



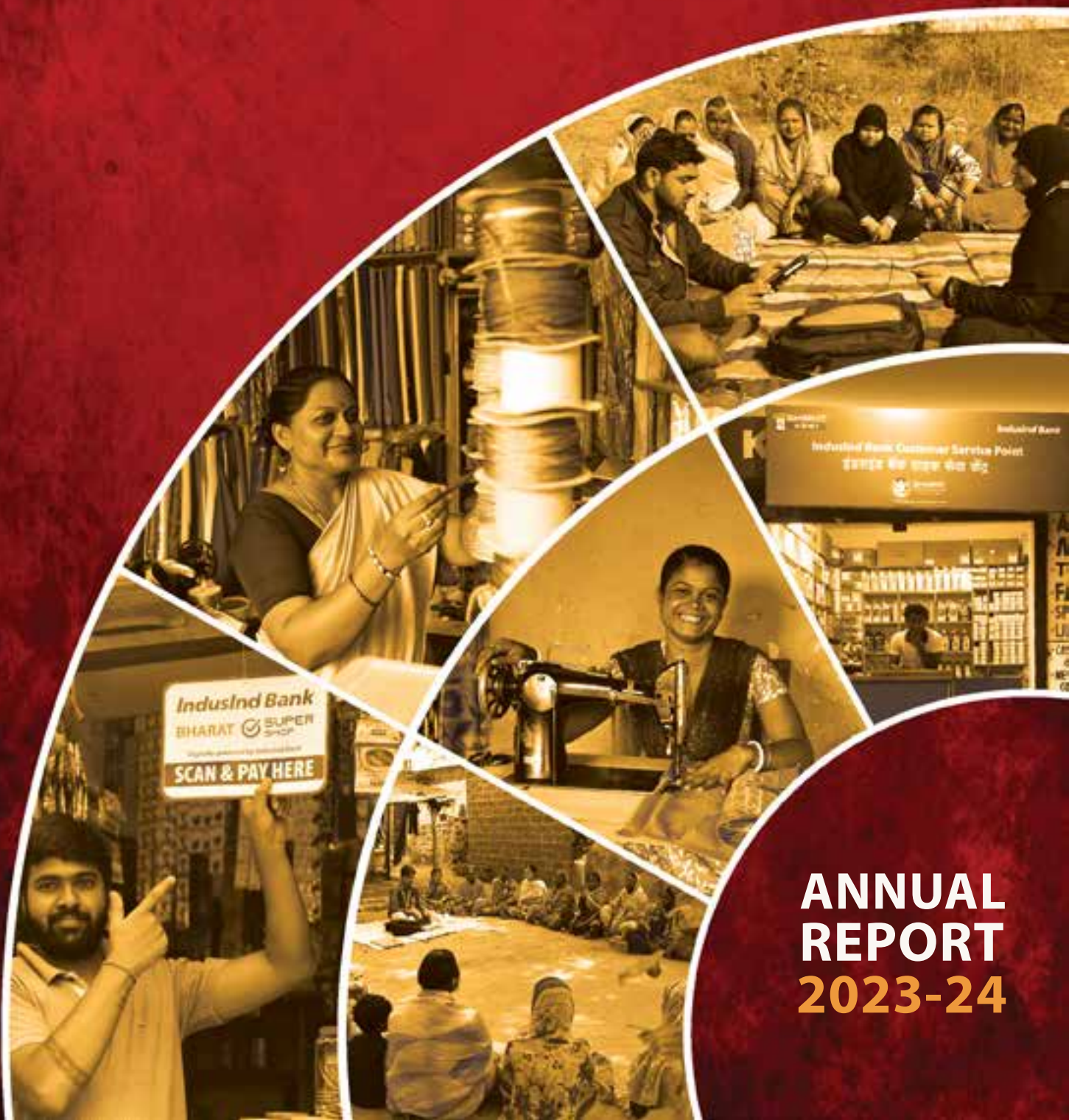
BHARAT
Financial Inclusion Ltd
Prayaas se pragati

A 100% subsidiary of IndusInd Bank Limited

IndusInd Bank

UNSTOPPABLE, RESILIENT.

Conquering Challenges, Shaping Success



**ANNUAL
REPORT
2023-24**

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About Bharat Financial Inclusion Limited

Bharat Financial Inclusion Limited (BFIL or the Company) is a wholly owned subsidiary of IndusInd Bank Limited (IBL or the Bank) and is a Business Correspondent of the Bank. As of March 31, 2024, BFIL managed an asset portfolio in excess of ₹44,000 Crore, serving a client base of around 16 million across Assets and Liabilities through its network of 3,600+ Branches and 83,000+ Bharat Money Stores.

As the Business Correspondent of IBL, the Company promotes financial inclusion by offering a range of banking services, including microfinance loans, loans to merchants under the Bharat Super Shop and Bharat Money Store programmes, liability products and

remittances. With a dedicated team of 40,700 employees, BFIL facilitates daily financial transactions for customers, such as small loan disbursements, instalment repayments collection, opening savings and deposit accounts, insurance services, and catering to entrepreneurial dreams by offering two-wheeler loans and much more.

As a responsible service provider for the Bank's customers, BFIL upholds the Reserve Bank of India's (RBI) steadfast commitment to promoting financial literacy, protecting customers, and ensuring their financial well-being.



Mission

Our mission is to provide financial services to the economically weaker sections.



Vision

Our vision is to serve 50 million households across India and create a commercial micro-banking model that delivers high value to our customers.



Our Ethos

- ▶ Responsible lending in the best interest of Investors and Customers
- ▶ Strong risk culture
- ▶ High social impact
- ▶ Credibility



Our Strengths

- ▶ Deep rural reach
- ▶ Clearly articulated processes
- ▶ Agile technology and digital infrastructure
- ▶ People first culture

BFIL History

In the current form, the Company was incorporated on August 6, 2018 as a wholly owned subsidiary of IndusInd Bank Limited under the name of IndusInd Financial Inclusion Limited (IFIL). Pursuant to the Composite Scheme of Arrangement among the erstwhile Bharat Financial Inclusion Limited (eBFIL, an NBFC MFI licensed by the RBI), the Bank, the Company, and their respective shareholders and creditors (the 'Scheme'), the Company commenced its BC operations on July 4, 2019. In accordance with the Scheme, the name of the Company was changed to Bharat Financial Inclusion Limited on August 2, 2019.

eBFIL was established with the vision to alleviate poverty and promote financial inclusion among marginalized sections of society. It began as a non-profit organisation in the year 1997, focused on empowering rural women by providing access to credit and financial services. In 2005, the organization transitioned to a for-profit business model, which enabled it to attract investments and scale operations more effectively. This strategic shift allowed eBFIL to extend its reach, offering micro-loans to support income-generating activities and foster economic empowerment among women.

Through its dedicated efforts, eBFIL expanded its operations across various states in India, earning recognition as a leading microfinance institution. In 2010, the Company achieved a significant milestone by listing on the Bombay Stock Exchange (BSE) and the National Stock Exchange of India (NSE).

In 2016, the organization underwent another significant transformation to better reflect its mission of supporting small entrepreneurs throughout 'Bharat', enhancing financial inclusion, and serving the underprivileged and underbanked segments of society. Operating as an NBFC-MFI, discussions for a scheme of arrangement with IndusInd Bank commenced in 2017. Following the necessary approvals, the scheme of arrangement took effect on July 4, 2019. Under the terms of the Scheme, eBFIL amalgamated with IndusInd Bank through merger by absorption and dissolution, with the business correspondent (BC) operations and employees transferred to IFIL, which was subsequently renamed Bharat Financial Inclusion Limited. (BFIL).

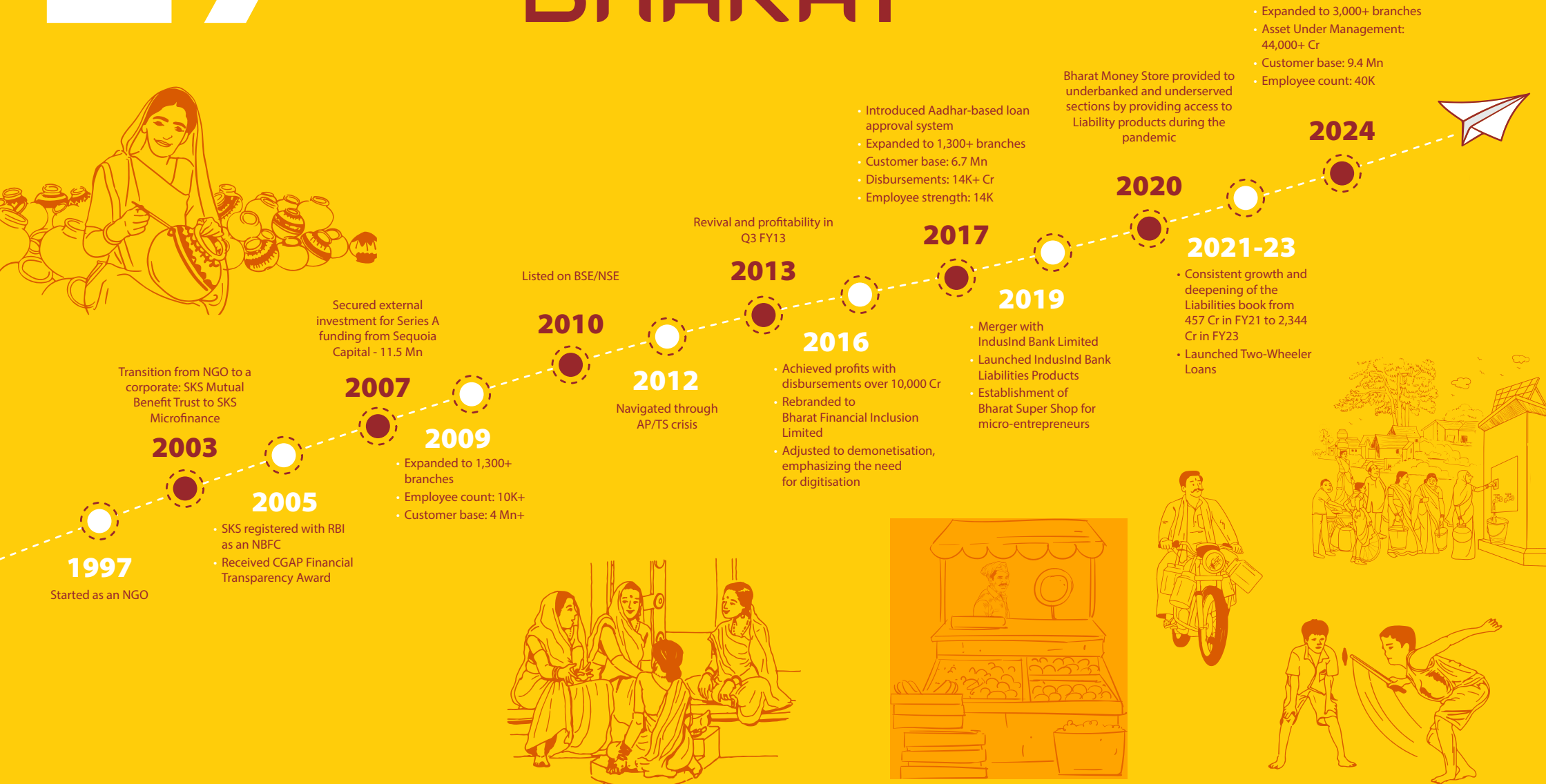
As of March 2024, BFIL proudly manages an extensive distribution network, catering to over 16 million IndusInd Bank customers across more than 157,000 villages in 549 districts spread over 23 states. As a Business Correspondent of IndusInd Bank, BFIL is operating in rural, semi-urban, and urban centres.

BFIL, as a Business Correspondent (BC) of IndusInd Bank, delivers an array of banking services, such as microfinance loans, business and retailer loans, and various liability products. BFIL is committed to expanding its reach and product portfolio, focusing particularly on women borrowers and their families. The Company aims to enhance its offerings by providing a wider range of banking services such as individual loans, two-wheeler loans, secured loans to retailers, and micro-insurance products.



27+

YEARS OF EMPOWERING BHARAT



From the Chairman's Desk



Dear Shareholders,

Your Company being a Business Correspondent for IndusInd Bank Ltd., is committed to service the financially underserved by providing access to financial services and to create self-employment opportunities in the country. The Financial Year 2023-24 has been the year of evolution of your Company from a BC facilitating micro-loans to providing Micro Banking products. The Financial Year recorded a robust growth in both Microfinance and Merchant Acquiring segments.

Unstoppable and Resilience best describes the spirit of the BFIL army. It is my privilege to present the Annual Report for Financial Year 2023-24.

Economic Landscape

Indian economy has showcased robust growth backed by increasing private consumption expenditure. The Household Consumption Expenditure Survey released recently has showed a consistent increase in consumption per rural household, to ₹3,773 in 2022-23 as against ₹ 1,430 in 2011-12.

Also evident is an increase in non-food expenditure (transport, consumer durables and medical expenses), presenting an opportunity for BFIL to service customers

with its Consumer Durable Financing product, Hospicash and Rural Mobility loans.

The agricultural output (GVA) contracted 0.8% YoY in Q3 FY24 due to deficient rains in 2023 affecting kharif crop production and resulting in a stress on water level across 150 reservoirs dropping to 35% of capacity.

As a result, consumer price inflation has stayed above RBIs target of 4% (5.7% in Dec'23), largely due to a high food inflation (8.7% in Dec'23). However, with a normal monsoon expected in 2024, food inflation is expected to ease from July 2024 onwards.

Performance Highlights

Your Company has consistently improved its performance as a Business Correspondent of IndusInd Bank Limited. The disbursement of loans during FY 2023-24 at ₹53,577 Crore was 23% higher than the disbursement of ₹43,555 Crore during FY 2022-23; similarly, the advances under management as of March 31, 2024, were at ₹44,266 Crore, 22% higher than ₹36,296 Crore a year ago.

Your Company expanded its branch network to 3,620 that spreads over 549 districts and 23 states. The active borrower base increased to 9.5 million from 8.3 million last year. The microfinance disbursement during FY 2023-24 was ₹45,566 Crores, 21% higher than the previous year and the loan book increased to ₹38,562 Crore.

I am very pleased to report the continuous growth achieved by Bharat Super Shop – the merchant lending business. Your Company serves 'the missing middle' – a sizable entrepreneurial population who set up small retail outlets across the length and breadth of the country and are by and large financially underserved. In FY 2023-24 our retailers base grew to 1.43 million, with active borrower base of 0.7 million as on March 31, 2024 with presence in 547 Tier 1 and Tier 2 cities and towns in 19 states.

During FY 2023-24, we disbursed 1.07 million loans, amounting to ₹7,747 Crores and cumulatively as on March 31, 2024 we have disbursed 2.30 million loans amounting to ₹16,600 Crores. The loan book managed by BSS grew to ₹5,565 Crores, along with a healthy liability

balance of ₹947 Crores.

I am very enthusiastic on the opportunities that this business offers to the retail merchants with a host of banking services such as current account, recurring deposit, working capital loans, payment services such as UPI/QR, Mobile and WhatsApp banking channels etc., through a templated-assisted-digital model.

The business of Bharat Money Stores, a banking and transaction platform for Kirana Merchants, to provide financial services to the public, especially in rural and remote areas, has now become self-sustaining. The BMS stores registered a transaction value to ₹4,994 Crores during the year. Your Company is keen to explore the possibilities that this truly last mile banking service channel provides.

On the Liabilities front, your Company has been offering various products of the Bank, to promote the culture of savings. As of March 2024, the liabilities portfolio serviced by your Company increased to ₹2,912 Crores, registering growth of 24% YoY. The liabilities portfolio comprised of 12.7 million savings account, 1.23 million recurring deposit accounts, 2.48 million fixed deposit accounts and 1.54 million current accounts.

With a focus on enhancing its core IT system, your Company went live with the Pragati platform in May 2023, bringing in a robust architecture and real-time on-line transaction processing capabilities.

The Company through its CSR projects exemplifies its commitment towards filling the lagging gaps in infrastructure in rural areas and to provide access to basic quality essential services. The CSR projects, run by your Company include Sanjeevani, a comprehensive livestock care in rural areas and Bharat Pragat, a holistic rural development programme.

An Organisation to Grow With

Your Company has continued to be recognized as a Great Place to Work for the 10th consecutive year featuring amongst the top 100 best companies to work for in the country in 2024, by the GPTW Institute. The success of BFIL has been built on the continued support of its employees who have grown with the organization. We are proud of

the impact we create by not only bringing financial inclusion to the villages of India but also by building an inclusive workplace providing equal opportunity to the rural youth to actualise their dreams with us.

Your Company shall continue to focus and stand firm in its commitment to service the underserved with micro banking products across the country and support in driving the financial inclusion agenda.

I express my deep gratitude to all the customers of IndusInd Bank who are served by the Company, for their valued association and appreciate and thank the employees for their performance and long-term association with the Company. I also wish to place on record our sincere gratitude to the regulatory authorities for their guidance and support extended to the Company.

Thank you.

Sumant Kathpalia
Chairman

From the Executive Vice Chairman's Desk



Dear Shareholders,

It is with great pride that I present to you the Annual Report for the financial year 2023-24. This year has been transformative for Bharat Financial Inclusion Limited, marked by a resurgence in growth and a strategic transition that underscores our commitment to customer satisfaction, innovation and excellence in the microfinance sector. Our journey of evolution to a Micro Banker reflects our unwavering commitment to financial inclusion and the empowerment of underserved communities across India.

The previous financial years FY 2021-23 did test our resilience in unprecedented ways, but our collective efforts have shown that together we are stronger than the challenges we face. Our vast rural reach and digital integration foster financial inclusivity, helping customers attain financial freedom democratising micro banking services among the underserved.

This Annual Report highlights our remarkable journey through adversity, demonstrating our 'Unstoppable Resilience.' We have focused on economic recovery and livelihood restoration, particularly for those severely affected by the pandemic. By evolving from a micro-lender to a comprehensive micro-banker, we are confident of improving the financial freedom of millions across India.

Fuelling Growth and Transition

BFIL has long been a pioneer in microfinance, setting benchmarks in operational excellence. The financial year 2022-23 was a period of recovery from the profound impacts of the Covid-19 pandemic. Our primary focus was to return to basics, reinstating the fundamental processes and principles that had previously driven our success. We emphasized maintaining Center Meeting discipline and adhering to core principles, setting a strong foundation for the subsequent year.

In FY 2023-24, our focus shifted towards growth and a transition from Microfinance to Micro Banking. This transition brought about a significant shift in our operational paradigm, aimed at broadening our service offerings and enhancing our value proposition to our customers.

Expanding Our Reach and Impact

Our extensive rural distribution network remains a cornerstone of our operations. As of March 2024, we serve over 157,000 villages, operating in rural, semi-urban, and urban centers across 549 districts in 23 states. Our dedicated team of 40,700 employees, primarily field staff, works tirelessly to serve IndusInd Bank's customers every day. They facilitate a wide range of financial transactions, including disbursement of small loans, instalment repayments, and opening of various types of deposit accounts. Additionally, they provide insurance cover and assist customers in achieving aspirations such as owning a two-wheeler or a consumer durable.

Robust Operational Performance

Our performance as a Business Correspondent of IndusInd Bank has been consistent in meeting the targets that were benchmarked against best in class. Loan disbursements during FY 2023-24 reached ₹53,577 Crore, marking a 23% increase from ₹43,555 Crore in the previous year. Advances Under Management (AUM) as of March 31, 2024, stood at ₹44,266 Crore, reflecting a 22% increase from ₹36,296 Crore the prior year. We added 2.9 million members in FY 2024, up from 2.34 million in FY 2023, demonstrating our growing reach and impact.

Our Merchant Acquiring business under Bharat Super Shop (BSS) reported an AUM of ₹5,565 Crore, a 38% year-on-year growth, with nearly 0.7 million borrowers by the end of FY 2024. During the year, BSS achieved a 38% increase in disbursements, demonstrating its growing reach and effectiveness in serving the financial needs of small retail entrepreneurs. This substantial growth underscores BSS's expanding impact and success in the market. Bharat Money Stores expanded its network to 83,000 merchants across 34,000 villages and 300+ districts. BFIL's liability book has shown robust growth. As of March 2024, BFIL-serviced customers held over 17.9 million active accounts with IndusInd Bank, with a total liability pool of ₹2,912 Crore, up 24% year-on-year. This increase was driven by a 30% rise in CASA deposits.

We are proud to report that 12.68 million customers of the Bank, served by BFIL, have a Savings Account relationship, and 1.23 million customers had active Recurring Deposit Accounts with IndusInd Bank. With a market that still holds a large untapped potential and an aspirational class striving to improve their lives, our extensive reach and deep rural expertise positions us to make significant inroads into Bharat.

During FY 23-24, our Credit Shield Insurance Business grew by 25.2%, reaching ₹855 Crore. We settled claims totalling ₹524 Crore for life coverage, with claims of ₹245 Crore credited to nominees/family members. The year saw 66,000+ clients having 0.13 million loans benefitted through Credit Shield Life Insurance. We also introduced an optional Hospicash Insurance, empowering 0.54 million members and spouses towards medical exigency and out of pocket expenses.

Strengthening technology while enhancing Core Systems

In line with our focus on operational excellence, we have made substantial investments in enhancing our core systems. Project Pragati, conceptualized in FY 2022-23, went live in May 2023. This robust platform features real-time online transaction processing capabilities, centralized instantaneous reporting, timely data reconciliation, and compliance with regulatory norms, significantly improving our operational efficiency.

Strengthening Business Operations

We have continued to focus on improving processes to enhance customer convenience, control, and monitoring. Key activities during the year included implementing

geo-fencing technology for effective monitoring of customer onboarding, enabling digital collection receipts, introducing two-factor authentication for Aadhaar-based withdrawals, and launching BHIM IndusPay for digital payments. We also digitized collection processes and manual field processes, providing multiple channels for loan repayments and enhancing efficiency and control.

Accelerating our future

Building on the solid foundation, we are focussed on accelerating our growth and innovation in our micro banking operations. Our initiatives and investments in technology and process enhancements, position us well to capitalize on the significant opportunities in the rural and semi-urban markets. We are confident that our efforts will continue to create value for serviced Bank's customer, employees, and shareholders.

Our strategy is rooted in capitalizing on emerging opportunities while mitigating potential risks. This is important for enhancing our digital capabilities and strengthening our community impact.

In conclusion, I would like to express my gratitude to our dedicated employees, the Bank's customers, and esteemed shareholders for their continued support and trust. This year, we are immensely proud to celebrate a significant milestone: a decade of being recognized as a Great Place to Work (GPTW). For the past ten years, BFIL has consistently been acknowledged for its commitment in creating an inclusive, dynamic, and supportive work environment. This recognition is a testament to the dedication and hard work of our employees, who are the backbone of our success, and their trust on the management of the Company. Their unwavering commitment to our mission and values has enabled us to foster a culture of excellence and innovation. We believe that a positive and engaging workplace not only enhances employee satisfaction and retention but also drives superior performance and growth.

As we look to the future, we remain committed to nurturing this culture and continuing to be a great place to work for all our employees. Together we will continue to build on our legacy of excellence and drive sustainable growth in the years to come.

Thank you for being a part of our journey.

J Sridharan
Executive Vice Chairman

Our Board of Directors

The Board of Directors of Bharat Financial Inclusion Limited consisting of eminent professionals, sets strategic objectives to protect the interests of all stakeholders, establishes management policies, and oversees the

governance of the organisation. The Board ensures that the organisation operates with integrity, transparency and accountability and serves our mission to provide financial services and improving outcomes for the underserved.



