

**BHARAT FINANCIAL INCLUSION LIMITED**  
(Formerly known as 'INDUSIND FINANCIAL INCLUSION LIMITED')  
CIN: U65999MH2018PLC312539

Registered Office: One Indiabulls Centre, Tower 1, Floor 8, 841,  
Senapati Bapat Marg, Elphinstone, Mumbai 400013.  
Tel: (022) 6641 2487 / 2359; E-mail: [companysecretary@indusind.com](mailto:companysecretary@indusind.com);

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2019- 2020.**

To,  
The Members of Bharat Financial Inclusion Limited  
(Formerly known as IndusInd Financial Inclusion Limited)

The Board of Directors have pleasure in presenting the 2<sup>nd</sup> Annual Report on the business and operations of the company and the Audited Financial Statements for the Financial Year ended March 31, 2020.

**1. Financial highlights**

The financial performance of the company is as under:

Particulars	(INR)	
	Current Financial Year 2019-20	Previous Financial Year 2018-19
Revenue from Operations	8,80,26,48,261	-
Other Income	1,37,42,094	-
<b>Total Revenue (I)</b>	<b>8,81,63,90,355</b>	-
Employee Benefit Expenses	6,25,56,92,917	-
Other Expenses	1,86,97,50,340	61,39,886
Depreciation and amortization Expenses	12,97,50,426	
<b>Total Expenses (II)</b>	<b>8,25,51,93,683</b>	61,39,886
Profit / (Loss) before Tax	56,11,96,672	(61,39,886)
Tax Expenses	16,16,70,163	-
<b>Profit / (Loss) after Tax</b>	<b>39,95,26,509</b>	(61,39,886)
Earning per Share (Basic / Diluted) of Rs.10/- each fully-paid	12.30	(8,77,127)

\*The company had commenced operations with effect from July 4, 2019, post transfer of Business Correspondent Undertaking of the erstwhile Bharat Financial Inclusion Ltd.(eBFIL) from IndusInd Bank Ltd. (Bank) in terms of Composite Scheme of Amalgamation amongst Bank (eBFIL) the company and their respective Shareholders and Creditors (Scheme), hence the financials for the F.Y. 2019-20 and 2018-19 are not comparable.



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**Operational Highlights (on behalf of the Bank):**

Particulars	Current Financial Year 2019-20	Previous Financial Year 2018-19
Amount Disbursed (Rs.in crores)	29,681	-
Gross Loan Portfolio (Rs.in crores)	22,428	-
Number of members (in lakhs)	96.1	-

As on March 31, 2020, the company had 2,071 branches with presence in 432 Districts, and 22 States, with a Customer Base (on behalf of Bank) of 80%. The loans were offered at an Interest Rate of sub 20% lending rate to the Microfinance Customers.

In FY 19-20, the company opened 3.1 million Savings accounts and 1.6 million Recurring Deposit accounts in the Bank, for the microfinance customers served by the company under the BC Business.

**2. State of Company's affairs and future outlook:**

The company was incorporated on August 6, 2018 for the purposes of the Composite Scheme of Arrangement amongst erstwhile Bharat Financial Inclusion Ltd. (eBFIL), IndusInd Bank Ltd. (Bank), the company and its respective Shareholders and Creditors ('the Scheme').

The company is a Wholly-Owned Subsidiary of IndusInd Bank Ltd.

The Honourable National Company Law Tribunal, Mumbai Bench sanctioned the Scheme on June 10, 2019 with the Appointed Date set at January 1, 2018 as per the Scheme. The Scheme became effective on July 4, 2019, upon filing of the Scheme with the Registrar of Companies by the companies involved in the Scheme. The Business Correspondent Undertaking of eBFIL, was transferred by the Bank, to the company in terms of the Scheme.

On August 2, 2019, the name of the company was changed from IndusInd Financial Inclusion Ltd. to Bharat Financial Inclusion Ltd, vide the Certificate of Incorporation pursuant to change of name issued by the Registrar of Companies, Mumbai.

The year under review, has been the company's first year of commercial operations.



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After the Scheme was made effective, the company engaged in Business Correspondent business ('BC business') that constitutes of the non-financial, non-lending activities carried on by eBFIL, which includes origination, servicing and collection of loans as a Business Correspondent for the Bank, as well as provision of certain other products and services offered by the Bank.

During the year under review, the company, on behalf of the Bank, disbursed an amount aggregating Rs.29,681 crores. The shortfall was on account of natural calamities, viz., floods, agitations in certain parts of the country, and towards the end of the year by the COVID-19 pandemic, all of which had muted the company's business growth.

During the year under review, the major expenditure was employee benefit expense paid during the year, which comprised remuneration and the Merger-Related Incentives paid to employees of the company.

The company, in addition to Microfinance loans, offers to the customers of the Bank certain products, viz., Fixed Utility Loans, Two-Wheeler Loans, and Loans to Retailers. During the year under review, an amount of Rs.40 crores was earned as Fee Income under the Fixed Utility Loans and as at the end of the year under review, the Assets Under Management under Two-Wheeler Loans and Loans to Retailers stood at Rs.98 crores and Rs.11 crores respectively.

Bharat Money Stores (BMS):

The company had also commenced Pilot Programme called Bharat Money Stores (BMS) (typically a neighbourhood grocery store) which shall act as sub-business correspondents to the Bank, and acts as transacting point offering gamut of services. The BMS Stores offer services such as cash deposits, cash withdrawals, bill payments, fund transfers etc. The in-house developed technology platform enabled in BMS smartphone, leverages Jan Dan, Aadhaar, Mobile (JAM), by using AEPS (Aadhaar-enabled payment system). These services are utilized not only by the microfinance customers, but also by other residents in the villages where the company has its presence. BMS pilot was extended to Odisha, Maharashtra, Karnataka and Bihar and currently has 14,883 stores as on March 31, 2020. The volume of transaction for F.Y 19-20 was 3.1 million with value amounting to Rs.1,531 crores.



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**Loans to Retailers**

The company launched Pilot program to address the working capital need of small retailers targeting urban and semi-urban pockets. Company targets Retailers' who generates daily cash flows and often lacks access to formal banking services. The products – Savings Account, Recurring Deposit and Loans are offered at the doorstep of retailers along with additional convenience of mobile banking facility. The pilot was initially launched in Hyderabad and later extended to Bhubaneshwar, Nagpur and Kalburgi. Company disbursed 11,821 loans amounting to Rs. 31.14 crores in FY21. Company has 7,917 retailers (6,007 borrowers) as its customers with asset under management of Rs. 11 crores and liability balance of Rs. 9.0 crores as on 31st Mar'20.

The company also developed various in-house technology solutions, suiting the business requirements and the unique challenges in business on account of deep geographical presence with thin internet connectivity, large feet-on-street, requiring mobility solutions and high velocity of transactions, given the weekly collections model.

The business of the company was affected due to the COVID-19 disease, which was declared Pandemic by WHO on March 12, 2020, and had steadily engulfed the nation, with unprecedented level of disruption in the socio-economic front. The impact of COVID-19, on the operations of the company is detailed separately in the report under the section Material Changes and commitments, if any, affecting the financial position of the company between the end of the Financial Year under review and the date of this report.

**3. Dividend:**

The year under review, being the company's first year of operations, the Board decided not to recommend Dividend for FY2019-20, but to conserve the Profits to meet Capital Costs.

**4. Transfer to Reserve:**

The Board of Directors recommended that the entire amount of Profits, i.e., Rs.39,95,26,509 be transferred to the Reserves after deduction of Previous Years' Loss, i.e., Preliminary Expenses of Rs.61,39,886 incurred by the company. The Reserves and Surplus of the company as on March 31, 2020 stood at Rs.39,33,86,623.



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**5. Changes in Share Capital:**

The company was incorporated with Authorised Capital of Rs.50,00,00,000, comprising 5,00,00,000 Equity Shares of Rs.10 each, and paid-up capital of Rs.70/-, consisting of 7 Equity Shares of Rs.10 each.

Subsequently, pursuant to effectiveness of the Scheme on July 4, 2019, the company had allotted to the Bank 4,37,03,500 Equity Shares of Rs.10/- each fully paid up, as consideration for the value of the transferred undertaking related to BC business of erstwhile BFIL, in form of Slump Exchange, in pursuance to the Scheme.

Accordingly, the Authorised Share Capital of the company increased to Rs.60,00,00,000 from Rs.50,00,00,000 and the Paid-up Share Capital increased to Rs.43,70,35,070 from Rs.70, comprising 4,37,03,507 fully paid-up shares of Rs.10 each. There was no change in Share Capital, other than aforementioned.

**6. Directors and Key Managerial Personnel:**

As on March 31, 2020, First Directors of the company, constitute the composition of the Board of Directors of the company as mentioned hereunder:

Sr. No.	Name of the Director	DIN
1	Mr. Romesh Sobti	00031034
2	Mr. Ramachandra Rao Madapati*	03276291
3	Mr. Suhail Chander	06941577
4	Mr. Sanjeev Anand	07074653
5	Mr. Sanjay Vijay Mallik	08194530

Further, pursuant to Section 152(6)(c) the first directors were appointed by the Members at the Extraordinary General Meeting of the company held on August 16, 2019.

Details of Key Managerial Personnel of the company during the year under review:

Sr. No.	Name of the Key Managerial Personnel	Designation	Date of Appointment	Date of Cessation
1.	Mr. Ashish Kumar Damani	Chief Financial Officer	July 4, 2019	---



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2.	Mr. Alok Desai	Company Secretary	August 14, 2018	August 16, 2019
3.	Mr. V. Ravi Kumar Reddy	Company Secretary	August 16, 2019	—

\*Further, in terms of the Scheme, Mr. Ramachandra Rao Madapati was appointed as the Managing Director of the company with effect from July 4, 2019. The appointment was approved by the Board of Directors at their meeting held on July 4, 2019 and by the Members at the Extraordinary General Meeting of the company held on August 16, 2019.

