

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

Registered Office: One World 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 2020- 2021.**

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

The Board of Directors have pleasure in presenting the 3<sup>rd</sup> Annual Report on the business and operations of the company and the Audited Financial Statements for the Financial Year ended March 31, 2021.

**1. Financial highlights**

The financial performance of the company is as under:

(INR)		
Particulars	Current Financial Year 2020-21	Previous Financial Year 2019-20*
Revenue from Operations	13,102,184,930	8,802,648,261
Other Income	64,798,783	13,742,094
<b>Total Revenue (I)</b>	<b>13,166,983,713</b>	<b>8,816,390,355</b>
Employee Benefit Expenses	8,413,398,926	6,155,692,917
Other Expenses	2,478,466,779	1,869,750,340
Depreciation and amortization Expenses	222,378,356	129,750,426
<b>Total Expenses (II)</b>	<b>11,114,244,061</b>	<b>8,255,193,683</b>
<b>Profit / (Loss) before Tax</b>	<b>2,052,739,652</b>	<b>561,196,672</b>
<b>Tax Expenses</b>	<b>517,910,857</b>	<b>161,670,163</b>
<b>Profit / (Loss) after Tax</b>	<b>1,534,828,795</b>	<b>399,526,509</b>
Earning per Share (Basic / Diluted) of Rs.10/- each fully- paid	35.12	12.30

\*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).



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

Particulars	Current Financial Year 2020-21	Previous Financial Year 2019-20
Amount Disbursed (Rs. in crores)	27,954	29,681
Gross Loan Portfolio (Rs. in crores)	25,507	22,428
Number of members (in lakhs)	98.5	96.2

As on March 31, 2021, the company had 2,289 branches with presence in 437 Districts, and 23 States, with a rural 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.

The Company ended F.Y.2020-21, with about 4.9 million of members having Savings account and about 1.3 million of members with active Recurring Deposit account in IndusInd Bank Limited and there were members that showed interest to open Fixed deposit accounts.

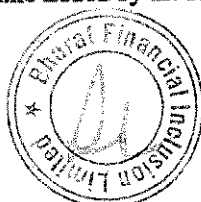
**2. State of Company's affairs and future outlook:**

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.



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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.

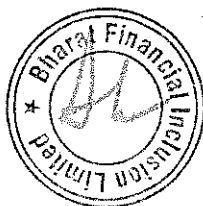
During the year under review, the company, on behalf of the Bank, disbursed an amount aggregating Rs. 27,954 crores against Rs. 29,681 crores during the previous financial year 2019-20. The decline was on account of natural calamities, viz., COVID-19 pandemic, floods and agitations in certain parts of the country, 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 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. 16.49 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. 86.52 crores and Rs. 376.35 crores respectively.

**Bharat Money Stores (BMS):**

The company had also expanded the 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 expanded its operation from 4 states to 10 states in F.Y 20-21. In addition to Odisha, Maharashtra, Karnataka and Bihar, BMS expanded its operation to states such as Madhya Pradesh, Chhattisgarh, Rajasthan, Jharkhand, Uttar Pradesh and West Bengal. BMS currently has 51,060 stores as on March 31, 2021. The volume of transaction for F.Y 20-21 was 9.3 million with value amounting to Rs.2,252 crores. During the said financial year BMS serviced 3.2 million customers and fulfilled their



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financial needs. To leverage the distribution network BMS also partnered with TPCODL – a joint venture between TATA Power and The Govt. of Odisha to introduce a fully digital network for facilitating electricity bill payments across 300 semi-urban and rural regions in Odisha.

**Loans to Retailers (Bharat Super Shop)**

The Bharat Super Shop which started as a pilot in Hyderabad in Year 2019 has been scaled to 110 cities across India in FY21. The company focuses on addressing the rising demand of working capital loans of retailer's segment, operating predominantly in Tier I to Tier III cities.

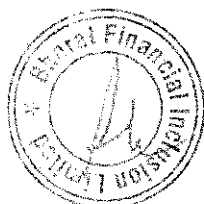
Company offers individual loans to retailers who generate daily cash flows. The gamut of products offered - such as Instant current account, recurring deposit, loans along with the convenience of payment services such as UPI/QR, mobile/whatsapp banking at the doorstep of the customer.

Company has adopted a Phygital approach where onboarding of customer is done by our loan officers and the emphasis on loan underwriting and collections are done digitally.

As on March 31, 2021, the company had dedicated 135 branches under Bharat Super Shop. In FY21, the company's Retailers Base grew to 1.65 Lacs from 7,917 and Borrower base grew to 0.8 Lacs from 6,007. Disbursement for the year grew to Rs. 477 crores from Rs. 31 crores (FY19-20). Gross advances for the year grew to Rs. 376 crores as on March 31, 2021 from Rs. 11 crores as on March 31, 2020.

**3. Dividend:**

An Interim Dividend of Rs. 13.73 (at the rate of 137.30 percent) on each fully paid-up equity share of Rs. 10 of the company amounting to Rs. 60,00,00,000 has been paid out of profit of the company for the half year ended September 30, 2020 to IndusInd Bank Limited, the only shareholder of the company.



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**4. Transfer to Reserve:**

The Board of Directors recommended that the entire amount of Profits, i.e. Rs. 1,534,828,795 be transferred to the Reserves. The Reserves and Surplus of the company as on March 31, 2021 stood at Rs. 1,328,215,418, after payment of interim dividend of Rs. 60,00,00,000.

**5. Managerial Remuneration:**

As on March 31, 2021, the company's Board of Directors comprised of 4 Non-Executive Directors and 3 Executive Directors.

No remuneration was paid to the Non-Executive Directors.

During the year under review, Mr. M. R. Rao was paid an amount of Rs.62,274,642 as remuneration in the form of Salary, Incentives and Perquisites. He held the position of Managing Director & CEO of the company until April 16, 2020 and thereafter as Executive Vice Chairman for the period April 17, 2020 to March 31, 2021.

During the year under review, Mr. Shalabh Saxena was appointed as Additional Director designated as Managing Director & CEO of the company on November 6, 2020. An amount of Rs.6,252,221 was paid to Mr. Saxena as remuneration in the form of Salary, Incentives and Perquisites as Managing Director & CEO of the company.

During the year under review, Mr. Ashish Damani was appointed as Additional Director designated as Executive Director and Chief Financial Officer of the company on November 6, 2020 and an amount of Rs.5,773,275 was paid to him as remuneration in the form of Salary, Incentives and Perquisites as Executive Director and CFO 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 MGT-7, forming part of this report.



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

Considering the nature of its activities as a BC engaged in the financial service sector, 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.12,522,645 towards Professional Fees and Travelling expenses but had Nil Foreign Exchange earnings.