Mr. Sumant Kathpalia
Non - Executive Chairman



Mr. J Sridharan
Executive Vice Chairman



Mr. Sanjeev Anand
Non - Executive &
Non - Independent Director



Mr. K Subrahmanyam
Non - Executive Independent
Director



Mr. Anil Rao
Non - Executive &
Non - Independent Director



Mr. Vivek Bajpeyi
Additional Director
(Non - Executive & Non - Independent)



Mr. Jayant Deshmukh
Additional Director
(Non - Executive & Non - Independent)

Management Team



J Sridharan
Executive Vice Chairman



Vikas Muttoo
Chief Operating Officer (COO)
& Head - Member Services



Ashish Pipaliya
Chief Business Officer -
Bharat Super Shop



Sridhar Sunkara
Head - Branch Banking Strategy



C Ramesh Babu
Chief Business Officer -
Secured Loans



Kishore Sambasivam
Chief People Officer &
Head - CSR



Anujeet Varadkar
Head - Strategic
Transformation Initiatives



Arun Kumar
Chief - Internal Audit



Vijay Dube
Chief Financial Officer

Management Support from IndusInd Bank Limited



Srinivas Bonam
Head - Inclusive Banking

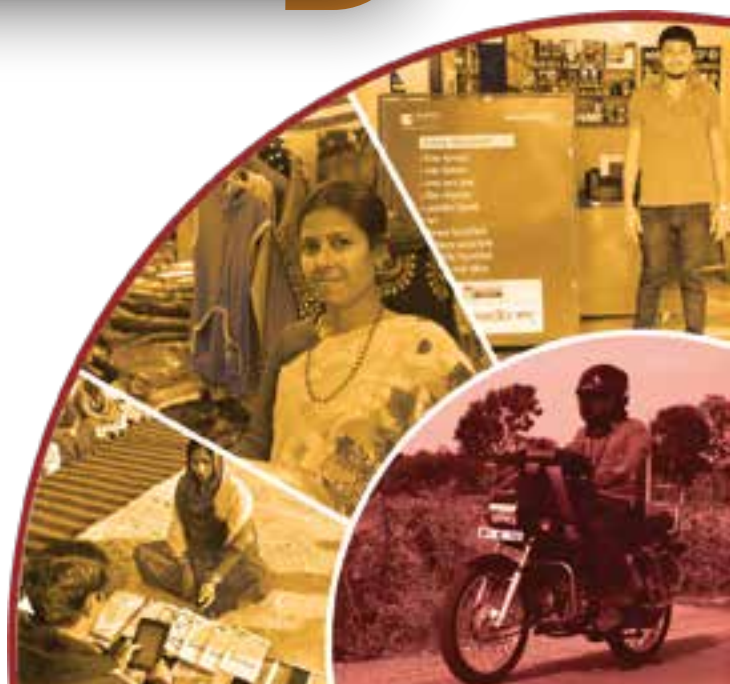


Pankaj Khare
Chief Information Officer - BFIL



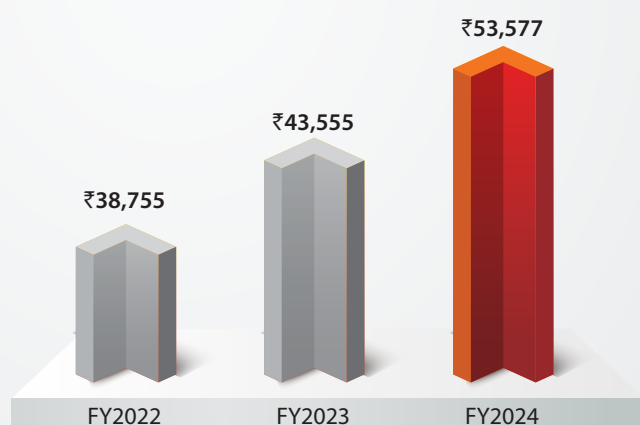
Vimal Pathak
Head - MFI Credit and Risk

Key Highlights of the Year

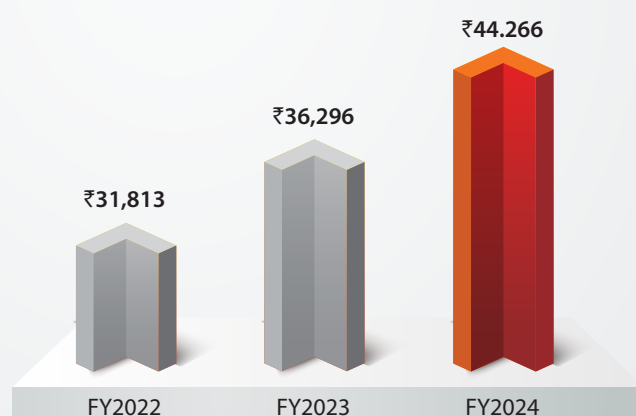


Key Performance Indicators

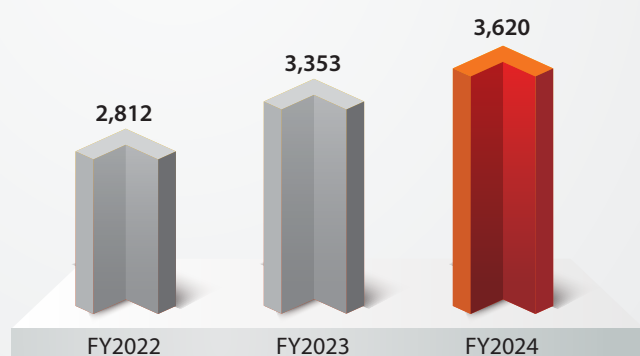
Disbursement (₹ in Crore)



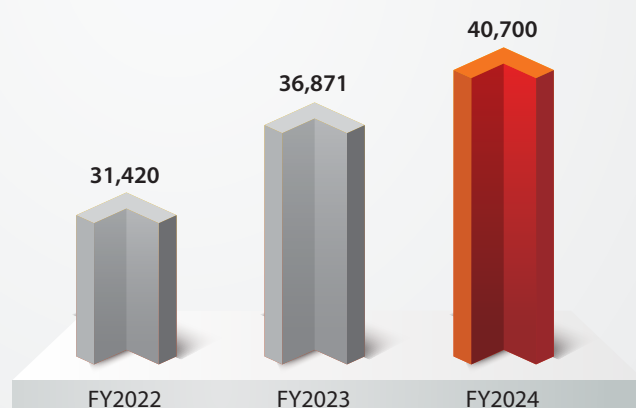
Assets Under Management (₹ in Crore)



Branches



Employees



Business Performance Highlights

BFIL has long been recognized for pioneering the microfinance business operations and setting standards in processes and operations emulated by peers. Financial Year 2023-24 has been a period focused on growth and transition, while FY 2022-23 worked towards recovery from the two year impact of Covid-19. Our goal in FY 2022-23 was to return to basics, reinstating fundamental processes and principles such as maintaining Center Meeting discipline and adhering to the core principles that had previously been proven successful. The focus for FY 2023-24 was on growth and transitioning our rural business from microfinance to micro banking, operating as a Business Correspondent of IndusInd Bank.

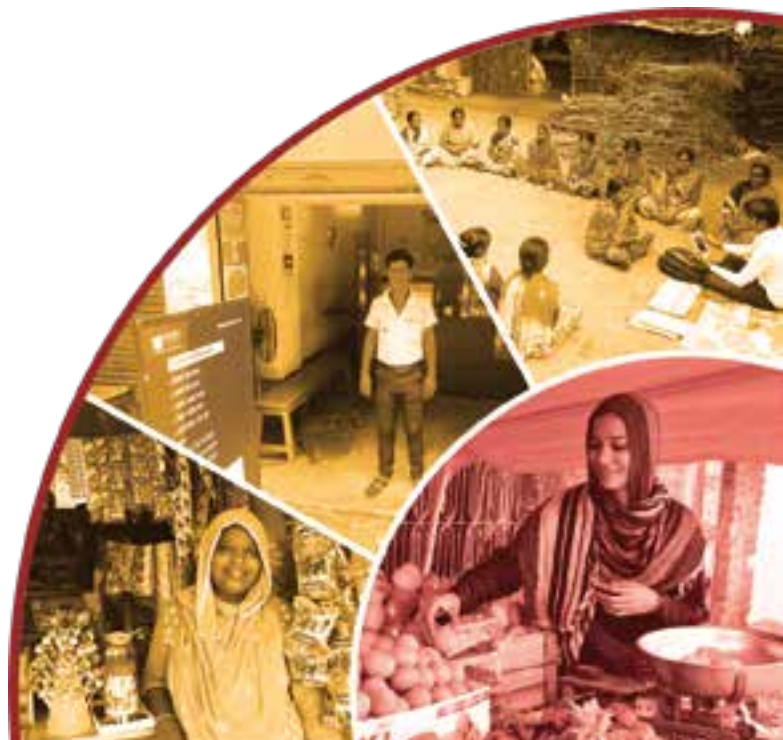
BFIL maintains an extensive rural distribution network, serving over 157,000 villages and operating in rural, semi-urban, and urban centers across 549 districts in 23 states as of March 2024. The 40,700 employees of the Company, largely consisting of the field staff, serve customers of IndusInd Bank daily, facilitating financial transactions including disbursement of small loans, instalment repayments, opening of savings, current, fixed, and recurring deposit accounts, providing insurance cover, and helping customers fulfil aspirations such as owning a two-wheeler or consumer durable.

As a Business Correspondent of IndusInd Bank Limited, BFIL has consistently enhanced its performance. Loan disbursements during FY 2023-24 reached ₹53,577 Crore, a 23% increase from ₹43,555 Crore in FY 2022-23. Similarly, advances under management as of March 31, 2024, amounted to ₹44,266 Crore, representing a 22% increase from ₹36,296 Crore the previous year. Member additions reached 2.9 million in FY 2024, up from 2.34 million in FY 2023.

The merchant acquiring business under Bharat Super Shop reported an AUM of ₹5,565 Crore, demonstrating a 38% year-on-year growth, with nearly 0.7 million borrowers at the end of FY 2024. Bharat Money Stores had a network of 83,000 merchants in 34,000 villages and 300+ districts. Liabilities mobilized for the Bank through BFIL reached ₹2,912 Crore at the end of FY 2024.

12.68 million customers of the Bank served by BFIL had a Savings Account relationship and 1.23 million customers had active Recurring Deposit Accounts with IndusInd Bank. With a market that still holds a large untapped potential and an aspirational class striving to improve their lives, BFIL's reach and deep rural expertise, position IndusInd Bank to make significant inroads into Bharat.

BFIL also focused on enhancing its core systems to fortify the backbone of its microfinance business. Project Pragati, which was conceptualized in FY 2022-23, went live in May 2023, featuring a robust architecture and real-time online transaction processing capabilities. Pragati application facilitates centralized instantaneous reporting, timely data reconciliation, and compliance with the regulatory norms, thereby significantly improving operational efficiency.



Financial performance of the Company as compared with the previous year is summarised below:

(Amount in ₹ Crore)

Particulars	Current Financial Year 2023-24	Previous Financial Year 2022-23	Growth (%)
Revenue from Operations	2,323.88	1724.83	35%
Other Income	11.43	11.04	3%
Total Revenue	2,335.31	1735.87	35%
Employee Benefit Expenses	1,519.68	1173.80	29%
Impairment loss allowance	222.97	42.21	428%
Finance costs	3.30	1.73	90.60%
Other Expenses	451.96	361.74	24.94%
Depreciation and Amortization Expenses	99.71	85.84	16.16%
Total Expenses	2297.62	1,665.32	37.97%
Profit before Tax	37.69	70.55	-47%
Tax Expenses	10.52	19.26	-45%
Profit after Tax	27.17	51.29	-47%
Other Comprehensive Income	-0.25	-0.89	-72%
Total Comprehensive Income	26.92	50.40	-47%
Earnings per Share (Basic / Diluted) of Rs.10/- each fully paid.	6.22	11.74	-47%

Operational Highlights

Particulars	Current Financial Year 2023-24	Previous Financial Year 2022-23	Growth (%)
Amount Disbursed as BC (₹ in Crore)	53,577	43,555	22.9%
Gross Loan Portfolio under management as BC of IBL (₹ in Crore)	44,266	36,296	22.0%
Number of customers (in million)	12.44	11.51	8.09%

Decade of Progress

(Amount in ₹ Crore)

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
No. of branches	1,268	1,324	1,399	1,567	1,854	2,071	2,289	2,812	3,353	3,620
Loan Assets Under Management	4,185	7,688	9,150	12,594	17,417	22,428	25,507	31,813	36,297	44,266
Of which, Standard Assets under Direct Assignment / Securitization	1,261	2,711	1,974	3,735	10,577	223	34	0	0	0
No. of Employees	9,698	11,991	14,755	16,021	19,816	23,475	27,561	31,420	36,871	40,700

Awards & Accolades



J Sridharan (Executive Vice Chairman) recognised as one of India's Most Trusted Leaders by GPTW - 2024



Bestowed with The Laureate for 10 years of GPTW recognition



Recognised for excellence in Water Conservation Award in 2023



Recognised as a Great Place to Work in 2023



Honoured with IIT Madras CSR Award in 2023

2024

- Recognised for the 10th consecutive year among the Top 100 Best Companies to Work for by the Great Place to Work Institute in their annual survey over 2,000 organizations. Ranked 59th in India's Best Companies to Work for 2024.
- Amongst the Top 25 India's Best Workplaces in the BFSI Sector 2024 by the Great Place to Work Institute.
- We have also been recognised for being "The Best in Microfinance Industry – 2024" from the last two years by Great Place to Work Institute.



2023

- Certified for the 9th consecutive year among the top 100 Best Companies to Work for by the Great Place to Work Institute; Ranked 69th in "India's Best Companies to Work for 2023"
- Featured among India's Best Workplaces in the "BFSI Sector 2023" - Top 2 by the Great Place to Work Institute.
- Recognised as "The Best in Microfinance Industry – 2023" by the Great Place to Work Institute.
- Pragat Watershed initiative by BFIL won the Excellence in Water Conservation CSR award from ASSOCHAM Southern Region, implemented in Gulbarga district, Karnataka.
- Runner-up for the "Best of the Breed" Award for Talent management practices in the 25th edition of the National HRD Network (NHRDN).



Management Discussion and Analysis

Macro-Economic and Banking Environment

Overview of Global and Indian Economy

During FY 2023-24, the global economic growth landscape witnessed a gradual resurgence, marked by fading fears of recession and rebounding growth in major economies. However, there were disparities among regions, with some areas experiencing subdued economic activity. Despite challenges, leading indicators suggest an overall upturn in economic activity driven by expansion in both the manufacturing and service sectors. Geopolitical tensions remain a concern, but risk perceptions have softened, offering potential upside for growth.

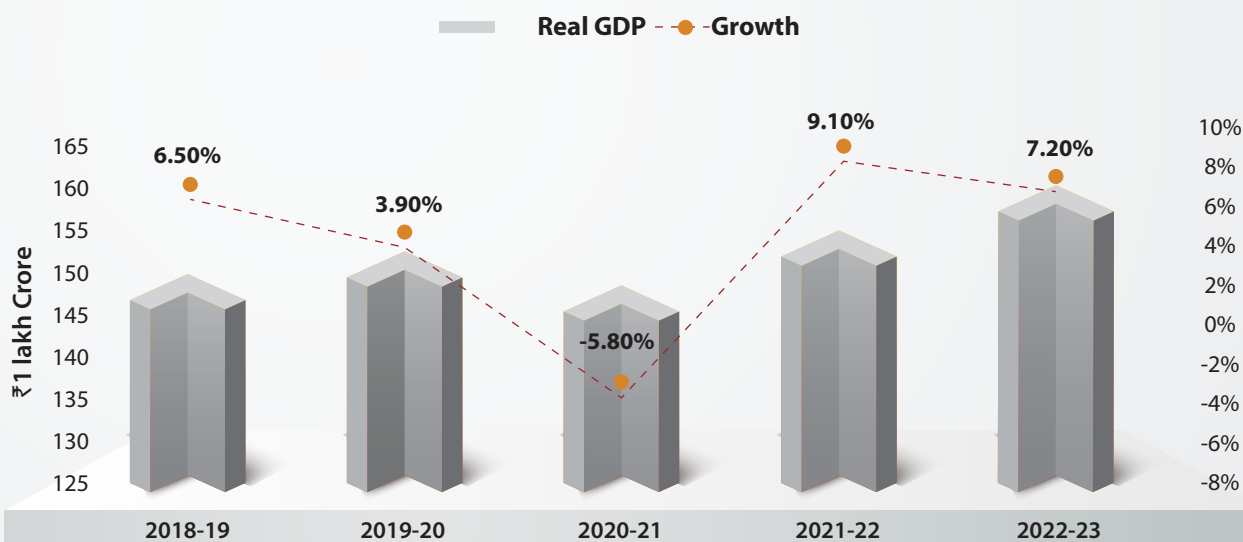
Amidst these global trends, India continues to exhibit robust economic performance. Strong domestic demand, a pickup in rural demand, robust investment, and sustained manufacturing momentum have contributed to

India's resilience. Projections by the RBI and IMF forecast high growth rates for India, further reinforcing its positive outlook.

In its Economic Outlook of May 2024, the Organisation for Economic Co-operation and Development (OECD) projected global growth at 3.1% in 2024 (same as in 2023), going up to 3.2% in 2025, supported by stronger real income growth and lower policy interest rates. These projections place global growth below the pre-pandemic average (2013-2019) of 3.4%.

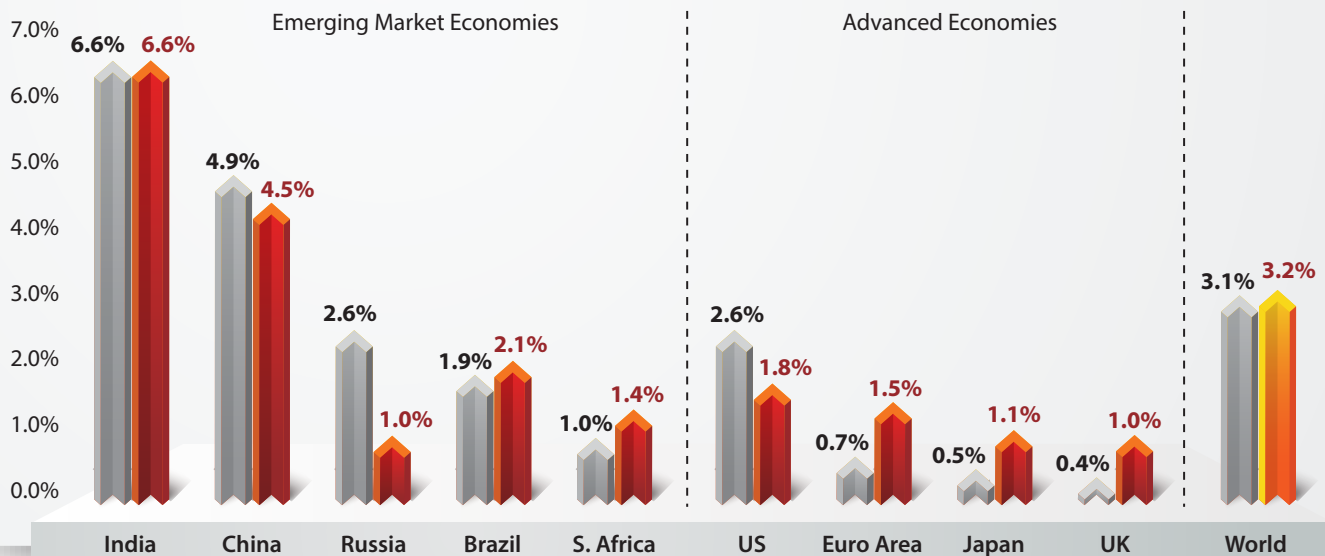
Despite facing global spillovers, India's economy maintained its growth momentum in FY2024, driven by strong macroeconomic fundamentals and prompt policy actions by the Government and the Reserve Bank of India. India's real GDP growth for 2023-24 is expected to be at 6.6%, the highest among major economies.

Trends in Annual GDP Growth (YoY)



GDP Growth Projections

■ Projection 2024 ■ Projection 2025



Projection as on May 2024, OECD Economic Outlook

Global inflation is projected to decline steadily, from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies.

Indian Economy Outlook

The Indian economy has demonstrated remarkable resilience in the face of geopolitical headwinds and supply chain pressures. According to the OECD prediction in May 2024, India is likely to grow by 6.6% in FY 2025. This growth is expected to be driven by private capital expenditures and a revival in rural consumption, showing signs of recovery as inflation eases.

The Reserve Bank of India predicts a 7.5% growth for the first quarter of FY25, spurred by rising aggregate demand and increased non-food spending in the rural economy. The agriculture sector is expected to perform well, supported by the Indian Meteorological

Department's (IMD) forecast for normal monsoon rainfall. Rural demand is on the path to recovery, evidenced by growth in two and three-wheeler sales and rising demand for home and personal care products. Digital transactions continue to expand, primarily led by the retail segment, including the Unified Payments Interface (UPI), the National Automated Clearing House (NACH), and the Bharat Bill Payment System (BBPS).

The continuous pursuit of inclusive development has improved the financial health of Indian households. As of April 30, 2024, under Pradhan Mantri Jan Dhan Yojana (PMJDY), 52 Crore bank accounts hold total deposits of over ₹2.3 lakh Crore, with over 66% of these accounts in rural areas and more than 55% held by women.

Source: India's GDP to expand at 6.6% in FY25; will fuel NBFCs' growth: Moody's | Economy & Policy News - Business Standard (business-standard.com)
Monthly Economic Review_March 2024_0.pdf (dea.gov.in)

Business Overview

Your Company, a Business Correspondent (BC) of IndusInd Bank Limited, primarily engages in providing microfinance to economically weaker households in India. This demographic has entrepreneurial aspirations but remains underserved by formal financial markets. The Company is transitioning from a microfinance lender to a micro bank, aiming to meet the banking needs of customers comprehensively. The Company operates under three main business segments: Microfinance, Bharat Super Shop, and Bharat Money Stores.

Microfinance

The core business of the Company is to provide small-value unsecured loans and other basic financial services to Members, who are women from economically weaker section (EWS) households. These households often lack access to institutional financing. The Company aims to bridge this gap by delivering financial services directly to its members' doorsteps, primarily located in rural India. The loans granted to them are predominantly utilized for income-generating activities and small businesses.

BFIL employs a village-centric Joint Lending / Liability Group (JLG) model in its core business, offering standardized small-ticket loans repayable in Equated Weekly Instalments. This model leverages social collateral to instil credit discipline through peer support within the group. Missed repayments by any Borrower not only affect the defaulter but also restrict access to loans for all group Members until all of them clear arrears fully. The JLG model encourages collective responsibility among Members, fostering prompt repayments and mutual financial support within groups.

Under this model, groups of five Members each come together to attend weekly meetings at designated centers for transparent financial transactions. Though the Members typically have limited literacy and technological proficiency, BFIL provides assistance to enable digital financial transactions. These women are primarily engaged in rural economic activities such as livestock rearing, farming, handicrafts, tailoring, and various rural services.

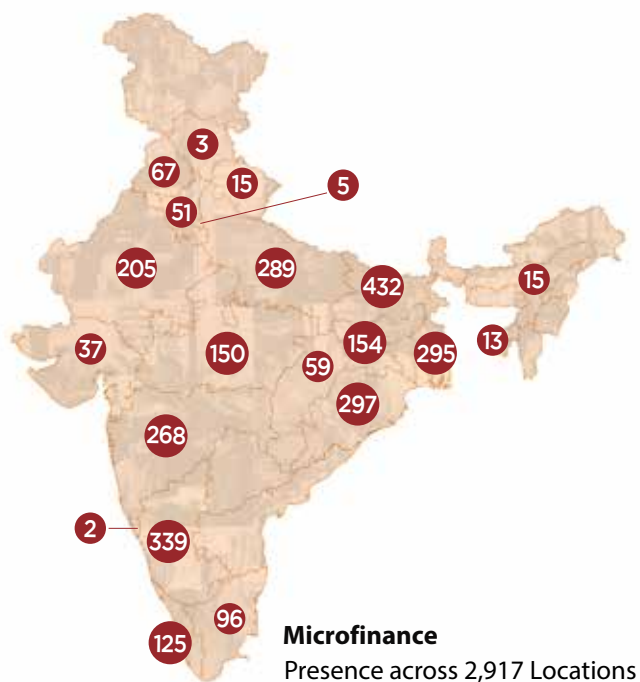
Our proprietary technology platform enables real-time interaction with microfinance customers during weekly center meetings, facilitating seamless digital recording of

transactions from onboarding to loan disbursement and collections. Our systems efficiently manage high transaction volumes, disbursing loans at a rate of up to 1.2 per second.

Our market reputation is built on responsible lending practices, timely service delivery, and respectful engagement with bottom-of-the-pyramid entrepreneurs. Each Member undergoes essential training in financial literacy and financial discipline before onboarding. Our credit rules aim to prevent over-leveraging and to ensure that loan sizes are appropriate, with pre-disbursement checks on member indebtedness conducted through credit bureau records.

Women are central to our microfinance operations, and products are designed to foster financial independence and support their entrepreneurial endeavours. As of March 31, 2024, our microfinance business spans 151,000 villages across 453 districts, serving an active loan client base of 8.81 million. The JLG-based loan book managed through the Company amounted to ₹ 38,562 Crore as of March 2024, reflecting a 20% growth from the previous year. The MFI business operations are managed through 2,914 branches and over 19,000 Sangam Managers, who serve as our relationship managers engaging with the Members every week.





Bharat Super Shop

Addressing the financial needs of the Missing Middle, a significant entrepreneurial segment managing small retail outlets nationwide, BFIL's Bharat Super Shop (BSS) vertical provides comprehensive banking services. Aligned with BFIL's mission to serve the underserved, BSS offers merchants a range of services including zero-balance current accounts, recurring deposits, uncollateralised working capital loans, and payment solutions like UPI/QR codes, facilitated through mobile and WhatsApp banking channels.

BSS field staff, numbering over 7,000, employ a paperless, digital, and technology-driven approach to assist customers directly at their doorstep. This unique approach balances technology with personalized service, ensuring swift resolution of customer queries and consistent high-quality service.

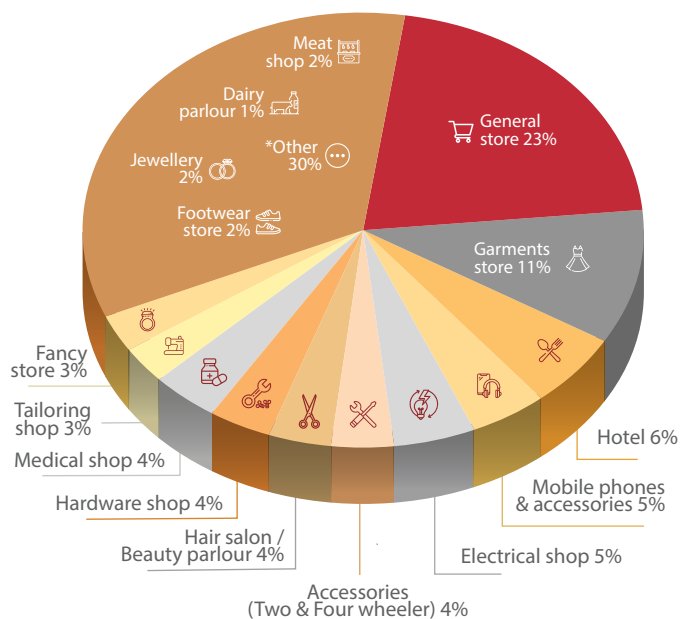
Launched in 2020, this business unit has experienced robust scaling. As of March 2024, BSS operates in over 500 cities / towns across 19 states, serving 1.4 million retailers, with approximately 700,000 active borrowers and a loan book of ₹5,565 Crore.

