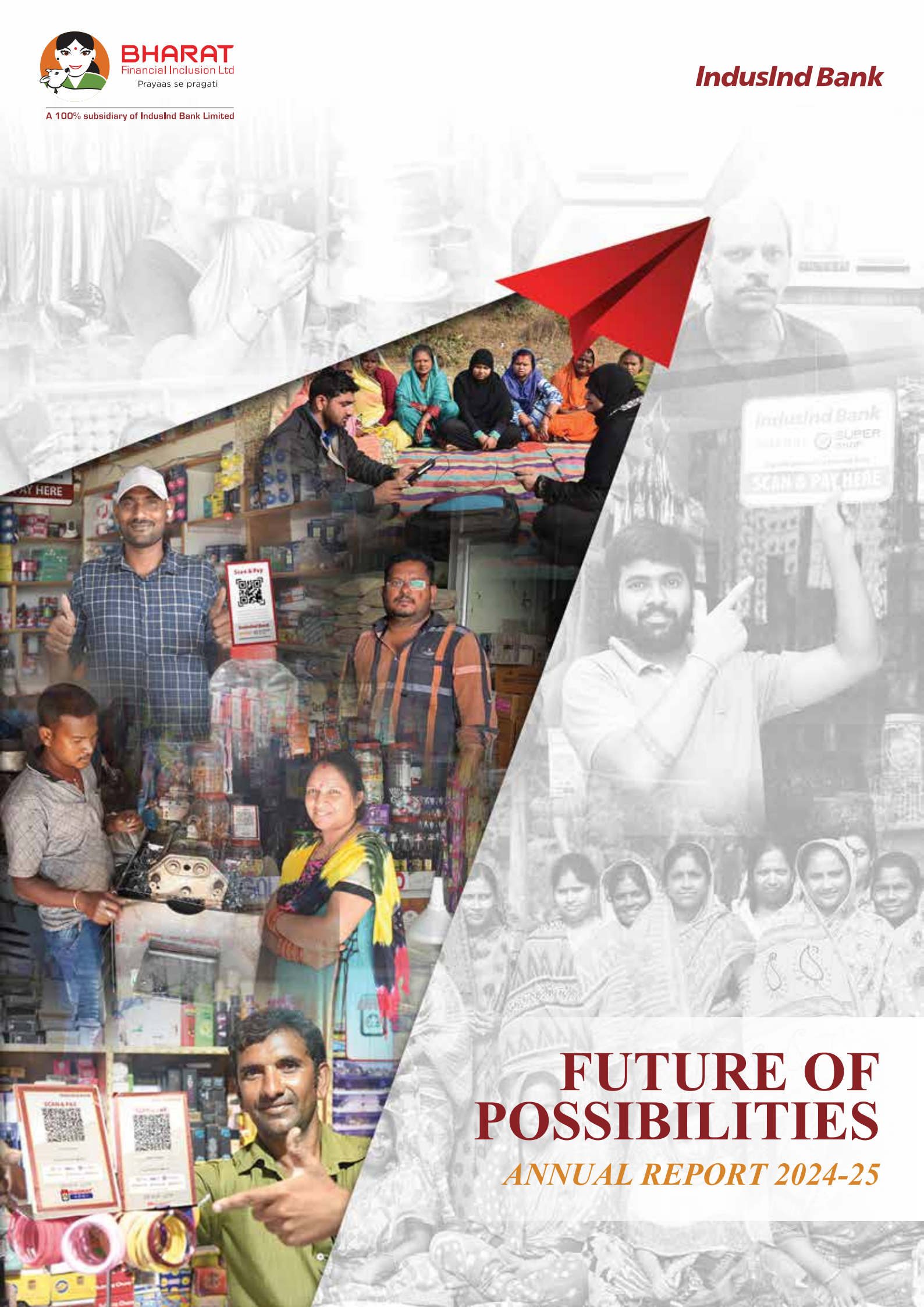




BHARAT
Financial Inclusion Ltd
Prayaas se pragati

A 100% subsidiary of IndusInd Bank Limited

IndusInd Bank



FUTURE OF POSSIBILITIES

ANNUAL REPORT 2024-25

Theme Introduction

As India advances toward a more inclusive and resilient economy, Bharat Financial Inclusion Limited (BFIL) as a Business Correspondent (BC) of IndusInd Bank Limited continues to stand with the communities at the heart of this transformation. We believe progress begins when people are given the tools and trust to shape their own future.

This year's annual report theme- "Future of Possibilities" reflects the shift we are witnessing every day with the move from limitation to possibility. From paper-based processes to digitised processes and shift to customers confidently leveraging digital services in remote locations, we are now witnessing more customers taking control of their financial journeys.

At BFIL, we are strengthening systems, digitising processes, and sharpening service delivery to stay responsive to the needs of customers of the Bank serviced by the company. Our approach is rooted in simplicity, transparency, and impact. We are committed to creating pathways that not only support livelihoods but also unlock long-term value for households and communities.

This progress is made possible by the trust and partnership we share with the Bank's customers, our dedicated employees, and stakeholders. It is their resilience, adaptability, and belief in a better future that fuels our commitment to delivering high value to the customers.



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.

Ethos

- Responsible lending
- Strong risk culture
- High social impact
- Credibility

Strengths

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



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Corporate Overview



From the
Chairman's
Desk

Dear Shareholders,

Your Company, as the wholly owned subsidiary of IndusInd Bank Limited (Bank) and acting as its Business Correspondent remains central to the Bank's mission of advancing financial inclusion across India's underserved and unbanked communities.

The financial year 2024-25, unfolded against a complex backdrop comprising of slower industry growth, heightened asset quality pressures in unsecured segments, and evolving regulatory requirements in the microfinance sector.