**7. Changes in Share Capital:**

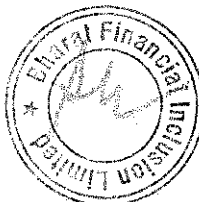
During the year under review, there was no change in the share capital of the company. As at the end of F.Y. 2020-21, Authorised Share Capital of the company was Rs.600,000,000, comprised of 60,000,000 equity shares of Rs.10 each and the Paid-up Share Capital was Rs.437,035,070 comprising 43,703,507 fully paid-up shares of Rs.10 each.

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

As on March 31, 2021, the composition of the Board of Directors of the company was as mentioned hereunder:

Sr. No.	Name of the Director	DIN
1	Mr. Sumant Kathpalia	01054434
2	Mr. Ramachandra Rao Madapati*	03276291
3	Mrs. Akila Krishnakumar	06629992
4	Mr. Sanjeev Anand	07074653
5	Mr. Sanjay Vijay Mallik	08194530
6	Mr. Shalabh Saxena	08908237
7	Mr. Ashish Damani	08908129

\*Mr. Ramachandra Rao Madapati had resigned from the position of Executive Vice Chairman of the Company with effect from closing hours of March 31, 2021 and was appointed as Non-Executive Vice Chairman of the Company for the period of two years



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with effect from April 1, 2021. The appointment was approved by the Board of Directors at their meeting held on March 25, 2021.

Details of Key Managerial Personnel other than Executive Directors 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 Damani	Chief Financial Officer	July 4, 2019	--
2.	Mr. V. Ravi Kumar Reddy	Company Secretary	August 16, 2019	--
3.	Mr. Shalabh Saxena	CEO	April 27, 2020	

Mr. Shalabh Saxena and Mr. Ashish Damani were appointed as Managing Director & CEO and Executive Director & CFO, respectively with effect from November 6, 2020.

**Change in Directors and Key Managerial Personnel during the year under review:**

Mr. M. R. Rao, Managing Director & CEO, was designated by the Board as Executive Vice-Chairman with effect from April 17, 2020. He resigned from the position of Executive Vice Chairman with effect from closing hours of March 31, 2021 and was appointed by the Board as Non-Executive Vice Chairman for a period of two years with effect from April 1, 2021 subject to the approval of the Shareholders.

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

Mr. Ashish Damani was designated by the Board as Chief Financial Officer and Chief Operating Officer with effect from April 17, 2020.

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



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Mr. Romesh Sobti (DIN 00031034), resigned from the Board with effect from 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:**

During the year under review:

- a) Mr. Sumant Kathpalia (DIN- 01054434) was appointed as Non-Executive Non-Independent Director of the company with effect from April 14, 2020. The Shareholders at their meeting held on September 24, 2020, approved the appointment of Mr. Sumant Kathpalia.
- b) Mrs. Akila Krishnakumar (DIN- 06629992) was appointed as Non-Executive Non-Independent Woman Director of the company with effect from September 15, 2020. The Shareholders at their meeting held on September 24, 2020, approved the appointment of Mrs. Akila Krishnakumar.
- c) Mr. M. R. Rao, Managing Director & CEO, was designated by the Board as Executive Vice-Chairman, for a period of two years with effect from April 17, 2020. The Shareholders at their meeting held on September 24, 2020, approved the appointment of Mr. Rao. He resigned from the position of Executive Vice Chairman with effect from closing hours of March 31, 2021 and was appointed by the Board as Non-Executive Vice Chairman with effect from April 1, 2021 subject to the approval of the Shareholders.
- d) Mr. Shalabh Saxena (DIN- 08908237), was appointed as Additional Director designated as Managing Director & CEO with effect from November 6, 2020 for a period of 5 years subject to the approval of the Shareholders and
- e) Mr. Ashish Damani (DIN-08908129), was appointed as Executive Director and Chief Financial Officer with effect from November 6, 2020 for a period of 5 years subject to the approval of the Shareholders





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Approval of the Shareholders is being requested by the Board for the appointment of Mr. Shalabh Saxena (DIN- 08908237) as Managing Director & CEO, Mr. Ashish Damani (DIN-08908129) as Executive Director & Chief Financial Officer and Mr. M. R. Rao as Non-Executive Vice Chairman of the company.

**9. 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.

Mr. M. R. Rao (DIN: 03276291) was re-appointed as Director of the company by the members at their 2<sup>nd</sup> Annual General Meeting held on September 24, 2020.

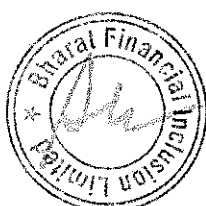
The Board recommends Mr. Sanjeev Anand (DIN: 07074653), who has been longest in Office of the Director as a Director, for retirement by rotation at the ensuing AGM, and being eligible offers himself for re-appointment.

The Board recommends re-appointment of Mr. Sanjeev Anand (DIN: 07074653) as Director of the company in category of Non-Executive Director.

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

During the year under review, the Board of Directors of the company met nine times: On April 17, 2020; April 27, 2020; July 27, 2020; September 18, 2020; October 29, 2020; November 6, 2020; December 31, 2020; January 28, 2021 and March 25, 2021.

DIN	Name of the Director	Number of Board Meetings attended during the year.
00031034	Mr. Romesh Sobti*	2/2
01054434	Mr. Sumant Kathpalia	8/9
03276291	Mr. Ramchandra Rao Madaputi	9/9
06941577	Mr. Suhail Chander**	2/2
07074653	Mr. Sanjeev Anand	9/9
08194530	Mr. Sanjay Mallik	8/9
06629992	Mrs. Akila Krishnakumar#	5/6
08908237	Mr. Shalabh Saxena@	3/3
08908129	Mr. Ashish Damani@	3/3



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\* Mr. Romesh Sobti resigned from the position of Director w. e. f. July 8, 2020.

\*\*Mr. Suhail Chander resigned from the position of Director w. e. f. June 2, 2020.

# Mrs. Akila Krishnakumar was appointed as Director w. e. f. September 15, 2020.

@ Mr. Shalabh Saxena and Mr. Ashish Damani were appointed as Additional Directors of the Company with effect from November 6, 2020.

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

#### **11. 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 evaluations for the Directors and the Board are done through questionnaires, one each for Non-Executive Directors, Executive Directors and the Board.

#### **12. 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.

#### **13. 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, from the first annual general meeting until 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.



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**14. 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.

**15. Secretarial Audit Report**

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s Bhandari & Associates, Company Secretaries in Practice, to undertake Secretarial Audit of the Bank for FY 2020-21. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished at Annexure I, and forms an integral part of this Report.

The Secretarial Audit Report submitted by M/s Bhandari & Associates for FY 2020-21 does not contain any qualification, reservation or adverse remark.

