economic shocks or natural disasters. The operations of BLIL are subject to regulatory requirement within the jurisdiction it operates.

Insurance risk

BLIL's main lines of business are Participating Life (Individual), Non-Participating Life (Individual and BLIL) and Unit Linked Life (Individual and BLIL). BLIL has presence in Non-Participating Health (Individual), Participating Pension (Individual), Unit Linked Pension (Individual) and Non-Participating Annuity (Individual) business as well. By nature of the business, BLIL underwrites risks and provides financial protection. In doing so, BLIL is exposed to various risks.

The principal risk, BLIL faces under insurance contracts, is that the actual claims and benefit payments or the timing thereof differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long-term claims. Therefore, the objective of BLIL is to ensure that sufficient reserves are available to cover these liabilities.

BLIL has developed a risk strategy to manage the risks appropriately. BLIL's risk management strategy is to establish measures and controls which will assist in prevention, detection and management of risks for strong risk management system. Such risk management system will identify risk at macro as well as micro level on ongoing basis.

The risk identification, assessment and evaluation activity is followed by defining appropriate action items for ensuring effective management of the risks. An action item for all the high risks is defined with clear owners and timelines. BLIL mitigates the risks by careful section of the underwriting strategy, reinsure a part of the risk with various reinsurers, diversification of all insurance contracts and acquiring business from all parts of the Country.

Life Insurance Contracts and Investment Contracts with and without Discretionary Participation Features:

BLIL is required to separate the Financial Instruments (investment contracts) from insurance contracts under specified conditions.

Insurance contracts are those contracts where BLIL has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance and investment contracts are further classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that are likely to be a significant portion of the total contractual benefits.

As a general guideline by IRDAI, BLIL classifies contract under insurance contract and investment contracts with DPF, if the benefit payable on death is higher by at least 5% of the premium at any time during the life of the contract for other than unit linked products.

All other contracts are classified under Investment Contracts.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

Investment contracts, however, can be reclassified as insurance contracts after inception if insurance risk becomes significant.

The main Insurance Risks that BLIL is exposed to are as follows:

(i) Persistency Risk - Risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

(ii) Mortality Risk - Risk of loss arising due to policyholder mortality experience being different than expected

(iii) Investment Risk - Risk of loss arising from actual returns being different than expected

(iv) Expense Risk - Risk of loss arising from expense experience being different than expected

(v) Reinsurance Risk - BLIL enters into reinsurance agreements in order to mitigate insurance Risk. However, this leads to default Risk from the reinsurer at the time of claim payment or also concentration risk if all the Risk is insured to one reinsurer

(vi) Concentration Risk - BLIL faces concentration Risk by selling business to specific geography or by writing only single line business etc

Control Measures:

BLIL has set up Risk Management framework to continuously monitor BLIL's experience with regard to parameters like policy lapses, premium persistency, maintenance expenses and investment returns. The underwriting team, with actuarial guidance, has set in place processes and procedures to review proposal.

Further, the possible financial effect of adverse mortality and morbidity experience has been reduced by entering into re-insurance agreements with multiple re-insurers. BLIL has entered into a separate agreement with reinsurers to cover the catastrophic risks under Individual and Group business to hedge against catastrophic events leading to higher than expected claim pay-outs.

Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Group is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Group's strategic planning and budgeting process.Operational risk: A risk arising from this category is resultant of inadequate or failed internal processes and controls, poor corporate governance or from external events such as sudden disasters crippling the operations of BLIL.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

Operational risks within BLIL are categorized into 6 (six) types namely:

- Fraud
- Execution, delivery and process management
- Business disruption and system failures
- Clients, products and business practices
- Damage to physical assets
- Employment practices and workplace safety

Risk control and mitigation plan forms important part of the risk management processes within BLIL. BLIL ensures oversight on the risks by reviewing data, processes and by performing model checks at regular frequencies. Operational risk impact within BLIL is rated basis frequency and severity matrix. Frequency and severity matrix is further utilized for evaluation of the risk which in turn helps in prioritization.

The risk management team conducts an independent root cause analysis of operational risk incidents. Root cause analysis is followed by actual and potential risk exposure assessment. The root cause analysis helps to identify inadequacies in the control measures for known risks or identify new risks which need to be addressed. The resultant learning is then used to improve processes systematically.

47.2 Liquidity Risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, the Company has bucketed both expected asset and liability cash flows into maturity buckets, and adopted a policy of investing assets with timing of liability cash flow requirements in mind and monitoring future liquidity position on a continuous basis.