**Change in Directors and Key Managerial Personnel after the end of Financial Year on March 31, 2020 and till the date of this Report:**

Mr. M. R. Rao was designated by the Board as Executive Vice-Chairman with effect from April 17, 2020.

Mr. Shalabh Saxena was appointed as Chief Executive Officer and Key Managerial Personnel with effect from April 27, 2020.

Mr. Ashish Kumar Damani was designated by the Board as Chief Financial Officer and Chief Operating Officer with effect from April 27, 2020.

Mr. Suhail Chander (DIN 06941577), resigned from the Board on June 2, 2020.

Mr. Romesh Sobti (DIN 00031034), resigned from the Board on July 8, 2020.

The Board of Directors wishes to place on record its appreciation for the contributions made by Mr. Romesh Sobti and Mr. Suhail Chander during their tenures as Directors of the company, the roles played by them in the merger of eBFIL with the Bank, and in the transition of the company, post- merger.

**Appointment of Director:**

Mr. Sumant Kathpalia (DIN 01054434), Managing Director & CEO of the holding company, IndusInd Bank Ltd. was inducted in the Board as 'Additional Director' in



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category of Non-Executive, Non-Independent Director. Mr. Kathpalia has been with the Bank since, 2008 and has headed the Consumer Banking Division.

Mr. Sumant Kathpalia, was appointed as Chairperson of the Board, in terms of Article 92 of the Articles of Association of the company, by the Board at its meeting held on July 27, 2020.

Mrs. Akila Krishnakumar (DIN-01054434), Independent Director of the holding company, IndusInd Bank Ltd., was inducted in the Board 'Additional Director' in category of Non-Executive Non-Independent Woman Director of the company.

Approval of the Shareholders is being requested by the Board for the appointment of Mr. Sumant Kathpalia (DIN 01054434) as Director of the company in category of Non-Executive, Non-Independent Director, Mrs. Akila Krishnakumar (DIN-01054434) in the category of Non-Executive Non –Independent Woman Director and change in designation of Mr. M. R. Rao as Executive Vice Chairman of the company.

**7. Retirement by Rotation, and being eligible for re-appointment:**

Section 152 (6) of the Companies Act, 2013 provides that not less than two-thirds of the total number of Directors of a public company shall be liable to retire by rotation, and that one-third of such Directors as are liable to retire by rotation shall retire from office at every Annual General Meeting ('AGM') of the company.

Since all the Directors in the Board have been appointed since the date of incorporation of the company, the Board of Directors at their meeting held on August 16, 2019, mutually agreed to recommend Mr. Sanjeev Anand (DIN: 07074653) for retirement by rotation, in compliance with Section 152(6) of the Companies Act, 2013.

Mr. Sanjeev Anand (DIN: 07074653) was re-appointed as Director of the company by the members at their 1<sup>st</sup> Annual General Meeting held on September 19, 2019.

The Board recommends Mr. M. R. Rao (DIN: 03276291), who has been longest in Office of the Director as an Executive Director, for retirement by rotation at the ensuing AGM, and being eligible offers himself for re-appointment.

The Board recommends re-appointment of Mr. M. R. Rao (DIN: 03276291) as Director of the company in category of Executive Director.



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**8. Number of meetings of the Board of Directors**

During the year under review, the Board of Directors of the company met eight times: On April 2, 2019; May 20, 2019; June 19, 2019; July 4, 2019; August 6, 2019; August 16, 2019; October 9, 2019; and January 13, 2020.

DIN	Name of the Director	Number of Board Meetings held during the year	Number of Board Meetings attended during the year.
00031034	Mr. Romesh Sobti	8	8
03276291	Mr. Ramchandra Rao Madapati	8	6
06941577	Mr. Suhail Chander	8	6
07074653	Mr. Sanjeev Anand	8	7
08194530	Mr. Sanjay Mallik	8	6

Note: Presence of Directors by video-conference during the meeting has been counted as attendance for quorum of the meeting.

**9. Performance Evaluation**

In compliance with Section 134(3) read with Rule 8(4) of Companies (Accounts) Rules, 2014, Board of Directors of listed companies and companies having Paid-up Share Capital of Rs.25 crores or more at the end of the preceding financial year are required to include in their Board Report, a statement indicating the manner in which the formal annual evaluation has been made by the Board on its own performance and that of the Committees and individual directors.

The Paid-up Share Capital of the company as on March 31, 2019 at the end of the preceding financial year was Rs.70, hence the aforesaid provisions of performance evaluation are not applicable to the company.

**10. Managerial Remuneration**

The Board of Directors had, in their first Board Meeting held on August 14, 2018, resolved that no sitting fees shall be paid to Directors until commencement of business, or as the Board of Directors determines, at a later date.



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As on March 31, 2020, the company's Board of Directors comprised of 4 Non-Executive Directors and 1 Executive Director during the year under review.

No remuneration was paid to the Non-Executive Directors.

During the year under review, Mr. M. R. Rao was paid an amount of Rs.2,94,28,281 as remuneration in the form of Salary, Incentives and Perquisites as Managing Director & CEO of the company.

The details of remuneration paid to the Key Managerial Personnel is mentioned in the Note No. 23 to the Audited Financial Statements, for the year under review and also in the MGT-9, forming part of this report.

**11. Details of Subsidiaries, Joint Ventures or Associate companies**

The company is a Wholly-Owned Subsidiary of IndusInd Bank Ltd.

The company does not have any Subsidiaries, Joint Ventures or Associate companies.

**12. Statutory Auditors**

The Board of Directors at its meeting held on August 16, 2019 had recommended to the Shareholders the appointment of M/s Haribhakti & Co. LLP, Chartered Accountants as the Statutory Auditors of the company under the provisions of Section 139 of the Companies Act, 2013, for the period from the first annual general meeting till sixth annual general meeting of the company. The appointment was approved by the Shareholders of the company at the first Annual General Meeting of the company held on September 19, 2019.

**13. Cost Auditors**

The company is engaged in Business Correspondent services, and is hence not required to maintain Cost records or appoint a Cost Auditor under Section 148 of the Companies Act, 2013.

**14. Secretarial Audit Report**

The company has commenced its business operations since July 4, 2019, hence the provisions of Section 204 of the Companies Act, 2013, relating to Secretarial Audit were not applicable for the year under review.



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**15. Reporting of frauds by the Auditors**

During the year under review, there were no instances of fraud reported by the Auditors pursuant to Section 143(12) of the Companies Act, 2013.

**16. Responses to Auditors' Remarks**

There were no adverse remarks or qualification in the Auditors' Report for the year under review.

**17. Committees of the Board / Vigil Mechanism**

As at the end of the financial year under review, the company, being a Wholly-Owned Subsidiary of the Bank and not crossing the various thresholds prescribed under the Companies Act, 2013, was not required to constitute Audit Committee under Section 177, Nomination & Remuneration Committee and Stakeholders Relationship Committee under Section 178 or establish the Vigil Mechanism.

**18. Extract of Annual Return**

The extract of Annual Return in Form MGT-9 for the Financial Year ended March 31, 2020 is annexed as Annexure – 1 to this report and forms an integral part of this report.

**19. Material Changes and commitments, if any, affecting the financial position of the company between the end of the Financial Year of the company and the date of the report**

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which the Financial Statements relate and the date of this Report.

**Impact of COVID-19:**

The "severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)", generally known as COVID-19, which was declared as a pandemic by the WHO on March 11, 2020, continues to spread across India and there is an unprecedented level of disruption



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on socio-economic front across the country. Globally, countries and businesses are under lockdown. Considering the severe health hazard associated with COVID-19 pandemic, the Government of India declared a lockdown effective from March 25, 2020 which was initially until April 14, 2020 and extended until May 3, 2020. There is uncertainty about the duration of the lockdown and the time required for the business situation to become normal. The extent to which COVID-19 pandemic will impact the company's operations and financial results is dependent on future developments, which are uncertain. The extent of impact of COVID-19 on company's operations shall also have an equivalent impact to the IndusInd Bank Ltd, (Holding Company) business, as serviced by the company.

There has been gradual opening up of the economy in the country, with social distancing being the strategy adopted to break the cycle of pandemic. The pace of business has slowed, but the company's Board of Directors are watchful of the situation and have a Business Continuity Plan in place to ensure not just to reach pre-COVID levels but for contributing in the future growth of the company.

The company has taken all necessary steps and is continuing to comply with the Guidelines issued by the Government and the Local Authorities to ensure safety of all customers and employees while is continuously striving to achieve the business objectives through innovative ways by use of technology for staying connected with existing customers.

As social distancing norms emerge as the new-normal in the industry, the focus of the company would be on other objectives on increasing per employee productivity.

## **20. Related Party Disclosures**

All transactions with related parties were in the ordinary course of business and on an arm's-length pricing basis.

Suitable disclosure as required under the Accounting Standards (AS 18) has been made in the Note No. 23 to the to the Audited Financial Statements, for the year under review



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**21. Deposits**

The company has not accepted any deposits from the public during the year under review.

**22. Particulars of Loans / Guarantees / Investments:**

The company has not given any loans / guarantees / investments during the year under review.

**23. Internal Financial Controls**

The company has established internal financial controls with reference to financial statements which are adequate with the size and scale of operations of the company and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020.

**24. Disclosure under Sexual Harassment of Women at Workplace (Prevention Prohibition & Redressal) Act, 2013**

As at March 31, 2020 the company had 23,475 employees.

The company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The company has zero-tolerance for sexual harassment at workplace and has adopted the Policy on Prevention, Prohibition and Redressal of Sexual Harassment of Women at the Workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder.