Macro-Economic and Industry Context

India's macroeconomic fundamentals remained resilient despite a moderation in growth momentum. The Reserve Bank of India projects GDP growth at 6.5% for FY2025-26, with inflation stable and the repo rate maintained at 5.5%. This stability in the policy rate supports affordable credit availability, an important factor for BFIL's rural and micro-borrower base, by keeping lending rates predictable and sustaining repayment capacity. A strong rural demand, supported by steady public investment, continues to underpin economic activity.¹

For the microfinance sector, favourable tailwinds include rising rural incomes, accelerated digital adoption, and a stable policy environment. A normal monsoon boosted agricultural output, improved water reserves, and supported rural economic activity, all of which benefited BFIL's core rural borrower base. At the same time, the MFI sector faces challenges going forward such as regional overleveraging and climate-related risks in certain regions, which call for disciplined portfolio quality management and robust governance frameworks. Amid these dynamics, structural drivers like rural income growth, digitisation of financial services, and the government's sustained focus on financial inclusion will continue to support BFIL's mission of long-term opportunities for responsible and inclusive expansion.

The "One IndusInd" Philosophy: Many Minds, One Mission

In an environment of increasing complexity and evolving customer needs, our success is built not only on operational excellence within BFIL but also on deep synergy with the Bank's broader ecosystem.

As the wholly owned subsidiary of IndusInd Bank Limited, BFIL operates as an integral part of the Bank's unified vision. Our leadership and teams work in seamless coordination with the Bank's retail, risk, compliance, operations, technology, human resources, and strategy functions. This integrated approach allows us to break down operational silos, foster shared ownership and joint accountability, and deliver consistent, high-quality customer experiences across all touchpoints.

The 'One Bank-One IndusInd' model is more than an aspiration; it is our daily reality. Whether it is rolling out a digital lending solutions, enhancing risk management protocols, or designing customer-centric outreach programmes, BFIL moves in sync with the Bank, ensuring alignment of goals, resources, and execution. This collaboration accelerates your company's ability to innovate, respond quickly to market shifts, and sustain the highest standards of governance and service delivery.

Building Resilience in a Year of Change

During the year, your Company prudently recalibrated its operations, placing emphasis on sustainable growth and portfolio quality. As Business Correspondent, we facilitated disbursements of ₹44,305 crore, a measured decline from the previous year, reflecting our conscious decision to moderate volumes in select geographies. The Gross Loan Portfolio under management stood at ₹41,074 crore, 7% lower year-on-year, yet aligned with our objective of maintaining asset health. Importantly, we expanded our reach to 16.93 million customers showing a 5.4% increase over last year, affirming that even in a year of consolidation, BFIL's ability to serve more households and deepen financial inclusion remains strong. This growth in customer outreach positions us well for renewed acceleration in the coming year.

Our microfinance operations faced notable headwinds in the first half of the year due to customer overleveraging, regional disruptions, and legislative changes, which was noticeable across the industry. The impact of these headwinds on the loan book, resulted into loss of ₹93 crores during Q4FY25. Your company is in the process of evaluating various measures to mitigate the impact of these headwinds, and necessary steps have been taken in such direction.

Serving 16.9 million customers with the support of ~ 50,600 employees, your Company shall demonstrate resilience by maintaining a sharp focus on portfolio quality, operational efficiency, and disciplined growth.

In response, BFIL, under the governance of IndusInd Bank Limited will take a disciplined approach, focusing on:

- **Choosing portfolio quality overgrowth** by prioritising high-vintage centres and long-standing customers.
- **Risk containment** through cautious customer acquisition and stricter discipline.
- **Adoption of industry guardrails** for sustainable lending.

We accelerated our digital transformation, adopting paperless processes, expanding mobile-enabled services, and embedding data-led decision-making into our credit models. We broadened our offering from microfinance to a more comprehensive micro-banking model, including current accounts, recurring deposits, working capital loans, and payment solutions. All of this was executed within the applicable governance and compliance framework ensuring that growth remains responsible and fully aligned with regulatory expectations.

Bharat Super Shop (BSS) is a strong example of our inclusive growth agenda. Spanning nearly 550 cities across 19 states, with a strong presence in Tier II and Tier III markets, serving more than 70 trade categories, from Kirana and garment stores to hotels, restaurants, and specialty outlets, this merchant lending program is empowering the entrepreneurial aspirations of small retailers nationwide. What began as a modest pilot with just five branches has evolved into one of our most dynamic growth engines. This is a significant achievement in our journey of inclusive growth. By March 31, 2025, BSS built a robust team of over 8,000 field staff, reaching more than 17 lakh retailers, of which approximately 6.6 lakh are active borrowers. The Gross Loan Portfolio rose to ₹7,648 crore, marking a 37% year-on-year increase, while annual disbursements surged 30% to ₹10,038 crore.

Digital Transformation and Governance Alignment

During the year, BFIL accelerated digitisation of core operations, leveraging data-led decision making and technology integration to enhance efficiency and service delivery. These advancements, guided by IndusInd Bank's governance framework, ensure that BFIL's growth remains compliant, customer-centric, and operationally robust.

We further strengthened the governance and compliance culture, aligning closely with the Bank's oversight mechanisms. This included enhanced risk monitoring, greater transparency in reporting, and embedding accountability at every operational level.

Outlook

Looking forward, BFIL remains committed to delivering on its dual mandate: enabling financial access for underserved communities while upholding the highest standards of governance under the stewardship of IndusInd Bank.

With robust capital support from the Bank, an extensive distribution network, deep domain expertise, and a highly committed workforce, we are well-positioned to harness the sector's growth potential responsibly. Our transition from a microfinance-led model to a broader micro-banking approach will allow us to expand our service portfolio while staying true to our founding mission to empower communities with access, opportunity, and the confidence to thrive.

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.

Warm Regards,

Anil Rao

Chairman

¹Monetary Policy Committee statement, Reserve Bank of India; Economic Times, August 7, 2025.



Message from Designated Interim Officer In Charge

Dear Shareholders,

As we reflect on FY 2024-25, we acknowledge the unprecedented challenges that tested the resilience of our business model and our commitment to financial inclusion. Despite a 7.2% year-on-year decrease in our total managed portfolio, we remain steadfast in our mission to empower the underserved.

Our journey is guided by four key priorities that embody our commitment to inclusive growth.