**16. 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.

**17. Responses to Auditors' Remarks**

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

**18. 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 Committee.



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**19. Extract of Annual Return**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2021, in the prescribed Form MGT-7 is available on the website of the company at <https://www.bfil.co.in/document/PDF/MGT-7%20Annual%20Return%202020-21.pdf>

**20. 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, has led to an unprecedented level of disruption on socio-economic front across the country. The extent to which COVID-19 pandemic, including the current second wave that has sharply increased the number of cases in India, will continue to impact the company's operations and financial results are 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.

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.



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**21. 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 Audited Financial Statements, for the year under review.

**22. Deposits**

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

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

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

**24. 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, 2021.

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

As at March 31, 2021 the company had 27,561 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



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Tel: (022) 6641 2487 / 2359; E-mail: [companysecretary@indusind.com](mailto:companysecretary@indusind.com);

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

The company had received 11 complaints alleging sexual harassment at workplace during the financial year 2020-21. 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
11	10	1

**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)**

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. The CSR Policy is available on the company's website at the link given below :

<https://www.bfil.co.in/document/PDF/CSR%20policy.pdf>

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 Members of CSR Committee, as on March 31, 2021 were:

1. Mr. Sumant Kathpalia
2. Mr. M.R. Rao
3. Mr. Sanjeev Anand

The provisions of Section 135 of the Companies Act, 2013 were applicable with effect from April 1, 2020. In terms of provisions of Section 135, the total obligation of the company for the F.Y.2020-21 was Rs.5,075,263/-, being 2% of the average of net profits for the F.Y.2018-19 and 2019-20, since the Company had commenced its operations since July 4, 2019.

Due to the COVID19 pandemic, the CSR activities related to identified projects were laggard on-ground and long to medium term projects could not be initiated due to the same and the obligation amount of Rs.5,075,263/- was unspent for the financial year. The amount was transferred to Unspent CSR Account on April 30, 2021.

The details of CSR expenses related to the year under review are mentioned in Note No.30 of the Financial Statements of the company for the year.

The Report on CSR activities undertaken by the Bank is set out at Annexure II and forms an integral part of this Report.



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**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.

**29. Other Disclosures :**

- i) During the year under review there were no applications made or proceedings pending under Insolvency and Bankruptcy Code, 2016 (31 of 2016).
- ii) During the year under review there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;
- iii) Details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof: N.A.

**30. 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.





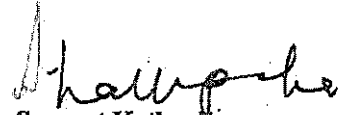
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The Board looks forward to the company growing in a supportive environment.

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

**Place: Mumbai**  
**Date: August 24, 2021**

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

# **BHANDARI & ASSOCIATES**

Company Secretaries

901, Kamla Executive Park, Off. Andheri Kurla Road,

J. B. Nagar, Andheri East. Mumbai- 400 059

Tel: +91 22 4221 5300 Fax: +91 22 4221 5303

Email: bhandariandassociates@gmail.com

## **SECRETARIAL AUDIT REPORT**

### **FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2021**

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members,

**Bharat Financial Inclusion Limited** (Formerly known as IndusInd Financial Inclusion Limited)

**CIN: U65999MH2018PLC312539**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Bharat Financial Inclusion Limited** (Formerly known as IndusInd Financial Inclusion Limited) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings#;

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

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011#;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015#;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014#;
- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018# ;

*# The Regulations or Guidelines, as the case may be were not applicable for the period under review.*

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

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, if applicable#.

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

**We further report that -**

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

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the period under review, decisions were carried through unanimously and no dissenting views were observed, while reviewing the minutes.

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

**We further report that** during the audit period, the Company has no specific events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

**For Bhandari & Associates**

**Company Secretaries**

Firm Registration No: P1981MH043700



**Manisha Maheshwari**

**Partner**

ACS No: 30224; C P No.: 11031

Mumbai | August 12, 2021

ICSI UDIN: A030224C000772141

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

To,  
The Members,  
**Bharat Financial Inclusion Limited** (Formerly known as IndusInd Financial Inclusion Limited)  
**CIN: U65999MH2018PLC312539**

Our Secretarial Audit Report for the Financial Year ended on March 31, 2021 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Bhandari & Associates**  
**Company Secretaries**

Firm Registration No: P1981MH043700


**Manisha Maheshwari**  
**Partner**

ACS No: 30224; CP. No: 11031  
Mumbai | August 12, 2021  
ICSI UDIN: A030224C000772141

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**ANNEXURE -III**

**ANNUAL REPORT ON CSR ACTIVITIES FOR FINANCIAL YEAR 2020-21:**

**1) Brief outline on CSR Policy of the Company.**

The BFIL – CSR policy aims to benefit communities at large and contribute to, over a period of time, enhancement in the quality of life and economic well-being of local populace. The earmarked annual budget of not less than 2% of average net profit shall be utilized for CSR programs decided by Board on recommendation of the CSR committee. In addition, the Company may also collaborate with IndusInd Bank for undertaking CSR programs. The thrust areas of the CSR programs are identified as Education & Skill development, Health, Community Development, Environment and any other activity as may be identified by the CSR committee.

**2) Composition of CSR Committee:**

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Sumant Kathpalia	Chairman of the Committee	-	-
2.	Mr. M.R.Rao	Member	-	-
3.	Mr. Sanjeev Anand	Member	-	-

Mr. Romesh Sobti, upon his resignation from the Board w.e.f. July 8, 2020, ceased to be the member of the Committee.



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- 3) Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

<https://www.bfil.co.in/document/PDF/CSR%20policy.pdf>

- 4) Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) : N.A.

- 5) Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : N.A.

SL No.	Financial Year	Amount available for set-off from preceding years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1		NA	NA
2			
3			
TOTAL			

- 6) Average net profit of the company as per section 135(5): Rs. 253,763,152

\*The Company commenced its operations with effect from July 4, 2019 and the provisions of Section 135 were not applicable for the year ended March 31, 2020, considering the paid-up capital, turnover and net-profit for the year ended March 31, 2019, being less than the limits mentioned under Section 135 for its applicability.

- 7) a) Two percent of average net profit of the company as per section 135(5) : Rs.50,75,263  
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years- Nil  
c) Amount required to be set off for the financial year, if any - Nil  
d) Total CSR obligation for the financial year (7a+7b- 7c): Rs. 50,75,263



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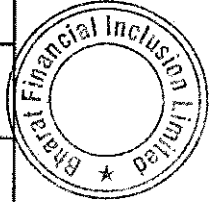
Tel: (022) 6641 2487 / 2359; E-mail: [companysecretary@indusind.com](mailto:companysecretary@indusind.com);

8) a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)			
	Total Amount transferred to Unspent CSR Account as per section 135(6).	Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund.	Date of transfer.
Nil	Rs 5,075,263	April 30, 2021	-	-

b) Details of CSR amount spent against ongoing projects for the financial year: N.A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No. of the Project.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project.	Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through Implementing Agency
1.				State.	District.					CSR Registration number.
2.										