The principles of doorstep customer service and responsible lending practices are fundamental to the Bharat Super Shop vertical. The new-to-credit relationships begin with a recurring deposit product to

encourage regular payments. Loan sizes range from ₹50,000 to ₹1,00,000 for new-to-credit customers, and all new-to-bank customers are on weekly repayment cycles. These term loans serve customers' working capital needs, with top-up and subsequent cycle loans available based on their repayment track record. Nano-entrepreneurship spans various activities, with BSS specifically targeting categories such as general kirana stores, medical shops, and mobile repair shops. As of March 31, 2024, BSS loans encompass 52 categories.

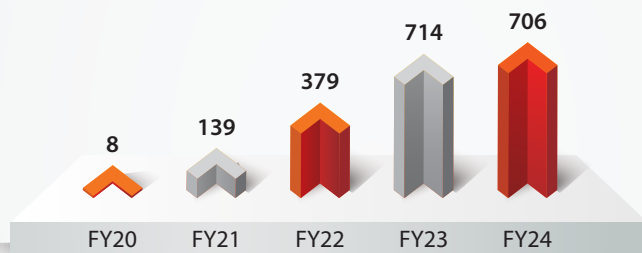


Merchants Mix

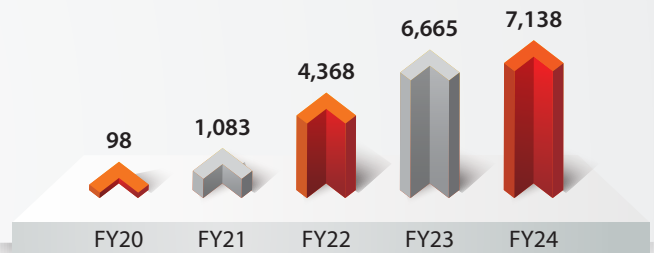


*Other activities include electronic shop, photo studio, furniture store & sweet shop etc.

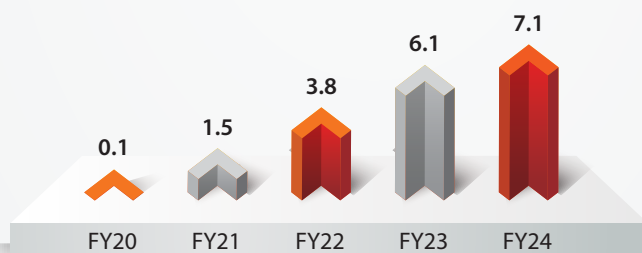
No. of Branches



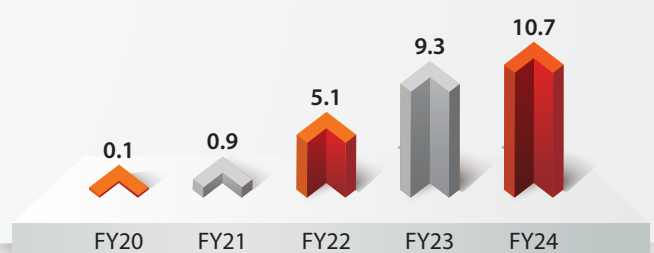
No. of Employees



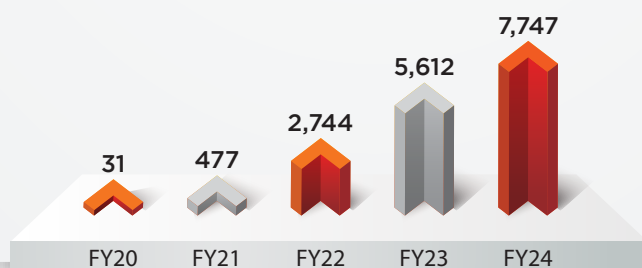
No. of Borrowers (in lakh)



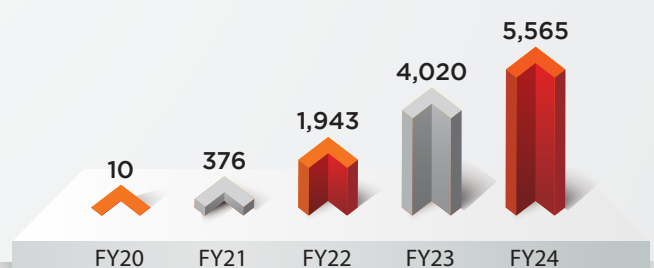
No. of Loans Disbursed (in lakh)



Disbursement (₹ in Crore)



Gross Loan Portfolio (₹ in Crore)



Bharat Money Store

BFIL continuously strives to bridge the last-mile gap and enhance financial inclusion in India. In 2017, we collaborated with IndusInd Bank to launch the Bharat Money Store (BMS), a banking and transaction platform for Kirana Merchants.

As of March 31, 2024, BMS network consisted of approximately 83,400 Kirana merchant outlets across 34,860 villages, 326 districts, and 12 states, extending its reach to remote corners of the country. Over 19,000 new merchants were onboarded during the year. These merchants utilize BMS's platform to serve as banking

touchpoints, offering a variety of banking and financial services to the public.

During FY 2023-24, BMS outlets served more than 5.44 million rural customers and facilitated transactions totalling ₹4,994 Crore. These transactions include Aadhaar-enabled remittances, opening of savings and deposit accounts, utility payments, and more.

Deposit Accounts

As a Business Correspondent, the Company facilitates the opening of Savings, Current, Recurring, and Fixed deposit accounts for the Bank's customers. When a Microfinance

member lacks an active bank account or prefers a savings account, our Sangam Managers promptly facilitate their account opening. Approximately 84% of Microfinance loan disbursements are credited to savings accounts held with the Bank, with the remainder deposited in accounts of other banks.

All Bharat Super Shop (BSS) customers and Bharat Money

Store (BMS) outlets are mandated to open current accounts with the Bank for managing loan disbursements and repayments. BMS outlets also assist in opening savings, and fixed deposit accounts for open market customers. As of March 31, 2024, BFIL managed 17.93 million liability accounts with a balance of ₹2,912 Crore.

Support Functions

Member Helpline and Grievance Redressal

A dedicated Customer Service team operates a Member Helpline in nine vernacular languages via toll-free numbers, handling approximately 0.15 million calls monthly. Contaque, our automatic call routing system ensures efficient handling by directing calls based on requirements without IVR options.

Members / Customers can contact the helpline for enquiries, complaints, or requests related to their accounts

Key functions include:

- **Customer Grievance Redressal:** Aligned with the Bank's Grievance Redressal Policy, ensuring timely closure through a structured escalation matrix.

across Microfinance, Bharat Super Shop, and Bharat Money Stores.



Member Assistance with Helpline

Level 1

Lodge complaints via Bank's contact centre. Contact details available in loan passbooks and branch notice boards.

- **Contact Centre:** 1800-572-6000 / 1800-599-10000 / 1800-300-10000
- **Email:** bccustomerservice@indusind.com

Level 2

Escalations to Grievance Redressal Office, if no response within 7 working days.

- **Email:** GRO@indusind.com
- **Address:** GRO – IndusInd Bank Limited

Level 3

Further escalation to Nodal Officer if response from GRO is not received within 7 days.

- **Outbound Tele-calling on Voice of Customer (VOC) and Customer Satisfaction (CSAT):** Integrated with customer life cycle interactions, to monitor and improve satisfaction scores, with feedback shared for actionable insights.



Our Member Helpline is here for our Members

- **Branch Health Monitoring System:** Manages issues raised by branches nationwide, ensuring resolution within defined timelines by routing them to relevant departments.

These initiatives enhance service excellence and customer satisfaction, reinforcing our commitment to effective member support and grievance resolution.



Dedicated Helpline for immediate assistance

Insurance Solutions

Life insurance coverage of an appropriate amount, not less than the credit exposure, is one of the essential credit conditions for all loans offered to customers. This applies to the Member Services vertical under the Joint Lending / Liability Group model as well as the individual loans offered through Bharat Super Shop and Bharat Money Stores. The Group Credit Shield Insurance product is a prevalent MFI industry practice and has been in effect at eBFIL/BFIL for more than 15 years.

Adequate life insurance coverage during the loan tenure is desired, and the customers have the option to buy the product offered by BFIL through IBL or to obtain a policy from any provider of their choice, which can be assigned to the Bank during the loan period. Group-based insurance products, by their very nature, offer more attractive pricing to beneficiaries compared to individual products.

The Bank, through BFIL, has put in place a robust customer enrolment journey and claim service journey related to insurance product offered to the customers, fully compliant with extant regulations. Processes relating to premium collection and periodic remittance to the insurers ensuring that the coverage and settlement of claims, are continuously monitored and improved from time to time.

Currently, more than 94% of claims are settled within 7 days of document submission. The field team works closely with BFIL managed customers to support them in filing claim-related documents. During FY 2023-24 1.31 Crore loans were secured, and overall claims of ₹524 Crore towards 0.14 million loan accounts were settled through Credit Shield Insurance, of which ₹245 Crore was settled in the bank accounts of the nominees / family members. During the year, a new optional offering of Hospicash Insurance was introduced for micro-finance customers through the Member Services vertical, reimbursing medical exigency and out-of-pocket expenses through a health insurance partner.



Solution Delivery Group

The Solution Delivery Group (SDG) managed by the Bank plays a pivotal role in supporting the products and solutions offered through BFIL as a Business Correspondent. The SDG, a specialized team, focuses on the following key areas:

- Designing technology-based solutions.
- Testing solutions for performance and effectiveness.
- Monitoring solution performance.
- Streamlining business processes from time to time and laying down Standard Operating Procedures.

During the year, the SDG managed various projects and initiatives, including:

Pragati

The core transaction platform for handling Microfinance customer origination, loan management, and customer servicing, operated earlier in a distributed architecture with compute and transaction processing in each MFI branch. During FY 2022-23, SDG, along with cross-functional teams, extensively worked on designing and implementing the Pragati platform, a fully centralized system. After extensive testing, the Pragati system went live in May 2023.

Keeping pace with regulatory changes

As a BC, BFIL demonstrated its commitment to regulatory compliance by being an early implementer of various mandates issued by regulatory bodies. Below are some of the regulatory developments that BFIL adhered to during the year:

- Implemented Household Income assessment guidelines as per RBI Master Direction dated March 14, 2022. Although RBI extended the timeline to October 1, 2022, BFIL ensured all new sanctions and disbursements during FY 2022-23 adhered to the Master Directions. In FY23-24 it was made independent of loan journey and also recapture enablement for cases where there is deviation between income captured in credit bureau and income captured within organization.
- Integrated Comprehensive Credit Report (CCR) from

Credit Information Companies to assess credit exposure of customers across Microfinance and Retail segments.

- Complied with periodic changes in Income Recognition and Asset Classification guidelines of RBI.
- Modified messaging structure to XML format and FIR-FMR mode for fingerprint authentication to comply with NPCI norms.
- Designed flexibility in insurance options for customers as per regulatory requirements.
- Provided New To Bank customers with the option to enable/disable AEPS transactions during account opening and developed a service request for transaction control based on customer preferences.
- Drafted end-to-end process flow for compromise settlement cases based on RBI Circular on Framework for "Compromise Settlements and Technical Write-offs (RBI/2023-24/40 DOR.STR.REC.20/21.04.048/2023-24)".

Strengthening Business Operations

The Company maintained a focus on improving processes aimed at enhancing customer convenience, control, and monitoring. Below are some key activities undertaken during the year:

- Implemented geo-fencing technology for effective monitoring and control of customer onboarding.



- Introduced two-factor authentication (Biometric and mobile One Time Password) for Aadhaar-based withdrawals at BFIL branches.
- Digitized collection processes for rural women customers in microfinance segment, offering channels such as QR codes and BBPS for loan repayments.
- Provided option for outsourcing field collection activities to strengthen portfolio management.
- Digitized manual field processes such as housing surveys and Group Recognition Tests for improved efficiency and control.
- Enabled voice prompts for liability transactions at branches to streamline processes and enhance transparency.
- Facilitated launch of Hospicash product to assist customers with hospitalization expenses, easing financial burdens.
- Strengthened staff password security with robust policies for over 26,000 staff using the Pragati interface.

Information Technology

Information Technology plays a crucial role in our business operations and is fundamental to the overall business success at BFIL. Our Technology platforms facilitate seamless digital customer transactions, enable robust employee engagement including training and development, manage internal systems and processes, and supports nearly every facet of our operations. IT ensures the smooth functioning of our digital platforms, safeguards sensitive data, and leverages technology to optimize efficiency and productivity.



Digitising Transactions Using Tablets



Digital Approach at Branches

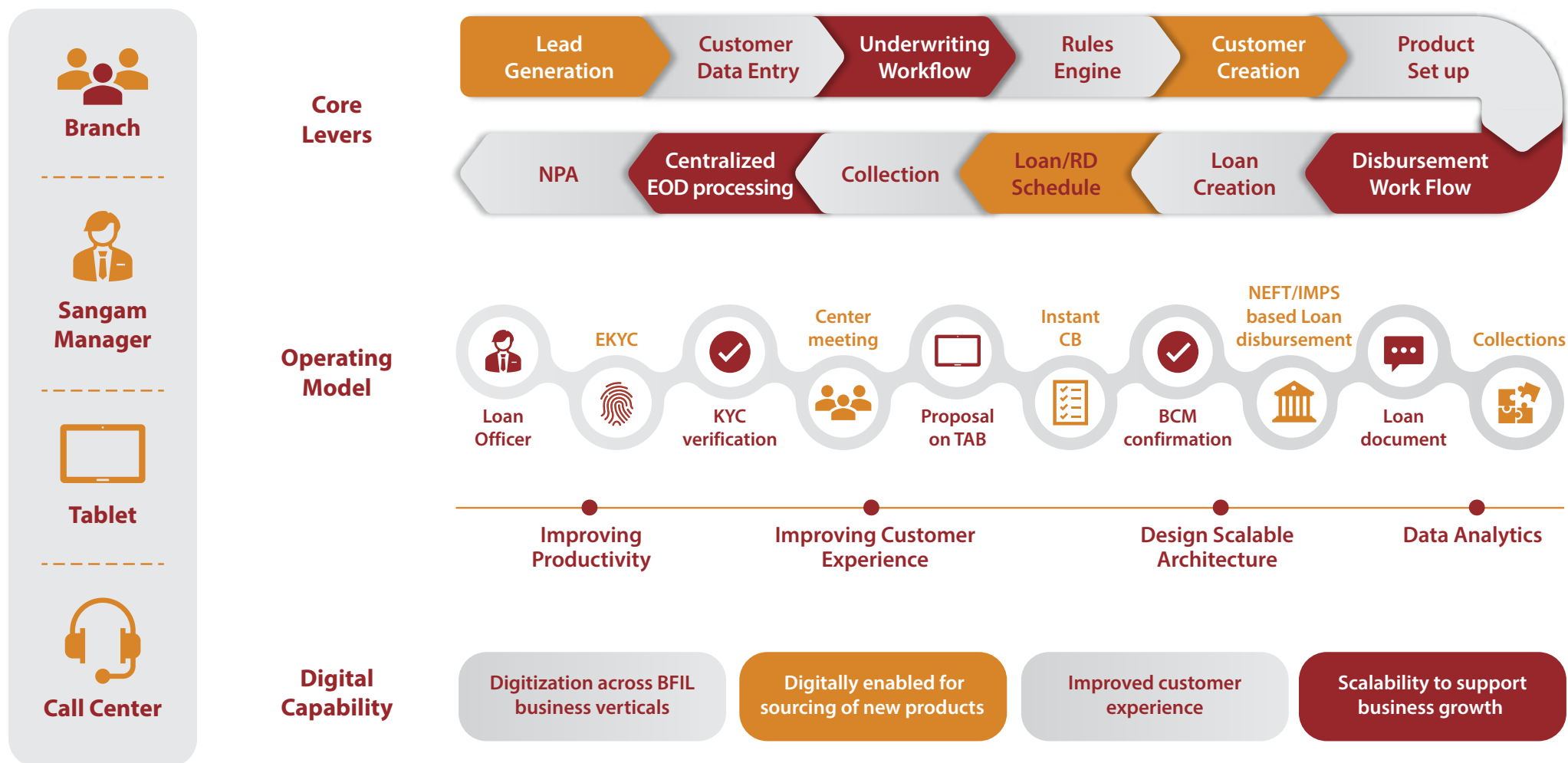
Over the last two decades of business operations, BFIL has been pioneering deployment of technology in the Microfinance industry, digitizing transactions using tablets and handheld devices, and disbursement of loans directly into the bank accounts of the customers. This digital transformation extends deeply into our internal operations as well. IT collaborates closely with stakeholders and staff, conducting field reviews and audits, sharing data across internal teams, and monitoring the real-time movements of our field staff through geo-intelligence apps. IT serves as the backbone of our operational efficiency and effectiveness.

The core platform has been enhanced with numerous new capabilities to ensure seamless customer journeys.

Information and Cyber Security

- A cyber crisis management plan is in place to ensure preparedness for effectively responding to cyber threats and incidents, minimizing their impact on operations and reputation.
- Comprehensive cybersecurity training sessions have been conducted nationwide, complementing other awareness programs, to enhance employees' knowledge of cybersecurity best practices.
- Assessments have been conducted on information assets to ensure robust security measures and data security controls are in place.
- BFIL maintains a top-tier BitSight security rating in the MFI industry, demonstrating our dedication to security programs aligned with industry best practices.

Agile technology, capability to handle large volumes



Human Resources

Sustainable, responsible, and progressive HR practices are fundamental to our Company. As a Business Correspondent of the Bank, nearly all customer interactions occur in the field, at the Customers' doorstep, in an assisted digital mode. Our team comprises motivated, committed, energetic, and well-trained field staff-Sangam Managers, Loan Officers, Bharat Money Officers-supported by a supervisory layer that provides guidance and ensures control. This dedicated field team constitutes more than 90% of our workforce. Additionally, our enabling functions such as Risk Management, Solution Delivery, Information Technology, Human Resources, Internal Audit, Accounts & Finance, and Administration play a crucial role in supporting the frontline operations.

Hiring, Talent Management, Rewards and Recognition

The Company employs multiple hiring channels such as employee referrals, job portals, and social media postings to source candidates for open positions. For field roles, sourcing through Center Meetings and Members' networks remains predominant. Over 80% of annual hires come from referrals, underscoring strong employer endorsement.

We embrace hiring freshers for entry-level roles like Sangam Managers, Loan Officers, and Bharat Money Officers. Annually, management trainees are recruited from leading business schools, primarily MBA graduates, joining as Divisional or Cluster Management Trainees.

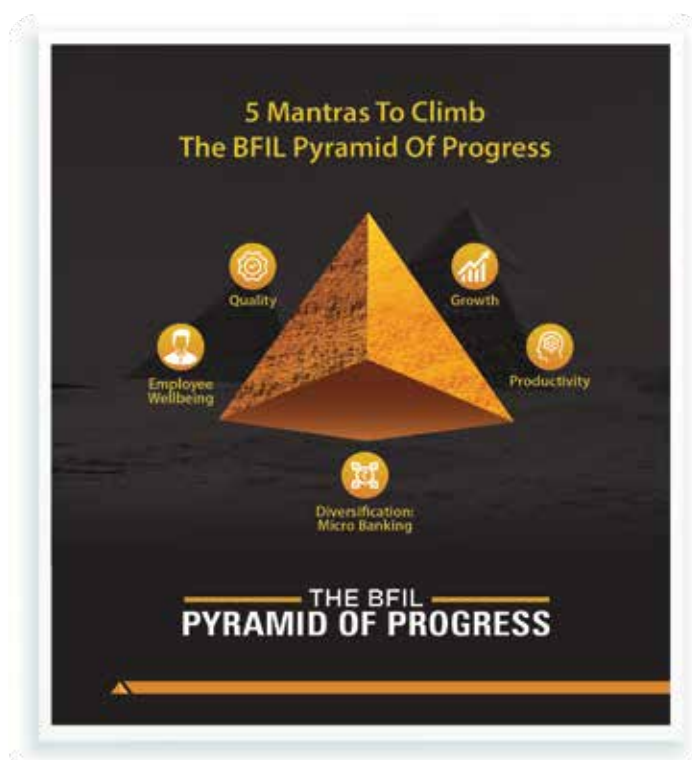
Our success hinges on well-defined goals, and achievement against the same measured through monthly scorecards that transparently assess performance across functions. Our pay philosophy balances competitive base salaries with performance-linked variable pay, allowing top performers to lead market compensation standards. We incentivize excellence through programs like Branch Star, Region Star, and Retention Incentives, combining monetary and non-monetary rewards.

Acknowledging the demanding field conditions, we prioritize celebrating personal milestones and successes monthly in all our branches. We foster fair career growth opportunities through a technology-driven Internal Talent Management Process, ensuring continuous evaluation

and readiness for advancement. Promotions within the field are vacancy-driven, minimizing lateral hiring.

The Company's retention strategy is robust, such that 75% of the senior-most supervisory layer consist of employees who, started at entry-level positions, illustrating our commitment to nurturing internal talent.

As of March 31, 2024, the Company had 40,700 employees including employees who are on probation and induction training. Being a largely field organization with exacting working conditions, the Company is skewed towards male employees; nevertheless, the team is highly diversified geographically considering the extensive rural reach across the country. Improving gender diversity at workplace continues to have high priority at the Company; as on March 31, 2024, female participation in the workforce has reached 4.2 % as compared to 3.3% a year ago. The Company has a very young workforce and the average age of employees across the Branch network is 27 years and in the Regional Offices and Head Office is 35 years. The average tenure of employees in Branches is 2.7 years, Regional Offices is 9 years and Head Office is 7.6 years. These statistics highlight our commitment to fostering a stable and experienced team.



BFIL's Pyramid of Progress outlines strategic goals: achieving significant growth in assets and liabilities, enhancing productivity across microfinance and retail operations, ensuring quality through process adherence,

and prioritizing employee wellbeing.

Awards and Recognitions

The Company's commitment towards excellence is reinforced by getting recognised consistently among India's top workplaces, including:

- Top 100 Best Companies to Work for by the Great Place to Work Institute for 10 consecutive years.
- Among India's Top 25 Best Workplaces in the BFSI Sector for 2024.
- Best in the Microfinance Industry for 2024 by the Great Place to Work Institute.



Recognised as a Great Place To Work for the 10th consecutive year.

These accolades underscore our dedication to creating an inclusive and innovative work environment that promotes growth and collaboration.



Celebrating GPTW recognition

Learning and Development



Onboarding New Employees

Onboarding and Induction

Employee Learning and Development is integral to the Company's sustainable growth journey. Field-level recruitment occurs at two levels:

- Fresh talent at graduate or intermediate level (10+2), recruited as Sangam Manager Trainee (SMT), Loan Officer Trainee (LOT), or Bharat Money Officer Trainee (BMOT).
- Campus hiring from Management Institutes for Divisional Manager Trainee (DMT) or Cluster Manager Trainee (CMT).

Every employee undergoes structured training before confirmation and being deployed into business verticals.

- The induction program for SMT/LOT/BMOT covers orientation, branch acclimatization, classroom sessions, on-the-field training with Observation, Demonstration, Role Play, and Center Meeting Demo.
- During FY 2023-24, the L&D team conducted 2,319 training batches, totaling over 1 million person-hours across diverse geographies.
- DMTs/CMTs undergo exhaustive training to gain Company specific knowledge on products, processes, job roles, cultural alignment, and organizational objectives.
- Over 28,000 person-hours of induction training were delivered to DMTs/CMTs during the year.

Capability Building

Skilled workforce is imperative for organizational growth and sustainability. Our dedicated team of Field Trainers ensures continuous training and coaching across branches, focusing on process improvements, product enhancements, and new offerings. Key programs include:

- Technological Skills Programme: Partnership with leading training institutions to enhance digital adoption and productivity through platform and tools training.
- iCare Leadership Development Programme: Quarterly recognition platform for talent retention, sponsoring

successful candidates for a 2-day Leadership Training at a prestigious Management Institute.

- Regional Office Development Center (RODC): Quarterly program enhancing behavioural skills of supervisors in regional offices.
- Sadhan-Bharat Parivar (Member Financial Literacy Workshops): Empowering female Members with essential financial knowledge through 108 sessions, benefiting 7,500 participants in making informed financial decisions and achieving greater stability.

Risk Management

The Bank employs a Strategic Risk Management Framework with reference to the BC business to evaluate and oversee corporate, business, and operational strategies, ensuring alignment with objectives and periodic performance evaluation. In the risk management framework, operational and business controls serve as the first line of defence, ensuring robust operational and business practices. Internal governance, Operational Risk Control and Risk Management, constitutes the second line of defence, providing oversight and strategic guidance. Internal Audit functions as the third line of defence, ensuring a strong compliance culture across all levels of the organization.

Risk management is integral to financial services. The BC business face diverse risks that are meticulously measured, monitored, and managed by a dedicated Risk Management Unit. Our robust framework ensures effective risk mitigation, supporting market expansion and business growth.

Credit Risk

The Borrower portfolio managed by the Company constitutes a significant portion of the Bank's loan book. The Risk Management Framework and detailed Product Programs governing these products are approved by the Bank's Credit Committees in compliance with regulatory guidelines and Board-approved policies of the Bank. Comprehensive norms for geographical concentration risk and clearly defined credit parameters are established to effectively manage Credit Risk. Ongoing monitoring and periodic senior executive meetings between the Bank and the Company refine credit controls to optimize asset quality.

The Company, serving the Economically Weaker Section segment with loans and financial products, faces Event Risks. These are mitigated through fair interest rates, transparent practices, customer education, strict adherence to regulatory guidelines, and robust Corporate Governance.