Customer-Centric Growth

Through our strong partnership with IndusInd Bank Limited, we provide tailored banking solutions that support the aspirations of the low-income households, merchants, retailers, and MSMEs. Our efforts have yielded promising results.

We have expanded our reach to 16.9 million customers across business segments; 11.74 million microfinance women customers, 1.7 million Bharat Super Shop (BSS) retailer customers, and 3.49 million Bharat Money Store (BMS) customers. Over 75 lakh customers are engaged with both our asset and liability offerings, reflecting growing trust and engagement. We welcomed 8.7 lakh customers into our microfinance business, 2.86 Lakh customers in the Bharat Super Shop merchant lending program including MSMEs and opened 10.5 lakh new liability accounts through Bharat Money Stores. Reaffirming our commitment to responsible and inclusive credit expansion. Our Bharat Super Shop (BSS) loan book has grown by ~37% YoY to ₹7,648 crore, supporting India's retail entrepreneurs with formalized credit and working capital.

Technology-Driven Efficiency

We continue to leverage digital tools allowing us to streamline processes, enhance efficiency, and improve service delivery. Our technology driven approach enables us to automate processes leading to increased productivity and enhanced customer experience through digital channels.

People First Culture

Our success is anchored in our people. We recognise that our employees are our greatest asset, and we strive to create a work environment that supports their growth, well-being and success. We were recognized as the Best Place to Work for the 11th consecutive year – a testimony to our enabling work culture.

Our people first culture is reflected in our commitment to employee engagement and training ensuring that our teams are equipped with the skills and knowledge to succeed. Our Zero Tolerance Policy reinforces a culture of integrity and accountability across all levels of the organisation.

Commitment to Communities

Beyond financial access, we are committed to creating social impact through strong CSR initiatives. Bharat Sanjeevani, our flagship CSR program which focuses on livestock care, delivered over 12.94 lakh treatments and 61 lakh vaccinations in FY 2024-25.

Future of Possibilities – Crafting Bharat 2.0

As we integrate these priorities, we are poised to embark on Bharat 2.0, a transformative journey that will propel us forward. Built on the foundations of our core values, Bharat 2.0 prioritises:

- Best-in-class portfolio quality control
- Integrity in every process
- Sustainable profit with inclusive growth

I have taken over charge of your company from May 2025 and I am committed to driving growth for BFIL. With Bharat 2.0, our mission is to stabilise the core microfinance business, which is going through a transition phase, by implementing;

- Better customer selection through proper maker-checker income assessment and verification approach.
- Avoid over-leveraging by customers and ensuring repayment capability of customers.

These changes are being implemented in discussion with the Bank along with additional process controls including setting up of central operations unit for verifications and tightening of credit rules from bank.

I extend my gratitude to our employees, customers of the Bank, shareholders, and stakeholders for their commitment during this transition year.

Together, we will build a stronger, more inclusive Bharat.

Warm Regards,

Ashish Pipaliya

Designated Interim Officer in Charge and Chief Business Officer – MSME

Board of Directors

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

Mr. K Subrahmanyam
Non - Executive Independent
Director

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

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

Management Team

Mr. Ashish Pipaliya
Designated Interim Officer in
Charge and Chief Business Officer
- MSME

Mr. Kishore Sambasivam
Chief People Officer, Head -
Corporate Social Responsibility and
Interim Head- Finance & Accounts

Mr. Arun Kumar
Chief Internal Audit

Mr. Gopi Krishna Alamuri
Head – Member Services



About Bharat Financial Inclusion Limited

Bharat Financial Inclusion Limited (BFIL), a wholly owned subsidiary and Business Correspondent (BC) of IndusInd Bank Limited (IndusInd Bank), stands at the forefront of India's financial inclusion journey. As of March 31, 2025, BFIL manages an asset portfolio of ₹41,000 crore, extending vital financial services to ~17 million clients. BFIL's network of over 3,700 branches and ~81,000 Bharat Money Stores bolsters its operations, ensuring a wide network of touchpoints to service underserved communities.

As the Business Correspondent of IndusInd Bank Limited, your Company promotes financial inclusion by offering a range of banking services, including loans under the Joint Lending/Liability Group (JLG) model, loans to merchants under the Bharat Super Shop and Bharat Money Store programmes, liability products and remittances. With a dedicated team of 50,604 employees, BFIL facilitates daily financial transactions for customers, such as small loan disbursements, instalment repayments collection, opening savings and deposit accounts, insurance services, catering to the requirements of the customers.

Brief History

Your Company was incorporated on August 6, 2018, under the name IndusInd Financial Inclusion Limited (IFIL). Following the composite scheme of arrangement among the erstwhile Bharat Financial Inclusion Limited (eBFIL), IndusInd Bank Limited, and their stakeholders, BC operations commenced on July 4, 2019, and your Company was renamed Bharat Financial Inclusion Limited on August 2, 2019.

The growth trajectory of eBFIL began in 1997 as a non-profit organisation with the vision to alleviate poverty and promote financial inclusion among marginalised communities, particularly rural women. Transitioning to a for-profit model in 2005 enabled BFIL to garner investments and scale its impact. Over the years, the organisation expanded its footprint across India and emerged as a leading microfinance institution, culminating in a public listing on the BSE and NSE in 2010.

In 2016, the organisation further refined its mission to support small entrepreneurs across 'Bharat', driving financial empowerment for underserved segments. After completing its merger with IndusInd Bank Limited in 2019, BFIL has continued to build on this legacy, combining deep community engagement with the strength and scale of IndusInd Bank Limited.

As of March 2025, BFIL manages a distribution network reaching over 17 million IndusInd Bank Limited customers across 1.62 lakh villages in ~550 districts spanning 23 states.

With a focus on empowering lives of the Bank's customers, BFIL remains committed to expanding its offerings and deepening financial inclusion.