9) (a) Details of Unspent CSR amount for the preceding three financial years: N.A.

SL No.	Preceding Financial Year.	Amount transferred to Unspent Account under section 135 (6) (Rs.)	Amount spent in the CSR reporting financial year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per remaining in section 135(6), if any.	Name of Amount the Fund (in Rs.)	Date of transfer.	Amount spent in succeeding financial years. (in Rs.)
1.							
2.							
3.							
	TOTAL						

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

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



10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): N.A.

- a) Date of creation or acquisition of the capital asset(s).
- b) Amount of CSR spent for creation or acquisition of capital asset.
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) :

In the F.Y.2020-21, the Company had begun project identification activities under the thematic area wise intervention viz, Livelihood, Environment, Healthcare, and Education aiming towards social upliftment of rural communities from the socially under-served areas. As part of the project identification activities, we also initiated collaboration with key public -stakeholders towards meeting common goals and leveraging convergence. Further, the projects shortlisted and identified include: a) Bharat Sanjeevani – To provide doorstep livestock care services in select districts of Telangana b) Watershed at Nilur village, Kalaburagi, Karnataka in association with NABARD. However, due to the COVID19 pandemic, the activities were lagged on-ground and long to medium term projects could not be initiated due to the same. CSR activities to define the project details continued during the year, without much scope for actualization due to the pandemic.

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

  
Sumant Kathpalia  
Chairman  
DIN: 01054434

Place: Mumbai  
Date: August 24, 2021

# 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** (Formerly known as IndusInd Financial Inclusion Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2021, 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 (hereinafter referred to as "financial statements").

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, 2021, 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 on the financial statements.

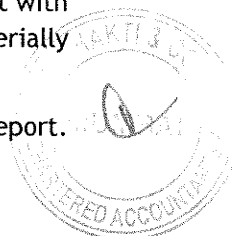
#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report but does not include the 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 Directors' 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 position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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.

The 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



# HARIBHAKTI & CO. LLP

Chartered Accountants

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.

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

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

## Report on Other Legal and Regulatory Requirements

(1) As required by 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 prescribed 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, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";
- g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act;

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;

- 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:

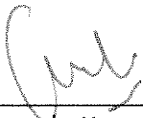


# HARIBHAKTI & CO. LLP

Chartered Accountants

- (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: 21118970AAAADS2966



Place: Mumbai  
Date: April 29, 2021

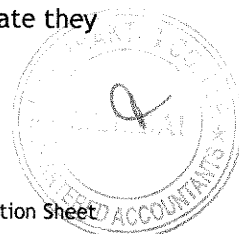
## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Bharat Financial Inclusion Limited (Formerly known as IndusInd Financial Inclusion Limited) on the financial statements for the year ended March 31, 2021]

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, the fixed assets of the Company have been physically verified by the management no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.  
  
(c) The Company does not own any immovable property recorded as fixed assets in the books of account of the Company during the year. Accordingly, clause 3(i)(c) of the Order is not applicable to the Company.
- (ii) The Company is in the business of providing services and it does not have any inventory. Accordingly, clause 3(ii) of the Order is 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 any loan, made any investment, provided any guarantee and security covered under sections 185 and 186 of the Act. Accordingly, 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 regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services 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.





# HARIBHAKTI & CO. LLP


Chartered Accountants

- (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.
- (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.3,28,78,598 out of which an amount of Rs.1,55,29,882 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 section 188 of the 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) of the Order insofar 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 them 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: 21118970AAAADS2966



Place: Mumbai

Date: April 29, 2021

## ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of **Bharat Financial Inclusion Limited** (Formerly known as IndusInd Financial Inclusion Limited) on the financial statements for the year ended March 31, 2021]

### **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** (Formerly known as IndusInd Financial Inclusion Limited) ("the Company") as of March 31, 2021 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;



# HARIBHAKTI & CO. LLP

Chartered Accountants

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

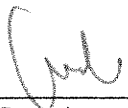
## Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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, 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, 2021, 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: 21118970AAAADS2966



Place: Mumbai  
Date: April 29, 2021

**Bharat Financial Inclusion Limited**  
(Formerly known as 'IndusInd Financial Inclusion Limited')  
Balance Sheet as at March 31, 2021

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-21	31-Mar-20
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	437,035,070	437,035,070
Reserves and surplus	4	1,328,215,418	393,386,623
		<b>1,765,250,488</b>	<b>830,421,693</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	123,264,473	178,074,361
		<b>123,264,473</b>	<b>178,074,361</b>
<b>Current liabilities</b>			
Other current liabilities	6	7,761,565,420	2,299,954,645
Short-term provisions	7	155,744,981	153,514,564
		<b>7,917,310,401</b>	<b>2,453,469,209</b>
<b>TOTAL</b>		<b>9,805,825,362</b>	<b>3,461,965,263</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment			
Tangible assets	8	581,884,259	423,355,385
Intangible assets	9	81,830,243	75,986,996
Intangible assets under development		-	8,282,500
Deferred tax assets (net)	10	57,173,772	72,433,307
Long-term loans and advances	11	1,275,395,672	744,611,180
		<b>1,996,283,946</b>	<b>1,324,669,368</b>
<b>Current assets</b>			
Trade receivables	12	6,868,774	2,270,570
Cash and bank balances	13	6,175,506,122	632,739,484
Short-term loans and advances	14	230,203,207	377,138,167
Other current assets	15	1,396,963,313	1,125,147,674
		<b>7,809,541,416</b>	<b>2,137,295,895</b>
<b>TOTAL</b>		<b>9,805,825,362</b>	<b>3,461,965,263</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

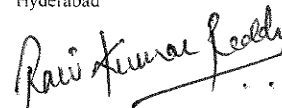
  
Parushottam Nyati  
Partner  
Membership No. 118970  
Mumbai

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

   
Sumant Kathpalia  
Non-Executive Chairman  
DIN: 01054434  
Mumbai

Shalabh Saxena  
Managing Director & CEO  
DIN: 08908237  
Hyderabad

  
Ashish Damani  
Executive Director & CFO  
DIN: 08908129  
Hyderabad

  
V. Ravi Kumar Reddy  
Company Secretary  
ACS: A19245  
Hyderabad

Date: 29-April-21

Date: 29-April-21



**Bharat Financial Inclusion Limited**  
(Formerly known as 'IndusInd Financial Inclusion Limited')  
Statement of profit and loss for the year ended March 31, 2021