As a wholly owned subsidiary of the Bank, the Company operates as a Business Correspondent under RBI guidelines for Financial Inclusion, undertaking activities such as:

- Borrower identification
- Collection and preliminary processing of loan applications
- Promoting savings and other products, offering financial education and debt counseling
- Facilitating applications to banks
- Supporting and monitoring Self-Help Groups, Joint Lending / Liability Groups, and other community initiatives

As a Business Correspondent, the Company is exposed to the following major risks:

- Operational Risk
- Fraud Risk
- IT Risk
- Reputation Risk and
- Strategic Risk

BFIL manages these risks through dedicated departments focused on identification, measurement, monitoring, and control across all operational segments. The Company consistently adopts industry leading practices to strengthen these risk management functions.

The Company has established internal groups comprised of senior executives across functions to effectively manage Operational and Fraud Risks:

- **Operational Risk Management:** Oversees Operational Risk management, reviews the framework, monitors Key Risk Indicators (KRIs), and manages Operational Risk losses.

- **Fraud Risk Management:** Ensures effective management of Fraud Risks, reviews the framework, monitors controls, and implements fraud analytic tools.

Continual reinforcement of the Operational Risk Management Framework includes initiatives like the Incident Management Module, Issue and Action Module, KRI assessments, and Risk and Control Self-Assessments (RCSA).

The Business Continuity Management Policy identifies critical processes, infrastructure, and applications, with recovery plans in place to ensure timely restoration of operations during disruptions. Regular annual mock drills validate Business Continuity Plan (BCP) readiness.

Reputation Risk Management focuses on maintaining positive public perception regarding the Company's competence, integrity, and reliability. It includes robust Corporate Governance, governance practices, and policies to mitigate potential reputation impacts. Events posing reputation risks are continuously monitored, and a dedicated Crisis team handles significant incidents.

Operational Risk Control Unit

The Bank has instituted a dedicated and independent Operational Risk Control Unit (ORCU) to monitor and supervise all branches of the Company. The RCU is involved in monitoring branch operational activities such as customer on-boarding, customer transactions conducted in the branches, cash handling, day-end processes, supervisory review through Centre Meeting monitoring, branch visits and verification of branch activities, and taking appropriate actions to control any deviations observed.

The field supervision role of the RCU is critical in prevention of potential issues, early detection of exceptions, close monitoring of the branch operations, and obtaining market/industry updates. RCU focuses on the following activities:

- To monitor the adherence of defined processes and ensure managing the hygiene of Branch documents.
- Identification of gaps in the existing processes and providing input in re-designing of process/policy to control the risk.
- Mitigate the risk of the branches, by adhering to process review and controls which are preventive in nature.
- Gathering market information on risky areas and industry practices.
- Branch level training on Process, Quality and Control.
- Ensure compliance on regulatory requirements at all branches.
- Minimizing Operational Risk losses with proper cash management.
- Monitoring of exception cases and identifying the root cause.

The RCU team consists of dedicated Branch Credit Managers supervised by Divisional Risk Control Managers, General Risk Control Managers, and a National Head at the Head Office.

Internal Audit

The Internal Audit function of the Company conducts independent and objective evaluations to assess the adequacy and effectiveness of internal controls, ensuring ongoing compliance with policies, regulations, and internal standards. It also advises the Board on process improvements and service quality enhancements as needed. The Internal Audit function has been ISO 9001:2015 certified since June 2011. The latest renewal happened in September 2023 and the current certification is, valid until May 2026.

Aligned with the Reserve Bank of India's Guidelines on Risk-based Internal Audit (RBIA), the Company has adopted a comprehensive Internal Audit Policy. The function conducts risk-based audits across all branches, with audit frequency synchronized to the risk profile of each audited unit. Recommendations from Internal Audit have led to significant process enhancements across business verticals during the year, including improvements in Center meeting attendance, customer awareness, employee transfer handover processes, cash collection procedures, and branch manager control and monitoring.

The Head of Internal Audit functionally reports to the

Board of Directors to ensure independence, and administratively reports to the Executive Vice Chairman. The Board reviews the effectiveness of the Internal Audit Department function, control efficacy, and compliance with internal and regulatory guidelines, ensuring alignment with best practices in Corporate Governance.

The Bank conducts concurrent audits of transactions managed by the Company as a Business Correspondent (BC), complemented by periodic audits of the Company's business operations by the Bank's Internal Audit team, providing additional oversight.

Business Intelligence and Analytics

During the year, the Company comprehensively revamped the Business Intelligence and Analytics (BI&A) team to act as a core pillar in deeper analysis of data assets and enable data-driven decision-making. Significant investments have been committed to enhancing data analytics capabilities across data spectrum, platform orchestration, cloud platforms, and analytical software tools. The team has been scaled up, and has delivered on generating proprietary strategic insights and building predictive models, specifically in credit policy, fostering a culture of data-driven decision-making within the organization.

The BI&A team facilitates all business and support functions, connecting data points to generate insights that aid business heads in making informed decisions regarding product offerings and policy changes. Leveraging cutting-edge technologies, the team has expanded the business and played a key role in detecting fraud across multiple verticals using advanced Machine Learning models.

Furthermore, the team has been pivotal in identifying alternative data sources to enrich data ecosystem. With a strong focus on Artificial Intelligence (AI) and Machine Learning (ML), alongside traditional analytics, the team has deployed over 100 use cases spanning Credit, Fraud Prevention, Operational Risk, Product, and Policy areas. They have explored alternative data sources within RBI-defined guidelines, utilizing more than 100 data features to develop in-house models, strategic initiatives, and dashboards that support decision-making. Additionally, robust data quality and governance practices have been established.

Key achievements include:

- Development and deployment of in-house models:
- Assessing the credit worthiness of loan applicants.
- Identifying employee behaviour anomalies indicative of fraudulent activity.
- Predicting sales propensity.
- Optimizing credit policies to adjust borrowing limits based on risk assessments, enhancing support for low-risk customers, and mitigating risk for higher-risk ones.

Marketing and Communications

Our Proposition

Engage

Educate

Enable

Empower our customers

External Communications

Bharat Financial Inclusion Limited has been on a transition and growth journey towards becoming a micro-banker from a micro-lender, and it is pertinent for the marketing and communications strategy to play a vital role in showcasing the products and features that cater to the evolving financial needs and lifestyles of the customers we serve. Our marketing strategy highlights the product offerings that address these changing customer needs and builds loyal and sustainable customer relationships for the future. The function caters to the business needs of all the business units of the Company, with customized and targeted communication being its driving pillars, through offline and online channels with a strong rural branding focus, solving the last mile question.



3X Growth

(219%) higher social media followers from Apr'23 vs Mar'24 AV23 Mar'24.

2X Growth

in unique web traffic; hits crossed **209 K**



M&C team worked on **22 campaigns** i.e., by conceptualizing, designing and execution.



Launched for the 1st time, in May 2023, A Customer Awareness Program for Fraud Prevention through -

- 1.** 11 MFI Films (including 6 Films & 5 animations)
- 2.** 4 BSS Films (including 3 Films & 1 animation)
- 3.** 3 animation videos for Liabilities

Introducing Bharati Didi

As a customer-centric organization, the financial well-being of our serviced bank customers has always been paramount. Our endeavour is to understand the pain points of our customers and provide adequate solutions that can lead to well-informed and empowered customers.

To provide customers with the “right information” and explain the concept of “doing things the right way,” we worked on a campaign for the MFI and Liabilities businesses through brand storytelling. We created a series of stories very close to the customers' formative experiences and introduced a female protagonist, “Bharati Didi,” to explain certain critical processes and information that the audience could benefit from. The protagonist helped create a narrative to propel the message of financial literacy and fraud prevention with real-life

incidents. These stories were meant to educate and empower the marginalized and underserved women of India to make informed financial decisions. These relatable bite-sized animated and film series were launched in May 2023. With real-life professional actors portraying the roles of Bharati Didi and a common wise man, both characters portray friendly neighbour personas who impart their knowledge towards preventive and progressive financial literacy. The videos were launched on YouTube and have garnered over 1 million views and became trending topic on X platform (previously Twitter) for 2 days post the pilot launch in Odisha.

Fraud Prevention Program



Biometric-Authorisation



Bio-Authorisation



Passbook Awareness



Cash Withdrawal



Fixed Deposit



Mobile Number Update



Fixed Deposit



Recurring Deposit



Loan Pre-Closure & Digital Collection Receipt



Safeguard Yourself from Frauds

Liability Product Awareness Series



IndusInd Bank Offers UPI BHIM IndusPay & WhatsApp Banking



IndusInd Bank Savings, Fixed Deposit & Recurring Deposit Bank Accounts



IndusInd Bank Savings Account

Internal Communications

The BFIL family has a tradition of fostering pride and camaraderie among its employees. As a large field-driven organization, it is crucial to prioritize the needs of our workforce. We believe that an engaged and committed team enhances and propels business outcomes. Employer branding promotes higher performance among current and prospective employees. We organize reward and recognition events, festive celebrations, and town halls. Our templated departmental communications plan, and campaigns are tailored to target specific audiences. Our

employees, with their extensive geographical presence, serve as our primary ambassadors and are pivotal in all internal and external communications.

To achieve maximum visibility for internal campaigns, we adopt a multifaceted approach, encompassing a range of activities such as employee emailers, captivating short videos, engaging content, banners, leaderboards, Reward & Recognition events (RnRs), social media, intranet assets, appealing branch collaterals, and local branch-level activations.

Rewards & Recognition Events



Bharat Ke Veer



Yoddha 3.0



Yoddha 3.0



Joshilay



Employee Townhall



Employee Engagement Events



Women's Day Celebration



Diwali Celebration



Jostilay

Marketing Communication And Collaterals



Bharat Connect - Employee Intranet Launch Creatives



Hospicash + Personal Accident Launch Creatives

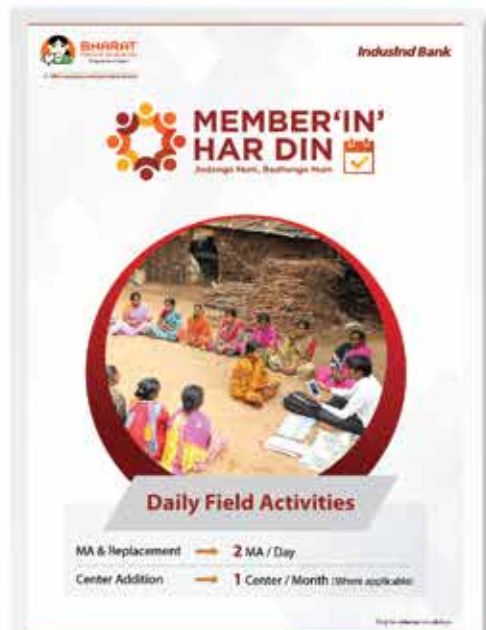
Branch Level Communication Creatives



Fraud Awareness



Phishing Awareness



Member in Har Din Activities

New Corporate Office: A Vision of Innovation and Culture

Bharat Financial Inclusion Ltd. (BFIL), proudly relocated in January 2024 to its new Corporate Headquarters in the heart of HITECH city, Raidurg in Hyderabad. Spanning 64,000 sq ft, this state-of-the-art facility embodies BFIL's ethos of forward-thinking design and sustainability, marking a significant milestone in our growth and expansion plans.



Reception

Our new office is more than just a workspace; it is a physical manifestation of BFIL's culture and values and serves as a testament to our brand identity. The contemporary design incorporates elements of biophilia, creating a harmonious blend of modern and rural aesthetics that emphasize innovation. The office is filled with murals and visuals depicting our diverse customer segments, reinforcing our commitment to customer-centric values, and representing our deep presence in rural and semi-urban areas across India.



Cafeteria

The new Head Office offers a transparent and welcoming environment with an abundance of natural light, lush green spaces, and breakout zones. These features promote collaboration, creativity, and rejuvenation, enhancing employee productivity and satisfaction.



Boardroom

Every aspect of the design—from the natural sunlight and greenery to the murals representing our various lending businesses—reflects BFIL's mission to foster entrepreneurship and provide sustainable financial solutions. This move symbolizes our dedication to innovation and growth, aligning with our vision of financial inclusion and customer empowerment.



Workstations

Corporate Social Responsibility

BFIL's CSR initiatives exemplify its commitment to societal welfare. CSR initiatives at BFIL underscore its commitment to social responsibility, enhancing livelihoods and community welfare through innovative programs like Bharat Sanjeevani and Bharat Pragat, making significant impacts in healthcare and agriculture sectors.

Bharat Sanjeevani, BFIL's flagship CSR program, provides doorstep emergency response to livestock farmers using technology, reducing mortality rates, improving productivity, and promoting better livestock management practices. The 'Doctor on Call' model operates in eight states: Jharkhand, Madhya Pradesh, Maharashtra, Himachal Pradesh, Telangana, Karnataka, Rajasthan, and Uttar Pradesh. During FY 2023-24, the program impacted over 0.4 million farmers and treated more than 0.6 million livestock, saving 0.4 million critical animals. An impact assessment study conducted by an external agency reported that the program reduced farmers' financial burden by 90%, cut livestock morbidity by 66%, and prevented economic losses estimated at ₹19,715 Crore across Jharkhand (since 2016), Madhya Pradesh (since 2018), and Maharashtra (since 2020). The program received the IIT Madras CSR Awards for its impactful work and technological innovation.

Another significant CSR initiative, Bharat Pragat, launched in 2019 in Kalaburagi District, Karnataka, is actively contributing to comprehensive village-level development. Having served over 24,000 beneficiaries through 58,366 general physician consultations and 4,801 specialist consultations, Bharat Pragat exemplifies commendable

impact on healthcare provision and community well-being.

Sustainable Development Goals (SDGs)



Dedicated to achieving our sustainable development goals

BFIL's initiatives align with 12 of the 17 Sustainable Development Goals (SDGs). Bharat Pragat, our CSR initiative, aims for holistic village development by enhancing access to basic needs such as water and healthcare. It collaborates with local governments and communities, utilizing public infrastructure to meet these requirements. BFIL also supports members in purchasing products that contribute to SDGs and provides comprehensive primary healthcare services through government facilities, focusing on preventive and curative treatments and water conservation efforts.



BFIL attends to 12 of the 17 Sustainable Development Goals

No Poverty and Zero Hunger

BFIL promotes financial inclusion through IndusInd Bank's products, offering income generation loans to underbanked population. CSR initiatives like Bharat Sanjeevani ensure livestock health and sustained income through emergency response centers and artificial insemination.



MOU Signing

Good Health and Wellbeing

BFIL's CSR initiatives Bharat Sanjeevani and Bharat Pragat provide comprehensive healthcare services, enhancing community health.



Drishti Project

Gender Equality

BFIL supports women entrepreneurs by exclusively offering microfinance loans to women, fostering gender equality and workforce participation.

Clean Water and Sanitation

CSR initiative Bharat Pragat focuses on water conservation, improving water levels and providing clean water through financial aid for water filters in rural areas.

Affordable and Clean Energy and Climate Action

BFIL finances clean energy products like solar lights and



Pragat Initiative

energy-efficient appliances, reducing carbon footprint.

Industry, Innovation, and Infrastructure

BFIL facilitates access to IndusInd Bank's loan products, enhancing mobile penetration and promoting connectivity in remote areas.

Reduced Inequalities and Sustainable Cities and Communities

BFIL promotes economic participation and livelihoods through financial inclusion and credit facilities, contributing to reduced inequalities.

Partnerships for the Goals

CSR initiative Bharat Pragat collaborates with local governments and communities, fostering sustainable partnerships towards shared goals.



Corporate Information

Board of Directors (as on March 31, 2024)

Mr. Sumant Kathpalia

Non-Executive Chairman

Mr. J Sridharan

Executive Vice Chairman

Mr. Sanjeev Anand

Non-Executive & Non-Independent Director

Mr. K Subrahmanyam

Non-Executive Independent Director

Mr. Anil Rao

Non-Executive & Non-Independent Director

Mr. Vivek Bajpeyi

Additional Director (Non-Executive & Non-Independent)

Mr. Jayant Deshmukh

Additional Director (Non-Executive & Non-Independent)

Company Secretary

Mr. V Ravi Kumar Reddy

Auditors

Haribhakti & Co. LLP

Chartered Accountants

705, Leela Business Park, Andheri Kurla Rd. Andheri (E) Mumbai, 400059, India

Registrar & Share Transfer Agent

Link Intime India Pvt. Limited

C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083. Tel: (022) 49186280, 49186000 | Fax: (022) 4918606

Company CIN

U65999MH2018PLC312539

Registered Office

One World Centre, Tower 1, Floor 8, 841 Senapati Bapat Marg, Elphinstone, Mumbai – 400013, Maharashtra, India.

Head Office

Raheja Commerzone, 10th & 11th Floor, Plot No. 16/A/1 & 2, Knowledge City, Raidurg, K V Ranga Reddy, Telangana- 500081, India.

Directors' Report For The Financial Year 2023- 2024

To
The Members of Bharat Financial Inclusion Limited

The Board of Directors have pleasure in presenting the 6th Annual Report of the Company and the Audited Financial Statements for the Financial Year ended March 31, 2024.

1. Financial Highlights

During the fiscal year 2023-24, your Company continued to move forward in the growth journey as a Business Correspondent (BC) of IndusInd Bank Limited and transition towards facilitating a comprehensive suite of micro banking services to the target customers, predominantly in the rural Bharat.

During the year ended March 31, 2024, the Company served IndusInd Bank's microfinance customers under the Joint Lending / Liability Group model and retail shopkeepers under Bharat Super Shop and served predominantly the rural landscape with last mile solutions through the Bharat Money Stores outlets. Your Company has continued to be the 2nd largest micro finance lending service provider during the financial year with the loan book of more than ₹38,000 Crore under the JLG model, as at March 31, 2024. The diversification initiative progressed with the non-microfinance loans under the Bharat Super Shop programme taking up 13% of overall loan book managed for IndusInd Bank, an improvement from 11% in March 2023 and 6% in March 2022. The growth on the liabilities portfolio has been consistent and around 18 million Savings Account and Recurring Deposit accounts have been opened so far with deposit book crossing ₹2,900 Crore.

Your Company has an extensive rural distribution network, serving over 1,57,000 villages, and it has an operational presence in rural, semi-urban and urban centres in 549 Districts across 23 States as at the end of March 2024. Nearly 35,900 field staff of BFIL serve customers daily in executing financial transactions, which include disbursement of small loans, instalment repayments, opening savings, current, fixed, and recurring deposit accounts, providing insurance cover, and fulfilling their aspirations of owning a consumer durable.

Your Company has consistently improved its performance as a Business Correspondent of IndusInd Bank Limited. The

disbursement of loans during FY 2023-24 at ₹53,577 Crore has been an all-time high and 23% higher than the disbursement of ₹43,555 Crore during previous FY 2022-23; the advances under management as of March 31, 2024, were at ₹44,266 Crore, which was again at all-time high and 22% higher than ₹36,297 Crore, a year ago. During the year under review, the Company added 29.3 lakh members as compared to 23.4 lakh added during the previous year.

The merchant acquiring business serviced by your Company under 'Bharat Super Shop' program crossed ₹5,000 Crore mark growing 38% year on year, serving 6.94 lakh borrowers, as of March 31, 2024.

As of March 31, 2024, Bharat Money Stores (BMS) had about 83,400 Kirana merchants spread across 34,860 villages, 326 districts and 12 states reaching out to the remote corners of the country. The merchants leverage BMS's banking and transaction platform and act as banking touchpoints at Bharat Money Store outlets for a vast range of banking and financial services to the public. Operations have been steadily gathering pace and BMS enrolled 19,269 new merchants, served more than 5.44 million rural customers, and facilitated transactions worth ₹4,994 Crore, including Aadhaar-enabled remittances, opening savings and deposit accounts, utility payments, and more during FY 2023-24.

About 127 lakh customers of the Bank served by the Company had a Savings Account relationship and about 13 lakh customers had active Recurring Deposit Account in IndusInd Bank. With a market that still has a large untapped potential and an aspirational class that is working hard to improve their lives, the Company's reach and deep rural expertise can help IndusInd Bank make strong inroads into Bharat.

The Company focused on enhancing its comprehensive microfinance loan system; Project Pragati was conceptualised in the financial year 2022-2023 and went live in May 2023. With real-time transaction processing capability, the Pragati platform has brought in centralized instantaneous reporting and timely data reconciliation, in compliance with the regulatory guidelines. This project has also resulted in improvement in operational efficiency.

The financial performance of the Company for the year under review is summarized below:

(₹ in Crore)

Particulars	Current Financial Year 2023-24	Previous Financial Year 2022-23	Growth (%)
Revenue from Operations	2,323.88	1,724.83	35 %
Other Income	11.43	11.04	3 %
Total Revenue (I)	2,335.31	1735.87	35 %
Employee Benefit Expenses	1,519.68	1,173.80	29 %
Impairment loss allowance	222.97	42.21	428 %
Other Expenses	455.25	363.47	25 %
Depreciation and Amortization Expenses	99.71	85.84	16 %
Total Expenses (II)	2,297.62	1,665.32	38 %
Profit before Tax	37.69	70.55	-47 %
Tax Expenses	10.52	19.26	-45 %
Profit after Tax	27.17	51.29	-47 %
Other Comprehensive Income	-0.25	-0.89	-72 %
Total Comprehensive Income	26.92	50.40	-47 %
Earnings per Share (Basic/Diluted) of ₹10 each fully-paid	6.22	11.74	-47%

Operational Highlights:

Particulars	Current Financial Year 2023-24	Previous Financial Year 2022-23	Growth (%)
Amount Disbursed as BC (₹ in Crore)	53,577	43,555	23 %
Gross Loan Portfolio under management as BC of IBL (₹.in Crore)	44,266	36,297	22 %
Number of Branches			
MFI	2,914	2,639	10 %
BSS	706	714	-1 %
Total	3,620	3,353	8 %
Number of customers serviced (in lakh)	124.41	115.1	8 %

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

The Company is a wholly owned subsidiary of IndusInd Bank Limited and was incorporated under the name of IndusInd Financial Inclusion Limited on August 6, 2018. In accordance with the Composite Scheme of Arrangement (Scheme) amongst erstwhile Bharat Financial Inclusion Limited (eBFIL) an NBFC-MFI duly licenced by the RBI, IndusInd Bank Limited (Bank), the Company and their respective Shareholders and Creditors, effective from July 4, 2019, the Company is a Business Correspondent of the Bank. On August 2, 2019, the name of the Company was

changed from IndusInd Financial Inclusion Limited to Bharat Financial Inclusion Limited.

The Company caters largely to sections of the society who have entrepreneurial aspirations but were underserved or unserved by formal financial markets. For more than two decades, the Company's microfinance operations has been providing micro-loans to the bottom-of-the-pyramid population helping them with an opportunity to realize economic prosperity, good health, well-being, and quality education. As an extension of its philosophy, the Company started the Bharat Super Shop business segment that caters to the missing-middle of the entrepreneurial class in

the country. Through the Bharat Money Stores, the Company is providing a banking and transaction platform to sub-BCs, who are mainly small shops and kirana stores, so as to provide banking services to the common public, especially in rural and remote areas.

Microfinance

The core business of the Company is to provide small value unsecured loans and certain other basic financial services to Members (women from Economically Weaker Section households onboarded as customers of the Bank are termed as Members and those Members whose loans are outstanding are the Borrowers in the books of the Bank). These households often have no, or very limited, access to loans from institutional sources of financing. The Company aims to bridge the gap by providing financial services at the doorstep of its Members. The Members are predominantly located in rural areas in India, and loans are extended to them principally for use in small businesses and other income generating activities.

In its core business, the Company follows a village-centric, Joint Lending / Liability Group (JLG) lending model to provide unsecured loans to its Members. The loans are of standard small ticket sizes appropriate to meet the needs of the Borrowers and are repayable in Equated Weekly Instalments. This model relies on a form of social collateral and aims credit discipline through peer support within the group; the JLG model makes its Members prudent in conducting their financial affairs and encourages them to be prompt in repaying their loans. Failure by an individual Borrower to make timely loan repayments will deny, not just the defaulting Member but all Members in the group, new loans till all Members are current with no overdue. Therefore, the group does use peer support to encourage the delinquent Borrower to make timely repayments or provide small financial support amongst themselves to meet the weekly repayment obligations, effectively providing an informal joint guarantee on the Borrower's loan. Under the JLG model, these women form groups of five Members and multiple such groups meet at an agreed fixed time of the week in centres where financial transactions are processed transparently. While the typical woman borrower served by the Company is from a low/moderate literacy rural background and is not highly proficient in using technology, the assisted journey provided by the Company helps all of them to conduct financial transactions digitally. These women are predominantly engaged in rural economic activities like

raising cattle, poultry and piggery, farming, value added agri products, making handicrafts and loom products, tailoring, and providing rural services. Our in-house technology platform allows the field personnel to meet the microfinance customers at the weekly centre meetings and facilitate financial transactions in real time. The entire spectrum of transactions, from customer onboarding and group/center formation to loan disbursements and collections, is recorded digitally in a paperless manner. Our systems manage a large volume of transactions at speed of up to 1.2 loans disbursed per second.

Responsible lending practices, respect we show to the bottom-of-the-pyramid entrepreneurs and the timely service we deliver on the ground, form the edifice of our market standing and reputation. Each Member is onboarded only after an essential training is given to her on basic financial literacy and financial discipline individually as well as within the group. The credit rules are designed to ensure that the ticket sizes are appropriate, avoiding over-leveraging; prior to each disbursement, the overall indebtedness of the Member is checked from the credit bureau records. In the micro finance business vertical, women are at the centre of our operations and the loan, deposit and insurance products provided to them help them become financially independent while also being the wind underneath their entrepreneurial wings. As of March 31, 2024, the Microfinance business covering 1,51,000 villages in 453 districts of the country and serving an active loan client base of 88.13 Lakh of the Bank as at that date. The JLG based loan book of the Bank managed through the Company stood at ₹38,562 Crore at the end of FY 2023-24, registering a growth of 20% over the previous year. The business is managed through 2,914 branches with 19,000+ Sangam Managers, the feet-on-street relationship managers, who interact with the Members each week.