The company's Policy on 'Prevention, Prohibition and Redressal of Sexual Harassment at Workplace' aims to provide protection to women employees at the workplace and prevent and redress complaints of sexual harassment and matters connected with or incidental thereto, with the objective of providing a safe working environment.

The company has complied with the provisions relating to the constitution of Internal Complaints Committees under the Sexual Harassment of Women at Workplace



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(Prevention, Prohibition and Redressal) Act, 2013, to enquire into the complaints of sexual harassment and recommend appropriate action.

The company had received 16 complaints alleging sexual harassment at workplace during the financial year 2019-20. The status of the same is as under:

No. of cases received during the year	No. of cases closed during the year	No. of cases pending for investigation at the end of the year
16	11	5

**25. Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The provisions of Section 134(3)(m) of the Companies Act, 2013 relating to conservation of energy and technology absorption do not apply to the Company. The company has, however, used Information Technology extensively in its operations.

During the year under review, the company had Foreign Exchange outgo of Rs.28,12,019, towards Professional Fees and Travelling expenses but had Nil Foreign Exchange earnings.

**26. Directors' Responsibility Statement**

In terms of provisions of Section 134(5) of the Companies Act, 2013, the Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had 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 at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;



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- (d) the directors confirm that annual accounts were prepared on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**27. Corporate Social Responsibility (CSR)**

During the year under review, the provisions of Section 135 of the Companies Act, 2013 was not applicable, considering the company commenced its operations during the year. The company had not incurred any expenses towards CSR, during the F.Y. 2019-20. However, the company had participated in the CSR initiatives of IndusInd Bank Ltd., in the area of Livestock Care and Holistic Village Development covering Doorstep Livestock Care, Watershed Management, Drinking water, Education and Healthcare.

The Board at its meeting held on January 13, 2020 had constituted the CSR Committee with the terms of reference as per the provisions of Section 135 of the Companies Act, 2013 and approved the CSR Policy which is attached as Annexure II to this Report.

The Members of CSR Committee, as on March 31, 2020 were:

1. Mr. Romesh Sobti
2. Mr. M.R. Rao
3. Mr. Sanjeev Anand

Mr. Romesh Sobti had resigned from the Board with effect from July 8, 2020. The CSR committee was reconstituted with appointment of Mr. Sumant Kathpalia, as Member and Chairman of the Committee, by the Board at its meeting held on September 18, 2020.

The company has since commenced its business operations during F.Y. 2019-20 and the provisions of Section 135 of the Companies Act, 2013 shall be applicable with effect from April 1, 2020. The Directors of the Company shall ensure compliance of provisions of Section 135 of the Companies Act, 2013, during the F.Y. 2020-21.

**28. Secretarial Standards**

The company has complied with the provisions of applicable Secretarial Standards issued by the Institute of Company Secretaries of India and has systems which are adequate and operating effectively.



**BHARAT FINANCIAL INCLUSION LIMITED**  
(Formerly known as 'INDUSIND FINANCIAL INCLUSION LIMITED')  
CIN: U65999MH2018PLC312539

Registered Office: One Indiabulls Centre, Tower 1, Floor 8, 841,  
Senapati Bapat Marg, Elphinstone, Mumbai 400013.  
Tel: (022) 6641 2487 / 2359; E-mail: [companysecretary@indusind.com](mailto:companysecretary@indusind.com);

**29. Acknowledgement**

The company's Directors are grateful to the Reserve Bank of India, the Government of India and other regulatory authorities for their guidance and support extended to the company.

The company's Directors, express their deep sense of appreciation to all employees for their excellent performance, and strong support to the company in its first year of operation. The Directors would also like to express a profound sense of appreciation for all the employees who had been associated with the erstwhile BFIL before the merger and continued in the new entity with the same commitment.

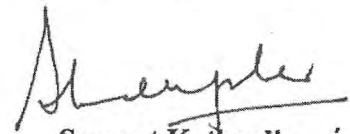
The Directors thank the valued customers of eBFIL, who continued their association with IndusInd Bank Ltd., post-merger of eBFIL with the Bank. The Directors also thank all the customers of the Bank to whom the services are provided by the company for their patronage, and look forward to the growing of the mutually supportive relationship in future.

The Board looks forward to the company growing in a supportive environment.

**For Bharat Financial Inclusion Limited**  
(formerly known as IndusInd Financial Inclusion Limited)

**Place: New Delhi**  
**Date: September 18, 2020**



  
**Sumant Kathpalia**  
**Chairman**  
**DIN: 01054434**

## ANNEXURE I TO THE DIRECTORS' REPORT

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2020

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

#### I. REGISTRATION AND OTHER DETAILS:

CIN	U65999MH2018PLC312539
Registration Date	August 6, 2018
Name of the Company	Bharat Financial Inclusion Limited (formerly known as 'IndusInd Financial Inclusion Limited')
Category / Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
Address of the Registered Office and Contact details	One Indiabulls Centre, Tower 1, Floor 8, 841, Senapati Bapat Marg, Elphinstone, Mumbai – 400013, Maharashtra, India Tel. No.: 022 – 66412487 Email: <a href="mailto:companysecretary@indusind.com">companysecretary@indusind.com</a> Website: N.A.
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	LINK INTIME INDIA PRIVATE LIMITED C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083 Tel No.: 022 – 49186280, 49186000 Fax : 022 49186060 Email: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Website: <a href="http://www.linkintime.co.in">www.linkintime.co.in</a>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the Business Activities contributing 10 % or more of the total turnover of the company are:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Other Financial Service Activities	66190 Activities auxiliary to Financial Services (Business Correspondent)	100



### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	<b>IndusInd Bank Limited</b> Address: 2401, Gen. Thimmayya Road, Cantonment, Pune – 411001, Maharashtra, India.	L65191PN19 94PLC076333	Holding	100	Section 2(46) of the Companies Act, 2013

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

#### i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2019)				No. of Shares held at the end of the year (March 31, 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat*	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	7	7	100.00	4,37,03,507	0	4,37,03,507	100.00	99.999
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	0	7	7	100.00	4,37,03,507	0	4,37,03,507	100.00	99.999
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0



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c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	0	0	0	0	0	0	0	0	0
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>0</b>	<b>7</b>	<b>7</b>	<b>100.00</b>	<b>4,37,03,507</b>	<b>0</b>	<b>4,37,03,507</b>	<b>100.00</b>	<b>99.999</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds / UTI	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Government	0	0	0	0	0	0	0	0	0
d) State Government	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs / FPIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Alternate Investment Fund	0	0	0	0	0	0	0	0	0
i) Others (specify) Foreign Banks	0	0	0	0	0	0	0	0	0
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0



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i) Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
i) NBFCs registered with RBI	0	0	0	0	0	0	0	0	0
i) Clearing Member	0	0	0	0	0	0	0	0	0
ii) Hindu Undivided Family	0	0	0	0	0	0	0	0	0
iii) Non Resident Indians (REPAT)	0	0	0	0	0	0	0	0	0
iv) Non Resident Indians (NON REPAT)	0	0	0	0	0	0	0	0	0
v) Foreign Nationals	0	0	0	0	0	0	0	0	0
vi) Directors / Relatives	0	0	0	0	0	0	0	0	0
vii) Trusts	0	0	0	0	0	0	0	0	0
viii) IEPF	0	0	0	0	0	0	0	0	0
Sub-Total (B) (2) :-	0	0	0	0	0	0	0	0	0
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
C. Shares held by Custodian for GDR's & ADR's	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>7</b>	<b>7</b>	<b>100.00</b>	<b>4,37,03,507</b>	<b>0</b>	<b>4,37,03,507</b>	<b>100.00</b>	<b>99.999</b>

*[Handwritten Signature]*



\*Shares were converted into Demat on June 27, 2019.

Note: During the year 2019-20, pursuant to Composite Scheme of Arrangement amongst IndusInd Bank Ltd., erstwhile Bharat Financial Inclusion Limited, the company and their respective shareholders and creditors, 4,37,03,500 Equity Shares of Rs.10 each were allotted to the IndusInd Bank Limited in consideration of the transfer of the Business Undertaking.

## ii. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year: (April 1, 2019)			Shareholding at the end of the year: (March 31, 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total share	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	IndusInd Bank Limited	7	100.00	0	4,37,03,507	100.00	0	99.999#
	<b>Total</b>	<b>7</b>	<b>100.00</b>	<b>0</b>	<b>7</b>	<b>100.0</b>	<b>0</b>	<b>0</b>

# During the year 2019-20, pursuant to Composite Scheme of Arrangement amongst IndusInd Bank Ltd., erstwhile Bharat Financial Inclusion Limited, the company and their respective shareholders and creditors, 4,37,03,500 Equity Shares of Rs.10 each were allotted to the IndusInd Bank Limited in consideration of the transfer of the Business Undertaking.

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

Sr. No.	Promoter	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year (March 31, 2020)	
		No. of shares	% of total shares of the company	No. of Shares***	% of total shares of the company
1	IndusInd Bank Limited				
	At the beginning of the year	7	100.00	-	-



Date-wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	-	-	4,37,03,507	-
At the end of the year (March 31, 2020)	-	-	4,37,03,507	100.00

\*\*\* During the year 2019-20, pursuant to Composite Scheme of Arrangement amongst IndusInd Bank Ltd., erstwhile Bharat Financial Inclusion Limited, the company and their respective shareholders and creditors, 4,37,03,500 Equity Shares of Rs.10 each were allotted to the IndusInd Bank Limited in consideration of the transfer of the Business Undertaking.