The Company actively monitors and controls the rating and maturity profile of its investments to avoid re-investment/asset liquidation/concentration risk.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseen interruption in cash flow. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and the Company specifically.

Solvency ratios:

One of the measure by the Company to manage the liquidity risk and funding management is to monitor solvency ratio. The Company has a robust system to monitor the Solvency Ratios periodically. For further details refer Note on Capital Management

Rs. Millions

Solvency ratio(As per IGAAP)	As at March 31, 2024
Available Solvency Margin (ASM)	4,249.70
Required Solvency Margin (RSM)	1,712.78
Solvency ratio (ASM/RSM)	2.48

47.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The Company's market risk policy sets out the assessment and determination of what constitutes market risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company risk committee. The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains for policyholders which are in line with their expectations.

The Company stipulates diversification benchmarks by type of instrument and geographical area, as the Company is exposed to guaranteed bonuses, cash and annuity options when interest rates fall.

The Company issues unit–linked investment policies in a number of its operations. In the unit–linked business, the policyholder bears the investment risk on the assets held in the unit–linked funds as the policy benefits are directly linked to the value of the assets in the fund.

The Company's exposure to market risk on this business is limited to the extent that income arising from asset management charges is based on the value of assets in the fund.

Interest rate risk

Interest rate risk is a key investment risk as it has an impact on the present value of cash flows of assets and liabilities, and therefore, ultimately affects profitability.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Company does not have any variable rate borrowings. There are some investments in fixed rate debt securities which are measured at fair value.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

Market Indices	For the period 23rd Feb to 31st March 2024					
	Increase in basis points	Effect on profit before tax*	Effect on Equity	Decrease in basis points	Effect on profit before tax*	Effect on Equity
Interest Rate	25	-	NA	25	-	NA
	50	-	NA	50	-	NA

*Impact of Interest Rate on FVTOCI instrument. Hence, no impact on Profit Before Tax considered.

Currency risk:

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign currency risk arise majorly on account of foreign currency borrowings.

The table below indicates the currencies to which the Company's had significant exposure at the end of the reported periods.

Currency	For the period 23rd Feb to 31st March 2024					
	Increase in exchange rate (%)	Effect on profit before tax	Effect on Equity	Decrease in exchange rate (%)	Effect on profit before tax	Effect on Equity
US dollar	5	NA	NA	5	NA	NA
INR	5	NA	NA	5	NA	NA
Others	5	NA	NA	5	NA	NA

Equity Price risk:

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or by factors affecting all similar financial instruments traded in the market.

The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit–linked business.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector and market. The analysis below is performed for reasonably possible movements in market indices with all other variables held constant, showing the impact on profit before tax (due to changes in fair value of financial assets and liabilities whose fair values are recorded in the statement of profit or loss) and equity (that reflects changes in fair value of AFS financial assets). The correlation of variables will have a significant effect in determining the ultimate impact on price risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non–linear

(₹ in Million)

Investments for without DPF insurance/investment contract

Market Indices	For the period 23rd Feb to 31st March 2024					
	Increase in equity price (%)	Effect on profit before tax	Effect on Equity	Decrease in equity price (%)	Effect on profit before tax	Effect on Equity
BSE 100	10	-	NA	10	-	NA

47.4 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to other party by failing to discharge an obligation. The Company is subject to credit risk in connection with issuers of securities held in our investment portfolio and reinsurers. Losses may occur when a counterparty fails to make timely payments, pursuant to the terms of the underlying contractual arrangement or when the counterparty's credit rating or risk profile otherwise deteriorates. Credit risk can occur at multiple levels, as a result of broad economic conditions, challenges within specific sectors of the economy, or from issues affecting individual companies. Events that result in defaults, impairments or downgrades of the securities in our investment portfolio would cause the Company to record realised or unrealised losses and increase our provisions for asset default, adversely impacting earnings. Governance structure, in the form of Investment Committee, and well defined investment policies and processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. Stringent investment norms and approval structure ensures healthy portfolio while delivering the expected performance. All Regulatory and Internal Norms are built in the Investment system, which monitors the investment limits and exposure norms on real-time basis. The policyholders' funds are invested in accordance with regulatory norms, investment policy, fund objective of unitlinked funds and risk profile of the respective fund in fixed income segment. Majority of the investments are made in the government securities having sovereign rating and debt securities issued by reputed corporate having appropriate rating.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