Bharat Super Shop (Loan to Retailers):

The Missing middle - a sizable entrepreneurial population who set up small retail outlets across the length and breadth of the country is by and large financially underserved, be it through microfinance or mainstream banking system. Most of these stores rely on informal channels of financing for their working capital requirements, usually at a steep interest rate. Serving the underserved has always been the forte of Bharat Financial Inclusion Limited since inception and Bharat Super Shop

(BSS) is an extension of that mission. Through BSS, the Company offers merchants a host of banking services including opening of zero balance current account, recurring deposit, and working capital loans along with payment services such as UPI / QR, Mobile / WhatsApp banking etc. through a templated, assisted-digital model. Our ~7,000 feet-on-street (Branch Staff) use a paperless, digital, technology-based process to assist the customer navigate the application process right at the doorstep. The offering has the right balance of technology and human touch that helps resolve customer queries promptly while a constant human interface assures them of quality service whenever needed. The Company as of March 31, 2024, has a presence across 540+ cities and 19 states, serving over 14 lakh retailers with 7 lakh active borrowers and loan book of ₹5,565 Crore.

Bharat Money Stores (BMS):

Bharat Money Store (BMS) is typically a Kirana store owner who acts as a rural sub-BC agent servicing customers in the unbanked and underbanked geographies. The brick-and-mortar bank branch network in the country is not deep enough and there are large number of villages which continue to be unbanked or largely underbanked; large sections of society, especially in the rural landscape, have to spend considerable time and effort in undertaking simple banking transactions such as opening of deposit accounts or remittances or bill payments. To bridge the last-mile gap and improve financial inclusion in India, BFIL along with IndusInd Bank, designed and developed the concept of Bharat Money Store, a banking and transaction platform for Kirana Merchants to provide financial services to the common public, whether they are banking customer of the Bank or not.

BMS outlets equipped with a basic smartphone and the customised software application of the Company, create hyper-localized banking opportunities for local residents and empower the unbanked and underbanked sections of the society. Our merchants provide a range of banking services to walk-in customers by aiding them with opening of savings bank accounts, opening fixed deposits, providing payment and remittance services using AEPS network and bill payments. Our business model is fully digital, and we provide paperless onboarding experience to our merchants, with a focus on upgrading existing merchants into branded service outlets.

As of March 31, 2024, BMS is present in 300+ districts of the

country covering 34,000+ villages in 12 states and have more than 83,000 merchants through which BFIL service more than 54 lakh rural customers for essential banking and financial services.

Additionally, working capital loan is provided to the Kirana stores who serve as BMS outlets, thereby enabling them to grow their business. Such loan book as of March 31, 2024, stood at ₹138 Crore.

Significant events during the year under review

There were no significant events during the year under review.

3. Change in the nature of business

During the year under review, there were no changes in the nature of the business undertaken by your Company.

4. Dividend:

The Board of Directors has not recommended any dividend during the year under review.

Transfer of unclaimed Dividend to Investor Education and Protection Fund:

The provisions of Section 125(2) of the Companies Act, 2013 were not applicable to the Company, during the Financial Year 2023-24, as there was no unclaimed dividend available with the Company.

5. Transfer to Reserve:

The Board of Directors recommended that the entire amount of Profits, i.e., ₹26.92 Crore be transferred to the Reserves. The Reserves and Surplus of the Company as on March 31, 2024, stood at ₹405.72 Crore.

6. Directors and Key Managerial Personnel:

During the FY 2023-24, following was the composition of the Board of Directors of the Company:

Sr. No.	Name of the Director	DIN
1.	Mr. Sumant Kathpalia	01054434
2.	Mr. J Sridharan	09420031
3.	Mrs. Akila Krishnakumar (Please refer Note 1 below)	06629992
4.	Mr. K Subrahmanyam	06576376
5.	Mr. Jayant Deshmukh (Please refer Note 2 below)	08697679
6.	Mr. Sanjeev Anand	07074653
7.	Mr. Ramaswamy Meyyappan (Please refer Note 3 below)	09783178
8.	Mr. Anil Rao	06395743
9.	Mr. Vivek Bajpeyi (Please refer Note 4 below)	02349436

Note 1: Mrs. Akila Krishnakumar ceased to be Director of the Company with effect from December 13, 2023, consequent to her resignation.

Note 2: Mr. Jayant Deshmukh was appointed as Additional Director of the Company with effect from December 13, 2023.

Note 3: Mr. Ramaswamy Meyyappan ceased to be Additional Director of the Company with effect from May 6, 2023, consequent to his resignation.

Note 4: Mr. Vivek Bajpeyi was appointed as Additional Director of the Company with effect from September 8, 2023.

Details of Key Managerial Personnel other than Whole Time Directors of the Company during the year under review are as below:

Sr. No.	Name of the Key Managerial Personnel	Designation	Date of Appointment	Date of Cessation
1.	Mr. Vijay Ramprakash Dube	Chief Financial Officer	January 17, 2023	--
2.	Mr. V. Ravi Kumar Reddy	Company Secretary	August 16, 2019	--

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

Mr. Ramaswamy Meyyappan (DIN 09783178), resigned from the Board with effect from May 6, 2023.

Mr. Anil Rao (DIN 06395743) was appointed as an Additional Director of the Company with effect from November 24, 2022, and his appointment as Director was regularised by the members at the 5th AGM held on August 23, 2023.

Mr. Vivek Bajpeyi (DIN 02349436), was appointed as an Additional Director of the Company with effect from September 8, 2023.

Mrs. Akila Krishnakumar (DIN 06629992), resigned from the Board with effect from December 13, 2023.

As per Section 149 of the Companies Act 2013 read with rule 3 of the Companies (Appointment and Qualification of

Directors) Rules, 2014, intermittent vacancy of a woman director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later. The Board of Directors took note of resignation of Mrs. Akila Krishnakumar from the Board of the Company on December 13, 2023. This vacancy, which was required to be filled by March 12, 2024, has not been filled. The Company is in process of identifying the Woman Director, with required expertise, to fill up the vacancy.

Mr. Jayant Deshmukh (DIN 08697679) was appointed as an Additional Director of the Company with effect from December 13, 2023.

Appointment of Director:

During the year under review:

- Mr. Vivek Bajpeyi (DIN- 02349436) was appointed as an Additional Director of the Company (Nominated by

IndusInd Bank Limited, 100% holding Company) with effect from September 8, 2023. He holds office as Additional Director up to the forthcoming Annual General Meeting and is eligible for appointment as a Director of the Company.

- b) Mr. Jayant Deshmukh (DIN- 08697679) was appointed as an Additional Director of the Company (Nominated by IndusInd Bank Limited, 100% holding Company) with effect from December 13, 2023. He holds office as Additional Director upto the forthcoming Annual General Meeting and is eligible for appointment as a Director of the Company.

Appointment of the aforementioned Additional Directors as Director of the Company is being placed for approval of the Shareholders at the ensuing 6th AGM of the Company. You are requested to consider the proposed appointment of Mr. Vivek Bajpeyi and Mr. Jayant Deshmukh.

Since the Company is a wholly owned subsidiary of IndusInd Bank Limited, the requirement of Independent Directors under Section 149 of the Companies Act, 2013 is not applicable. However the Company appointed Mr. K Subramanyan as a Non-Executive Independent Director, and necessary disclosure under the Company's Act 2013 has been obtained.

8. Number of meetings of the Board of Directors

During the year under review, the Board of Directors of the Company met five times: on April 20, 2023; July 17, 2023; August 22, 2023; October 16, 2023, and January 16, 2024.

DIN	Name of the Director	Number of Board Meetings attended during the year
01054434	Mr. Sumant Kathpalia	5/5
09420031	Mr. J Sridharan	5/5
07074653	Mr. Sanjeev Anand	5/5
06629992	Mrs. Akila Krishnakumar (Refer Note 1)	4/4
06576376	Mr. K Subrahmanyam	5/5
08697679	Mr. Jayant Deshmukh (Refer Note 2)	1/1
09783178	Mr. Ramaswamy Meyyappan (Refer Note 3)	1/1
06395743	Mr. Anil Rao	5/5
02349436	Mr. Vivek Bajpeyi (Refer Note 4)	2/2

Note 1: Mrs. Akila Krishnakumar resigned from the position of Director of the Company with effect from December 13, 2023.

Note 2: Mr. Jayant Deshmukh was appointed as Additional Director of the Company with effect from December 13, 2023.

Note 3: Mr. Ramaswamy Meyyappan resigned from the position of Director of the Company with effect from May 6, 2023.

Note 4: Mr. Vivek Bajpeyi was appointed as Additional Director of the Company with effect from September 8, 2023.

Note 5: Presence of Directors by videoconference during the meeting has been counted as attended for the purpose of quorum of the meeting.

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

Section 152 (6) of the Companies Act, 2013 provides that not less than two-thirds of the total number of Directors of a public Company shall be liable to retire by rotation, and that one-third of such Directors as are liable to retire by rotation shall retire from office at every Annual General Meeting ('AGM') of the Company. Mr. Sanjeev Anand (DIN: 07074653) was re-appointed as Director of the Company by the members at their 3rd Annual General Meeting held on August 25, 2021.

Mr. Sumant Kathpalia (DIN: 01054434) was re-appointed as Director of the Company by the members at their 4th Annual General Meeting held on August 18, 2022.

Mr. Sanjeev Anand (DIN: 07074653) was re-appointed as Director of the Company by the members at their 5th Annual General Meeting held on August 23, 2023.

The Board recommended Mr. Sumant Kathpalia (DIN: 01054434), for retirement by rotation at the ensuing 6th AGM, and being eligible, he offers himself for re-appointment.

The Board recommends re-appointment of Mr. Sumant Kathpalia (DIN: 01054434), as Director of the Company in category of Non-Executive Non-Independent Director.

9. Managerial Remuneration:

As on March 31, 2024, the Company's Board of Directors comprised of 6 Non-Executive Directors and 1 Executive Director.

No remuneration was paid to the Non-Executive Directors except sitting fees to the Directors, who are not the executives of IndusInd Bank Limited. Non-executive directors, other than the executives of IndusInd Bank Limited nominated in the Board, were paid Commission in addition to the Sitting Fees, as approved by the Directors of the Company, as authorised by the Shareholders of the Company.

During the year under review, remuneration of Mr. J Sridharan, Executive Vice Chairman (on deputation from IndusInd Bank Limited of which the Company is a wholly owned subsidiary), paid by the Bank has been reimbursed to the Bank. The Company has not paid any remuneration directly to him.

The details of remuneration paid to the Key Managerial Personnel is mentioned in the Note No. 32 to the Audited Financial Statements, for the year under review.

10. Performance Evaluation

In compliance with Section 134(3) read with Rule 8(4) of Companies (Accounts) Rules, 2014, the Board of Directors of listed companies and public companies having Paid-up Share Capital of ₹25 Crore 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, CSR Committee and the Board are done through questionnaires, one each for Non-Executive Directors, Executive Director, CSR Committee, and the Board.

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

While the business activity of the Company does not result in any material consumption of energy, still the Company is committed to continue its efforts towards the

conservation of energy. The Company has, however, been using Information Technology extensively in its operations.

During the year under review, the Company had Foreign Exchange outgo of ₹ 0.07 Crore towards Professional Fees but had Nil Foreign Exchange earnings.

12. 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 FY 2023-24, the Authorised Share Capital of the Company was ₹60,00,00,000, comprised of 6,00,00,000 equity shares of ₹10 each and the Paid-up Share Capital was ₹43,70,35,070 comprising 4,37,03,507 fully paid-up shares of ₹10 each.

Employee Stock Option Scheme:

Since the Company has not granted any stock options so far, the Company is not required to give any details in this regard.

13. 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 Subsidiary, Joint Venture, or Associate Company.

14. Risk Management

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. As a Business Correspondent of a commercial bank, the Company is exposed to risks that are particular to the small ticket micro-lending business and the environment within which it operates. The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk in the operations of the Company. The risk management process is continuously assessed and improved to meet with the changing risk scenario; the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has a defined process for risk management. Major risks identified by the businesses and support functions are systematically addressed through mitigating actions on a continuing basis. These are discussed within the Management team and the relevant forums/Committees. Some of the risks relate to competitive intensity and the changing legal and regulatory environment. Structured discussions take place between the Company and the Bank on a monthly basis, at the level of senior executives, covering the business operations of the Company, the portfolio originated and serviced by the Company, risk management policies in relation to various risks and regulatory compliance.

15. 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, with period of upto the conclusion of this sixth Annual General Meeting.

The Board of Directors has recommended M/s Nangia & Co., LLP, Chartered Accountants (Regn. No.002391C/N500069) as the Statutory Auditors of the Company under the provisions of Section 139 of the Companies Act, 2013 from the conclusion of Sixth Annual General Meeting upto the conclusion of Eleventh Annual General Meeting.

The Board placed on record its appreciation for the valuable services rendered by M/s Haribhakti & Co., during their tenure as Statutory Auditors of the Company.

16. Cost Auditors

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

17. 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 Company has appointed M/s Alwyn Jay & Co, Company Secretaries in Practice, to undertake Secretarial Audit of the Company for FY 2023-24. The Secretarial Audit Report submitted by M/s Alwyn Jay & Co is furnished at Annexure I and forms an integral part of this Report.

The Secretarial Audit Report submitted by M/s Alwyn Jay & Co for FY 2023-24 does not contain any qualification, reservation, or adverse remark except the following:

“As per the section 149 of the Companies Act 2013 read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, intermittent vacancy of a woman director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later. The Board of Directors took note of resignation of Mrs. Akila Krishnakumar from the Board of the Company on December 13, 2023. This vacancy, which was required to be filled by March 12, 2024, has not been filled.”

The Company is in process of identifying the Woman Director, with required expertise, to fill up the vacancy.

18. 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.

19. Responses to Auditors' Remarks

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

20. 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 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.

21. 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, 2024, in the prescribed Form MGT-7 is available on the website of the Company at:

<https://www.bfil.co.in/document/PDF/Draft%20Form%20MGT-7%20FY%202023-24.pdf>

22. 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.

23. 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 Indian Accounting Standards (IAS 24) has been made in the Note No. 32 to the Audited Financial Statements, for the year under review.

24. Deposits

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

25. Particulars of Loans / Guarantees / Investments:

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

26. 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 of March 31, 2024.

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

As of March 31, 2024, the Company had 40,700 employees. The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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 had received 13 complaints alleging sexual harassment at workplace during the financial year 2023-24. The status of the same is as under:

No. of cases received during the year	No. of cases closed during the year
13	11
No. of cases pending for investigation at the end of the year	
2	

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.

28. 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.
- (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.

29. 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://bfil.co.in/csr-policy.php>

During the year under review, the CSR Committee has been reconstituted with effect from January 16, 2024.

The Members of CSR Committee, as on March 31, 2024, were:

- Mr. Sumant Kathpalia
- Mr. Sanjeev Anand
- Mr. J Sridharan (appointed w.e.f. January 16, 2024)
- Mr. K Subrahmanyam (appointed w.e.f. January 16, 2024)
- Mr. Jayant Deshmukh (appointed w.e.f. January 16, 2024)

The provisions of Section 135 of the Companies Act, 2013 are applicable to the Company with effect from April 1, 2020.

The details of CSR expenses related to the year under review are mentioned in Note No.38 of the Financial Statements of the Company for the year.

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

During the year under review, the Corporate Social Responsibility Committee of Board of Directors of the Company met two times: April 20, 2023 and October 16, 2023.

DIN	Name of the Member	Status	Number of CSR Meetings attended during the year
01054434	Mr. Sumant Kathpalia	Chairman	2/2
07074653	Mr. Sanjeev Anand	Member	2/2
06629992	Mrs. Akila Krishnakumar (Refer Note No.1)	Member	2/2
09420031	Mr. J Sridharan (Refer Note No.2)	Member	NA
06576376	Mr. K Subrahmanyam (Refer Note No.2)	Member	NA
08697679	Mr. Jayant Deshmukh (Refer Note No.2)	Member	NA

Note No.1: Mrs. Akila Krishnakumar resigned from the position of Director of the Company with effect from December 13, 2023.

Note No.2 Mr. J Sridharan, Mr. K Subrahmanyam and Mr. Jayant Deshmukh were inducted as members of the CSR Committee with effect from January 16, 2024.

30. 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.

31. Significant and Material Orders passed by the Regulators or Courts

There were no significant and material Orders passed by the Regulators / Courts that would impact the 'going concern' status of the Company and its future operations.

32. Details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016):

During the year under review, no applications were made, nor any proceeding were pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016).

33. 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:

The Company has not taken any loan from a Bank or a Financial Institution. Hence disclosures as per Rule 8(5)(xii) of Companies (Accounts) Rules, 2014, are not applicable to the Company for the year under review.

34. Acknowledgement

The Company's Directors are grateful to the Reserve Bank of India, the Ministry of Corporate Affairs, Government of India, the Insurance Development and Regulatory Authority of India and other regulatory authorities for their guidance and support extended to the Company.

The Company thankfully acknowledge the services of the Statutory Auditors and Secretarial Auditors for their prompt and efficient support.

The Company's Directors, express their deep sense of appreciation to all employees for their excellent performance, and strong support to the Company during the year. The Directors would also like to express a profound sense of appreciation for all the employees who had been associated with the erstwhile BFIL (eBFIL) 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 Limited, 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 growing the mutually beneficial relationship in future.

For Bharat Financial Inclusion Limited

Place: New Delhi
Date: 15th July, 2024

Sumant Kathpalia
Chairman
DIN: 01054434

Annexure-I**Form No. MR-3
SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2024**

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

To,
The Members,
Bharat Financial Inclusion Limited

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 (CIN: U65999MH2018PLC312539)** (hereinafter called "the Company").

The 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 statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and 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 **31st March, 2024** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and has required 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 **31st March, 2024** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (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 for compliance to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable;**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **as amended from time to time:**
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable to the Company;**
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Not Applicable to the Company;**
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - **Not Applicable to the Company;**
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - **Not Applicable to the Company;**
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable to the Company;**
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - **Not Applicable to the Company;**
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not Applicable to the Company;**

- (h) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - **Not Applicable to the Company;**
- (i) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 - **Not Applicable to the Company.**
- (vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the Banking Regulation Act, 1949, Master Circulars, Notifications and Guidelines and other directions pertaining to business correspondents issued by Reserve Bank of India (RBI) from time to time. Further, the Company has complied with other applicable general business laws, rules, regulations and guidelines.

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

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- (ii) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 - **Not applicable to the Company**

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

As per the section 149 of the Companies Act 2013 read with rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, intermittent vacancy of a woman director shall be filled-up by the Board at the earliest but not later than immediate next Board meeting or three months from the date of such vacancy whichever is later. The Board of Directors took note of resignation of Mrs. Akila Krishnakumar from the Board of the Company on December 13, 2023. This vacancy, which was required to be filled by March 12, 2024, has not been filled.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive 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 is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for a meaningful participation at the meeting.

The minutes of the Board Meetings and Committee Meetings have not identified any dissent by members of the Board/Committee of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present. The Minutes of the Board Meetings and Committee Meetings were duly approved at the meeting by the Chairman of the Meeting.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

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

Note: 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.

Place: Mumbai

Date: July 15, 2024

Office Address:

Annex-103, Dimple Arcade,

Asha Nagar, Kandivali (East), Mumbai 400101.

ALWYN JAY & Co.
Company Secretaries

(Alwyn D'Souza, FCS.5559)
[Partner]

[Certificate of Practice No.5137]

[UDIN: F005559F000738775]

To
The Members,
Bharat Financial Inclusion Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to Bharat Financial Inclusion Limited (hereinafter called 'the Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. Further part of the verification was done on the basis of electronic data provided to us by the Company and on test check basis to ensure that correct facts as reflected in secretarial and other records produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about list of applicable laws, compliance of laws, rules and regulations and major events during the audit period.
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.

ALWYN JAY & Co.
Company Secretaries

(Alwyn D'Souza, FCS.5559)
[Partner]
[Certificate of Practice No.5137]
[UDIN: F005559F000738775]

Place: Mumbai
Date: July 15, 2024

Office Address:
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East), Mumbai 400101.

Annexure-II

Annual Report on CSR Activities of the Company- FY 2023-24

1) Brief outline on CSR Policy of the Company:

The BFIL - CSR policy aims to benefit communities in rural areas and contribute towards enhancement in the quality of life. The thrust areas of the CSR programs are identified as Livelihood, Education & Skill development, Healthcare, Environment and any other activity as may be identified by the CSR committee.

2) Composition of CSR Committee:

Sr. 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	2
2.	Mr. Sanjeev Anand	Member	2	2
3.	Mrs. Akila Krishnakumar	Member (upto December 13, 2023)	2	2
4.	Mr. J. Sridharan	Member (since January 16, 2024)	-	-
5.	Mr. K. Subrahmanyam	Member (since January 16, 2024)	-	-
6.	Mr. Jayant Deshmukh	Member (since January 16, 2024)	-	-

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.

[Bharat Financial Inclusion Limited - A 100% Subsidiary of IndusInd bank Limited \(bfil.co.in\)](https://www.bfil.co.in)

4) Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.

Not Applicable

5) (a) Average net profit of the Company as per sub-section (5) of section 135. ₹1,94,40,62,316

(b) Two percent of average net profit of the Company as per sub-section (5) of section 135. ₹3,88,81,246

(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. Nil

(d) Amount required to be set-off for the financial year, if any. Nil

(e) Total CSR obligation for the financial year [(b)+(c)-(d)]. ₹3,88,81,246

6) (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). ₹3,49,88,291

(b) Amount spent in Administrative Overheads. Nil

(c) Amount spent on Impact Assessment, if applicable. Nil

(d) Total amount spent for the Financial Year [(a)+(b)+(c)]. ₹3,49,88,291

(e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year (in ₹)	Amount Unspent (in ₹)				
	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	Amount	Date of transfer
3,49,88,291	38,92,955	25.04.2024	Nil	Nil	Nil

(f) Excess amount for set-off, if any: Nil

Sr No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the Company as per section 135(5)	3,88,81,246
(ii)	Total amount spent for the Financial Year	3,49,88,291
(iii)	Excess amount spent for the financial year [(ii)-(i)]	Nil
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

7) Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

Sr. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Balance Amount in Unspent CSR Account under sub section (6) of section 135 (in ₹)	Amount spent in the Financial Year-23-24 (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any		Amount remaining to be spent in succeeding financial years. (in ₹)	Deficiency, if any
					Amount (in ₹)	Date of transfer		
1.	20-21	50,75,263	Nil	Nil	Nil	Nil	Nil	Nil
2.	21-22	1,14,62,334	Nil	1,14,62,334	Nil	Nil	Nil	Nil
3.	22-23	2,03,89,039	22,66,133	1,81,22,906	Nil	Nil	22,66,133	Nil
	TOTAL	3,69,26,636	22,66,133	2,95,85,240	Nil	Nil	22,66,133	Nil

8) Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Yes No If Yes, enter the number of Capital assets created/ acquired : NO

☐ Yes ☐ No

If yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: N.A.

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or assets	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered Address
1.							
2.							
3.							

- 9) Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per section 135(5).
- BFIL has identified new areas for project implementation and time was spent on due diligence over the thematic area, geography and implementation partner.
 - Activities like Project identification, Design phase, scope evaluation, and pre-implementation were completed. The amount could not be spent as the core & direct - implementation was yet to commence.

For Bharat Financial Inclusion Limited

Place: Mumbai
Date: April 23, 2024

Sumant Kathpalia
Chairman
DIN: 01054434

Independent Auditor's Report

To the Members of Bharat Financial Inclusion Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Bharat Financial Inclusion Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of material accounting policy information 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 including the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, of the state of affairs of the Company as at March 31, 2024, its profit (including other comprehensive income), its changes in equity 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 the 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 (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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, Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we report 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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Ind AS prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors as on March 31, 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls with reference to 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, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,

2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 on Contingent Liabilities 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;
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 39 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (iv) (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the Note 39 to the financial statements, no funds have been received by the Company from any person(s) or

entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (iv) (c) Based on the audit procedures that are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement;
- (v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with

section 123 of the Act is not applicable;

- (vi) Based on our examination which included test checks, the Company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2024, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For Haribhakti & Co. LLP

ICAI Firm Registration No. 103523W /
W100048W100048

Deepak Kabra

Partner

Membership No. 133472

UDIN: 24133472BKFQNP3788

Place: Mumbai

Date: April 23, 2024

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 ("the Company") on the financial statements for the year ended March 31, 2024]

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) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment and relevant details of right-of-use assets.
- (a) (B) The Company has maintained proper records showing full particulars of Intangible Assets.
- (b) During the year, the Property, plant and equipment of the Company have been physically verified by the management and 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 have any immovable property and accordingly, reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.
- (d) The Company has not revalued its Property, Plant and Equipment (including right-of-use assets) and Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
- (e) No proceedings have been initiated or are pending against the Company as at March 31, 2024 for holding any benami property under the Prohibition of Benami Property Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company is in the business of providing services and consequently, does not hold any inventory. Therefore, reporting under clause (ii)(a) of paragraph 3 of the Order is not applicable.
- (b) The Company has not obtained any sanctioned working capital limit during the year, from banks and/or financial institutions, on the basis of security of current assets. Therefore, reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.
- (iii) During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under clause (iii) of paragraph 3 of the Order is not applicable.
- (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, reporting under clause (iv) of paragraph 3 of the Order is not applicable.
- (v) In our opinion, the Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is 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 the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, cess and any other material statutory dues applicable to it, in all cases during the year.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income

tax, GST, 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 except as follows:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Name of the statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Due Date	Date of payment	Remarks, if any
The Employees Provident Funds & Miscellaneous Provision Act, 1952	Provident Fund - Employee contribution	0.31	June 2019 to August 20 23	July 15, 2019 to September 15, 2023	NA	As represented to us, these are the cases of Provident Fund where the dues could not be paid on account of non - generation of UAN.
The Employees Provident Funds & Miscellaneous Provision Act, 1952	Provident Fund - Employer contribution	0.28	June 2019 to August 20 23	July 15, 2019 to September 15, 2023	NA	

- (b) There are no dues with respect to employees' state insurance, income tax, GST and cess, which have not been deposited on account of any dispute.