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

Sr. No.	For Each of the Top 10 Shareholders	Remarks	Date *	Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of Shares	% of total shares of the company
Not Applicable*							

**Note:** \* All shares are held by IndusInd Bank Ltd. Promoter & Holding Company

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

Sr. No.		Shareholding at the beginning of the year (April 1, 2019)		Cumulative Shareholding during the year	
		No. shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Mr. Sanjeev Anand, Director, Nominee of IndusInd Bank Ltd.				
	At the beginning of the year	1	14.29	1	14.29



	Date-wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	-	-	-	-
	At the end of the year (March 31, 2020)	1	0.000	1	0.000
2	Mr. Romesh Sobti , Director, Nominee of IndusInd Bank Ltd.				
	At the beginning of the year	1	14.28	1	14.28
	Date-wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.):	1	0.000	1	0.000
	At the end of the year (March 31, 2020)	-	-	1	0.000

**Note:** Mr. Sanjeev Anand and Mr. Romesh Sobti are holding 1 Equity share of Rs.10/- as Nominee of IndusInd Bank Ltd. to meet the regulatory requirement of 7 members in case of Public Limited Company. Except the aforesaid Directors, none of the other Directors and Key Managerial Personnel of the company hold any shares in the company.

#### V. Indebtedness

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

**Rs. in crores**

Particulars	Secured loans excluding deposits	Unsecured loans *	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i. Principal Amount		0.60		0.60
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Net Change in Indebtedness during the financial year</b>				
i. Addition	-		-	-
ii. Reduction	-	0.60		0.60
<b>Indebtedness at the end</b>				



*[Handwritten signature]*

<b>of the financial year:</b>				
i. Principal Amount	-	-	-	-
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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


Mr. M.R.Rao- Managing Director & CEO :

Sr. No.	Particulars of Remuneration	Total Amount (in Rs.)
1	Gross Salary a. Salary as per provisions contained in Section 17(1) of IT Act, 1961. b. Value of perquisites under Section 17(2) of IT Act, 1961. c. Profits in lieu of salary under Section 17(3) of IT Act, 1961.	29,428,281
2	Stock Option	
3	Sweat Equity	
4	Commission as % of profit Others	
5	Others, please specify (PF, Medical)	
6	<b>Total #</b>	NIL
7	<b>Ceiling as per the Companies Act, 2013*</b>	-

\*The Remuneration paid to the M.D & CEO is approved by Special Resolution passed by the Shareholders at their EGM held on August 16, 2019, in terms of the requirements of the Companies Act, 2013.

### B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Fees for attending Board / Committee meetings (in Rs.)	Commission	Others, (please specify)	Total
(A)	Non-Executive Directors:				
(1)	Mr. Romesh Sobti	NIL			
(2)	Mr. Ramchandra Rao Madapati				
(3)	Mr. Suhail Chander				
(4)	Mr. Sanjeev Anand				
(5)	Mr. Sanjay Mallik				
	Total Remuneration	NIL			





*[Handwritten signature]*

**Notes:** The Board at its 1<sup>st</sup> meeting held on August 14, 2018 had resolved that no sitting fees shall be paid to Directors until commencement of business and if the Board determines otherwise.

**C. Remuneration to Key Managerial Personnel other than Managing Director / Manager / Whole-time Director**

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary*	Chief Financial Officer (Mr. Ashish Kumar Damani)	Total
1.	Gross salary			
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961.	0	90,28,791	0
	b. Value of perquisites u/s 17(2) of the Income Tax Act, 1961.	0	-	-
	c. Profits in lieu of salary under u/s 17(3) of the Income tax Act, 1961.	-	-	-
2.	Stock Options	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission as % of profit Others, please specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>0</b>		<b>0</b>

\*Your company paid no remuneration to Company Secretary since appointment was on deputation by IndusInd Bank Ltd., Holding Company. Mr. Alok Desai held the position of Company Secretary till August 16, 2019 and Mr. V. Ravi Kumar Reddy was appointed as Company Secretary with effect from August 16, 2019.

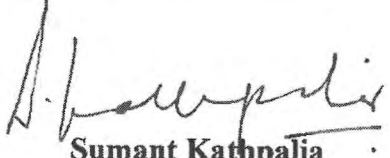


## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	None				
Punishment					
Compounding					
B. Directors					
Penalty	None				
Punishment					
Compounding					
C. Other officers in default					
Penalty	None				
Punishment					
Compounding					

**For Bharat Financial Inclusion Limited**  
(formerly known as IndusInd Financial Inclusion Limited)



  
**Sumant Kathpalia**  
Chairman  
(DIN 01054434)



**BHARAT**  
Financial Inclusion Ltd  
Prayaas se pragati

**A 100% subsidiary of Indusind Bank Limited**

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**CORPORATE SOCIAL RESPONSIBILITY POLICY OF  
BHARAT FINANCIAL INCLUSION LIMITED  
(FORMERLY 'INDUSIND FINANCIAL INCLUSION LIMITED)**

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**Version 1 - Approved by the Board on January 13, 2020**



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**1. SHORT TITLE & APPLICABILITY:**

- 1.1. This policy, which encompasses Bharat Financial Inclusion Limited's ("BFIL" or "the Company") philosophy for delineating its responsibility as a corporate citizen and lays down the guidelines and mechanism for undertaking socially useful programmes for welfare and sustainable development of the community at large, is titled as the Corporate Social Responsibility Policy of BFIL ("CSR Policy").
- 1.2. This CSR Policy shall apply to all CSR initiatives and activities ("CSR Programs") taken up at the various branches and offices of the Company, for the benefit of different segments of the society, specifically the deprived, underprivileged and differently abled persons.

**2. VISION STATEMENT AND OBJECTIVE:**

- 2.1. In alignment with the *vision* of the Company, through its CSR Program, the Company aims to actively contribute to the social and economic development of the communities in which it operates, through its services, conduct and initiatives, so as to promote sustainable way of life for the weaker sections of society and the community, in fulfilling its role as a socially responsible corporate.
- 2.2. The key objectives of the CSR Policy are to:
  - 2.2.1 Ensure an increased commitment at all levels in the organization to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all its stakeholders;
  - 2.2.2 Directly or indirectly take up CSR Programs that benefit communities at large and contribute to, over a period of time, enhancement in the quality of life and economic well-being of the local populace;
  - 2.2.3 Generate, through its CSR Programs, community goodwill for the Company and also help in reinforcing a positive and socially responsible image of the Company as a corporate entity;
  - 2.2.4 Encourage alignment with development goals related to gender sensitivity, skill enhancement, entrepreneurship development, ecological sustainability, etc.

**3. RESOURCES AND ALLOCATION OF FUNDS**

- 3.1 Every year a budget for CSR activities shall be decided by the Board on the recommendation of the CSR Committee. Such a budget shall not be less than 2% of the average net profit made by the Company during the three immediately preceding financial years;



- 3.2 The earmarked annual budget for CSR shall be transferred to a separate account called "BFIL CSR Fund";
- 3.3 Any unspent/ unutilized amount of CSR Fund of a particular year, shall be carried forward to the following year, i.e. the CSR budget will be non-lapsable in nature.
- 3.4 CSR Programs will be planned according to the budget allocation;
- 3.5 The allocation of funds for CSR Programs shall be decided by the Board on the recommendation of the CSR Committee.
- 3.6 In addition to BFIL CSR Fund, the Company may also collaborate with IndusInd Bank Limited (IndusInd Bank) for undertaking CSR Programs with the funding support in such manner as may be agreed between the Company and IndusInd Bank.

#### 4 PLANNING

##### 4.1 Identification of Thrust Areas

As a part of its CSR strategy, in line with the aims and objectives specified above, the following thrust areas have been identified:

- i. Education and Skill Development
- ii. Health
- iii. Community Development
- ii. Environment
- v. Any other activity as may be identified by the CSR Committee.

The list is only indicative and does not restrict inclusion of additional/ fresh activities under CSR. An indicative list of CSR activities are mentioned in detail in Annexure –A of the CSR Policy.

##### 4.2 Evaluation/ Impact Assessment

- i. CSR Programs will be undertaken within the defined ambit of the identified thrust areas. Such activities/ programs shall be developed on the basis of need identification studies or internal need assessment or receipt of proposals/ requests etc.;
- ii. On advice of CSR Committee, the Internal Audit Department could conduct evaluation/ impact assessment studies based on the parameters set by the CSR Committee on a half yearly basis;
- iii. An annual impact assessment could be conducted by an independent third party at the absolute discretion of the CSR Committee by engaging specialized agencies like



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NGOs/Trusts/ Societies/ Government or Semi-Government organizations/ private agencies for any assignment, who have requisite expertise of carrying out the identified activities/ Programs;

**5. IMPLEMENTATION:**

- 5.1 The CSR Committee shall formulate a plan for efficient implementation of identified CSR Programs. Such a plan shall *inter alia* contain milestones and deadlines;
- 5.2 As per requirement, the Company may engage specialized agencies/ NGOs/Trusts/ Government or Semi-Government organizations/ private agencies for any assignment, who have requisite expertise of carrying out the identified CSR Programs. The CSR Committee may discontinue any CSR Program, if the implementation of the said CSR Program is found that the implementation of the same is practically not feasible, at its sole discretion;
- 5.3 Implementation plans for the CSR Programs shall be drawn by the CSR Committee;

**6. MONITORING AND FEEDBACK**

- 6.1. To ensure effective implementation of the CSR Programs undertaken, a monitoring mechanism will be put in place. The progress of CSR Programs under implementation will be reported by the Internal Audit Department on a half yearly basis to the CSR Committee.
- 6.2 The progress report of CSR Programs under implementation in the format given in Annexure B shall be placed before the Board on a half yearly basis.
- 6.3 The CSR Committee may conduct an annual impact study of the CSR Programs at its absolute discretion by engaging specialized agencies like NGOs/Trusts/ Societies/ Government or Semi-Government organizations/ private agencies for any assignment, who have requisite expertise of carrying out the identified activities/ Programs;
- 6.4 CSR Programs undertaken by the Company shall be reported in the Annual Report.