47.5 Credit Exposure by Credit Rating **(₹ in Million)**

Particulars	UNR	Sovereign	AAA	AA+	Others	Total
Financial Assets at FVTOCI						
Policyholders:						
Equity						-
Debt			11,214.54	932.80		12,147.34
Government Securities		18,202.23				18,202.23
Others						-
Shareholders:						-
Equity						-
Debt			80.35			80.35
Government Securities		100.11				100.11
Others						-
Financial Assets at FVTPL						
Policyholders:						-
Equity	9,833.18					9,833.18
Debt			520.39	99.68		620.07
Government Securities		1,141.95				1,141.95
Others					(175.97)	(175.97)
Shareholders:						**-**
Equity						-
Debt						-
Government Securities						-
Financial Assets at Amortised Cost						**-**
Policyholders:						-
Equity						-
Debt						-
Government Securities		1,503.24				1,503.24
Others						-
Shareholders:						**-**
Equity						-
Debt						-
Government Securities		713.81				713.81
Total Credit risk exposure	**9,833.18**	**21,661.34**	**11,815.28**	**1,032.48**	**(175.97)**	**44,166.31**

48 Commitments

Capital Commitments and other commitments:

Particulars	As at March 31,2024	As at March 31,2023
Estimated amount of contracts remaining to be executed on capital account	94.27	7.93

Notes to consolidated financial statements as at and for the year ended March 31, 2024

49 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.

The management monitors the return on capital as well as the level of dividend to shareholders. The group's goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future period.

Life Insurnace Business

The group's policy is to always have a strong capital base with an objective to augment new business growth, seizing opportunities and also to meet the requirements of the policyholders, regulators, and rest of the stakeholders too. Group periodically assesses both the short term and long term capital requirements on basis of the operational plan and long term strategic plan keeping a focus towards generating expected rate of return. Insurance Business has met all of these requirements throughout the financial year. In reporting, financial strength, capital and solvency are measured using the rules prescribed by the Insurance Regulatory and Development Authority of India (IRDAI). These regulatory capital tests are based upon required levels of solvency, capital and a series of prudent assumptions in respect of the type of business written. Group's Capital Management Policy for its insurance business is to hold sufficient capital to cover the statutory requirements based on the IRDAI directives and maintain a health solvency ratio.

The solvency ratio has been summarized in the below table: (₹ in Million)

Solvency ratio(As per IGAAP)*	As at March 31, 2024
Available Solvency Margin (ASM)	4,249.70
Required Solvency Margin (RSM)	1,712.78
Solvency ratio (ASM/RSM)	2.48

* As per Insurance Regulatory and Development Authority of India (Assets, Liabilities, and Solvency Margin of Life Insurance Business) Regulations, 2016

50 Contingent liabilities (To the extent not provided for)

	As at March 31, 2024	As at March 31, 2023
Claims not acknowledged as debts in respect of:		
- Income Tax claims under appeal	770.51	35.72
- Income Tax demand	181.30	0.72
- Service tax under appeal	78.89	-
- Reversal of Cenvat credit under protest	15.02	15.02
-In relation to Claims against policies	206.89	-
-Others	3.56	-
Total	**1,256.17**	**51.46**

Notes to consolidated financial statements as at and for the year ended March 31, 2024

51 Segment Information

The Group has considered below operating segments as reportable segments for diclosure. The services included in each of the reported operating segments are as follows:

- Asset Management

- Life Insurance

- Others*

*constitutes Investing Activities "

Segment wise revenue, results and capital employed for the year ended 31 March 2024

Operating Segments (₹ in Million)

Particulars	Asset Management	Life Insurance	Others	Segment Total	Unallocated	Total
Segment revenues	4,635.80	1,002.27	1,046.27	6,684.34	21.48	6,705.82
Less: Inter-segment revenue	-	-	-	-	-	-
Total Revenue from operations	4,635.80	1,002.27	1,046.27	6,684.34	21.48	6,705.82
Segment results	1,767.77	(923.14)	859.91	1,704.54	21.48	1,726.02
Tax expense	-	-	-	-	(884.53)	(884.53)
Share of Profit from an Associate accounted under Equity Method	-	-	7,734.59	7,734.59	-	7,734.59
Profit after tax	1,767.77	(923.14)	8,594.50	9,439.13	(863.05)	8,576.08
Segment assets	4,802.47	50,626.66	2,59,097.78	3,14,526.91	366.06	3,14,892.97
Segment liabilities	1,187.81	47,885.52	63.84	49,137.17	447.02	49,584.19
Capital employed (Segment assets - Segment liabilities)	3,614.66	2,741.14	2,59,033.94	2,65,389.74	(80.96)	2,65,308.78
Capital expenditure	111.08	8.32	1.31	120.71	-	120.71
Depreciation	142.99	22.52	6.48	171.99	-	171.99