The dues outstanding with respect to provident fund on account of any dispute, is as follow:

Name of the statute	Nature of the dues	Amount (₹ in Crore)	Period to the which amount relates	Forum where dispute is pending	Remarks, if any
The Employees Provident Funds & Miscellaneous Provision Act, 1952	Provident Fund	6.25*	April 2014 to May 2016	Regional Provident Fund Commissioner	Writ petition has been filed with Hon'ble High Court of Telengana. To be read with Note No. 30 to the Financial statements.

* Net of amount deposited i.e. demand has been paid under protest

- (viii) We have not come across any transaction which was previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
- (ix) (a) The Company has not taken any loans or other borrowings from any lender. Accordingly, reporting under clause (ix)(a) of paragraph 3 of the Order is not applicable.
- (b) The Company has not been declared wilful

defaulter by any bank or financial institution or government or any government authority.

- (c) The Company did not obtain any money by way of term loans during the year and there were no outstanding term loans at the beginning of the year. Accordingly, reporting under clause (ix)(c) of paragraph 3 of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, no funds are raised by the Company during the year. Accordingly, reporting under clause (ix)(d) of paragraph 3 of the Order is not applicable.
- (e) The Company does not have any subsidiary, associate or joint venture as defined under the Act. Accordingly, reporting under clause (ix)(e) of paragraph 3 of the Order is not applicable.
- (f) The Company does not have any subsidiary, associate or joint venture as defined under the Act. Accordingly, reporting under clause (ix)(f) of paragraph 3 of the Order is not applicable.
- (x) (a) The Company has not raised money by way of initial public issue offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, 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 by certain employees of the Company identified by management through Company's internal process, aggregating to an amount of ₹175.05 Crore out of which an amount of ₹16.25 Crore has been recovered. The Company has written-off cases having ageing more than 180 days and carries adequate provision for others. Appropriate action as considered necessary by the management has been taken against the concerned employees or under progress.

- (b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.
- (c) There are no whistle blower complaints received by the Company during the year and upto the date of this report.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (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. Since the Company is an unlisted Company and a wholly owned subsidiary, the provisions of section 177 of the Act are not applicable.
- (xiv) (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.
- (xv) 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 to the Company.

- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under clause (xvi)(a) and (b) of paragraph 3 of the Order are not applicable.
- (b) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) of paragraph 3 of the Order are not applicable.
- (c) As informed by the Company, the Group to which the Company belongs to has no CIC as part of the Group.
- (xvii) The Company has not incurred cash losses in the current and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under clause (xviii) of paragraph 3 of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on

our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) There are no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to section 135(5) of the said Act. Hence, reporting under clause (xx) (a) of paragraph 3 of the Order is not applicable.
- (b) The Company has not transferred the Corporate Social Responsibility (CSR) amount remaining unspent in respect of ongoing projects, to a Special Account till the date of our report since the time period for such transfer i.e. thirty days from the end of the financial year as permitted under the section 135(6) of the Act, has not elapsed till the date of our report.

For Haribhakti & Co. LLP

ICAI Firm Registration No. 103523W /
W100048W100048

Deepak Kabra

Partner
Membership No. 133472
UDIN: 24133472BKFQNP3788

Place: Mumbai
Date: April 23, 2024

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 on the financial statements for the year ended March 31, 2024]

Report on the Internal Financial Controls with reference to Financial Statements under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to financial statements of Bharat Financial Inclusion Limited ("the Company") as of March 31, 2024 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 Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with

ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets

that could have a material effect on the financial statements.

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, to the best of our information and according to the explanations given to us, 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, 2024, 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

ICAI Firm Registration No. 103523W /
W100048W100048

Deepak Kabra

Partner

Membership No. 133472

UDIN: 24133472BKFQNP3788

Place: Mumbai

Date: April 23, 2024

Balance Sheet as at March 31, 2024

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
a) Property, Plant and Equipment	3(a)	123.59	83.62
b) Intangible Assets	3(b)	2.67	2.68
c) Right-of-Use Assets	4	71.46	34.09
d) Intangible Assets under development	5	0.00	-
e) Financial Assets			
i) Other Financial Assets	6	23.09	15.03
f) Non-Current tax assets (Net)	7	98.45	142.95
g) Deferred tax assets (Net)	8	51.52	17.82
h) Other Non Current Assets	9	2.21	3.41
Current assets			
a) Financial Assets			
i) Trade receivables	10	222.43	0.00
ii) Cash and cash equivalents	11	313.04	583.56
iii) Other Financial Assets	12	7.68	190.67
b) Other current assets	13	83.31	152.09
Total		998.45	1,225.92
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share Capital	14	43.70	43.70
b) Other Equity	15	405.72	378.72
LIABILITIES			
Non-current liabilities			
a) Financial Liabilities			
i) Lease Liabilities	4	36.60	4.63
b) Provisions	16	35.92	29.32
Current liabilities			
a) Financial Liabilities			
i) Lease Liabilities	4	35.04	30.53
ii) Trade Payables	17		
- Total outstanding MSME dues		4.54	3.29
- Total outstanding dues of creditors other than MSME		11.06	10.79
iii) Other Financial Liabilities	18	360.79	680.62
b) Other Current Liabilities	19	31.49	24.64
c) Provisions	20	33.59	19.70
Total		998.45	1,225.92

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

Deepak Kabra
Partner
Membership No. 133472
Mumbai

For and on behalf of the Board of Directors of
Bharat Financial Inclusion Limited
CIN: U65999MH2018PLC312539

Sumant Kathpalia
Non-Executive Chairman
DIN: 01054434
Mumbai

V Ravi Kumar Reddy
Company Secretary
ACS: A19245
Hyderabad

J. Sridharan
Executive Vice Chairman
DIN: 09420031
Hyderabad

Vijay Ramprakash Dube
Chief Financial Officer
Hyderabad

Date: April 23, 2024

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

(All amounts in ₹ Crore, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
Income			
Revenue from Operations	21	2,323.88	1,724.83
Other Income	22	11.43	11.04
Total Income		2,335.31	1,735.87
Expenses			
Employee Benefits Expense	23	1,519.68	1,173.80
Impairment loss allowance		222.97	42.21
Finance costs	24	3.30	1.73
Depreciation and amortization expenses	25	99.71	85.84
Other expenses	26	451.96	361.74
Total Expenses		2,297.62	1,665.32
Profit before tax		37.69	70.55
Tax expense:			
- Current tax		43.14	29.98
- Deferred tax		(32.62)	(10.72)
Profit after tax		27.17	51.29
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
-Remeasurement gains/(losses) on defined benefit plans		(0.33)	(1.19)
-Income Tax on Remeasurement Gains/(Losses), as above		0.08	0.30
Other Comprehensive Income (net of tax)		(0.25)	(0.89)
Total Comprehensive Income for the year		26.92	50.40
Comprising profit and other comprehensive income for the year			
Earnings per equity share of face value of ₹ 10 each	27		
Basic		6.22	11.74
Diluted		6.22	11.74

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

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

Deepak Kabra
Partner
Membership No. 133472
Mumbai

For and on behalf of the Board of Directors of
Bharat Financial Inclusion Limited
CIN: U65999MH2018PLC312539

Sumant Kathpalia
Non-Executive Chairman
DIN: 01054434
Mumbai

V Ravi Kumar Reddy
Company Secretary
ACS: A19245
Hyderabad

J. Sridharan
Executive Vice Chairman
DIN: 09420031
Hyderabad

Vijay Ramprakash Dube
Chief Financial Officer
Hyderabad

Date: April 23, 2024

Statement of Cash Flows for the year ended March 31, 2024

(All amounts in ₹ Crore, unless otherwise stated)

	Note No.	Year ended March 31, 2024	Year ended March 31, 2023
Cash flows from operating activities			
Profit before tax		37.69	70.55
Adjustments for:			
Depreciation and amortization expenses		38.35	33.76
amortization on right of use assets		61.36	52.08
Long term Incentive expense		0.08	2.53
Provision / (reversal) for employee benefits		19.88	4.83
Interest Income on Security Deposit		(0.47)	(0.41)
(Profit)/Loss on sale of property, plant and equipment		0.19	(0.07)
Impairment loss allowance		222.97	42.21
Finance costs		3.30	1.73
Operating cash flows before working capital changes		383.35	207.20
Decrease/(Increase) in trade receivables		(222.43)	0.40
Decrease/(Increase) in financial assets		(47.70)	(101.45)
Decrease/(Increase) in other than financial assets		68.86	(103.39)
(Decrease)/Increase in other financial liabilities & Other current Liabilities		(311.46)	158.22
(Decrease)/Increase in Provisions & Other liabilities		0.29	(5.06)
Cash generated from operations		(129.09)	155.92
Income-tax (paid)/refunds		1.37	(121.39)
Net cash generated from/ (Used in) operating activities (a)		(127.72)	34.53
Cash flows from investing activities			
Purchase of property, plant and equipment		(79.94)	(43.42)
Proceeds from sale of property, plant and equipment		1.10	3.10
Net cash used in investing activities (b)		(78.84)	(40.32)
Cash flows from financing activities			
Payments of Lease Liabilities		(63.96)	(52.74)
Net cash used in financing activities (c)		(63.96)	(52.74)
Net (decrease)/increase in cash and cash equivalents (a+b+c)		(270.52)	(58.53)
Cash and cash equivalents at the beginning of the year		583.56	642.09
Cash and cash equivalents at the end of the year	11	313.04	583.56

Statement of Cash Flows for the year ended March 31, 2024

(All amounts in ₹ Crore, unless otherwise stated)

Changes in Cash flow from financing activities

Particulars	As at March 31, 2024	Movement		As at March 31, 2023
		Cash	Non Cash	
Movement in lease liabilities	71.64	(63.96)	100.44	35.16
Total	71.64	(63.96)	100.44	35.16

Particulars	As at March 31, 2023	Movement		As at April 1, 2022
		Cash	Non Cash	
Movement in lease liabilities	35.16	(52.74)	54.58	33.32
Total	35.16	(52.74)	54.58	33.32

Note: The above Statement of Cash Flows has been prepared under the "Indirect Method" as set out in the Ind AS - 7 Statement of Cash Flows.

This is the Statement of Cash Flows referred to in our report of even date.

As per our report of even date attached

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

Deepak Kabra
Partner
Membership No. 133472
Mumbai

For and on behalf of the Board of Directors of
Bharat Financial Inclusion Limited
CIN: U65999MH2018PLC312539

Sumant Kathpalia
Non-Executive Chairman
DIN: 01054434
Mumbai

V Ravi Kumar Reddy
Company Secretary
ACS: A19245
Hyderabad

J. Sridharan
Executive Vice Chairman
DIN: 09420031
Hyderabad

Vijay Ramprakash Dube
Chief Financial Officer
Hyderabad

Date: April 23, 2024

Statement of Changes in Equity for the year ended March 31, 2024

(All amounts in ₹ Crore, unless otherwise stated)

A. Equity Share Capital

(i) Current Reporting Period

Balance as at April 1, 2023	Changes in equity share capital during the current year	Balance as at March 31, 2024
43.70	-	43.70

(ii) Previous Reporting Period

Balance as at April 1, 2022	Changes in equity share capital during the current year	Balance as at March 31, 2023
43.70	-	43.70

B. Other Equity

(i) Current Reporting Period

Particulars	Reserves and Surplus		Total
	Retained Earnings	Parent Contribution to ESOP	
Balance as at April 1, 2023	319.14	59.58	378.72
Profit/(Loss) for the year	27.17	-	27.17
Remeasurement of net defined benefit (liability)/asset	(0.25)	-	(0.25)
Parent contribution to Long Term Incentive plan	-	0.08	0.08
Transfer from ESOP Reserve to General Reserve	11.33	(11.33)	-
Balance as at March 31, 2024	357.39	48.33	405.72

(ii) Previous Reporting Period

Particulars	Reserves and Surplus		Total
	Retained Earnings	Parent Contribution to ESOP	
Balance as at April 1, 2022	261.22	64.57	325.79
Profit/(Loss) for the year	51.29	-	51.29
Remeasurement of net defined benefit (liability)/asset	(0.89)	-	(0.89)
Parent contribution to Long Term Incentive plan	-	2.53	2.53
Transfer from ESOP Reserve to General Reserve	7.52	(7.52)	-
Balance as at March 31, 2023	319.14	59.58	378.72

Refer note 15 for nature and purpose of reserves.

As per our report of even date attached

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

Deepak Kabra
Partner
Membership No. 133472
Mumbai

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Hyderabad

Vijay Ramprakash Dube
Chief Financial Officer
Hyderabad

Date: April 23, 2024

Notes to the Financial statements

(All amounts in ₹ Crore, 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. Summary of Material Accounting Policies

a. Statement of Compliance

These financial statements of the company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by the Ministry of Corporate Affairs ("the MCA"), under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act. The company has uniformly applied the accounting policies during the periods presented. The financial statements for the year ended 31st March 2024 were authorized and approved for issue by the Board of Directors on 23rd April 2024.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instrument and defined benefit plans - plan assets which is measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The preparation of financial statements requires the use of certain significant accounting estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosed amount of contingent liabilities.

Areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the Company are discussed in Note No. u below - Significant accounting judgements, estimates and assumptions.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Crores, except otherwise indicated. Comparative information has been restated to accord with changes in presentations made in the current year, except where otherwise stated.

The management believes that the estimates used in preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates and the differences between the actual results and the estimates would be recognised in the periods in which the results are known / materialised.

The accounting policies for some specific items are disclosed in the respective notes to the financial statements. The financial statements of the Company are presented as per Schedule III (Division II) of the Companies Act, 2013 applicable to companies required to comply with Ind AS, as notified by the Ministry of Corporate Affairs (MCA).

c. Revenue Recognition

Revenue on the sale of the Company services, which is

recorded as "Revenue from Operation" in the Statement of Profit and Loss, is recognized when a contractual promise to a customer (i.e., a performance obligation) has been fulfilled by transferring control over the promised services to the customer, substantially all of which is at the point in time of when the services are performed. If contracts contain customer acceptance provisions, revenue would be recognized upon the satisfaction of acceptance criteria. The amount of revenue to be recognized is based on the consideration the Company expects to receive in exchange for its services.

The company is a business correspondent of IndusInd Bank Limited. It manages the Micro Finance Loan Portfolio of IBL and charges a specified monthly percentage of the average Asset Under Management ("AUM").

The effect of customer credit risk (that is, collectability) is not considered when determining the transaction price. Probability of collection is one of the criteria in the assessment of whether a contract exists required as per Ind AS 115.

Unbilled revenue means the revenue, which is recognized in the books of accounts before issue of an invoice at the end of a particular period.

The unbilled revenue for the company is the Business correspondent service fee receivable from IBL. Invoice for the fee is raised during the first week of every month and the amount is received within fifteen days from IBL.

Identification of Performance Obligation

Since the company is a business correspondent of IndusInd Bank Limited only and is governed by a contract with IBL for the same, there is only one performance obligation under the contract to manage the Micro Finance portfolio of IBL.

Determination of Transaction Price

The transaction price is the amount of consideration to which we expect to be entitled in exchange for transferring promised services to IBL, excluding amounts collected on behalf of third parties (for example, Goods and Service Tax and Tax Collected at Source). Transaction Price is determined by applying a specified percentage on the monthly "AUM" managed by BFIL on behalf of IBL.

Allocation of Transaction Price between Performance Obligations

BFIL has only one performance obligation and thus no allocation of transaction price is required.

Revenue Recognition

The Performance Obligations in contracts are fulfilled monthly when the services for the month have been rendered. The Company manages the portfolio and charges monthly commission from IBL. The Company invoices for every month based on the transaction price determined at that date.

Indicators that control has transferred in such transactions are the following:

- 1) The Company has a present right to payment
- 2) Customer has accepted the service

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

d. Leases:

As a lessee:

Company's lease assets primarily include office premises. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date.

Lease term is a non-cancellable period together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option.

The right-of-use asset is initially measured at cost which comprises the initial amount of lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. Since that rate cannot be readily determined, Company uses the government security bond as the discount rate

After the commencement date, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and the lease liability is measured by:

- 1) Increasing the carrying amount to reflect interest on the lease liability
- 2) Reducing the carrying amount to reflect the lease payments made
- 3) Remeasuring the carrying amount

to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset.

Interest on the lease liability in each period during the lease

term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance costs. The ROU assets is subsequently depreciated using SLM from commencement date to end of lease term or useful life whichever is earlier.

Policy on financial instrument

Financial asset is any asset that is cash/an equity instrument of another entity/a contractual right to receive cash or another financial asset from another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

Financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity

At each reporting date, the entity shall measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

Since the company had no provisioning on trade receivables under previous GAAP, Impairment Loss Allowance based on Simplified Approach of Lifetime Expected Credit loss(ECL) on trade receivable have been created. In FY2023-24, the company has created impairment loss allowance based on simplified approach of lifetime expected credit loss on the trade receivable

All non-cancellable security deposits are initially recognised at fair value and subsequently carried at amortised cost. As a result, Excess of Nominal Value of Security deposit over its Fair Value, is recognized as a Prepaid Rent and amortized over the period of Lease term. The unwinding of such discounting on the security deposit is done using effective interest rate method

e. Foreign exchange transactions

Functional and Presentation Currency

Items included in the financial statements of the Company are recognized using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (₹), which is Company's functional and presentation currency."

Initial Recognition

On initial recognition, all foreign currency transactions are recorded by using the exchange rate prevailing at the date of Transaction.

Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rate that existed when the values were determined.

All monetary assets and liabilities denominated in foreign currency as at the Balance Sheet date are restated at the

exchange rates prevailing on that date as per RBI. Exchange differences on restatement of all monetary items are recognized in the Statement of Profit and Loss.

f. Expenses

- i. Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities.
- ii. BFIL is a 100% subsidiary of IndusInd Bank and it operates as business correspondent, in order to deliver the credit and financial services to the last mile on behalf of the IBL. Considering the nature of activities which is service, all suppliers / vendors, if any are considered under other current liabilities.

g. Employee benefits

I. Short-Term Employee Benefits

Liabilities for wages and salaries that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service are recognized and measured at the undiscounted amount expected to be paid in exchange for the related service.

II. Other Long-term Employee Benefit Obligations

The employees of the Company are entitled to other long-term benefits in the form of Leave encashment. Liability for such benefits is provided based on valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by the independent actuary for measuring the liabilities is the projected unit credit method.

Accumulated leaves, which is expected to be utilized 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 because of the unused entitlement that has accumulated at the reporting date.

III. Post-Employment Obligations

The Company has the following post-employment schemes:

- Defined benefit plans such as Gratuity
- Defined contribution plans such as Provident Fund.

IV. Defined Benefit Plans

The Company has Defined Benefit Plans for post employment benefits in the form of Gratuity. Liability for Defined Benefit Plans is provided on the basis of valuations, as at the Balance Sheet date, carried out by an independent actuary.

The defined benefit obligation is calculated annually by independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate (interest rates of government bond) that have terms to maturity approximating to the terms of Gratuity.

Remeasurement gains and losses arising from experience adjustments, changes in actuarial assumptions and the return on plan assets (excluding net interest) are recognised in the period in which they occur, directly in other comprehensive income. They are

included in retained earnings in the statement of changes in equity and in the balance sheet.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset."

V. Defined Contribution Plan

The Company has Defined Contribution Plans for post-employment benefits in the form of Provident fund which are recognized by the Income-tax authorities. The Company's contributions to Defined Contribution Plans are charged to the Statement of Profit and Loss as incurred."

VI. Termination Benefits

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; or (b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

VII. Share-Based Payments

The Company offers its employees, share based payments which is an equity incentive plan for eligible employees. This plan provides its participants equity compensation in Equity shares of the Parent Company, IndusInd Bank Limited.

Unvested shares are conditional on the provision of services by the plan participant during the vesting period. They are valued using their fair value on the grant date. The fair value of these options is expensed on a straight-line basis over the respective vesting period.

The total expense (adjusted for estimated forfeitures) is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each reporting date, the Company revises its estimates of the number of shares that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in the Statement of Profit and Loss with a corresponding adjustment to equity.

VIII. Bonus Plans

The Company recognises liability and an expense for bonuses. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

h. Property, Plant and Equipment

Property, Plant and Equipment includes assets which are used for administrative purposes.

Initial recognition and subsequent measurement

Property, Plant and Equipment are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase

price including import duties and non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as on the transition date measured as per the previously applicable Indian GAAP and use that carrying value as its deemed cost as of the transition date. Subsequent expenditure incurred towards the property, plant and equipment would be added to cost of the plant, property or equipment or recognized as expenditure basis the nature of the expenditure

i. Leasehold Improvements

Leasehold Improvements are stated at cost less accumulated amortisation.

j. Intangible assets

Initial recognition and subsequent measurement

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets comprise computer software, the cost of which are capitalised and amortised using the straight-line method at five years.

The Company has elected to continue with the carrying value of the intangible assets recognised as on the transition date measured as per the previously applicable Indian GAAP and use that carrying value as its deemed cost as of the transition date.

k. 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.

l. 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
- (f) Leasehold improvements over the period of lease (i.e., 5 years for the company)

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. Leasehold improvements are amortized using the straight-line method over the period of lease.

m. Impairment of Non-Financial Assets

Assessment is done at each balance sheet date as to whether there is any indication based on internal/external factors that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of asset that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). If any such indication exists, an estimate of the recoverable amount of the asset/CGU is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or CGU's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exists or may have decreased. In case of impairment loss no longer existing or decreased, it is subsequently reversed in the Statement of Profit and Loss.

n. Income taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset and liability during the year. Current and deferred taxes are recognised in Statement of Profit and Loss, except to the extent that it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current Tax

The current tax charge for the year is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period as adjusted for taxes in respect of previous years. Management periodically evaluates positions taken in tax returns, including assessment orders received during the year, with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities.

Deferred Tax

Deferred tax is recognised, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognised DTA are reassessed at each balance sheet date and recognized to the extent that it has become probable that future taxable profits will allow DTA to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities.

o. Earnings per share

As per Ind AS 33, Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

p. Segment reporting

The Company operates in a single business segment i.e. Business Correspondence and accordingly there are no separate reportable segments as per Indian Accounting standard 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, as amended. The Company operates in a single geographical segment i.e. domestic.

q. Provisions, Contingent liabilities and contingent assets

Provisions: Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Contingent Assets: Contingent assets are not recognised in the financial statements, but are disclosed where an inflow of economic benefits is probable.

r. Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

s. Corporate Social Responsibility

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

t. Grants

Government grants and subsidies are recognised where there is reasonable assurance that the grant/ subsidy will be received and all attached conditions will be complied with. When the grant/ subsidy relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant/ subsidy relates to an asset, it is recognised as deferred income which is recognised as income on a systematic and rational basis over the useful life of the related asset. When loans or similar assistance are provided by government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities. Income from such benefit is recognised on a systematic basis over the period of the loan during which the Company recognises interest expense corresponding to such loan. Income arising from below-market rate of interest loans/ interest free loans, are included under "Other income".

Government grant and subsidy that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs, are recognised in statement of profit and loss of the period in which it becomes receivable. Government grants and subsidies are recognised in statement of profit and loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants/ subsidy are intended to compensate. The Company has chosen to present grants related to income to be deducted in reporting the related expense. Income from subsidies in the nature of operations are included under "Revenue from operations"

u. Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the Ind AS requires the management to make judgments, estimates and assumptions that affect application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected. 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.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:"

v.i. Impairment charges on Financial Assets

The measurement of impairment losses requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant

increase in credit risk. These are based on the assumptions which are driven by a number of factors resulting in future changes to the impairment allowance. A collective assessment of impairment takes into account data from the Trade receivable (such as credit quality, Days Past Due, levels of arrears, subsequent realization etc.). These significant assumptions have been applied consistently to all period presented.

v.ii. Expected Credit Loss (ECL) Principles

Trade Receivables:

Trade receivables are initially recognised at transaction price. Subsequently, these assets are held at amortised cost, using the effective interest rate (EIR) method net of any expected credit losses. The EIR is the rate that discounts estimated future cash income through the expected life of financial instrument.

Impairment of Financial Asset:

The Company applies expected credit loss (ECL) model for measurement and recognition of loss allowance on the following:

- i. Trade receivables
- ii. Financial assets measured at amortized cost (other than trade receivables and Balance receivables from Stat Authorities)

In case of trade receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii above), the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. Any change in risk parameters will be routed through profit and loss account.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.

ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. ECL is measured and any change in risk is routed through profit and loss account.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

As a practical expedient, the Company uses a provision matrix to measure lifetime ECL on its portfolio of trade receivables. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables. At each reporting date, the historically observed default rates are updated.

ECL allowance recognized (or reversed) during the period is recognized as income/expense on the face of Statement of Profit and Loss.

v.iii. Provisions other than Impairment on Financial Assets

Provisions are held in respect of a range of future obligations such as employee entitlements, litigation provisions. Some of the provisions involve significant judgement about the likely outcome of various events and estimated future cash flows. The measurement of these provisions involves the exercise of management judgements about the ultimate outcomes of the transactions.

v.iv. Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate; future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed annually.

v.v. Change of estimates

- i. In the previous year the company estimated provision on internal and external fraud in advance considered doubtful, to the extent of 100% provision insurance settled cases till Sept 2023 and 57% on pending insurance settlement.
- ii. Current year, the company has revised the estimate for 100% provision on accounted internal and external fraud in advances considered doubtful having aging more than 180 days, and cases having aging less than 180 days are provisioned at the rate of 67% on the balances in the Advances. Further, provision is taken at the rate of 60% on cases pending for investigation and accounting.
- iii. In the current year due to change in estimate there is understatement of profit by ₹ 70 lakh which is immaterial considering the size and revenue of the organization.

v.vi. Other estimates

These include contingent liabilities, useful lives of Property, Plant and Equipment and intangible assets etc.

w. Recent accounting pronouncements

No recent amendments or pronouncements to Ind AS are applicable to the company.