Economic Landscape

India's real GDP grew by 6.5% in FY2024–25, reaching ₹187.97 lakh crore, compared to a 9.2% expansion in FY2023–24 (₹176.51 lakh crore). Gross Value Added (GVA) at constant prices increased by 6.4%, down from 8.6% in the previous year. This moderation reflects a combination of high base effects, tight global liquidity, and sectoral slowdowns following the post-pandemic rebound.

Growth in the manufacturing sector slowed sharply to 4.5% in FY2024–25, down from a robust 9.9% in FY2023–24. This deceleration significantly contributed to the overall GDP slowdown, as manufacturing had previously been a key driver of economic momentum. The sector faced pressures from weaker external demand, rising input costs, and tighter financial conditions, although high-frequency indicators such as the Purchasing Managers' Index (PMI) remained in expansion territory throughout the year.

Construction sector growth also moderated, expanding by 8.9% in FY2024–25, compared to 10.5% in FY2023–24. While the sector benefited from continued government infrastructure investment and a buoyant housing market, the pace of expansion eased as the year progressed.

Banking Credit Trends

Bank credit growth halved to 11.0% in FY2024-25 from 20.1% in FY2023-24, as lenders scaled back on unsecured lending and responded to regulatory tightening¹. In absolute terms, bank lending grew by ₹18.11 lakh crore in FY2024-25, compared to ₹27.56 lakh crore in FY2023-24.

This year saw most banks diversifying portfolio, especially into the MSME space. Public sector banks (PSBs) continued to lead in the micro segment, holding a 45.7 per cent market share, whereas private sector banks dominated lending to small and medium exposure businesses, with a combined market share of approximately 50 per cent. Additionally,

non-banking financial companies (NBFCs) have expanded their footprint across various borrower segments, supported by regulatory measures that allow bank credit to NBFCs for on-lending to small industries to be classified under PSL (priority sector lending)².

A summary of how various banking verticals performed shows

- **Retail Credit:** Retail loan growth declined sharply to 11.6% in FY2024-25 from 27.6% in FY2023-24. Home loan growth fell to 10.7% from 36.5%, vehicle loans to 8.6% from 17.6%, and personal loans to 7.9% from 20.7%.
- **Agriculture and Allied Sectors:** Credit to agriculture and allied sectors grew by 10.4% in FY2024-25 (down from 20% in FY2023-24), industry by 7.8% (from 8.5%), and services by 12.4% (from 23.5%).
- **MSME:** Credit to MSMEs crossed ₹40 trillion (Rs 40 lakh crore) as of March 2025, registering a 20% year-on-year (YoY) growth compared to approximately ₹33.3 trillion in March 2024³. However, despite good growth in portfolio it is to be noted that the number of active MSME loans grew only 1.3% YoY in FY2024-2025, reaching 21.45 million at end-March 2025, down sharply from 24% growth in FY24. This reflects consolidation and cautious lending amid rising early-stage defaults.
- **Private Banks:** Private sector banks saw the steepest drop in credit growth, to 9.5% in FY2024-25, after consistently reporting above 15% growth in the previous three years⁴.
- **Deposit Trends:** Deposit growth slowed to 10.6% in FY2024-25 from 13% in FY2023-24, with term deposits now accounting for 72.7% of deposits at 7% or higher rates, up from 64.2% a year ago⁵.

¹ Overall bank lending halves to 11% in FY25

² MSME Credit top Rs 40 trn; growth in active loans slowdown in FY25

³ MSME Credit top Rs 40 trn; growth in active loans slowdown in FY25

⁴ Private banks see steepest fall in credit growth to 9.5% in FY25

⁵ Bank deposits grew by 10% in FY25, growth decline from 13% recorded in FY24

Rural Indicators

- **FMCG sector:** March 2025 quarter saw a 11% growth in value driven by a 5.1% volume increase and a 5.6% price hike. However, there is a dip in volume growth from 6.3% in the quarter ending December 2024. Rural volume growth during this period was 8.4% while urban volume growth was more modest at 2.6%. This trend of rural growth outpacing urban growth by a considerable margin has been consistent for the last five quarters.
- **Tractor sales:** Sales were muted in H1 FY2024-25 compared to the previous year but picked up in H2, resulting in an 8.4% increase for the full year FY2024-25, reflecting a partial recovery in rural economic activity and MFI portfolio quality⁶.
- **Rural and Semi-Urban Credit and Deposit Balances:** Deposit balances increased 9.5% YoY for FY2024-25 as against 13% in FY24. Credit balances grew 12.6% YoY for FY2024-25 compared to 20.5% in FY24⁷.
- **Two-wheeler sales:** Two-wheeler sales of the leading 6 automakers (~ 95%) stood at 1.9 crore units in FY2024-25 which was 9.3% higher than FY24 sales, a drop from 13.9% growth in the previous year⁸.

Consumption Trends

The Indian economy has showcased robust growth in FY2024-25, supported by a marked increase in private consumption expenditure, especially in rural areas. According to the latest Household Consumption Expenditure Survey (HCES), the average rural MPCE more than doubled to ₹3,773 in 2022-23, up from ₹1,430 in 2011-12^{9,10}. The proportion of rural spending on non-food items rose to 53.6% in 2022-23, from 47.1% in 2011-12. This marks the first time non-food expenditure has overtaken food in rural budgets.

Among non-food items share of conveyance in rural budgets rose to 7.55% in 2022-23, up from 4.2% in 2011-12^{11,12}, share of durables in rural spending increased to 6.89% in 2022-23, compared to 4.5% in 2011-12¹³ and medical spending which accounted for 6.7% of rural MPCE in 2011-12 and has increased to 7.13%.

Other remarkable trend in consumption pattern has the narrowing urban-rural MPCE gap. In 2011-12, urban MPCE was ₹2,630 (about 84% higher than rural) but by 2022-23, it was ₹6,459, about 71% higher than rural.