**7. CONSTITUTION AND MEETING OF CSR COMMITTEE**

**7.1 Constitution**

- a. The CSR Committee shall consist of three or more directors.

**7.2 Meeting**

The CSR Programs of the Company will be coordinated and monitored by a CSR Committee for the successful implementation of the CSR Policy. The CSR Committee shall meet as and when required to carry out its duties effectively.



### **7.3 Role and responsibilities of CSR Committee**

The key role and responsibility of the CSR Committee would be to implement the CSR Policy. Broadly the roles and responsibilities are the following:

- Formulation of broad guidelines for selection of CSR projects, planning, execution, monitoring and evaluation.
- Selection of CSR projects in accordance with policy framework and guidelines.
- Submission of annual budgetary requirement for each project along with the targets.
- Formulation of strategies for efficient implementation of projects.
- Periodic reporting of all CSR programs, as required.

## **8. GENERAL**

- 8.1 All CSR activities and expenses made thereon will be subject to audit;
- 8.2 The Company reserves the right to modify, cancel, add, or amend any of the above rules/ guidelines.
- 8.3 Any or all provisions of the CSR Policy shall be subject to revision/ amendment in accordance with the applicable laws/ rules/ guidelines on the subject, from time to time.
- 8.4 In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to the CSR Committee. In all such matters, the interpretation and decision of the Managing Director & CEO shall be final.



### Annexure-A

- i. eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- vi. measures for the benefit of armed forces veterans, war widows and their dependents;
- vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- viii. contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- ix. Contribution to incubators funded by Central Government or State Government or any agency or Public Sector Undertaking of Central Government or State Government, and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs) rural development projects.
- x. Rural development projects
- xi. Slum area development  
Explanation. - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- (xli) disaster management, including relief, rehabilitation and reconstruction activities.



**Annexure -- B**

S No.	CSR Activity	Sector in which the CSR Activity is covered	Area where the CSR Activity is undertaken	Amount outlay (budget) for CSR Activity	Amount spent on CSR Activity (Direct Expenditure)	Amount spent on CSR Activity (Overheads)	Cumulative Expenditure up to the reporting period	Amount spent directly or through implementing agency
	<b>Total</b>							



# HARIBHAKTI & CO. LLP

Chartered Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Members of Bharat Financial Inclusion Limited  
(Formerly known as 'Indusind Financial Inclusion Limited')

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of **Bharat Financial Inclusion Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with 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 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 financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The Company's annual report is not made available to us as at the date of this auditor's report. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial

Haribhakti & Co. LLP, Chartered Accountants Regn. No. AAC- 3768, a limited liability partnership registered in India (converted on 17th June, 2014 from a firm Haribhakti & Co. FRN: 103523W)  
Registered offices: 705, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059, India. Tel: +91 22 6672 9999 Fax: +91 22 6672 9777  
Other offices: Ahmedabad, Bengaluru, Chennai, Coimbatore, Hyderabad, Kolkata, New Delhi, Pune.



## HARIBHAKTI & CO. LLP

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position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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



## HARIBHAKTI & CO. LLP

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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.

### Other Matter

The audit of financial statements for the year ended March 31, 2019, was carried out and reported by S.R. Batliboi & Co. LLP, vide their unmodified audit report dated May 20, 2019, whose report has been furnished to us by the management and which has been relied upon by us for the purpose of our audit of the financial statements.

Our opinion is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act read with relevant rules issued thereunder;
  - e. On the basis of the written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 financial statements of the Company and the operating effectiveness of such controls, we give our separate report in "Annexure 2";
  - 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/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



## HARIBHAKTI & CO. LLP

Chartered Accountants

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, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 31 to the financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;

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

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048



Purushottam Nyati

Partner

Membership No. 118970

UDIN:20118970AAAABE1666



Place: Mumbai

Date: April 27, 2020

# HARIBHAKTI & CO. LLP

Chartered Accountants

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Bharat Financial Inclusion Limited on the financial statements for the year ended March 31, 2020]

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i)
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) During the year, fixed assets of the Company have been physically verified by the management as per the regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
  - (c) The Company does not own any immovable property and hence, Matters specified in paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company does not have any inventory and hence, Matters specified in paragraph 3(ii) of the Order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clause 3 (iii) of the Order is not applicable to the Company.
- (iv) The Company has not given loans, investments, guarantees and securities covered under section 185 and 186 of the Act and hence clause 3 (iv) of the Order is not applicable to the Company.
- (v) In our opinion, the Company has not accepted any deposits from the public within the provisions of sections 73 to 76 of the Act and the rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the services rendered by the Company under sub-section (1) of section 148 of the Act and the rules framed there under.
- (vii)
  - (a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax (GST), customs duty, cess and any other material statutory dues applicable to it. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.  
  
No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.
  - (b) There are no dues with respect to income tax, sales tax, service tax, value added tax, GST, customs duty, excise duty, which have not been deposited on account of any dispute.

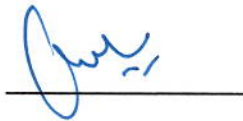


## HARIBHAKTI & CO. LLP

Chartered Accountants

- (viii) During the year, the Company has not taken any loans or borrowings from any financial institution, bank or government nor has it issued any debentures. Accordingly, clause 3(viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) or term loans during the year. Accordingly, clause 3(ix) of the Order is not applicable to the Company.
- (x) 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, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management except instances of cash embezzlement or Loans given against fictitious documents by certain employees of the company aggregating to an amount of Rs.6,41,50,121, out of which an amount of Rs.2,81,47,685 has been recovered. The services of the concerned employees have been terminated.
- (xi) Managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, clause 3(xii) of the Order is not applicable to the Company.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with sections 188 of Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. Provisions of section 177 are not applicable to the company and accordingly reporting requirement under clause 3(xii) insofar as it relates to section 177 is not applicable to the company.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, clause 3(xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him during the year and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No. 103523W / W100048



Purushottam Nyati  
Partner  
Membership No. 118970  
UDIN: 20118970AAAABE1666



Place: Mumbai  
Date: April 27, 2020

# HARIBHAKTI & CO. LLP

Chartered Accountants

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of **Bharat Financial Inclusion Limited** on the financial statements for the year ended March 31, 2020]

### Report on the Internal Financial Controls with reference to 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 financial statements of **Bharat Financial Inclusion Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 (the "Guidance Note") 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 financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified 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 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 financial statements and their operating effectiveness.

Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to 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 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.



# HARIBHAKTI & CO. LLP

Chartered Accountants

## Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial controls with reference to 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, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Purushottam Nyati

Partner

Membership No.118970

UDIN: 20118970AAAABE1666



Place: Mumbai

Date: April 27, 2020

**Bharat Financial Inclusion Limited**  
(Formerly known as 'Indusind Financial Inclusion Limited')  
**Balance Sheet as at March 31, 2020**

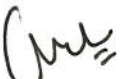
(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-20	31-Mar-19
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	437,035,070	70
Reserves and surplus	4	393,386,623	(6,139,886)
		<b>830,421,693</b>	<b>(6,139,816)</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	178,074,361	-
		<b>178,074,361</b>	<b>-</b>
<b>Current liabilities</b>			
Other current liabilities	6	2,299,954,645	6,149,886
Short-term provisions	7	153,514,564	-
		<b>2,453,469,209</b>	<b>6,149,886</b>
<b>TOTAL</b>		<b>3,461,965,263</b>	<b>10,070</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Tangible assets	8	423,355,385	-
Intangible assets	9	75,986,996	-
Intangible assets under development		8,282,500	-
Deferred tax assets	10	72,433,307	-
Long-term loans and advances	11	744,611,180	10,000
		<b>1,324,669,368</b>	<b>10,000</b>
<b>Current assets</b>			
Trade receivables	12	2,270,570	-
Cash and bank balances	13	632,739,484	70
Short-term loans and advances	14	377,138,167	-
Other current assets	15	1,125,147,674	-
		<b>2,137,295,895</b>	<b>70</b>
<b>TOTAL</b>		<b>3,461,965,263</b>	<b>10,070</b>

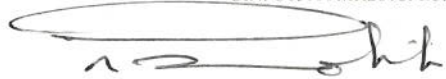
Summary of significant accounting policies 2.1  
The accompanying notes are an integral part of the financial statements


As per our report of even date attached

For **Haribhakti & Co. LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 103523W/W100048

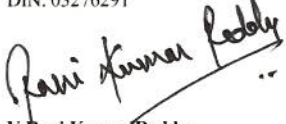
  
**Pankaj Shottam Nyati**  
Partner  
Membership No. 118970

For and on behalf of the Board of Directors of  
**Bharat Financial Inclusion Limited**  
(Formerly known as "Indusind Financial Inclusion Limited")  
CIN: U65999MH2018PLC312539

  
**Romesh Sobti**  
Non-Executive Chairman  
DIN: 00031034

  
**M.R. Rao**  
Executive Vice Chairman  
DIN: 03276291

  
**Ashish Damani**  
Chief Financial Officer

  
**V. Ravi Kumar Reddy**  
Company Secretary  
ACS: A19245

Date: 27-April-20  
Place: Mumbai

Date: 27-April-20  
Place: Mumbai

**Bharat Financial Inclusion Limited**  
(Formerly known as 'Indusind Financial Inclusion Limited')  
Statement of profit and loss for the year ended March 31, 2020