- x. All the amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirement of Schedule III to the Companies Act, 2013 unless otherwise stated. The sign '0' in these financial statements indicates that the amounts involved are below ₹ 1 Crore and the sign '-' indicates that amounts are Nil.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

3(a) Property, Plant and equipment	Gross Block				Accumulated Depreciation				Net Block	
	As at	Transfer in		Disposals/	As at	As at		Disposals/	As at	As at
	April 1, 2023	from CWIP	Additions	Adjust- ments	Mar 31, 2024	April 1, 2023	For the Year	Adjust- ments	Mar 31, 2024	Mar 31, 2024
Furniture & Fixtures	22.37	-	18.70	(1.46)	39.61	3.40	3.20	(1.00)	5.60	34.01
Vehicles	0.02	-	-	(0.01)	(0.01)	0.01	0.00	(0.01)	0.00	0.01
Office Equipments	15.21	-	12.32	(1.01)	26.52	2.36	2.16	(0.68)	3.84	22.68
Leasehold Improvements	-	-	8.17	-	8.17	-	0.27	-	0.27	7.90
Computer	95.76	-	39.57	(10.83)	124.50	43.97	31.54	(9.99)	65.52	58.99
Total	133.37	-	78.76	(13.31)	198.81	49.73	37.17	(11.68)	75.23	123.59

Property, Plant and equipment	Gross Block				Accumulated Depreciation				Net Block	
	As at	Transfer in		Disposals/	As at	As at		Disposals/	As at	As at
	April 1, 2022	from CWIP	Additions	Adjust- ments	Mar 31, 2023	April 1, 2022	For the Year	Adjust- ments	March 31, 2023	March 31, 2023
Furniture & Fixtures	17.26	-	5.79	(0.67)	22.37	1.60	2.31	(0.51)	3.40	18.96
Vehicles	0.02	-	-	-	0.02	0.01	0.00	-	0.01	0.01
Office Equipments	10.35	-	5.57	(0.71)	15.21	1.34	1.48	(0.46)	2.36	12.86
Computer	67.74	-	31.43	(3.41)	95.76	18.71	27.85	(2.59)	43.97	51.80
Total	95.37	-	42.78	(4.79)	133.37	21.66	31.63	(3.56)	49.73	83.62

All Property, Plant and Equipment have been recognised at cost. Hence, no disclosure is applicable with respect to revaluation. Tangible Assets depreciated completely has been excluded from opening gross block numbers

3(b) Other Intangible Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at	Transfer in		Disposals/	As at	As at		Disposals/	As at	As at
	April 1, 2023	from CWIP	Additions	Adjust- ments	Mar 31, 2024	April 1, 2023	For the Year	Adjust- ments	Mar 31, 2024	Mar 31, 2024
Computer Software	7.58	-	1.18	-	8.76	4.90	1.18	-	6.09	2.67
Total	7.58	-	1.18	-	8.76	4.90	1.18	-	6.09	2.67

Other Intangible Assets	Gross Block				Accumulated Depreciation				Net Block	
	As at	Transfer in		Disposals/	As at	As at		Disposals/	As at	As at
	April 1, 2022	from CWIP	Additions	Adjust- ments	Mar 31, 2023	April 1, 2022	For the Year	Adjust- ments	March 31, 2023	March 31, 2023
Computer Software	9.63	0.01	0.63	(2.69)	7.58	3.28	2.13	(0.51)	4.90	2.68
Total	9.63	0.01	0.63	(2.69)	7.58	3.28	2.13	(0.51)	4.90	2.68

Intangible Assets depreciated completely has been excluded from opening gross block numbers

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

(All amounts in ₹ Crore, unless otherwise stated)

4 Leases

(a) As Lessee

The Company has taken various premises (branch offices and Head Office) on lease. Generally, the lease agreements provide for cancellation by either party and contain clause for escalation and renewal of agreements.

Following are the changes in the carrying value of right-of-use assets:

Particulars	As at March 31, 2024	As at March 31, 2023
	Property lease	Property lease
Opening Balance	33.76	32.60
Addition	97.15	52.85
Deletion	(4.51)	(0.21)
Amortization other than deletion	(56.38)	(51.48)
Closing Balance	70.02	33.76

Following are the details of deferred assets pertaining to security deposit paid towards the office premises taken on lease

Particulars	As at March 31, 2024	As at March 31, 2023
	Property lease	Property lease
Opening Balance of Deferred asset	0.33	0.25
Addition	1.58	0.46
Amortization	(0.47)	(0.39)
Closing Balance of Deferred asset	1.44	0.33

The aggregate amortization expense on right-of-use assets is included under Depreciation and amortization expense in the Statement of Profit and Loss.

The following is the movement in Lease Liabilities:

Particulars	As at March 31, 2024	As at March 31, 2023
	Property lease	Property lease
Opening Balance	35.16	33.32
Addition	97.72	52.85
Payment*	(63.96)	(52.74)
Interest Expense	3.30	1.73
Closing Balance	71.64	35.16

*Payment is as per original lease liability amortization schedule. Any actual payment more or less than the payment shown above is shown from Outstanding Rent Payable.

The table below provides the classification of closing balance of Lease Liability

Particulars	As at March 31, 2024	As at March 31, 2023
	Property lease	Property lease
Current lease liability	35.04	30.53
Non-Current lease liability	36.60	4.63

The following are the amounts recognised in profit or loss

Particulars	As at March 31, 2024	As at March 31, 2023
	Property lease	Property lease
Amortization expense of right-of-use assets	61.36	52.08
Interest expense on lease liabilities	3.30	1.73

The company had total cash outflows (including short term leases and low value leases) of ₹ 63.96 Crores in 2024.(₹ 52.74 Crores in 2023)

The Company has taken certain vehicles on cancellable operating lease. Total lease expense under cancellable operating lease during the year was ₹ 7.11 Crores ; (Previous Year ₹ 5.35 Crores)

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
5 Intangible Assets under development		
Project in Progress (< 1 year)	0.00	0.00
Total	0.00	-

Intangible assets under development has not become overdue and exceeded its cost compared to its original plan.

	As at March 31, 2024	As at March 31, 2023
6 Other Financial Assets (Non-Current)		
Advances recoverable in cash		
Unsecured, considered Good	0.44	0.20
Less: Allowance for impairment loss	(0.26)	(0.16)
	0.18	0.04
Unsecured, considered doubtful	102.25	63.26
Less: Allowance for impairment loss	(83.31)	(49.31)
	18.94	13.94
Security Deposit		
Unsecured, considered Good	3.97	1.05
Less: Allowance for impairment loss	3.97	1.05
Unsecured, considered doubtful	2.58	2.58
Less: Allowance for impairment loss	(2.58)	(2.58)
	-	-
Total	23.09	15.03

	As at March 31, 2024	As at March 31, 2023
7 Non-Current tax assets (Net)		
Advance income tax (net of provision)	98.45	142.95
Total	98.45	142.95

	As at March 31, 2024	As at March 31, 2023
8 Deferred tax assets (Net)		
Deferred Tax Assets		
Provision for employee benefits	6.33	5.22
Expected credit loss on financial assets	43.52	13.10
Lease liabilities (net of Right-of-use assets)	0.40	0.35
Deferred Tax (Liabilities)/Assets- Property, Plant and Equipment	0.27	(0.85)
Total	50.52	17.82

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

(i) Numerical reconciliation between tax expense and the product of accounting profit multiplied by the applicable tax rate:

Particulars	March 31, 2024	March 31, 2023
Profit Before Taxes (Accounting Profit)	37.69	70.55
Applicable Tax Rate (as per Income Tax Act, 1961)	25.17%	25.17%
Computed tax expense	9.48	17.76
Increase/(reduction) in the aforesaid computed tax expense on account of:		
a) Expenses not deductible	0.98	0.86
b) Tax Expenses of Prior Years	-	-
c) Others	0.05	0.64
Total Tax Expense recognised in the Statement of Profit and Loss	10.52	19.26

Amount recognised directly in equity is nil

(ii) Movement in Deferred Tax Assets:

Particulars	Expected credit loss on financial assets	Property, Plant and Equipment	Provision for employee benefits	Lease Liabilities	Total
As at 31st March 2023	13.10	(0.85)	5.22	0.35	17.82
Charged/ (credited) to					
-Statement of Profit and Loss	30.42	1.12	1.03	0.05	32.62
-Other Comprehensive Income	-	-	0.08	-	0.08
As at 31st March 2024	43.52	0.27	6.33	0.40	50.52

	As at March 31, 2024	As at March 31, 2023
9 Other Non Current Assets		
Advances*	1.52	0.75
Prepaid Expense	0.69	2.66
Total	2.21	3.41

*There are no advances given to directors or other related parties of the company

	As at March 31, 2024	As at March 31, 2023
10 Trade Receivables		
Secured, Considered Good	-	-
Considered credit impaired	-	-
Others		
Unsecured, considered Good *	2.62	0.00
Unbilled, considered Good *	219.81	182.56
Less: Allowance for impairment loss	0.00	-
Total	222.43	182.56

*Outstanding for a period less than six months from the date they are due for payment

Trade receivables are non interest bearing & generally on terms of 0 to 30 days

There are no disputed dues in trade receivables

For transaction with related parties, refer Note No. 32.

	As at March 31, 2024	As at March 31, 2023
11 Cash & Cash Equivalents		
Balances with banks in Current Accounts	309.66	570.00
Cash in Hand	3.38	13.56
Total	313.04	583.56

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

	As at March 31, 2024	As at March 31, 2023
12 Other Financial Assets (Current)		
<i>Advance recoverable in Cash</i>		
Unsecured, considered Good	1.84	1.90
Less: Allowance for impairment loss	-	-
Unsecured, considered doubtful	1.84	1.90
Less: Allowance for impairment loss	-	-
<i>Security Deposit</i>	5.84	6.21
Unsecured, considered Good	5.84	6.21
Total	7.68	8.12

	As at March 31, 2024	As at March 31, 2023
13 Other Current Assets		
Advances	123.23	115.48
Less: Provision for contingency	(86.12)	
	37.11	115.48
Prepaid Expenses	46.20	36.61
Total	83.31	152.09

	As at March 31, 2024	As at March 31, 2023
14 Equity Share Capital		
Authorised		
6,00,00,000 (March 31, 2023: 6,00,00,000 equity shares of ₹ 10/- each)	60.00	60.00
Issued, subscribed and fully paid-up		
43,703,507 (March 31, 2023: 43,703,507 equity shares of ₹ 10/- each)	43.70	43.70
Total	43.70	43.70

(a) Reconciliation of the number of equity shares

Equity Shares	As at March 31, 2024		As at March 31, 2023	
	No. of shares	Amount	No. of shares	Amount
Balance as at the beginning of the year	4,37,03,507	43.70	4,37,03,507	43.70
Add: Issued as fully paid during the year	-	-	-	-
Balance as at the end of the year	4,37,03,507	43.70	4,37,03,507	43.70

(b) Terms/ rights attached to equity shares:

The Company has only one class of equity shares having par value of ₹ 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) Shares held by the holding company and subsidiary of holding company :

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
IndusInd Bank Limited (Including Nominees)	4,37,03,507	100%	4,37,03,507	100%

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

(d) Details of Shares held by Shareholders holding more than 5 percent of the aggregate shares in the Company:

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
IndusInd Bank Limited (Including Nominees)	4,37,03,507	100%	4,37,03,507	100%

- (e) 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.
- (f) There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding March 31, 2024.
- (g) 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, The Company has allotted 4,37,03,500 Equity Shares of ₹ 10 each to the IndusInd Bank Limited in consideration of the transfer of the Business Undertaking during the year ended March 31, 2020.
- (h) There are no shares which are reserved to be issued under options and there are no securities issues/outstanding which are convertible into equity shares.

(I) Shares held by promoters at the end of the year*	As at March 31, 2024			As at March 31, 2023		
	No. of shares**	% of total shares	% change during the year	No. of shares**	% of total shares	% change during the year
Promoter Name						
IndusInd Bank Limited (Including Nominees)	4,37,03,507	100.00%	0%	4,37,03,507	100.00%	0%

* Promoter here means promoter as defined in the Companies Act, 2013.

** Class of shares is Equity shares, ₹ 10/- face value.

There is no change in promoter shareholding during the year FY23-24 and FY22-23.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

15. Other Equity	As at March 31, 2024	As at March 31, 2023
(a) Retained Earnings		
Balance as at the beginning of the year	319.14	261.22
Add: (Loss)/Profit for the year	27.17	51.29
Transfer from ESOP Reserve	11.33	7.52
Add: Other Comprehensive Income (net of tax)	(0.25)	(0.89)
Balance as at the end of the year	357.39	319.14
(b) Parent Contribution		
Balance as at the beginning of the year	59.58	64.57
Add: Contribution during the year	0.08	2.53
Less: Transfer to General Reserve	(11.33)	(7.52)
	48.33	59.58
Total	405.72	378.72

Nature and Purpose of reserves

Retained Earnings

Retained Earnings represents accumulated earnings of the Company and are available for distribution to shareholders.

Parent Contribution

This Reserve relates to stock options granted by the Parent Company i.e. IndusInd Bank Limited to employees under IBL Employee Stock Option Schemes. This Reserve is transferred to Retained Earnings on exercise or lapse of vested options.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

16. Provisions (Non - Current)		As at March 31, 2024	As at March 31, 2023
Provision for gratuity	Refer Note 35	20.90	13.22
Provision for Leave Benefits	Refer Note 35	15.02	16.10
Total		35.92	29.32

17. Trade Payables		As at March 31, 2024	As at March 31, 2023
Total Outstanding dues of micro enterprise and small enterprises	Refer Note 37	4.54	3.29
Total Outstanding dues of creditors other than micro enterprise and small enterprises		11.06	10.79
Total		15.60	14.08

Outstanding for a period less than six months from the date they are due for payment
There are no disputed dues in trade payables

18. Other Financial Liabilities (Current)		As at March 31, 2024	As at March 31, 2023
Employee benefits payable		39.47	37.18
Payable to IndusInd Bank*		289.95	572.65
Expenses payable		2.86	2.11
Other Payable		28.51	68.68
Total		360.79	680.62

*For transaction with related parties, refer Note No. 32.

19. Other Current Liabilities		As at March 31, 2024	As at March 31, 2023
Statutory dues payable		31.49	24.64
Total		31.49	24.64

20. Provisions (Current)		As at March 31, 2024	As at March 31, 2023
Provision for gratuity	Refer Note 35	22.86	15.08
Provision for Leave Benefits	Refer Note 35	10.11	4.62
Provision for FA impairment		0.62	
Total		33.59	19.70

21. Revenue from Operations		Year ended March 31, 2024	Year ended March 31, 2023
Service Fee		2,323.88	1,724.83
Total		2,323.88	1,724.83

22. Other Income		Year ended March 31, 2024	Year ended March 31, 2023
Fees on other services		2.84	4.29
Interest income on Security Deposits carried at amortised costs		0.47	0.41
Miscellaneous Income		8.12	6.34
Total		11.43	11.04

23. Employee Benefits Expense		Year ended March 31, 2024	Year ended March 31, 2023
Salaries, Wages and Bonus (net of reimbursements of expenses)		1,343.25	1,038.40
Leave Benefits		19.93	16.74
Contribution to Provident and other funds		67.42	56.17
Contribution to Employees State Insurance Corporation		26.88	20.40
Contribution to NPS		0.12	-
Gratuity Expenses*		16.01	14.34
Employee Stock Option Scheme (Refer Note 36)		4.78	3.40
Staff welfare expenses		41.29	24.36
Total		1,519.68	1,173.80

*Gratuity expenses of year ended 31 March 2023 includes ₹ 0.44 Crore pertaining to the employees transferred to IBL

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

(a) Defined Contribution Plans

Amount recognised in the Statement of Profit and Loss

(i) Provident fund paid to the authorities

(ii) Pension fund paid to the authorities

	27.26	22.29
	40.16	33.88
Total	67.42	56.17

24. Finance costs

Year ended March 31, 2024

Year ended March 31, 2023

Interest on Lease liabilities

	3.30	1.73
Total	3.30	1.73

25. Depreciation and amortization expenses

Year ended March 31, 2024

Year ended March 31, 2023

Depreciation on Tangible Assets

Amortization of Intangible Assets

Amortization of Right-of-Use Assets

	37.17	31.63
	1.18	2.13
	61.36	52.08
Total	99.71	85.84

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

26. Other expenses	Year ended March 31, 2024	Year ended March 31, 2023
Rent	-	0.20
Rates & Taxes	32.74	23.51
Insurance	78.86	63.79
Repairs and Maintenance		
Plant and Equipment	28.70	24.63
Others	32.76	24.00
Electricity Charges	11.19	8.82
Travel and conveyance expenses	166.36	140.41
Communication expenses	37.31	17.34
Printing and Stationery	19.51	17.48
Legal and professional fees	15.76	16.21
Director's sitting fees	0.10	0.12
Auditors's Remuneration	0.46	0.31
Corporate Social Responsibility	3.89	3.44
Loss/(Gain) on sale of property, plant and equipment	0.19	(0.07)
Bank Charges	15.31	12.20
Miscellaneous Expenses	8.82	9.34
Total	451.96	361.74

26 (a). Auditor's fees and expenses	Year ended March 31, 2024	Year ended March 31, 2023
Payment to Statutory Auditors	0.36	0.22
Other Services	0.09	0.08
Reimbursement of Expenses	0.01	0.01
Total	0.46	0.31

27. Earnings per share (EPS)	Year ended March 31, 2024	Year ended March 31, 2023
Profit/(Loss) after tax	27.17	51.29
Weighted average number of equity shares in calculating basic EPS	4,37,03,507	4,37,03,507
Weighted average number of equity shares in calculating diluted EPS	4,37,03,507	4,37,03,507
Basic	6.22	11.74
Diluted	6.22	11.74

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

28. Capital Management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements, if any and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

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

29. Financial Instruments and Related Disclosures

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of Financial Asset, Financial Liability and Equity Instrument are disclosed in Note No. 2n to the financial statements.

A) Categories of Financial Instruments

Particulars	As at 31st March, 2024		As at 31st March, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets measured at amortised cost				
Trade Receivables	222.43	-	0.00	-
Cash and Cash Equivalents	313.04	-	583.56	-
Other Financial Assets	30.76	-	205.70	-
Sub total	566.23	-	789.25	-
Financial assets measured at fair value through Profit and Loss	-	-	-	-
Financial assets measured at fair value through Other Comprehensive Income	-	-	-	-
Total Financial Assets	566.23	-	789.25	-
Financial Liabilities measured at amortised cost				
Lease Liabilities	71.64	-	35.16	-
Trade Payable	15.60	-	14.08	-
Other Financial Liabilities	360.79	-	680.62	-
Sub total	448.03	-	729.85	-
Financial Liabilities measured at fair value through Profit and Loss	-	-	-	-
Total Financial Liabilities	448.03	-	729.85	-

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables:

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

Cash and Cash Equivalents, Trade Receivables and Other Financial Assets measured at amortised cost

The above financial assets generally have a short-term maturity (less than twelve months), accordingly the carrying amounts, net of impairment, are a reasonable approximation of their fair value. Long-term financial assets are adequately provided for in terms of ECL as per Ind AS 109 and accordingly the carrying value, net of impairment, is a reasonable approximation of the fair value.

Other Financial Assets generally includes Security Deposits and Advances.

Lease Liabilities are measured at amortized cost.

Lease Liabilities have fair values that approximate to their carrying amounts as it is based on the net present value of the anticipated future cash flows.

Other Financial Liabilities, such financial liabilities generally have a short-term maturity (less than twelve months), accordingly the carrying amounts are a reasonable approximation of their fair value. Other Financial Liabilities are liability for operating expense, payable to IndusInd, Employee benefit payables.

(B) Financial risk management objectives

The Company's activities expose it to operational risk, liquidity risk market risk and credit risk. The Company's financial risk management is an integral part of how to plan and execute its business strategies and operational risks.

(I) Operational Risk

The company acts as a business correspondent of its holding company and manages disbursement and collection related activities for microfinance portfolio of holding company. The finance industry, particularly the micro finance sector is exposed to fraud risk as more than 99% of repayments are in cash. At BFIL, there exists a policy / process to identify, assess, monitor and report such fraud incident on timely basis.

(II) Market Risk

Market risk is attributable to the foreign currency payments

The finance department of the Company manages such foreign currency risk market risk, which evaluates and exercises independent control over the entire process of such risk management.

The Company is exposed to the following risk:

(a) Foreign Currency Risk:

The Company undertakes transactions denominated in foreign currency which results in exchange rate fluctuations. Such exchange rate risk primarily arises from transactions made in foreign exchange and reinstatement risks arising from recognised assets and liabilities, which are not in the Company's functional currency (Indian Rupees).

Foreign Currency Exposure:

The Company has no exposures in foreign currency for the year ended March 31, 2024 and the year-ended March 31, 2023.

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Expenditure in foreign currency:		
Professional Fees	0.04	1.40
Travelling Expense		-
Communication Expenses	0.03	
	0.07	1.40

Foreign Currency Sensitivity

Since the company has no foreign currency exposure as of any of the periods presented, there is no need of foreign currency sensitivity analysis.

(b) Interest Rate Risk:

The company has no other source of fund other than equity and also has no asset which contains interest rate risk. Therefore, there is no interest rate exposure and thus sensitivity is not required.

(III) Liquidity risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations as they fall due, or will have to do so at an excessive cost. This risk arises from mismatches in the timing of cash flows which is inherent in all finance driven organisations and can be affected by a range of Company-specific and market-wide events.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

The following are remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross undiscounted & excludes contractual interest payments

Particulars	As at March 31, 2024						Total
	upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 year upto 5 years	Over 5 years	
Financial Liabilities							
i) Lease liabilities	15.24	11.03	10.82	12.02	31.15	-	80.26
ii) Trade Payable	15.60						15.60
ii) Other Financial Liabilities	160.79	-	200.00	-	-	-	360.79
Total	191.63	11.03	210.82	12.02	31.15	-	456.65

Particulars	As at March 31, 2023						Total
	upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 2 years	Over 2 year upto 5 years	Over 5 years	
Financial Liabilities							
i) Lease liabilities	13.21	9.35	8.48	2.73	2.45	-	36.22
ii) Trade Payable	14.08					-	14.08
ii) Other Financial Liabilities	430.62	-	250.00	-	-	-	680.62
Total	457.91	9.35	258.48	2.73	2.45	-	730.92

(IV) Credit Risk

The company has no advances towards customers and also has no other assets which contains credit risk. Company operates as a business correspondent of its holding company (IndusInd Bank Ltd). The carrying amount of receivables represent the amount receivable as BC fee from the holding company.

Trade receivables

The Company uses Expected Credit Loss (ECL) methodology to assess the impairment on trade receivables. The Probability of Default (PD) and Loss given Default (LGD) is derived based on historical data on the basis of ageing of trade receivables. The combination of PD and LGD is applied on the Exposure at Default to compute the ECL, which is further adjusted for forward looking information, if any. 2% ECL is applied on receivables pending between 1-45 days and 7 % on receivables pending for more than 45 days. Receivables from holding company are considered as good based on historical settlement data and no ECL provisioning is done.

The movement in impairment loss allowance for Trade receivables is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	-	-
Impairment loss recognised/(reversed) (net)	0.00	-
Closing balance	0.00	-

Impairment loss allowance on other advances

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	2.58	2.58
Impairment loss recognised/(reversed) (net) on security deposits	-	-
Closing balance	2.58	2.58
Opening balance	49.47	7.05
Impairment loss recognised/(reversed) (net) on other advances	136.22	42.42
Write off on other doubtful advances	(101.99)	-
Write off on other assets	(0.12)	-
Closing balance	83.57	49.47

Impairment loss allowance on Current Account Balances

The Company operates as an exclusive BC for its holding company (IndusInd Bank Ltd). The company manages daily collections of bank's portfolio which are paid off to the bank on the very next day(T+1 basis). Also the average bank balances are materially held with holding company. Thus the company does not foresee any risk on balances maintained in current account and hence haven't recognised any ECL provision on Bank balances.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

30. Contingent liabilities (to the extent not provided for)

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 below table for further details.