The current economic landscape highlights a clear shift toward rural and semi-urban consumption as a key growth driver, with rural demand consistently outpacing urban growth across sectors such as FMCG, mobility, and healthcare. Despite moderation in overall GDP growth and credit expansion, rising rural incomes and a growing share of non-food expenditure, including transport, consumer durables, and medical expenses underscore evolving consumption patterns. At the same time, cautious lending, overheating in certain pockets and regulatory tightening have tempered unsecured credit growth, especially in retail and MSME segments. These dynamics emphasise the importance of focused, risk-aware financial solutions tailored to rural and semi-urban consumers, who are increasingly driving demand and shaping market trends in India's evolving economy.

Sector Outlook

Despite positive trends in economic indicators in FY2024-25, these gains did not immediately improve asset quality or drive growth for microfinance institutions (MFIs). The sector faced stress from high borrower leverage, regional and sectoral disparities, and stricter onboarding practices, with region-specific challenges further contracting the industry portfolio. By the end of FY2024-25, however, early signs of stabilisation emerged, marked by better collection efficiency and portfolio quality.

The microfinance industry saw a 13.9% decline in its gross loan portfolio bringing it down to ₹3.81 lakh crore in FY2024-25. Karnataka experienced a particularly sharp decline following a recent ordinance. Later period delinquencies (91-180 days and 180+ days) continued to rise, while early delinquencies (1-30 days) improved, dropping to 1.4% in March 2025 from 1.8% in December 2024.

Looking ahead, the sector is expected to return to growth in FY26. However, asset quality will remain under close watch, and profitability is likely to recover only moderately as MFIs adapt to new regulatory norms and address the after effects of the FY2024-25 downturn. Sustained growth will depend on continued improvements in collection efficiencies and a recovery in the rural economy. Improved process of HHI assessment and implementation of MFIN guardrails will help in sourcing the quality customers resulting in better Portfolio Quality.

⁶Tractor Manufacturers Association

⁷RBI – Database of Indian Economy

⁸Rushlane and RBI bulletin

⁹nss_rep_555.pdf

¹⁰First Consumption Data After 2011-12 Shows Lesser Spending On Food Despite Increase In Overall Expenditure

¹¹India's richest 5% spent 8-10 times its poorest; agri household expenditure lower than rural avg for

¹²English Releases

¹³Report_591_HCES_2022-23New.pdf



Over six years ago, Ruby Devi took a ₹25,000 loan that helped her take the first step towards building something of her own. She started with a small kirana shop and, over time, turned it into a growing flower decoration business. Her determination and steady effort have made her a role model for many women in her community.

Ruby Devi
Muzaffarpur, Bihar

BFIL's Pan-India Presence

550
Districts23
States1,62,000
Villages3,756
Branches50,604
Employees16.9 million
Customers

Performance at a Glance: Financial Highlights

In FY2024-25, BFIL remained committed to its core mission of financial inclusion, navigating a year marked by industry-wide challenges, regulatory shifts, and changing customer dynamics with resilience and strategic recalibration.

The financial performance of the company for FY2024-25 and FY2023-24 is as summarised below:

(Amount in ₹ Crore)

Particulars	Financial Year 2024-25	Financial Year 2023-24	Growth (%)
Revenue from operations	2,403.19	2,323.88	3%
Other income	9.04	11.43	-21%
Total revenue	2,412.23	2,335.31	3%
Employee benefit expenses	1,775.98	1,519.68	17%
Impairment loss allowance	105.51	222.97	-53%
Finance costs	4.77	3.30	45%
Other expenses	120.58	99.71	21%
Depreciation and amortization expenses	490.50	451.96	9%
Total expenses	2497.34	2297.62	9%
Profit before tax	(85.11)	37.69	-326%
Tax expenses	(20.88)	10.52	-298%
Profit after tax	(64.23)	27.17	-336%
Other comprehensive income	(3.97)	-0.25	-1492%
Total comprehensive income	(68.20)	26.92	-353%
Earnings per share (basic / diluted) of ₹10/- each fully paid.	(14.70)	6.22	-336%

Enterprise Level Operational Highlights

Particulars	Financial Year 2024-25	Financial Year 2023-24	Growth (%)
Amount disbursed as bc (₹ in crores)	44,305	53,542	-17%
Gross loan portfolio under management as bc of Indusind Bank Limited (₹ in crores)	41,074	44,266	-7%
Number of customers (in million)	16.93	16.06	5.42%

Microfinance Segment

The Microfinance business, serving women entrepreneurs at the bottom of the economic pyramid, demonstrated resilience despite market volatility, especially in the second half of the year. BFIL's microfinance loan book stood at ₹33,373 crore as of March 31, 2025, a 13.5% decline from ₹38,562 crore the previous year. Disbursements in the second half of the year increased by 21% over the first half, indicating a recovery in operational momentum. During FY2024-25, BFIL added 8.7 lakh "New To Bank" loan clients to its microfinance business, highlighting continued outreach and financial inclusion efforts.

Merchant Lending Bharat Super Shop (BSS) Program

Bharat Super Shop (BSS), serving the "missing middle" of small retail entrepreneurs, achieved strong growth in FY2024-25. BSS operated in 558 cities across 19 states, serving over 17 lakh merchants with an active borrower base nearing 7 lakh and a loan book of ₹7,648 crore, reflecting 37.4% year-on-year growth. While the first half of the year saw only moderate growth, the second half recorded a significant acceleration, contributing to the strong annual performance. MSME loans were also launched with higher ticket sizes in Oct 2024 and a cumulative disbursement of ~ ₹50 crore were made taking MSME portfolio to ₹42 crore by March 2025.

Bharat Money Store (BMS) and Last-Mile Banking

The Bharat Money Store (BMS) platform, which enables Kirana merchants to provide financial services in rural and remote areas, reached 80,936 merchant outlets across 36,000+ villages, 620+ districts, and 20 states by March 31, 2025. During the year, 16,595 new merchants were onboarded. BMS outlets served around 50.3 lakh rural customers and facilitated transactions worth ₹4,882 crore, including Aadhaar-enabled remittances, savings and deposit account openings, and utility payments.