(Amount in Rupees unless otherwise stated)

	Notes	31-Mar-21	31-Mar-20
Revenue from operations	16	13,102,184,930	8,802,648,261
Other Income	17	64,798,783	13,742,094
<b>Total Revenue (I)</b>		<b>13,166,983,713</b>	<b>8,816,390,355</b>
<b>Expenses</b>			
Employee benefits expense	18	8,413,398,926	6,255,692,917
Other expenses	19	2,478,466,779	1,869,750,340
Depreciation and amortization expenses	20	222,378,356	129,750,426
<b>Total expenses (II)</b>		<b>11,114,244,061</b>	<b>8,255,193,683</b>
<b>Profit before tax (III)=(I)-(II)</b>		<b>2,052,739,652</b>	<b>561,196,672</b>
<b>Tax expenses</b>			
Current tax		502,651,322	129,061,580
Deferred tax		15,259,535	32,608,583
<b>Total tax expense (IV)</b>		<b>517,910,857</b>	<b>161,670,163</b>
<b>Profit after tax (III)-(IV)</b>		<b>1,534,828,795</b>	<b>399,526,509</b>
<b>Earnings per equity share</b>			
[Nominal value of share Rs.10 (March 31, 2020: Rs.10)]	21		
<b>Basic</b>		<b>35.12</b>	<b>12.30</b>
<b>Diluted</b>		<b>35.12</b>	<b>12.30</b>

Summary of significant accounting policies 2.1


The accompanying notes are an integral part of the financial statements

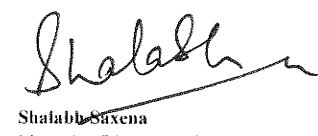
As per our report of even date attached

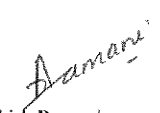
For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 103523W/W100048

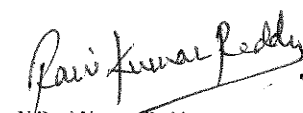
For and on behalf of the Board of Directors of  
**Bharat Financial Inclusion Limited**  
(Formerly known as "IndusInd Financial Inclusion Limited")  
CIN: U65999MH2018PLC312539

  
Poojashottam Nyati  
Partner  
Membership No. 118970  
Mumbai

  
Sumant Kathpalia  
Non-Executive Chairman  
DIN: 01054434  
Mumbai

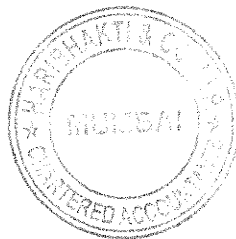
  
Shalabh Saxena  
Managing Director & CEO  
DIN: 08908237  
Hyderabad

  
Ashish Damani  
Executive Director & CFO  
DIN: 08908129  
Hyderabad

  
V.Ravi Kumar Reddy  
Company Secretary  
ACS: A19245  
Hyderabad

Date: 29-April-21

Date: 29-April-21



**Bharat Financial Inclusion Limited**  
(Formerly known as 'Indusind Financial Inclusion Limited')  
Cashflow statement for the year ended March 31, 2021

(Amount in Rupees unless otherwise stated)

	31-Mar-21	31-Mar-20
<b>Cash flow from operating activities</b>		
Profit before tax	2,052,739,652	561,196,672
Adjustments for:		
Depreciation and amortization expenses	222,378,356	129,750,426
Provision for employee benefits	(52,579,471)	89,411,342
(Profit) / loss on sale of property, plant and equipment	411,766	122,025
Other provisions and write offs	19,458,056	27,459,962
<b>Operating profit before working capital changes</b>	<b>2,242,408,359</b>	<b>807,940,427</b>
Adjustments for:		
Increase / (decrease) in other current liabilities	5,461,610,775	(7,422,451,994)
Decrease / (increase) in trade receivables	(4,598,204)	(2,270,570)
Decrease / (increase) in loans and advances	124,573,094	(40,870,269)
Decrease / (increase) in other current assets	(271,815,639)	(1,125,147,674)
Cash generated from / (used in) operations	7,552,178,385	(7,782,800,080)
Direct taxes paid (net of refunds)	(1,030,532,004)	(775,915,180)
<b>Net cash generated from / (used in) operating activities (A)</b>	<b>6,521,646,381</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	(384,655,507)	(167,964,691)
Proceeds from sale of property, plant and equipments	5,775,764	2,344,823
<b>Net cash used in investing activities (B)</b>	<b>(378,879,743)</b>	<b>(165,619,868)</b>
<b>Cash flows from financing activities</b>		
Interim Dividend paid	(600,000,000)	-
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(600,000,000)</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>5,542,766,638</b>	<b>(8,724,335,128)</b>
Cash and cash equivalents at the beginning of the year	632,739,484	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>6,175,506,122</b>	<b>632,739,484</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	867,149,734	73,285,584
Balance with banks:		
- on current account (excluding unclaimed dividend accounts)	5,308,356,388	559,453,900
<b>Total cash and cash equivalents</b>	<b>6,175,506,122</b>	<b>632,739,484</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
3. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements"

Summary of significant accounting policies


2.1

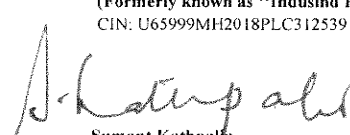
The accompanying notes are an integral part of the financial statements

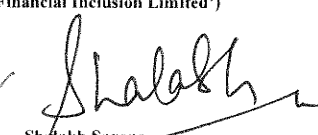
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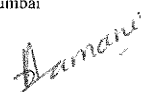
For Haribhakti & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 103523W/W100048


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

  
Purnabottam Nyati  
Partner  
Membership No. 118970  
Mumbai

  
Sumant Kathpalia  
Non-Executive Chairman  
DIN: 01054434  
Mumbai

  
Shalabh Saxena  
Managing Director & CEO  
DIN: 08908237  
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Ashish Damani  
Executive Director & CFO  
DIN: 08908129  
Hyderabad

  
V. Ravi Kumar Reddy  
Company Secretary  
ACS: A19245  
Hyderabad

Date: 29-April-21

Date: 29-April-21



**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021***(Amount in Rupees unless otherwise stated)***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. 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 Statement of Profit and loss in the previous financial year

**d. Tangible assets**

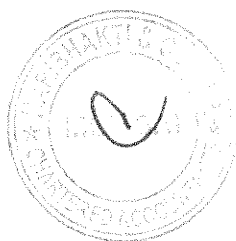
All Property, plant and equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, non-refundable duties and taxes and directly attributable cost of bringing the asset to its working condition for the intended use.

**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.

**f. Intangible assets under development**

Expenditure on development eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.



**g. 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 Act 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 considering 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.

**h. 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 considered, 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.