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-20	31-Mar-19
<b>Income</b>			
Revenue from operations	16	8,802,648,261	-
Other Income	17	13,742,094	-
<b>Total revenue (I)</b>		<b>8,816,390,355</b>	<b>-</b>
<b>Expenses</b>			
Employee benefits expense	18	6,255,692,917	-
Other expenses	19	1,869,750,340	6,139,886
Depreciation and amortization expenses	20	129,750,426	-
<b>Total expenses (II)</b>		<b>8,255,193,683</b>	<b>6,139,886</b>
<b>Profit before tax (III)=(I)-(II)</b>		<b>561,196,672</b>	<b>(6,139,886)</b>
<b>Tax expenses</b>			
Current tax		129,061,580	-
Deferred tax		32,608,583	-
<b>Total tax expense (IV)</b>		<b>161,670,163</b>	<b>-</b>
<b>Profit after tax (III)-(IV)</b>		<b>399,526,509</b>	<b>(6,139,886)</b>

**Earnings per equity share**

[Nominal value of share Rs.10 (March 31, 2019: Rs.10)]

21

**Basic (Computed on the basis of total profit for the year)**

12.30

(877,126.57)

**Diluted (Computed on the basis of total profit for the year)**

12.30

(877,126.57)

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 103523W/W100048



**Purushottam Nyati**

Partner

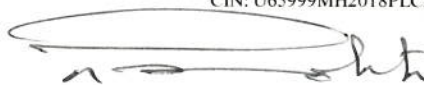
Membership No. 118970

For and on behalf of the Board of Directors of

**Bharat Financial Inclusion Limited**

(Formerly known as "Indusind Financial Inclusion Limited")

CIN: U65999MH2018PLC312539



**Romesh Sobti**

Non-Executive Chairman

DIN: 00031034



**M.R. Rao**

Executive Vice Chairman

DIN: 03276291

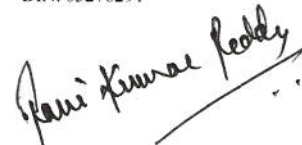


**Ashish Damani**

Chief Financial Officer

Date: 27-April-20

Place: Mumbai



**V.Ravi Kumar Reddy**

Company Secretary

ACS: A19245

Date: 27-April-20

Place: Mumbai

**Bharat Financial Inclusion Limited**  
(Formerly known as 'Indusind Financial Inclusion Limited')  
Cashflow statement for the year ended March 31, 2020

	(Amount in Rupees unless otherwise stated)	
	31-Mar-20	31-Mar-19
<b>Cash flow from operating activities</b>		
Profit before tax	561,196,672	(6,139,886)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortization	129,750,426	-
Provision for employee benefits	89,411,342	-
(Profit) / loss on sale of fixed assets	122,025	-
Other provisions and write offs	26,847,639	-
<b>Operating profit before working capital changes</b>	<b>807,328,104</b>	<b>(6,139,886)</b>
Movements in working capital :		
Increase / (decrease) in other current liabilities	(7,422,451,994)	6,149,886
Decrease / (increase) in trade receivables	(2,270,570)	-
Decrease / (increase) in loans and advances	(40,257,946)	(10,000)
Decrease / (increase) in other current assets	(1,125,147,674)	-
Cash generated from / (used in) operations	<b>(7,782,800,080)</b>	-
Direct taxes paid (net of refunds)	(775,915,180)	-
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(8,558,715,260)</b>	-
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipments, including capital work in progress and capital advances	(167,964,691)	-
Proceeds from sale of property, plant and equipments	2,344,823	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(165,619,868)</b>	-
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital (including share application money)	(0)	70
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(0)</b>	<b>70</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>(8,724,335,128)</b>	<b>70</b>
Cash and cash equivalents at the beginning of the year	70	-
Cash and cash equivalents acquired on account of scheme of arrangement (refer note 33)	9,357,074,542	-
<b>Cash and cash equivalents at the end of the year (refer note 13)</b>	<b>632,739,484</b>	<b>70</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	73,285,584	-
Balance with banks:		
- on current account (excluding unclaimed dividend accounts)	559,453,900	70
- Deposits with maturity of less than 3 months	-	-
<b>Total cash and cash equivalents</b>	<b>632,739,484</b>	<b>70</b>

**Notes:**

1. All figures in bracket are outflow
2. Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities

**Summary of significant accounting policies**

2.1

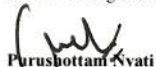
The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For **Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 103523W/W100048

  
**Purushottam Nyati**

Partner

Membership No. 118970

For and on behalf of the Board of Directors of

**Bharat Financial Inclusion Limited**

(Formerly known as "Indusind Financial Inclusion Limited")

CIN: U65999MH2018PLC312539

  
**Romesh Sobti**

Non-Executive Chairman

DIN: 00031034

  
**Ashish Damani**

Chief Financial Officer

Date: 27-April-20

Place: Mumbai

  
**M.R. Rao**

Executive Vice Chairman

DIN: 03276291

  
**V. Ravi Kumar Reddy**

Company Secretary

ACS: A19245

Date: 27-April-20

Place: Mumbai

**1. Corporate information**

IndusInd Financial Inclusion Limited ('IFIL') was incorporated in August 6, 2018 under the Companies Act, 2013 with the purpose to act as business correspondent of IndusInd Bank Limited ('IBL'). The Company is a wholly owned subsidiary of IBL.

Subsequently, name of the wholly owned subsidiary "IndusInd Financial Inclusion Limited" ('IFIL'), has been changed to "Bharat Financial Inclusion Limited" (BFIL) vide certificate of incorporation pursuant to change of name dated August 2, 2019 issued by the Registrar of Companies, Mumbai.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read together with rule 7 of the Companies (Accounts) Rules, 2014, Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

**2.1. Summary of significant accounting policies****a. Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**b. Revenue recognition**

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

- i. Services fees from IndusInd Bank Limited in the capacity of business correspondents are recognized on accrual basis.
- ii. All other income is recognised on an accrual basis.

**c. Expenses**

- i. Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities
- ii. Expenditure incurred on filing / legal fees regarding formation of the Company and all expenses incurred prior to the incorporation have been treated as Preliminary Expenses and the same is being charged off to Profit and loss account in the previous financial year

**d. Property, plant and equipment**

All Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

**e. Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Computer software costs are capitalised and amortised using the straight line method at five years.

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**f. Depreciation**

Depreciation is provided over the useful life of the assets, pro rata for the period of use, on a straight-line method. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable. Pursuant to this policy, the useful life estimates in respect of the following assets are as follows:

- (a) Computers at 3 years
- (b) Application software and perpetual software licences at 5 years
- (c) Printers, Scanners, Routers, Switch at 5 years
- (d) Electrical Installations, Furniture and Fixtures, Other Office Equipment at 10 years.
- (e) Vehicles at 5 years

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs, etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset.

**g. Impairment of Property, plant and equipment and intangible assets**

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing 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. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**h. Leases (where the Company is the lessee)**

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**i. Foreign currency transactions**

- i. All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii. Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the Profit and Loss account.
- iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's 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.

**j. Retirement and other employee benefits**

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.
- ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognised in full in the period in which they occur in the statement of profit and loss.
- iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- iv. Accumulated leaves, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- v. The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

**k. Income taxes**

- i. Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961, enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.
- ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.
- iii. Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**l. 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 year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related 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 year are adjusted for the effects of all dilutive potential equity shares.

**m. Provisions**

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

**n. Contingent liabilities and contingent assets**

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

**o. Cash and cash equivalents**

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank. Cash flow statement is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non cash nature and any deferrals or accruals of past or future cash receipts or payments.

**p. Grants**

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Such grants are either be shown separately under 'other income' or deducted in reporting the related expense. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

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**Bharat Financial Inclusion Limited**  
(Formerly known as 'IndusInd Financial Inclusion Limited')  
Notes to financial statements for the year ended March 31, 2020

(Amount in Rupees unless otherwise stated)

3. Share capital	31-Mar-20	31-Mar-19
<b>Authorized</b>		
60,000,000 (March 31, 2019: 50,000,000) equity shares of Rs.10/- each	600,000,000	500,000,000
<b>Issued, subscribed and fully paid-up</b>		
43,703,507 (March 31, 2019: 7) equity shares of Rs.10/- each fully paid up	437,035,070	70
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>437,035,070</b>	<b>70</b>

**(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting year**

	31-Mar-20		31-Mar-19	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	7	70	-	-
Issued during the year (refer note 33)	43,703,500	437,035,000	7	70
<b>Outstanding at the end of the year</b>	<b>43,703,507</b>	<b>437,035,070</b>	<b>7</b>	<b>70</b>

**(b) Terms/ rights attached to equity shares**

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**  
Pursuant to Composite Scheme of Arrangement, IndusInd Financial Inclusion Limited has allotted 4,37,03,500 Equity Shares of Rs.10 each to the IndusInd Bank Limited in consideration of the transfer of the Business Undertaking. (refer note 33)

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

Equity shares of Rs.10 each fully paid	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
IndusInd Bank Limited	43,703,501	100.00%	1	14.29%
Romesh Sobti			1	14.29%
Paul Abraham			1	14.29%
Sanjeev Anand			1	14.29%
Jayaraman Sridharan			1	14.29%
Sharadehandra Vithal Zaregaonkar			1	14.29%
Sumant Kathpalia			1	14.29%

As per the 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.