Liabilities and Deposit Growth

The liability portfolio for all BFIL-serviced customers, including savings, current, recurring, and fixed deposit accounts, amounted to ₹2,680 crore as of March 2025, an 8% year-on-year decrease from ₹2,912 crore in March 2024 reflecting stress in the rural segment. However, it may be noted that the number of savings accounts opened significantly improved towards the second half of the year.

Technology and Operational Excellence

The Company remains committed to enhancing its core IT systems, with the Pragati platform providing reliable, real-time online transaction processing and centralised reporting since its launch in May 2023. This has significantly improved operational efficiency and risk management with additional controls and digitisation being implemented during the year.

CSR and Rural Development

BFIL's CSR initiatives, such as Bharat Sanjeevani (livestock care), Bharat Pragat (watershed development and healthcare), and partnerships with government agencies, have expanded their reach and impact. For example, Bharat Sanjeevani treated 12.94 lakh livestock in FY2024-25, a 206% increase from the previous year, and administered 61.87 lakh vaccinations and 2.19 lakh artificial inseminations.

Similarly, Bharat PRAGAT component focused on improving natural resource management and healthcare delivery in Karnataka. The Bharat PRAGAT Watershed Development programme treated over 10,500 hectares of land and conserved approximately 879 million litres of water.

These efforts exemplify the Company's commitment to rural development and inclusive growth.



Mohammad Afsar had always dreamed of running a successful hardware store, but high-interest loans from moneylenders kept that dream out of reach. After connecting with a BFIL loan officer, he received four loans along with continued guidance and support. His income has since doubled, his business has grown steadily, and so has his confidence.

Mohammad Afsar

Hyderabad, Telangana

Management Discussion and Analysis

Macro-Economic and Banking Environment

Overview of Global and Indian Economy

The global economic environment in FY2024-25 remained marked by persistent uncertainty. While recession fears receded and growth resumed in several major economies, global GDP growth is projected at 3.3% for both 2025 and 2026¹⁴, still below the pre-pandemic average of 3.7% (2000-19). Global inflation is expected to decline to 4.2% in 2025, though advanced economies are set to return to their targets faster than emerging markets. Despite these improvements, investment activity remains subdued, and geopolitical tensions, currency volatility, and uneven regional recoveries continue to pose risks.

Against this backdrop, India's economy has demonstrated remarkable resilience. According to the National Statistics Office (NSO), India's real GDP grew by 6.5% in FY2024-25, reaching ₹187.97 lakh crore, compared to 9.2% in FY2023-24¹⁵. Gross Value Added (GVA) at constant prices increased by 6.4% in FY2024-25, down from 8.6% in the previous year. This moderation reflects a high base effect, tighter global liquidity, and sectoral slowdowns—particularly in manufacturing, which grew by just 4.5% in FY2024-25 (down from 9.9% a year earlier), and construction, which expanded by 8.9% (compared to 10.5%)¹⁶. Nevertheless, India remains one of the fastest-growing major economies, supported by strong domestic demand, a gradual revival in rural consumption, and sustained investment momentum.

Retail inflation, as measured by the Consumer Price Index (CPI), fell to a six-year low of 4.6% for FY2024-25, with March 2025 recording a further dip to 3.34%¹⁷. This decline was driven by easing food prices and targeted government interventions, helping stabilise real incomes and support consumption, especially in rural areas.

Looking ahead, Reserve Bank of India (RBI) projects a growth of 6.5%¹⁸ for 2025-26. Growth is expected to be driven by rising private capital expenditure, a recovery in rural demand, and continued strength in the services sector. The Indian Meteorological Department's forecast of a normal monsoon¹⁹ bodes well for agricultural output and rural incomes, while digital transactions—led by platforms such as UPI and BBPS—continue to expand rapidly, further deepening financial inclusion.

Rural consumption is poised to remain a key growth driver, supported by rising farm incomes, sales of two and three wheelers, and increased demand for FMCG and home care products. The latest Household Consumption Expenditure Survey shows rural per capita expenditure more than doubling over the last decade, with non-food spending now accounting for over half of rural budgets—a clear sign of evolving consumption patterns and aspirations.

Banking Sector and Credit Environment

The banking sector reflected the broader economic moderation. Bank credit growth eased to 11.0% in FY2024-25 from 20.1% in FY2023-24, as lenders curtailed unsecured lending in response to regulatory tightening. Retail loan growth slowed significantly to 11.6% (from 27.6%), while credit to MSMEs, though sizeable at ₹40 trillion (up 20% year-on-year), experienced a marked slowdown in new loan originations. Active MSME loans grew by just 1.3% in FY2024-25, compared to 24% in the previous year. Deposit growth also softened to 10.6%, down from 13% in FY2023-24, with a notable shift toward higher-yielding term deposits.

In rural and semi-urban markets, deposit balances grew by 9.5% year-on-year, while credit balances increased by 12.6, both slower than in FY2023-24, reflecting a more cautious approach by lenders and the impact of sectoral stress. The microfinance industry faced headwinds: the gross loan portfolio declined by 13.9% to ₹3.81 lakh crore, with asset quality under pressure due to borrower overleveraging, regional shocks, and stricter onboarding norms.

¹⁴World Economic Outlook Update, January 2025: Global Growth: Divergent and Uncertain

¹⁵India's GDP growth full year 2024-25 estimate at 6.5%

¹⁶<https://ddnews.gov.in/en/indias-real-gdp-grows-at-6-5-in-fy-2024-25-q4-sees-strong-7-4-expansion/>

¹⁷Press Release: Press Information Bureau

¹⁸RBI pegs India's GDP growth at 6.5% for 2025-26

¹⁹IMD raises rain forecast to 106% - The Economic Times

Business Overview

Your Company, a wholly owned subsidiary of IndusInd Bank Limited (IndusInd Bank) or Bank, operates as a Business Correspondent of the Bank. It plays a key role in advancing financial inclusion by delivering banking services such as microloans primarily to women, merchant and MSME loans through the Bharat Super Shop and Bharat Money Store verticals, along with liability products and remittance services.