**i. 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.

**j. 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 statement of Profit and Loss.
- 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.





**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021***(Amount in Rupees unless otherwise stated)***k. 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 based on 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.

**l. 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.

**m. 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.

**n. Segment reporting**

The Company operates in a single business segment i.e. Business Correspondence and accordingly there are no separate reportable segments as per 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. The Company operates in a single geographical segment i.e. domestic.



**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021***(Amount in Rupees unless otherwise stated)***o. 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.

**p. 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.

**q. 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 noncash nature and any deferrals or accruals of past or future cash receipts or payments.

**r. Corporate Social Responsibility**

Expenditure incurred towards corporate social responsibility obligations in accordance with Companies Act, 2013, is recognised in the Profit and Loss account

**s. 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.



**Bharat Financial Inclusion Limited**  
(Formerly known as 'IndusInd Financial Inclusion Limited')  
Notes to financial statements for the year ended March 31, 2021

(Amount in Rupees unless otherwise stated)

3. Share capital	31-Mar-21	31-Mar-20
<b>Authorized</b>		
60,000,000 (March 31, 2020: 60,000,000) equity shares of Rs.10/- each	600,000,000	600,000,000
<b>Issued, subscribed and fully paid-up</b>		
43,703,507 (March 31, 2020: 43,703,507) equity shares of Rs.10/- each fully paid up	437,035,070	437,035,070
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>437,035,070</b>	<b>437,035,070</b>

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

	31-Mar-21		31-Mar-20	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	43,703,507	437,035,070	7	70.00
Issued during the year (refer note 33)	-	-	43,703,500	437,035,000
<b>Outstanding at the end of the year</b>	<b>43,703,507</b>	<b>437,035,070</b>	<b>43,703,507</b>	<b>437,035,070</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 effectiveness of Composite Scheme of Arrangement on July 04, 2019, 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 during the year ended March 31, 2020. (refer note 33)

**(d) Details of shares held by holding company**

Equity shares of Rs.10 each fully paid	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding in the	No. of Shares	% holding in the
IndusInd Bank Limited	43,703,501	100.00%	43,703,501	100.00%

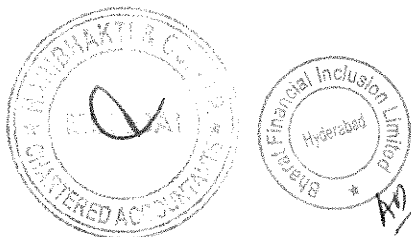
**(e) Details of shareholders holding more than 5% shares in the Company**

Equity shares of Rs.10 each fully paid	As at March 31, 2021		As at March 31, 2020	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
IndusInd Bank Limited	43,703,501	100.00%	43,703,501	100.00%

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-21	31-Mar-20
<b>Surplus/ (deficit) in the statement of profit and loss</b>		
Balance as per last financial statements	393,386,623	(6,139,886)
Add: Profit/ (Loss) for the year	1,534,828,795	399,526,509
Less: Interim Dividend	(600,000,000)	-
<b>Total reserves and surplus</b>	<b>1,328,215,418</b>	<b>393,386,623</b>

An Interim Dividend of Rs. 13.73 (at the rate of 137.30 percent) on each fully paid-up equity share of Rs. 10 of the company amounting to Rs. 60,00,00,000 has been paid out of profit of the company for the half year ended September 30, 2020 to IndusInd Bank Limited, the only shareholder of the company.



**Bharat Financial Inclusion Limited**  
(Formerly known as 'IndusInd Financial Inclusion Limited')

Notes to financial statements for the year ended March 31, 2021

(Amount in Rupees unless otherwise stated)

5. Long-term Provisions	31-Mar-21	31-Mar-20
Provision for gratuity (refer note 26 & 33)	123,264,473	178,074,361
	<b>123,264,473</b>	<b>178,074,361</b>

6. Other current liabilities	31-Mar-21	31-Mar-20
Employee benefits payable	692,294,163	544,335,665
Payable to IndusInd Bank (refer note 23)	5,335,124,408	1,219,341,335
Expenses payable	129,534,020	183,689,240
Other payable	1,464,198,244	228,239,891
Statutory dues payable	140,414,585	124,348,514
	<b>7,761,565,420</b>	<b>2,299,954,645</b>

7. Short-term Provisions	31-Mar-21	31-Mar-20
Provision for leave benefits (refer note 33)	155,744,981	153,514,564
	<b>155,744,981</b>	<b>153,514,564</b>

8. Property, Plant and Equipment	Furniture and fixtures	Computers	Office equipments	Vehicles	Total
<b>Cost</b>					
At April 1, 2019	-	-	-	-	-
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)	-	(29,687,557)
<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>
Additions	24,339,281	318,156,677	17,462,007	-	359,957,965
Disposals	(5,966,094)	(17,348,481)	(9,831,716)	-	(33,146,291)
<b>At March 31, 2021</b>	<b>232,653,647</b>	<b>980,426,514</b>	<b>136,982,899</b>	<b>3,307,622</b>	<b>1,353,370,683</b>

<b>Depreciation</b>					
At April 1, 2019	-	-	-	-	-
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>
Charge for the year	15,368,769	167,561,988	11,902,743	408,060	195,241,560
Disposals	(5,351,708)	(13,485,213)	(8,121,839)	-	(26,958,760)
<b>At March 31, 2021</b>	<b>115,557,864</b>	<b>595,490,914</b>	<b>57,191,514</b>	<b>3,246,131</b>	<b>771,486,424</b>

<b>Net Block</b>					
At March 31, 2020	108,739,657	238,204,179	75,941,998	469,550	423,355,385
At March 31, 2021	117,095,783	384,935,600	79,791,385	61,491	581,884,259

All assets have been recognised at cost

9. Intangible assets	Computer software	Total
<b>At April 1, 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>
Addition	32,980,043	32,980,043
<b>At March 31, 2021</b>	<b>389,731,140</b>	<b>389,731,140</b>

<b>Amortisation</b>		
At April 1, 2019	-	-
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>
Charge for the year	27,136,796	27,136,796
<b>At March 31, 2021</b>	<b>307,900,897</b>	<b>307,900,897</b>

<b>Net block</b>		
At March 31, 2020	75,986,996	75,986,996
At March 31, 2021	81,830,243	81,830,243



**Bharat Financial Inclusion Limited**

(Formerly known as 'Indusind Financial Inclusion Limited')

Notes to financial statements for the year ended March 31, 2021

(Amount in Rupees unless otherwise stated)