4. Reserves and surplus	31-Mar-20	31-Mar-19
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	(6,139,886)	-
Add: Profit/ (Loss) for the year	399,526,509	(6,139,886)
<b>Total reserves and surplus</b>	<b>393,386,623</b>	<b>(6,139,886)</b>

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**Bharat Financial Inclusion Limited**  
**(Formerly known as 'IndusInd Financial Inclusion Limited')**  
**Notes to financial statements for the year ended March 31, 2020**

*(Amount in Rupees unless otherwise stated)*

<b>5. Long-term Provisions</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Provision for gratuity (refer note 26 & 33)	178,074,361	-
	<b>178,074,361</b>	<b>-</b>
<b>6. Other current liabilities</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Employee benefits payable	544,335,665	-
Payable to IndusInd Bank (refer note 23)	1,219,341,335	-
Expenses payable	183,689,240	6,149,886
Other payable	228,239,891	-
Statutory dues payable	124,348,514	-
	<b>2,299,954,645</b>	<b>6,149,886</b>
<b>7. Short-term Provisions</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Provision for leave benefits (refer note 33)	153,514,564	-
Provision for taxation (Net of advance tax)	-	-
	<b>153,514,564</b>	<b>-</b>

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**Bharat Financial Inclusion Limited**  
(Formerly known as 'Indusind Financial Inclusion Limited')  
Notes to financial statements for the year ended March 31, 2020

(Amount in Rupees unless otherwise stated)

8. Property, Plant and Equipment	Furniture and fixtures	Computers	Office equipments	Vehicles	Total
<b>Cost</b>					
At April 1, 2018	-	-	-	-	-
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At March 31, 2019</b>	-	-	-	-	-
Additions on scheme of arrangement (refer note 33)	186,854,224	612,591,206	115,747,879	3,307,622	918,500,931
Additions	32,525,262	89,012,764	16,207,608	-	137,745,634
Disposals	(5,099,026)	(21,985,652)	(2,602,879)	-	(29,687,556)
<b>At March 31, 2020</b>	<b>214,280,460</b>	<b>679,618,318</b>	<b>129,352,608</b>	<b>3,307,622</b>	<b>1,026,559,009</b>
<b>Depreciation</b>					
At April 1, 2018	-	-	-	-	-
Charge for the year	-	-	-	-	-
Disposals	-	-	-	-	-
<b>At March 31, 2019</b>	-	-	-	-	-
Additions on scheme of arrangement (refer note 33)	98,484,047	374,918,477	45,909,565	2,351,486	521,663,575
Charge for the year	11,347,997	83,658,368	9,344,238	486,585	104,837,189
Disposals	(4,291,241)	(17,162,706)	(1,843,193)	-	(23,297,140)
<b>At March 31, 2020</b>	<b>105,540,803</b>	<b>441,414,139</b>	<b>53,410,610</b>	<b>2,838,072</b>	<b>603,203,624</b>

**Net Block**

At March 31, 2019	-	-	-	-	-
At March 31, 2020	108,739,657	238,204,179	75,941,998	469,550	423,355,385

All assets have been recognised at cost

9. Intangible assets	Computer software	Total
At April 1, 2018	-	-
Addition	-	-
<b>At March 31, 2019</b>	-	-
Additions on scheme of arrangement (refer note 33)	329,770,253	329,770,253
Addition	26,980,844	26,980,844
<b>At March 31, 2020</b>	<b>356,751,097</b>	<b>356,751,097</b>
<b>Amortisation</b>		
At April 1, 2018	-	-
Charge for the year	-	-
<b>At March 31, 2019</b>	-	-
Additions on scheme of arrangement (refer note 33)	255,850,864	255,850,864
Charge for the year	24,913,237	24,913,237
<b>At March 31, 2020</b>	<b>280,764,101</b>	<b>280,764,101</b>
<b>Net block</b>		
At March 31, 2019	-	-
At March 31, 2020	75,986,996	75,986,996

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<b>10. Deferred tax assets</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	38,636,545	-
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	4,953,637	-
Impact of provision for other assets	28,843,125	-
<b>Deferred tax asset (refer note 33)</b>	<b>72,433,307</b>	<b>-</b>
<b>Deferred tax asset recognised</b>	<b>72,433,307</b>	<b>-</b>
<b>11. Long term loans and advances</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>A. Security deposits</b>		
Unsecured, considered good	50,316,258	10,000
	<b>50,316,258</b>	<b>10,000</b>
<b>B. Advances recoverable in cash or kind</b>		
Unsecured, considered good	47,441,322	-
Unsecured, considered doubtful	(14,602,372)	-
	<b>162,043,694</b>	<b>-</b>
Provision for doubtful advances	(114,602,372)	-
	<b>47,441,322</b>	<b>-</b>
<b>C. Other loans and advances (unsecured, considered good)</b>		
Advance income tax (net of provision)	646,853,600	-
	<b>646,853,600</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>744,611,180</b>	<b>10,000</b>
<b>12. Trade receivables</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Unsecured, considered good		
Outstanding for a period less than six months from the date they are due for payment (refer note 23)	2,270,570	-
	<b>2,270,570</b>	<b>-</b>
<b>13. Cash and bank balances</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>Cash and cash equivalents</b>		
Balances with banks		
On current accounts	559,453,900	70
Cash on hand	73,285,584	-
	<b>632,739,484</b>	<b>70</b>
<b>14. Short term loans and advances</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
<b>A. Advances recoverable in cash or kind</b>		
Unsecured, considered good	190,636,148	-
	<b>190,636,148</b>	<b>-</b>
<b>B. Other loans and advances (unsecured, considered good)</b>		
Prepaid expenses	186,502,019	-
	<b>186,502,019</b>	<b>-</b>
<b>Total (A+B)</b>	<b>377,138,167</b>	<b>-</b>
<b>15. Other current assets</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Unbilled revenue (refer note 23)	1,125,147,674	-
	<b>1,125,147,674</b>	<b>-</b>

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**Bharat Financial Inclusion Limited**  
**(Formerly known as 'IndusInd Financial Inclusion Limited')**  
**Notes to financial statements for the year ended March 31, 2020**

<b>16. Revenue from operations</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Service Fee	8,802,648,261	-
	<b>8,802,648,261</b>	-

<b>17. Other income</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Miscellaneous income	13,742,094	-
	<b>13,742,094</b>	-

<b>18. Employee benefits expense</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Salaries and bonus / incentives	5,624,239,576	-
Leave benefits	80,888,947	-
Contribution to provident fund	237,910,228	-
Contribution to Employee State Insurance Corporation	83,031,031	-
Gratuity expenses (refer note 26)	85,523,785	-
Staff welfare expenses	144,099,350	-
	<b>6,255,692,917</b>	-

Contribution to provident fund is netted off with amount of Rs.8,616,486 received under the scheme "Pradhan Mantri Rojgar Prosahan Yojana" for the year ended March 31, 2020 (March 31, 2019: Rs.Nil). Refer note 2.3 (p)

<b>19. Other expenses</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Rent	225,749,703	-
Rates and taxes	39,109,604	-
Insurance	249,503,343	-
Repairs and maintenance	-	-
Plant and equipment	86,052,105	-
Others	125,547,861	-
Electricity charges	40,733,096	-
Travelling and conveyance	604,924,910	-
Communication expenses	69,387,531	1,864
Printing and stationery	111,858,726	1,000
Legal and professional fees	94,552,488	6,017,072
Directors' sitting fees	1,250,000	-
Auditors' remuneration (refer note A below)	1,650,550	100,000
Loss on sale of assets	122,025	-
Other provisions and write off	26,847,639	-
Bank charges	91,743,034	-
Miscellaneous expenses	100,717,725	19,950
	<b>1,869,750,340</b>	<b>6,139,886</b>

<b>A. Payment to auditors</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Audit fee	1,100,000	100,000
Limited review	400,000	-
Other services (certification fees)	-	-
Reimbursement of expenses	150,550	-
	<b>1,650,550</b>	<b>100,000</b>

<b>20. Depreciation and amortisation expense</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Depreciation of property, plant and equipment	104,837,189	-
Amortisation of intangible assets	24,913,237	-
	<b>129,750,426</b>	-

<b>21. Earnings per share (EPS)</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Earning available to equity shareholders	399,526,509	(6,139,886)
Weighted average number of equity shares in calculating basic EPS	32,479,111	7
Weighted average number of equity shares in calculating diluted EPS	32,479,111	7
Basic (Computed on the basis of total profit for the year)	12.30	(877,127)
Diluted (Computed on the basis of total profit for the year)	12.30	(877,127)

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**22. Segment information**

The Company operates in a single business segment i.e. Business Correspondence, which has similar risks and returns for the purpose of Accounting standard 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Company operates in a single geographical segment i.e. domestic.

**23. Related parties**

**a. Names of the related parties with whom transactions have been entered**

Holding Company	IndusInd Bank Limited
Key Management Personnel	Mr. M. R. Rao- Managing Director & CEO (since July 4, 2019) Mr. Ashish Damani- Chief Financial Officer (since July 4, 2019) Mr. V. Ravi Kumar Reddy- Company Secretary (since August 16, 2019) Mr. Alok Desai- Company Secretary (April 1, 2019 till August 15, 2019)

**b. Related party transactions**

Transactions during the year	31-Mar-20	31-Mar-19
<b>Salary, incentives and perquisites</b>		
– Mr. M. R. Rao	29,428,281	-
– Mr. Ashish Damani	9,028,791	-
<b>Transactions during the year</b>		
Service fee from IndusInd Bank Limited	8,802,648,261	-
Other fee income from IndusInd Bank Limited	7,418,220	-
Expenses incurred by IndusInd Bank Limited	-	6,139,886
<b>Payable / Receivable to or from IndusInd Bank Limited</b>		
Payable to IndusInd Bank Limited towards preliminary expenses incurred by them	-	6,049,886
Payable to IndusInd Bank Limited (Under business correspondent)	219,341,335	-
Payable to IndusInd Bank Limited (Limit for liability)	1,000,000,000	-
Receivable from IndusInd Bank Limited (Offus transaction fees)	2,270,570	-
Unbilled Revenue from IndusInd Bank Limited (Service fees)	1,123,502,046	-
Unbilled revenue from IndusInd Bank Limited (Offus transaction fees)	1,645,628	-

Note: As the provisions for gratuity and leave benefits are made for the Company as a whole, the amounts pertaining to the Key Management Personnel are not specifically identified and included above.