With deep rural outreach, advanced technology platforms, and prudent risk management, the Company is well-positioned to meet the evolving needs of semi-urban and rural India. BFIL remains committed to expanding and deepening financial inclusion and will continue to be guided by the core values of - responsible lending, strong risk culture, credibility and high social impact.

Business Operations are structured around three main business segments:

- Microfinance
- Bharat Super Shop
- Bharat Money Stores

Microfinance

Unlocking Possibilities for Women Entrepreneurs

In FY 2024–25, faced with sector-wide challenges including borrower over-indebtedness, heat wave issues in field and credit stress in rural markets, BFIL adopted a "Back to Basics" strategy to reinforce resilience and operational discipline. This involved strengthening credit underwriting norms and re-emphasising the importance of center meetings and operational excellence in branches.

Key initiatives of the year



Improved Credit Assessment Tools

Ongoing upgrades to income assessment methods aim to support better lending decisions and portfolio quality.

SMS-Based Customer Communication

BFIL launched an SMS campaign to keep customers informed about their payment status, combining physical outreach with digital convenience.



Enhanced Field Monitoring

Geofencing and mapping tools were expanded to track field staff in real time, improving visibility and operational control.

In FY2024–25, BFIL's microfinance vertical continued its focus on deep rural penetration and strong service outreach. Through deep rural penetration covering 1.6 lakh villages across 468 districts, we strive to meet the requirements of the customers. The active microfinance loan book stood at ₹33,373 crore, reflecting a 13.5% year-on-year decline from ₹38,562 crore. Despite this, loan disbursements grew 21% in the second half of the year as compared the first half of the financial year, indicating recovery momentum. BFIL added 8.7 lakh new-to-bank clients, expanding its reach to over 1.12 crore cumulative borrowers, with 94.7 lakh active clients. Total disbursements for the year touched ₹37,411 crore, reflecting the institution's continued focus on inclusive growth, disciplined risk management, and high-impact financial delivery to underserved communities.

Bharat Super Shop

Powering Progress for India's Missing Middle by leveraging a Digital First Approach

Launched in 2018, Bharat Super Shop (BSS) was conceptualised to meet the unmet demand of the "missing middle" segment of MSMEs, those businesses that typically lack access to formal credit due to the absence of documented income proofs. BSS addresses this gap through a unique offering that combines doorstep delivery service with a comprehensive bouquet of financial services.

Starting with a pilot of just five branches, BSS has grown significantly and now operates across ~550 cities in 19 states, focusing primarily on Tier II and Tier III cities. The initiative caters to over 70 trade lines, including kirana stores, garment stores, hotels, restaurants, and fancy stores. As of March 31, 2025, BSS employs over 8,000 field staff and serves more than 17 lakh retailers, with approximately 6.6 lakh active borrowers. Gross Loan Portfolio (GLP) for the business reached ₹7,648 crore, reflecting a year-on-year growth of 37%. Disbursements for FY25 grew by 30% year-on-year to ₹10,038 crore, compared to ₹7,747 crore in FY24.

BSS provides a wide array of products, including zero-balance current accounts, recurring deposit schemes, working capital loans, and payment solutions such as UPI and QR code-based transactions. With a digital and paperless approach, our 8,000+ field team leverages mobile and WhatsApp banking to deliver seamless and convenient access to customers.

Each customer journey begins with the opening of a zero-balance current account, followed by an assisted loan application. Deposit products like fixed and recurring deposits are offered at the doorstep. Our disbursement ticket sizes go up to ₹5 lakh and follow a weekly repayment model that is well aligned with the daily cash flow cycles of the Bank's customers.

MSME-Udyog Initiative

In response to emerging customer needs and new market opportunities, BSS introduced MSME-Udyog in the year 2024. The initiative targeted expansion into new trade segments, including manufacturers and wholesalers. MSME-Udyog offers higher ticket size loans tailored to support larger working capital needs and business expansion.

Looking forward, both BSS and MSME-Udyog remain focused on sustainable and impactful growth. BSS is driving

deeper market penetration, while MSME-Udyog is scaling its operations with the goal of servicing the needs of the sector. The expansion roadmap includes launching operations in 100 new locations (including split branches) by FY26. This growth will be fuelled by a steady increase in business, proactive customer acquisition, and intensified efforts toward market penetration, all aimed at enhancing financial inclusion across the country.



Serving **17+ lakh** retailers across **550 cities** with doorstep, mobile and WhatsApp banking services



6.6 lakh+ active borrowers supported with tailored MSME credit solutions



₹7,648 crore Gross Loan Portfolio in FY25, up **37%** year-on-year



8,000+ field staff using Tab for paperless service



₹10,038 crore disbursed in FY25, growing **30%** over the previous year



Zero-balance current accounts, UPI & QR payments at the customer's doorstep



MSME-Udyog launched in 2024

Bharat Money Store

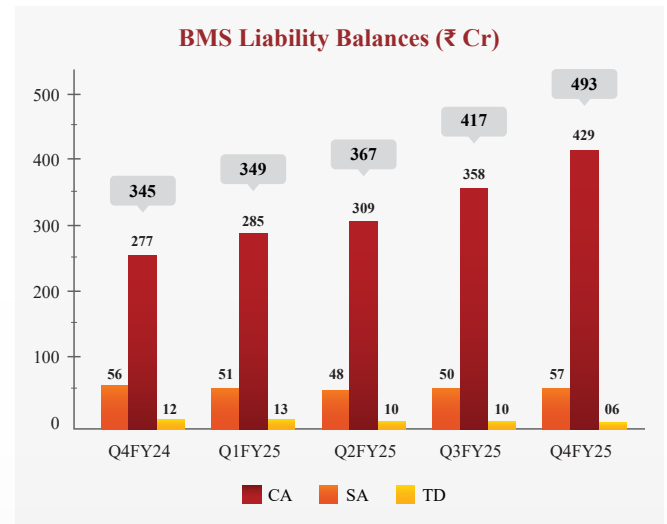
Bringing Possibilities Closer: Catalysing Rural Banking Access

Bharat Money Stores (BMS) was launched in 2017 in partnership with IndusInd Bank Limited. BMS is a dedicated banking and transaction platform for kirana merchants, to bridge the last-mile gap and enhance financial inclusion across India. It serves as a powerful financial inclusion enabler by transforming local kirana stores into trusted banking touchpoints for India's rural population.