<b>10. Deferred tax assets</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	39,197,897	38,636,545
Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	(4,246,069)	4,953,637
Impact of provision for other assets	22,221,944	28,843,125
<b>Deferred tax asset (refer note 33)</b>	<b>57,173,772</b>	<b>72,433,307</b>
<b>Deferred tax asset recognised</b>	<b>57,173,772</b>	<b>72,433,307</b>
<b>11. Long term loans and advances</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>A. Security deposits</b>		
Unsecured, considered good	53,265,267	50,316,258
	<b>53,265,267</b>	<b>50,316,258</b>
<b>b. Advances recoverable in cash or kind</b>		
Unsecured, considered good	47,396,123	47,441,322
Unsecured, considered doubtful	88,294,442	114,602,372
	<b>135,690,565</b>	<b>162,043,694</b>
Provision for doubtful advances	(88,294,442)	(114,602,372)
	<b>47,396,123</b>	<b>47,441,322</b>
<b>C. Other loans and advances (unsecured, considered good)</b>		
Advance income tax (net of provision)	1,174,734,282	646,853,600
	<b>1,174,734,282</b>	<b>646,853,600</b>
<b>Total (A+B+C)</b>	<b>1,275,395,672</b>	<b>744,611,180</b>
<b>12. Trade receivables</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Unsecured, considered good		
Outstanding for a period less than six months from the date they are due for payment (refer note 23)	6,868,774	2,270,570
	<b>6,868,774</b>	<b>2,270,570</b>
<b>13. Cash and bank balances</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>Cash and cash equivalents</b>		
Balances with banks		
On current accounts	5,308,356,388	559,453,900
Cash on hand	867,149,734	73,285,584
	<b>6,175,506,122</b>	<b>632,739,484</b>
<b>14. Short term loans and advances</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
<b>A. Advances recoverable in cash or kind</b>		
Unsecured, considered good	44,497,443	190,636,148
	<b>44,497,443</b>	<b>190,636,148</b>
<b>B. Other loans and advances (unsecured, considered good)</b>		
Prepaid expenses	185,705,764	186,502,019
	<b>185,705,764</b>	<b>186,502,019</b>
<b>Total (A+B)</b>	<b>230,203,207</b>	<b>377,138,167</b>
<b>15. Other current assets</b>	<b>31-Mar-21</b>	<b>31-Mar-20</b>
Unbilled revenue (refer note 23)	1,396,963,313	1,125,147,674
	<b>1,396,963,313</b>	<b>1,125,147,674</b>



**Bharat Financial Inclusion Limited**  
(Formerly known as 'Indusind Financial Inclusion Limited')  
Notes to financial statements for the year ended March 31, 2021

16. Revenue from operations	31-Mar-21	31-Mar-20
Service Fee	13,102,184,930	8,802,648,261
	<b>13,102,184,930</b>	<b>8,802,648,261</b>

17. Other income	31-Mar-21	31-Mar-20
Fees on other services	41,708,315	7,668,151
Miscellaneous income	23,090,468	6,073,943
	<b>64,798,783</b>	<b>13,742,094</b>

18. Employee benefits expense	31-Mar-21	31-Mar-20
Salaries and bonus / incentives	7,474,789,497	5,624,239,576
Leave benefits	130,189,427	80,888,947
Contribution to provident fund	378,683,541	237,910,228
Contribution to Employee State Insurance Corporation	110,129,605	83,031,031
Gratuity expenses (refer note 26)	163,548,862	85,523,785
Staff welfare expenses	156,057,994	144,099,350
	<b>8,413,398,926</b>	<b>6,255,692,917</b>

Contribution to provident fund is netted off with amount of Rs.4,954,153 received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana" for the year ended March 31, 2021 (March 31, 2020: Rs.8,616,486). Refer note 2.1 (s)

19. Other expenses	31-Mar-21	31-Mar-20
Rent	329,066,455	225,749,703
Rates and taxes	195,301,534	39,109,604
Insurance	371,151,954	249,503,343
Repairs and maintenance		
Plant and equipment	117,459,886	86,052,105
Others	210,087,264	125,547,861
Electricity charges	54,544,069	40,733,096
Travelling and conveyance	664,067,055	604,924,910
Communication expenses	90,026,294	69,387,531
Printing and stationery	146,447,953	111,858,726
Legal and professional fees	126,756,712	94,552,488
Directors' sitting fees	225,000	1,250,000
Auditors' remuneration (refer note A below)	2,041,826	1,650,550
Corporate social responsibility (refer note 30)	5,075,263	-
Loss on sale of property, plant and equipment	411,766	122,025
Other provisions and write off	19,458,056	27,459,962
Bank charges	72,029,034	91,743,034
Miscellaneous expenses	74,316,658	100,105,402
	<b>2,478,466,779</b>	<b>1,869,750,340</b>

A. Payment to auditors	31-Mar-21	31-Mar-20
Audit fee	1,400,000	1,100,000
Limited review	600,000	400,000
Other services (certification fees)	-	-
Reimbursement of expenses	41,826	150,550
	<b>2,041,826</b>	<b>1,650,550</b>

20. Depreciation and amortisation expense	31-Mar-21	31-Mar-20
Depreciation of property, plant and equipment	195,241,560	104,837,189
Amortisation of intangible assets	27,136,796	24,913,237
	<b>222,378,356</b>	<b>129,750,426</b>

21. Earnings per share (EPS)	31-Mar-21	31-Mar-20
Earning available to equity shareholders	1,534,828,795	399,526,509
Weighted average number of equity shares in calculating basic EPS	43,703,507	32,479,111
Weighted average number of equity shares in calculating diluted EPS	43,703,507	32,479,111
Basic	35.12	12.30
Diluted	35.12	12.30



**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021***(Amount in Rupees unless otherwise stated)***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 for the year ended March 31, 2020	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)
Key Management Personnel for the year ended March 31, 2021	Mr. M. R. Rao- Managing Director & CEO (from April 1, 2020 till April 16, 2020) Mr. M. R. Rao- Executive Vice Chairman (from April 17, 2020 till March 31, 2021) Mr. Shalabh Saxena- Chief Executive Officer (from April 27, 2020) Mr. Shalabh Saxena- Managing Director & CEO (from November 6, 2020) Mr. Ashish Damani- Chief Financial Officer Mr. Ashish Damani- Executive Director & CFO (from November 6, 2020) Mr. V. Ravi Kumar Reddy- Company Secretary

**b. Related party transactions**

Transactions during the year	31-Mar-2021	31-Mar-2020
<b>Salary, incentives and perquisites</b>		
– Mr. M. R. Rao	62,274,642	29,428,281
– Mr. Shalabh Saxena	24,395,545	-
– Mr. Ashish Damani	20,378,329	9,028,791
<b>Transactions during the year with IndusInd Bank Limited</b>		
Service fee on Assets	13,102,184,930	8,802,648,261
Service fee on Liability products	22,710,123	-
Fee income	18,998,192	7,418,220
Interim dividend paid	600,000,000	-
<b>Payable / Receivable to or from IndusInd Bank Limited</b>		
Payable (Under business correspondent)	2,280,846,264	219,341,335
Payable (Limit for liability)	3,000,000,000	1,000,000,000
Payable (Others)	54,278,114	-
Receivable (fees on liability products)	6,868,774	2,270,570
Unbilled Revenue (Service fees on assets & Liability product)	1,394,901,620	1,123,502,046
Unbilled revenue (Off-us transaction fees)	2,061,693	1,645,628
Receivable (Others)	4,544,374	-

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.