**24. Commitments not provided for**

Particulars	March 31, 2020	March 31, 2019
For development of computer software	3,867,500	-
Estimated amount of contracts remaining to be executed on capital account	181,020,000	-

**25. Contingent Liabilities not provided for**

Particulars	March 31, 2020	March 31, 2019
Provident fund (Net of provision of Rs. 31,245,543)	62,491,087	-

The Company has received demand order dated June 15, 2018 of Rs. 93,736,630 from Employees provident fund organization, Hyderabad. The Company filed Writ Petition before Hon'ble High court at Hyderabad against the said order and received interim stay against pre-deposit of Rs. 31,245,543. The Company paid the same and have made provision in the books.

Further, The Supreme Court of India in its judgement in the case of THE REGIONAL PROVIDENT FUND COMMISSIONER (II) WEST BENGAL v/s VIVEKANANDA VIDYAMANDIR AND OTHERS on February 28, 2019 has clarified that any emolument paid universally, necessarily and ordinarily to all employees across the board is to be considered as basic wage and accordingly needs to be considered for calculation of Provident Fund contribution. The Company has been legally advised that

there are interpretative challenges on the application of the judgement retrospectively. The Company would record any further effect in its financial statements, in the period in which it receives additional clarity on the said subject, if necessary. The Company has revised the salary structure since April-19 in line with the requirement of Supreme court judgement and accordingly considered the same for calculation of provident fund contribution.

**26. Retirement benefits**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs.2,000,000 as per The Payment of Gratuity Act, 1972 as amended from time to time. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plan.

**Statement of profit and loss**

Net employees benefit expense (recognised in employees benefit expense):

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	43,432,589	-
Interest cost on benefit obligation	22,606,681	-
Expected return on plan assets	(21,597,310)	-
Net actuarial (gain) / loss recognised in the year	41,081,825	-
<b>Net employee benefit expense</b>	<b>85,523,785</b>	-
<b>Actual return on plan assets</b>	<b>23,332,274</b>	-

**Balance Sheet**

Details of provision for gratuity:

Particulars	Gratuity	
	March 31, 2020	March 31, 2019
Present value of Defined benefit obligation	556,358,151	-
Fair value of plan assets	(378,283,790)	-
<b>Plan liability</b>	<b>178,074,361</b>	-

Changes in the present value of the defined benefit obligation are as follows:

Particulars	Gratuity	
	March 31, 2020	March 31, 2019
Opening defined benefit obligation (Addition on merger)	493,545,589	-
Interest cost	22,606,681	-
Current service cost	43,432,589	-
Benefits paid	(46,043,497)	-
Actuarial (gains) / losses on obligation	42,816,789	-
<b>Closing defined benefit obligation</b>	<b>556,358,151</b>	-

Changes in the fair value of plan assets are as follows:

Particulars	Gratuity	
	March 31, 2020	March 31, 2019
Opening fair value of plan assets (Addition on merger)	400,995,012	-
Expected return	21,597,310	-
Contributions by employer	-	-
Benefits paid	(46,043,497)	-
Actuarial gains / (losses)	1,734,965	-
<b>Closing fair value of plan assets</b>	<b>378,283,790</b>	-

The Company expects to contribute Rs. 58,292,552 (March 31, 2019: Rs. Nil) to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2020	March 31, 2019
Investment with insurer	100%	-

The overall expected rate of return on assets is determined based on the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	March 31, 2020	March 31, 2019
Discount rate	6.43%	-
Expected rate of return on assets	6.43%	-
Salary escalation rate per annum	12.5% for the first two years and 7% there after	-
Attrition Rate	15%	-

Amounts for the current and previous years are as follows:

Particulars	31-Mar-20	31-Mar-19
Defined benefit obligation	556,358,151	-
Plan assets	378,283,789	-
Surplus / (deficit)	(178,074,362)	-
Experience adjustments on plan liabilities	24,729,899	-
Experience adjustments on plan assets	1,734,964	-

## 27. Expenditure in foreign currency

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Professional fees	1,049,164	-
Travelling expenses	1,762,855	-
<b>Total</b>	<b>2,812,019</b>	-

## 28. Leases (operating lease)

### Office Premises:

Head office, registered office and branch office premises are obtained on operating lease. The branch office premises are generally rented on cancellable term ranging from twelve months to thirty six months with or without escalation clause, however none of the branch lease agreement carries non-cancellable lease periods. The registered office premise has been obtained on a lease term of thirty six months with an escalation clause of five percent after every twelve months. The rent agreement for head office premise has been renewed on a lease term of nine years with an escalation clause of five percent after every twelve months. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to statement of profit and loss.

Description	March 31, 2020	March 31, 2019
Operating lease expenses recognised in the statement of profit and loss	225,749,703	-
Minimum lease obligations		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-

### Vehicles:

The Company has taken certain vehicles on cancellable operating lease. Total lease expense under cancellable operating lease during the year was Rs. 34,896,221 (Previous year: Rs. Nil).

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**29. Dues to micro, small and medium enterprises**

The information in relation to dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company, which has been relied upon by the auditors.

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	As at 31st March, 2020	As at 31st March, 2019
a) Principal amount due to suppliers under MSMED Act, 2006	5,344,973	-
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	-	-

30. The Company has commenced business since July 04, 2019 and the provision of Section 135 of the Companies Act, 2013 are not applicable, considering the paid up capital, turnover and net profit for the year ended March 31, 2019, being less than limits mentioned under the Section 135 for its applicability. The Company is providing operational and executional support to IndusInd Bank Limited in carrying out its CSR activities.

31. The Company has certain other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 25 for further details.

32. Instances of fraud for the year ended March 31, 2020 (March 31, 2019: Nil):

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount (written-off / Provision)
Cash embezzlement	878	53,300,138	24,340,659	28,959,479
Loans given against fictitious documents	58	10,849,983	3,807,026	7,042,957

33. On October 14, 2017, the Board of Directors of erstwhile Bharat Financial Inclusion Limited (e-BFIL) and the IndusInd Bank Limited, at their respective meetings, approved a Composite Scheme of Arrangement (Scheme) under Section 230-232 of the Companies Act 2013 and other applicable laws and regulations. The Scheme inter alia contemplated the merger of e-BFIL with the Bank, a preferential allotment of Share Warrants to the Promoters of the Bank, a transfer of the Business Correspondent Undertaking (BC Undertaking) contained in e-BFIL to a wholly owned subsidiary of the Bank, and dissolution of e-BFIL without winding up. For the purposes of the Scheme, IndusInd Financial Inclusion Limited (IFIL), a wholly owned subsidiary of the Bank was incorporated on August 6, 2018 after obtaining requisite regulatory approval. The Honourable National Company Law Tribunal, Mumbai Bench sanctioned the Scheme on June 10, 2019 with the Appointed Date set at January 1, 2018 as per the Scheme. The Scheme became effective on July 4, 2019.

In pursuance to the effective scheme, all assets and liabilities of e-BFIL has been transferred to IndusInd Bank Limited and subsequently all assets and liabilities of IndusInd Bank Limited related to BC Undertaking (Refer annexure below) as contained in e-BFIL has been transferred to "IndusInd Financial Inclusion Limited" (IFIL) the wholly owned subsidiary of IndusInd Bank Ltd. The transfer of assets and liabilities was made upon the coming into effect of the Scheme i.e. on July 4, 2019 and with effect from the Appointed Date i.e. January 1, 2018 as per the terms of the Scheme. IFIL has allotted 4,37,03,500 Equity Shares of Rs.10 each to the Bank in consideration of the transfer of the Business Undertaking.

Subsequently, name of the wholly owned subsidiary "IndusInd Financial Inclusion Limited" (IFIL), has been changed to "Bharat Financial Inclusion Limited" (BFIL) vide certificate of incorporation pursuant to change of name dated August 2, 2019 issued by the Registrar of Companies, Mumbai.

In pursuance to the scheme, IndusInd Bank Limited has issued equivalent stock options to the Employees of E-BFIL (to the extent of vested options of E-BFIL not exercised by them until effective date) on the Effective Date on the basis of the Share

**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2020**

(Amount in Rupees unless otherwise stated)

Exchange Ratio. Further, in order to ensure continuity and retention of the BFIL Employees with IBL, IndusInd Bank Limited has granted IBL options to the specified BFIL employee under the scheme in July-19.

**Annexure:**


Particulars	Amount (In crs)
Cash and Bank Balance	935.71
Fixed Assets	47.59
Other Assets	35.24
Deferred tax asset	10.50
<b>Total Assets (A)</b>	<b>1,029.04</b>
Employee payable	16.77
Provision for gratuity	9.26
Provision for leave benefits	14.96
Statutory Dues	9.92
Payable to IndusInd Bank	842.23
Others	92.20
<b>Total Liabilities (B)</b>	<b>985.34</b>
<b>Net Assets (A-B), for which IFIL allotted equity shares to the Bank</b>	<b>43.70</b>

34. Previous year's figures have been regrouped where necessary to conform to this year's classification.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 103523W/W100048


  
**Purushottam Nyati**  
 Partner  
 Membership No. 118970


For and on behalf of the Board of Directors of

**Bharat Financial Inclusion Limited**


(Formerly known as 'IndusInd Financial Inclusion Limited')

CIN: U65999MH2018PLC312539

  
**Ramesh Sobti**  
 Non-Executive Chairman  
 DIN: 00031034

  
**M.R.Rao**  
 Executive Vice Chairman  
 DIN: 03276291

  
**Ashish Damani**  
 Chief Financial Officer

  
**V.Ravi Kumar Reddy**  
 Company Secretary  
 ACS: A19245

Date: 27-April-20  
 Place: Mumbai

Date: 27-April-20  
 Place: Mumbai