Geographic Information

	India	Outside India	Total
Segment revenues	6,705.82	-	6,705.82
Segment assets	3,14,888.52	4.45	3,14,892.97
Segment liabilities	49,583.62	0.57	49,584.19

Segment wise revenue, results and capital employed for the year ended 31 March 2023

Operating Segments

Particulars	Asset Management	Life Insurance	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
Tax expense	-	-	-	-	(445.09)	(445.09)

Notes to consolidated financial statements as at and for the year ended March 31, 2024

Particulars	Asset Management	Life Insurance	Others	Segment Total	Unallocated	Total
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	-	2,53,689.92	2,56,757.00	280.01	2,57,037.01
Segment liabilities	1,123.80	-	62.61	1,186.41	141.42	1,327.83
Capital employed (Segment assets - Segment liabilities)	1,943.28	-	2,53,627.31	2,55,570.59	138.59	2,55,709.18
Capital expenditure	6.27	-	12.47	18.74	-	18.74
Depreciation	20.96	-	3.02	23.98	-	23.98

Geographic Information

	India	Outside India	Total
Segment revenues	2,447.94	-	2,447.94
Segment assets	2,57,031.57	5.44	2,57,037.01
Segment liabilities	1,326.99	0.84	1,327.83

52 (a) During the year, the group has acquired 164,52,17,454 (95.779%) numbers of equity shares in Bandhan Life Insurance Limited (erstwhile Aegon Life Insurance Company Limited) on February 23, 2024 by paying a Purchase Consideration of Rs.1238.61 million. Besides, it has acquired 9.50% Non-Convertible Debentures of Bandhan Life Insurance Limited by paying Rs.700 million as Debenture Purchase consideration. As a result, Bandhan Life Insurance Limited has become a part of the Group post acquisition.

(b) Post acquision of Bandhan Life Insurance Limited (BLIL), the group subscribed to the Right Issue offered by BLIL on 28th March, 2024 by applying for 12,50,00,000 numbers of Equity Shares of Rs. 10 each, fully paid up, for an amount of Rs. 1,250 million and the same has been duly allotted by BLIL on March 31, 2024.

53 The Board of Directors of the Holding Company at its meeting held on June 28, 2024, have proposed final dividend of Rs. 1.43 per equity share (previous year: Rs. 0.79 per share) for the financial year 2023-24 and is subject to the approval of the members of the Holding Company at the ensuing Annual General Meeting. The dividend declared is in accordance with section 123 of the Act.

54 Based on the examination of auditors of Bandhan AMC Limited (BAMCL), a step down subsidiary company which included test checks, BAMCL has used an accounting software for maintaining its books of accounts which has a feature of recording audit trail (edit log) facility, which was enabled during the year on different dates for specific transaction types, and was enabled for all relevant transactions from November 8, 2023 onwards. During the course of performing their procedures, except for aforesaid instances where the audit trail was not enabled and the question of their commenting on whether the audit trail has been tampered with does not arise, they didn’t notice any instance of audit trail feature being tampered with. With respect to an accounting software used for payroll processing by an outsoucred service provider, the service organisation’s auditor’s report specifies that it has a feature of recording audit trail (edit log) and that has operated throughout the year for all relevant transactions recorded in the software, except that the audit trail record does not contain the pre-modified values. The service organisation’s auditor did not report any instance of the audit trail feature being tammpered with.

55 In the current year, the Holding Company has reclassified its share of Other Comprehensive Income in the Associate from Retained Earnings into Other Comprehensive Income for the financial years 2020-21 to 2022-23. Accordingly, Rs. 64.95 Million has been reclassified from Retained Earnings to Other Comprehensive Income as at April 1, 2023. As this is an Intra Equity adjustment, there is no impact on the profitability of the Group for the current year or any of the previous years.

Notes to consolidated financial statements as at and for the year ended March 31, 2024

56 a) Previous year's figures are not comparable with those of the current year's figures due to the following:

i) Acquisition of Bandhan Life Insurance Ltd. with effect from 23rd February, 2024.

ii) Acquisition of Bandhan AMC Ltd, Bandhan Mutual Fund Trustee Ltd, IDFC Investment Managers (Mauritius) Ltd. with effect from 31st January, 2023.

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

57 Approval of Consolidated Financial Statements

The Consolidated financial statements were approved for issue by the Board of Directors on June 28, 2024.

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

Avilas Agarwal
Partner
(Membership Number : 062668)

Place : Kolkata
Date : June 28, 2024

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

Bandhan Group

Bandhan

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