Particulars	As at March 31, 2024	As at March 31, 2023
I. Claims against the Company, not acknowledged as debt:		
Provident fund (Net of provision of ₹ 3.12 Crores)	6.25	6.25
<p>The Regional Provident Fund Commissioner on June 15, 2018 has passed an order against the Erstwhile BFIL and directed to deposit of ₹ 9.37 Crore ("impugned order"). The E-BFIL has filed Writ Petition before the Hon'ble High Court of Telangana against the said impugned order and received interim stay against pre deposit of ₹ 3.12 Crore. The Company deposited the same and have made provision in the books and subsequently the case is transferred to subsidiary (current BFIL) as part of Merger process and continued.</p> <p>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.</p>		

It is not possible for the company to estimate the timing of cash outflow if any in respect of the above pending resolution of the respective proceedings

31. Capital commitments

Capital commitments as on March 31, 2024: ₹ 0.40 (March 31, 2023 : ₹ 0.00)

32. Related Party Disclosures

Names of related parties and nature of relationship:

Enterprises where control exists

Name	Nature of Relationship
IndusInd Bank Limited	Parent Company

Key Management Personnel (KMP)

Name	Designation
Mr. Sumant Kathpalia	Non-Executive Chairman
Mr. J Sridharan	Executive Vice Chairman
Mr. V Ravi Kumar Reddy	Company Secretary
Mr. Vijay Ramprakash Dube	Chief Financial Officer (from January 17, 2023)
Mr. Sanjeev Anand	Non - Executive & Non- Independent Director
Mr. Anil Rao	Non - Executive & Non- Independent Director
Mr. Ramaswamy Meyyappan	Non-Executive Independent Director (till May 6, 2023)
Mr. Vivek Bajpeyi	Additional Director (Non - Executive & Non- Independent Director) (from September 08, 2023)
Mr. K Subrahmanyam	Non- Executive Independent Director
Mr. Jayant Deshmukh	Additional Director (Non - Executive & Non- Independent Director) (from December 13, 2023)
Mrs. Akila Krishnakumar	Non - Executive & Non- Independent Director (till December 13, 2023)

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

Parent Company: IndusInd Bank Limited

Details of the transactions carried out with the related parties in the ordinary course of business:

Name of the Related Party	Nature of relationship	Nature of transactions	For the year ended March 31, 2024	For the year ended March 31, 2023
IndusInd Bank Limited	Parent Company	Service fee on Assets	2323.88	1,724.83
		Fee income on AEPS transactions	2.84	4.29
		BFIL deputed employees cost (Reimbursement from IBL)	23.00	6.80
		IBL deputed employees cost (Payment to IBL)	27.91	11.52
		ESOP cost reimbursement on option granted by IBL to BFIL employees	4.70	0.87
		Loan application software transfer from BFIL to IBL	0.00	2.18
		Repayment/(Availment) of LBS to IBL	50	(50)

Balance outstanding as at the end of reporting period:

Name of the Related Party	Nature of relationship	Nature of transactions	As at March 31, 2024	As at March 31, 2023
IndusInd Bank Limited	Parent Company	Payable (Under business correspondent)	89.95	322.65
		Payable (Facility from IBL)	200.00	250.00
		Payable (Others)	7.59	3.22
		Trade Receivable (AEPS transactions fees)	2.57	-
		Unbilled Revenue (Service fees on assets)	219.61	182.13
		Unbilled revenue (AEPS transactions fees)	0.20	0.43
		Receivable (Others)	0.00	3.46
		Balance in current bank account	207.25	317.95

Note 1. Settlement of outstanding balances as at year end generally occurs in cash.

Note 2. Income or expenses are presented excluding GST.

Note 3. Transactions with related parties are made under terms of arrangement in the ordinary course of business.

Note 4. The above information has been determined to the extent such parties have been identified on the basis of information available with the company.

Note 5. As at March 31, 2024, and as at March 31, 2023, there are no loans or advances in the nature of loans granted to promoters, directors, KMPs and the related parties (as defined under the Act), either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

Compensation to KMPs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Short-term employee benefits	1.23	0.26
Other long-term employee benefits	-	-
Post employment benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Director's commission	0.20	-
Director's sitting fees	0.10	0.12

Note 1. Mr. J Sridharan was appointed as executive vice chairman, and remuneration has been paid by the IBL. The Company has not paid any remuneration directly to him.

Note 2. 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.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

33. Disclosures pursuant to Ind AS 115 Revenue from Contract with Customers

	Year ended March 31, 2024	Year ended March 31, 2023
(I) Segment-wise Revenue from operations		
Service Fees	2,323.88	1,724.83
Total revenue as per Statement of Profit and Loss	2,323.88	1,724.83

The company acts as a business correspondent of its holding company and manages disbursement and collection related activities for microfinance portfolio of holding company. The services provided by the company will be billed at an agreed rate of compensation which will be reviewed periodically. The rate is applied on the average Asset Under Management (AUM). Such averages would be computed based on month end numbers. The service fee is at 5.65% for the MFI and BMS portfolio and 8.25% on the BSS portfolio w.e.f April 01, 2023.

(II) Reconciliation of Revenue from sale of services with the contracted price

The Company has no separate performance obligations under the contract with IBL and hence the Revenue from Sale of Services is equal to the contracted price.

(III) Remaining performance obligations

There are no remaining performance obligations under the contract with IBL

34. Segment Information

The Company is a business correspondent of IndusInd Bank Limited. The Company is managed organisationally as a unified entity and according to the management there is a single segment - "Business Correspondent" as envisaged in "Ind AS 108 - Operating Segments".

Pursuant to Ind AS 108, the entity wise disclosures are disclosed below:

- 1) All the Non Current Assets of the Company are located within India as at March 31, 2024 & March 31, 2023.
- 2) There can be no disaggregation of Revenue on the basis of geographical area since all its revenue pertains to India for the year ended March 31, 2024 and the year ended March 31, 2023.
- 3) 100% of the Revenue is contributed by IndusInd Bank Limited in the form of Service Fees for the year ended March 31, 2024 and the year ended March 31, 2023.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

35. Employee Benefits

Disclosures in compliance with Ind- As 19 on "Employee Benefits" is as under:

a) Defined Benefit Plans- General Description

Gratuity:

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 ₹ 0.20 Crore as per The Payment of Gratuity Act, 1972 as amended from time to time.

Description of Plan Characteristics and Associated Risks:

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

- 1) Interest rate risk : The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.
- 2) Salary Inflation risk : Higher than expected increases in salary will increase the defined benefit obligation
- 3) Investment risk : The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments
- 4) Asset liability matching risk : The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.
- 5) Mortality risk : Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.
- 6) Concentration risk : Plan is having a concentration risk as all the assets are invested with the insurance company
- 7) Demographic risk : This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

b) Defined Contribution Plan - General Description

Contributions are made to Regional Provident Fund (RPF), ESIC and other funds which covers all regular employees while both the employees and the company make predetermined contributions to the provident fund and ESIC. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 94.30 Crore. (Previous Year ₹ 76.56 Crore).

	As at March 31, 2024	As at March 31, 2023
Contribution to Provident Fund	27.26	22.29
Contribution to Pension Fund	40.16	33.88
Contribution to ESIC	26.88	20.40
	94.30	76.56

c) Other Long- Term Employee Benefits- General Description

Leave Encashment:

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. ₹ 19.93 Crore and ₹ 16.74 Crore in FY2024 and FY2023 are recognised as leave benefits expense respectively.

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.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

- d) The summarised position of various Defined Benefit Plans recognised in the Statement of Profit & Loss, Balance Sheet and Other Comprehensive Income are as under:

- (i) Reconciliation of Balance of Defined Benefit Plans for Gratuity (Funded)

Particulars	As at March 31, 2024	As at March 31, 2023
Defined Obligation at the beginning of the year	94.49	86.28
Current Service cost	13.93	12.14
Past Service cost	-	-
Interest Cost	6.94	5.78
Benefits paid	(8.83)	(10.99)
Curtailment (Credit)	-	-
Actuarial Loss /(Gain) on obligation for the period		
Change in Demographic Assumptions	(6.98)	-
Change in Financial Assumptions	2.59	(0.09)
Experience Adjustment	2.39	1.37
Plan Amendments Cost / (Credit)	-	-
"Defined Benefit Obligation at the end of the year"	104.52	94.49

- (ii) Reconciliation of balance of Fair Value of Plan Assets for Gratuity (Funded)

Particulars	As at March 31, 2024	As at March 31, 2023
"Fair Value of Plan Assets at the beginning of the year"		
"Return on plan assets excluding	66.19	60.12
Interest Income"	(2.34)	0.09
Interest Income	4.86	4.03
Contribution by employer	0.88	12.94
Benefits paid	(8.83)	(10.99)
Fair value of plan assets at the end of the yearPlan assets at the end of the year, at fair value	60.76	66.19

- (iii) Reconciliation of Fair Value of Plan Assets and Defined Benefit Obligation for Gratuity (Funded)

Particulars	As at March 31, 2024	As at March 31, 2023
"Defined Benefit Obligation at the end of the year (Net of Interest Shortfall)"	(104.52)	(94.49)
Fair value of the plan assets at the end of the year	60.76	66.19
"Net (Liability)/ Assets recognised in the Balance Sheet"	(43.76)	(28.30)

- (iv) Amount recognised in Statement of Profit and Loss for Gratuity (Funded)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Current Service Cost	13.93	12.14
Past Service Cost	-	-
Net Interest cost	2.08	1.75
Expected Contributions by the Employees	-	-
Net gratuity cost	16.01	13.89

- (v) Amount recognised in Other Comprehensive Income (OCI) for Gratuity (Funded)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Actuarial (Gains)/Losses on Obligation For the Period	(2.01)	1.28
Return on Plan Assets, Excluding Interest Income	2.34	(0.09)
Change in Asset Ceiling	-	-
Net Remeasurement	0.33	1.19

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

(vi) The following payments are expected contributions to the defined benefit plan in future years:

Particulars	For the year ended 31, 2024	For the year ended March 31, 2023
Year 1	32.25	11.64
Year 2	24.51	11.76
Year 3	19.01	11.74
Year 4	13.79	11.34
Year 5	9.99	10.60
Year 6 and above	22.79	98.02
Total Expected Cash Flows	122.34	155.10
The expected contributions to the plan for the next annual reporting period	22.86	15.08
Weighted average duration of the defined benefit (In Years)	3	7

(vii) Sensitivity on Actuarial Assumptions:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Discount Rate		
a. Effect on DBO due to 1% increase in Discount Rate	(1.96)	(4.77)
b. Effect on DBO due to 1% decrease in Discount Rate	2.07	5.33
Salary escalation Rate		
a. Effect on DBO due to 1% increase in salary escalation Rate	1.97	5.08
b. Effect on DBO due to 1% decrease in salary escalation Rate	(1.91)	(4.68)
Withdrawal Rate		
a. Effect on DBO due to 1% increase in withdrawal Rate	(0.37)	(0.43)
b. Effect on DBO due to 1% decrease in withdrawal Rate	0.37	0.43

(viii) Major Actuarial Assumptions:

The principal assumptions used in determining the gratuity obligations as at the year-end are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Discount Rate	7.14%	7.35%
Expected return on plan assets	7.14%	7.35%
Expected rate of salary increase	12.50% p.a. for the next 2 years and 7.50% p.a. thereafter	12.50% p.a. for the next 2 years and 7.50% p.a. thereafter
Retirement age	58 years	58 years
Rate of Employee Turnover	35%	15%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

(ix) Investment details of plan assets

Particulars	As at March 31, 2024	As at March 31, 2023
Fund balance% with an insurance company	100%	100%

(x) Amounts of current and previous years as follows

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation	104.52	94.49	86.28	71.57	55.64
Plan assets	60.76	66.19	60.12	59.24	37.83
Surplus / (deficit)	(43.76)	(28.30)	(26.16)	(12.33)	(17.81)
Experience adjustments on plan liabilities (i)	2.38	1.37	7.41	2.3	2.47
Return on Plan Assets, Excluding Interest Income (ii)	(2.34)	0.09	0.22	(0.25)	0.17

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

36. Equity Share based Payments Under Ind AS 102 - Long-Term Incentive Plan ("LTIP")

Long-Term Incentive Plan ("LTIP") - Restricted Stock Units (RSU) ESOP Plan

The fair value of options granted during the year has been estimated on the date of grant using the BlackScholes option pricing model. The below table summarizes share movements for equity-based incentive plans related to employees of the Company:

Particulars	Year ended March 31, 2024		Year ended March 31, 2023	
	Number of shares	WAEP *	Number of shares	WAEP *
Outstanding at the beginning of the period	13,59,871	1,449.00	17,10,716	1,369.31
Granted during the period	1,43,500	1,268.07	59,000	1,239.25
Forfeited/cancelled during the period	1,21,725	1,518.02	2,93,265	1,347.53
Exercised during the period	71,900	475.89	1,16,580	428.71
Expired during the period	89,394	1,536.24	-	-
Outstanding at the end of the period	12,20,352	1,470.06	13,59,871	1,449.00
Exercisable at the end of the period	10,60,772	1,500.89	9,86,383	1,532.97

*WAEP - weighted average exercise prices

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expense recognized during the year	4.78	3.40

For share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life.

2007 Plan - Options outstanding				2018 Plan - Options outstanding		
Range of exercise prices per share (₹)	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (₹)
376.75 - 1,539.65	4,33,310	1.97	485.50	0	0	0
1258- 1,864				15,27,327	2.17	1,541.81

Expected volatility is a measure of the amount by which the equity share price is expected to fluctuate during a period. The measure of volatility used in Black – Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the share over a period of time. Expected volatility has been computed by considering the historical data on daily volatility in the closing equity share price on the National Stock Exchange of India Limited (NSE), over a prior period equivalent to the expected life of the options, till the date of the grant. Fair value of the options and the inputs used in the measurement of the grant date fair values of the equity-settled share based payment plans are as follows :

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

For the Year ended March 31, 2024

Grant IDs	Weighted avg share price	Exercise price	Option life	Expected volatility %	Dividend yield %	Risk free interest rate %
FEB2120220001	955.35	955.35	4.51	52.38%	52%	5.79%
JAN1720230001	1,239.25	1,239.25	4.51	53.17%	69%	7.16%
JAN1720230002	1,239.25	1,239.25	4.51	53.17%	69%	7.16%
JAN1720230003	1,239.25	1,239.25	4.51	53.17%	69%	7.16%
JAN1720230004	1,239.25	1,239.25	4.51	53.17%	69%	7.16%
MAR2420220001	931.35	931.35	4.51	52.55%	54%	6.02%
MAY0220230001	1,152.80	1,152.80	4.51	52.93%	74%	6.91%
MAY0220230002	1,152.80	1,152.80	4.51	52.93%	74%	6.91%
MAY0220230003	1,152.80	1,152.80	4.51	52.93%	74%	6.91%
MAY0220230004	1,152.80	1,152.80	4.51	52.93%	74%	6.91%
MAY0220230005	1,152.80	1,152.80	4.51	52.93%	74%	6.91%
MAY0220230006	1,152.80	1,152.80	4.51	52.93%	74%	6.91%
MAY0220230007	1,152.80	1,152.80	4.51	52.93%	74%	6.91%
MAY1220210001	948.85	948.85	4.51	50.66%	53%	5.50%
MAY1220210002	948.85	948.85	4.51	50.66%	53%	5.50%
MAY1220210003	948.85	948.85	4.51	50.66%	53%	5.50%
SEP0620230001	1,423.75	1,423.75	4.52	52.58%	60%	7.10%
SEP0620230002	1,423.75	1,423.75	4.52	52.58%	60%	7.10%
SEP0620230003	1,423.75	1,423.75	4.52	52.58%	60%	7.10%
SEPT1520210003	1,036.60	1,036.36	4.51	50.93%	47%	5.43%
SEPT1520210004	1,036.60	1,036.36	4.51	50.93%	47%	5.43%
SEPT1520210005	1,036.60	1,036.36	4.51	50.93%	47%	5.43%
SEPT1520210006	1,036.60	1,036.36	4.51	50.93%	47%	5.43%
SEPT1520210007	1,036.60	1,036.36	4.51	50.93%	47%	5.43%
GT-OA-3718	1,420.35	1,420.35	4.52	48.07%	99%	7.30%
GT-OA-3716	1,420.35	1,420.35	4.52	48.07%	99%	7.30%

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

37. Dues to micro and small enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

	As at March 31, 2024	As at March 31, 2023
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal amount	0.39	1.32
- Interest due thereon	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day:		
- Payment made beyond appointed day	-	-
- Interest paid in terms of section 16	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
(d) The amount of interest accrued and remaining unpaid.	-	-
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

Note: The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.

The above disclosure is made where company has received the invoice and is pending for payment as on March 31, 2024.

38. Corporate Social Responsibility Expenditure

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(a) Gross amount required to be spent by the company during the year.	3.89	3.44
(b) Amount of expenditure incurred.	3.50	1.47
(c) Shortfall at the end of the year.	0.39	1.97
(d) Total of previous years shortfall.	0.23	1.09
(e) Reason for shortfall	Delayed in MOU with state Govt.	Delayed in MOU with state Govt.
(f) Nature of CSR activities	Livelihood enhancement by providing access to livestock care, Aspirational District Development, Healthcare services	Livelihood enhancement by providing access to livestock care, Aspirational District Development
(g) Details of related party transactions, e.g., contribution to a trust controlled by the Company in relation to CSR expenditure.	Nil	Nil
(h) provision made with respect to a liability incurred by entering into a contractual obligation.	0.39	N.A
(i) The shortfall amount (i.e. unspent amount), in respect of other than ongoing projects, transferred to a Fund specified in Schedule VII to the Act, as per section 135(5ca) of the Act	Nil	Nil
(j) The shortfall amount (i.e. unspent amount), pursuant to any ongoing project, transferred to special account as per section 135(6) of the Act	Nil*	Nil*

*The time period for transfer i.e. thirty days from the end of the financial year as permitted under the section 135(6) of the Act, has not elapsed till the date of approval of financials for respective years.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

39. Utilisation of Borrowed funds and share premium:

- (A) During the year ended March 31, 2024 and March 31, 2023, the Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall -
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
 - (iii) The Company is acting as a Business Correspondent of IndusInd Bank Limited, the holding company. In order to carry out the business of extending micro loans to customers of the Bank, at the beginning of each day, the IBL transfers an amount of ₹ 250 Crores, which auto swift out at the end of the day. The said funds are exclusively used for disbursement of micro loans to eligible customers of the Bank, in accordance with the Business Correspondent programme of the IBL. Any balance left in the said Current Account at the end of the day, is returned back to the Bank, through a Standing Instruction. From Q2 FY 23-24 onwards, the disbursements are happening directly from IBL hence the daily fund transfer from IBL has been stopped thereon.
- (B) During the year ended March 31, 2024 and March 31, 2023, the Company has not received any fund from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall -
- (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

40. Compliance with scheme of arrangement with respect to Accounting treatment

As at March 31, 2024 and March 31, 2023, the Company does not have any Scheme of Arrangement that has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

41. Details of Benami Property held

No proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder during the year ended March 31, 2024 and March 31, 2023.

42. Relationship with Struck off Companies:

The Company do not have any transaction with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956. during the year ended March 31, 2024 & March 31, 2023.

43. Undisclosed Income

There are no transactions not recorded in the books of accounts during the year ended March 31, 2024 and March 31, 2023 that have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961.

There are no previously unrecorded income and related assets to be recorded in the books of account during the year ended March 31, 2024 and March 31, 2023.

44. Crypto Currency or Virtual currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the nine months ended March 31, 2024 and March 31, 2023

45. Instances of fraud for the year ended March 31, 2024

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount (written-off / Provision)
Cash embezzlement	13,251	175.05	16.25	117

Instances of fraud for the year ended March 31, 2023:

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount (written-off)
Cash embezzlement	2380	74.63	8.16	37.99
Loans given against fictitious documents	1.00	0.05	-	0.03

46. Out of the portfolio under management, based on a field review, loans pertaining to ₹ 109.70 Crores were marked to be reviewed and carved out separately under other current assets as at March 31, 2023. Further to the BC agreement between the Company and IndusInd Bank, vide a memo dated April 17, 2023, it was mutually agreed that any loss arising out of the portfolio would be met by IBL directly or compensated to the Company. During the year, the Internal Audit team conducted an independent assessment including detailed discussion with a set of customers and the employees, identified employee frauds amounting to ₹ 2.04 Crores, and the remaining exposure is potentially due to operational lapses. Given the size of the exposure and the singular region which it pertained to, the Company has decided to engage an external expert to review the nature of the operational lapses, adequacy of steps initiated by the Company to strengthen the processes, and industry view in general as well as specific to the impacted region. Basis the mutual discussion between the company and the management of IBL, the company understands that given the nature of preliminary finding, the loss arising from gaps in operational controls are to be met by BFIL, accordingly out of prudence, the Company has created a contingency provision of ₹ 86.12 Crore during the year pending final outcome of review by the external agency. In the opinion of the management, the aforesaid provision are appropriate considering expected recovery in this matter.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

47. The ratios required to be disclosed in lines with division II to Schedule III to the Companies Act, 2013 are given below:

Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	% change over previous year (FY24 vs FY23)	Reason for variance > 25%	Reason for variance > 25%
(a) Current Ratio (%)	Current Assets	Current Liabilities	1.31	1.21	8.65%	Note 1	Note 1
(b) Debt-Equity Ratio (%)	Total Debt	Shareholders' Equity	NA	NA	NA	NA	NA
(c) Debt Service Coverage Ratio (%)	Net Operating Income	Debt Service	NA	NA	NA	NA	NA
(d) Return on Equity Ratio (%)	Net Profit after Tax	Average Shareholder's Equity	6.23%	12.95%	51.88%	Note 2	Note 2
(e) Inventory turnover ratio (%)	Sales	Average Inventory	NA	NA	NA	NA	NA
(f) Trade Receivables turnover ratio (times)	Net Credit Sales	Average Trade Receivables	NA	NA	NA	NA	NA
(g) Trade payables turnover ratio (times)	Net Credit Purchases	Average Trade Payables	NA	NA	NA	NA	NA
(h) Net capital turnover ratio (times)	Net Sales	Working Capital	NA	NA	NA	NA	NA
(i) Net profit ratio (%)	Net Profit after Tax	Total Income	1.16%	2.95%	60.62%	Note 3	Note 3
(j) Return on Capital employed (times)	Earnings before Interest & Tax	Average capital employed	7.71%	16.27%	52.63%	Note 4	Note 4
(k) Return on investment (times)	Net Return on Investment	Cost of investment	NA	NA	NA	NA	NA

Note 1 - Increase of current ratio from 1.21 to 1.31 in FY24 is due to the rate of decrease in current liabilities is more than that of the current assets (current assets decrease by 32% as against the current liabilities decrease by 38% from FY23 to FY24). Current ratio of 1.35 indicate that the company would be able to meet its short-term obligations.

Note 2 - The company's profit after tax(after considering other comprehensive income) has decreased by ₹ 24.12 Crore in FY24 on account of increase in opex by 38% from FY23 mainly due to increase in the impairment loss allowance by ₹ 180.76 Crore. All these earned profits are retained in the business which led to increase in net worth as on 31-Mar-24 by ₹ 27.00 Crore resulting in lower ratio in FY24.

Note 3 - Decrease in net profit ratio is due to the rate of increase in expense is more than the rate of increase in the revenue in FY 24 compared to FY 23 (revenue increased by 35% as against the increase in expense by 38%).

Note 4 - The company's profit before tax has decreased by 47% in FY24 mainly due to increase in the employee benefit expense by ₹ 345.88 Crore and increase in the impairment loss allowance by ₹ 180.76 Crore leading to lower return on capital employed.

Note 5 - BFIL is a 100% subsidiary of IndusInd Bank and it operate as business correspondent, in order to deliver the credit and financial services to the last mile on behalf of the IBL. Considering the nature of activities which is service, analytical ratio related to Inventory turnover ratio, Trade Receivables turnover ratio, Trade payables turnover ratio and Net capital turnover ratio are not applicable to the Company.

48. Following disclosures are not applicable :

- Company has no borrowings from banks or financial institutions on the basis of security of current assets. Hence quarterly returns or statements of current assets were not required to file with banks or financial institutions.
- Registration of charges or satisfaction with Registrar of Companies (ROC).
- Loans Given/received for transfer to other entities –Conditional lending/borrowing.
- Loans and Advances to Promoters/ Directors/ relatives.
- Since the Company does not have any subsidiary, the provision of Section 2 clause 87 of the Act, read with Companies (Restriction on number of Layer) Rules 2017, is not applicable to the Company.
- Since the Company has no borrowing, disclosure for Willful Defaulter is not applicable.

Notes to the Financial statements

(All amounts in ₹ Crore, unless otherwise stated)

49. Previous years' figures have been regrouped wherever necessary to conform this year's classification.

S No.	Regrouped from	Amount	Regrouped to	Amount	Reasons
1	Schedule 18 Other Financial Liabilities (current) - Expenses payable	14.08	Schedule 17 Trade Payables - Total Outstanding dues of micro enterprise and small enterprises - Total Outstanding dues of creditors other than micro enterprise and small enterprises	3.29 10.79	Trade Payables with bifurcation between total outstanding dues of MSME and creditors other than MSME to be presented on the face of the Balance Sheet as per Division -II Ind AS Schedule III.
2	Schedule 04 Leases Non-Current lease liability	2.48	Schedule 04 Leases Current lease liability	2.48	According to Ind AS 116 on leases current and non-current bifurcation reconsidered based on the lease liabilities accruing with in 12 months from the end of the financial year.
3	Schedule 12 Other Financial Assets (Current)	182.56	Schedule 10 Trade Receivables	182.56	Unbilled revenue shifted to trade receivables by looking into the financial nature as that is due from IBL

As per our report of even date attached

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

Deepak Kabra
Partner
Membership No. 133472
Mumbai

For and on behalf of the Board of Directors of
Bharat Financial Inclusion Limited
CIN: U65999MH2018PLC312539

Sumant Kathpalia
Non-Executive Chairman
DIN: 01054434
Mumbai

V Ravi Kumar Reddy
Company Secretary
ACS: A19245
Hyderabad

J. Sridharan
Executive Vice Chairman
DIN: 09420031
Hyderabad

Vijay Ramprakash Dube
Chief Financial Officer
Hyderabad

Date: April 23, 2024



BHARAT
Financial Inclusion Ltd
Prayaas se pragati

A 100% subsidiary of IndusInd Bank Limited

Registered Office:

One World Centre, Tower 1, Floor 8, 841 Senapati Bapat Marg, Elphinstone, Mumbai - 400013,
Maharashtra, India.

Head Office:

Raheja Commerzone, 10th & 11th Floor, Plot No. 16/A/1 & 2, Knowledge City, Raidurg,
KV Ranga Reddy, Telangana- 500081, India.

Corporate Identification Number : U65999MH2018PLC312539