**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021**

(Amount in Rupees unless otherwise stated)

**24. Commitments not provided for**

Particulars	March 31, 2021	March 31, 2020
For development of computer software	-	3,867,500
Estimated amount of contracts remaining to be executed on capital account	24,615,810	181,020,000

**25. Contingent Liabilities not provided for**

Particulars	March 31, 2021	March 31, 2020
Provident fund (Net of provision of Rs. 31,245,543)	62,491,087	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, 2021	For the year ended March 31, 2020
Current service cost	81,284,491	43,432,589
Interest cost on benefit obligation	35,773,829	22,606,681
Expected return on plan assets	(24,323,648)	(21,597,310)
Net actuarial (gain) / loss recognised in the year	70,814,190	41,081,825
<b>Net employee benefit expense</b>	<b>163,548,862</b>	<b>85,523,785</b>
<b>Actual return on plan assets</b>	<b>21,823,674</b>	<b>23,332,274</b>

**Balance Sheet**

Details of provision for gratuity:

Particulars	Gratuity	
	March 31, 2021	March 31, 2020
Present value of Defined benefit obligation	715,691,914	556,358,151
Fair value of plan assets	(592,427,441)	(378,283,790)
<b>Plan liability</b>	<b>123,264,473</b>	<b>178,074,361</b>





**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021**

(Amount in Rupees unless otherwise stated)

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

Particulars	Gratuity	
	March 31, 2021	March 31, 2020
Opening defined benefit obligation (Addition on merger)	556,358,151	493,545,589
Interest cost	35,773,829	22,606,681
Current service cost	81,284,491	43,432,589
Benefits paid	(26,038,773)	(46,043,497)
Actuarial (gains) / losses on obligation	68,314,216	42,816,789
<b>Closing defined benefit obligation</b>	<b>715,691,914</b>	<b>556,358,151</b>

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

Particulars	Gratuity	
	March 31, 2021	March 31, 2020
Opening fair value of plan assets (Addition on merger)	378,283,790	400,995,012
Expected return	24,323,648	21,597,310
Contributions by employer	218,358,751	-
Benefits paid	(26,038,773)	(46,043,497)
Actuarial gains / (losses)	(2,499,975)	1,734,965
<b>Closing fair value of plan assets</b>	<b>592,427,441</b>	<b>378,283,790</b>

The Company expects to contribute Rs. 31,190,111 (March 31, 2020: Rs. 58,292,552) 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, 2021	March 31, 2020
Investment with insurer	100%	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, 2021	March 31, 2020
Discount rate	6.26%	6.43%
Expected rate of return on assets	6.26%	6.43%
Salary escalation rate per annum	12.5% for the first two years and 7% thereafter	12.5% for the first two years and 7% thereafter
Attrition Rate	15%	15%

Amounts for the current and previous years are as follows:

Particulars	31-Mar-2021	31-Mar-2020
Defined benefit obligation	715,691,914	556,358,151
Plan assets	592,427,441	378,283,790
Surplus / (deficit)	(123,264,473)	(178,074,361)
Experience adjustments on plan liabilities	48,098,732	24,729,899
Experience adjustments on plan assets	(2,499,975)	1,734,964



**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021***(Amount in Rupees unless otherwise stated)***27. Expenditure in foreign currency**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Professional fees	12,075,000	1,049,164
Travelling expenses	447,645	1,762,855
<b>Total</b>	<b>12,522,645</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, 2021	March 31, 2020
Operating lease expenses recognised in the statement of profit and loss	329,066,455	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. 47,392,010 (Previous year: Rs. 34,896,221).

**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 based on 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 March 31, 2021	As at March 31, 2020
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)	-	-

The above disclosure is made where company has received the invoice and is pending for payment as on March 31, 2021.



**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021**

(Amount in Rupees unless otherwise stated)

**30. Details of Corporate social responsibility ("CSR") expenses:**

The Company has commenced business since July 04, 2019 and the provision of Section 135 of the Companies Act, 2013 was not applicable for the year ended March 31, 2020, 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. The details of CSR expenditure for the year ended March 31, 2021 is as follow:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
a) Gross amount required to be spent by the Company during the year	5,075,263	Nil

**Amount spent during the year on:**

Particulars	Paid in cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	Nil	Nil	Nil
(ii) On purpose other than (i) above	Nil	Nil	Nil

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, 2021:**

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount (written-off)
Cash embezzlement	434	32,416,446	15,501,839	16,914,607
Loans given against fictitious documents	7	462,152	28,043	434,109

**Instances of fraud for the year ended March 31, 2020:**

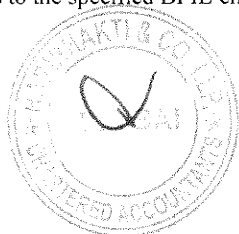
Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount (written-off / Provision)
Cash embezzlement	878	53,300,138	24,340,659	28,959,479
Loans given against fictitious documents	58	10,849,983	3,807,026	7,042,957

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 had 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 had 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), had 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 had 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 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.



**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

**Notes to financial statements for the year ended March 31, 2021**

(Amount in Rupees unless otherwise stated)

**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: 103523 W/W100048


**Purushottam Nyati**

Partner

Membership No. 118970

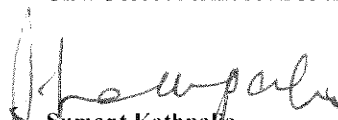
Mumbai

For and on behalf of the Board of Directors of

**Bharat Financial Inclusion Limited**

(Formerly known as 'IndusInd Financial Inclusion Limited')

CIN: U65999MH2018PLC312539


**Sumant Kathpalia**

Non-Executive Chairman

DIN: 01054434

Mumbai


**Shalabh Saxena**

Managing Director &amp; CEO

DIN: 08908237

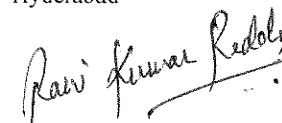
Hyderabad


**Ashish Damani**

Executive Director &amp; CFO

DIN: 08908129

Hyderabad


**V. Ravi Kumar Reddy**

Company Secretary

ACS: A19245

Hyderabad

Date: 29-April-21

Date: 29-April-21