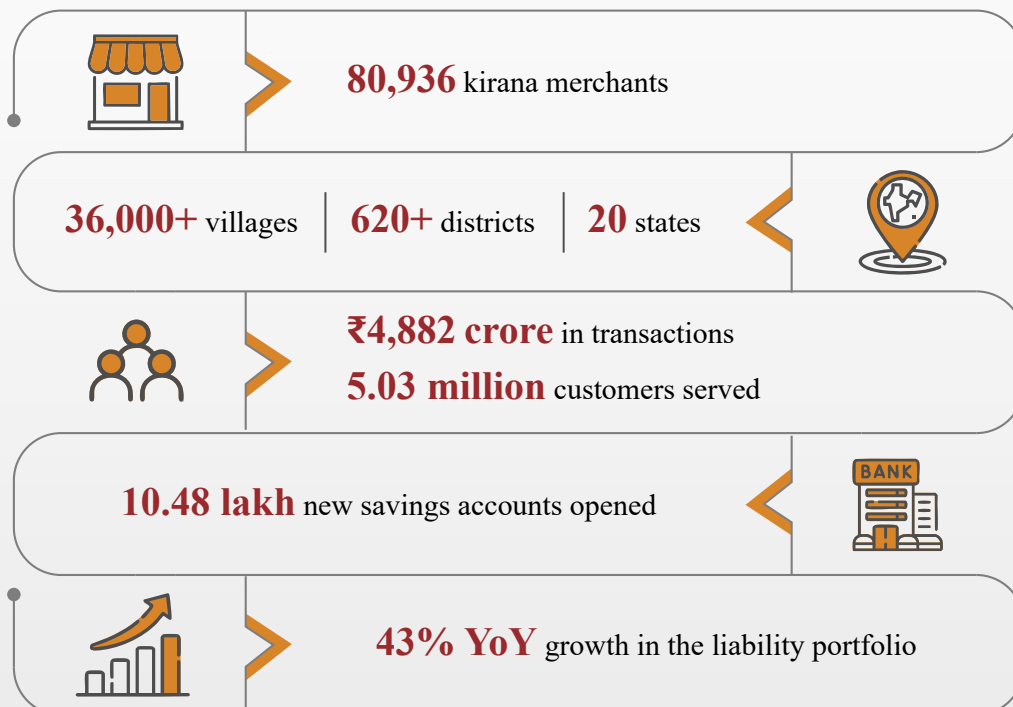
As of March 31, 2025, the BMS network comprised approximately 80,936 kirana merchant outlets, spanning 36,000+ villages, 620+ districts, and 20 states, thereby extending banking access of your company as a BC of IndusInd Bank Limited, to remote regions in India. During the financial year FY2024-25, around 16,595 new merchants were onboarded.

Our merchants leveraged the BMS platform to serve as banking touchpoints, which offer a broad range of banking and financial services to the public. In FY2024-25, BMS outlets served more than 5.03 million rural customers and facilitated transactions totalling ₹4,882 crore. These services included Aadhaar-enabled remittances, account opening for savings and deposits, utility payments, and other essential transactions.

BMS merchants played a key role in strengthening the Bank's liability portfolio through deep rural CASA (Current and Savings Accounts) acquisition. During FY2024-25, the liability book expanded by 43% i.e., from ₹345 crore at FY2024 to ₹493 crore at FY2024-2025, primarily driven by growth in rural savings accounts. The savings account (SA) book increased by 55%, and merchants acquired 10.48 lakh new-to-bank (NTB) savings accounts during the year.



Key Highlights



Liabilities

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.

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, 2025, BFIL managed 19.1 million liability* accounts with a balance of ₹ 2,680 Crore.

*Liability accounts – CA, SA, RD & FD Accounts together considered under Liability accounts.

Bancassurance

Protecting families through trusted, timely insurance solutions.

BFIL has established a regulation-compliant process for customer enrolment and claims servicing related to its insurance product. This process includes systems for premium collection and timely remittance to insurers, ensuring continuous coverage and efficient claim settlements. These are periodically reviewed and upgraded to deliver better service and faster turnaround.

Customers can purchase the product offered by BFIL through IndusInd Bank Limited or choose another insurance provider, provided the policy is assigned to the Bank for the duration of the loan.

Our field teams play a critical role in assisting families with claim documentation, ensuring speed and empathy in tough times.

Insurance at a Glance

In FY2024–25

₹571 crore
worth of claims were settled

94% of claims were settled
within 7 days of
document submission



This year, BFIL also introduced an optional Hospicash Insurance product to cover medical emergencies and out-of-pocket hospital expenses. It proved to be a timely support system for 7,297 families during the reporting period.

In partnership with insurers, we have digitally integrated enrolment and claims APIs, significantly improving speed and transparency, setting a benchmark for turnaround and customer satisfaction.

Support Functions

Member Helpline and Grievance Redressal

A dedicated Customer Service team manages the Member Helpline for the Bank, operating in nine regional languages through toll-free numbers and handling approximately 1.5 lakh calls every month. The helpline uses an automated call routing system (Contaque) that connects callers directly to the relevant support without IVR layers.

Members can reach out for queries, complaints, or service requests related to Microfinance, Bharat Super Shop, Bharat Money Stores, Rural Mobility and CSUs.

Key functions include:

- **Customer Grievance Redressal:** In line with IndusInd Bank Limited's Grievance Redressal Policy, grievances are resolved within defined timelines through a structured escalation matrix.
- **Outbound Calls on Voice of Customer (VoC) and Customer Satisfaction (CSAT):** Feedback is captured during key customer lifecycle moments and shared for continuous improvement.

- **Branch Health Monitoring System:** Issues raised by branches are tracked and resolved by routing them to appropriate departments.

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

✉ bccustomerservice@indusind.com

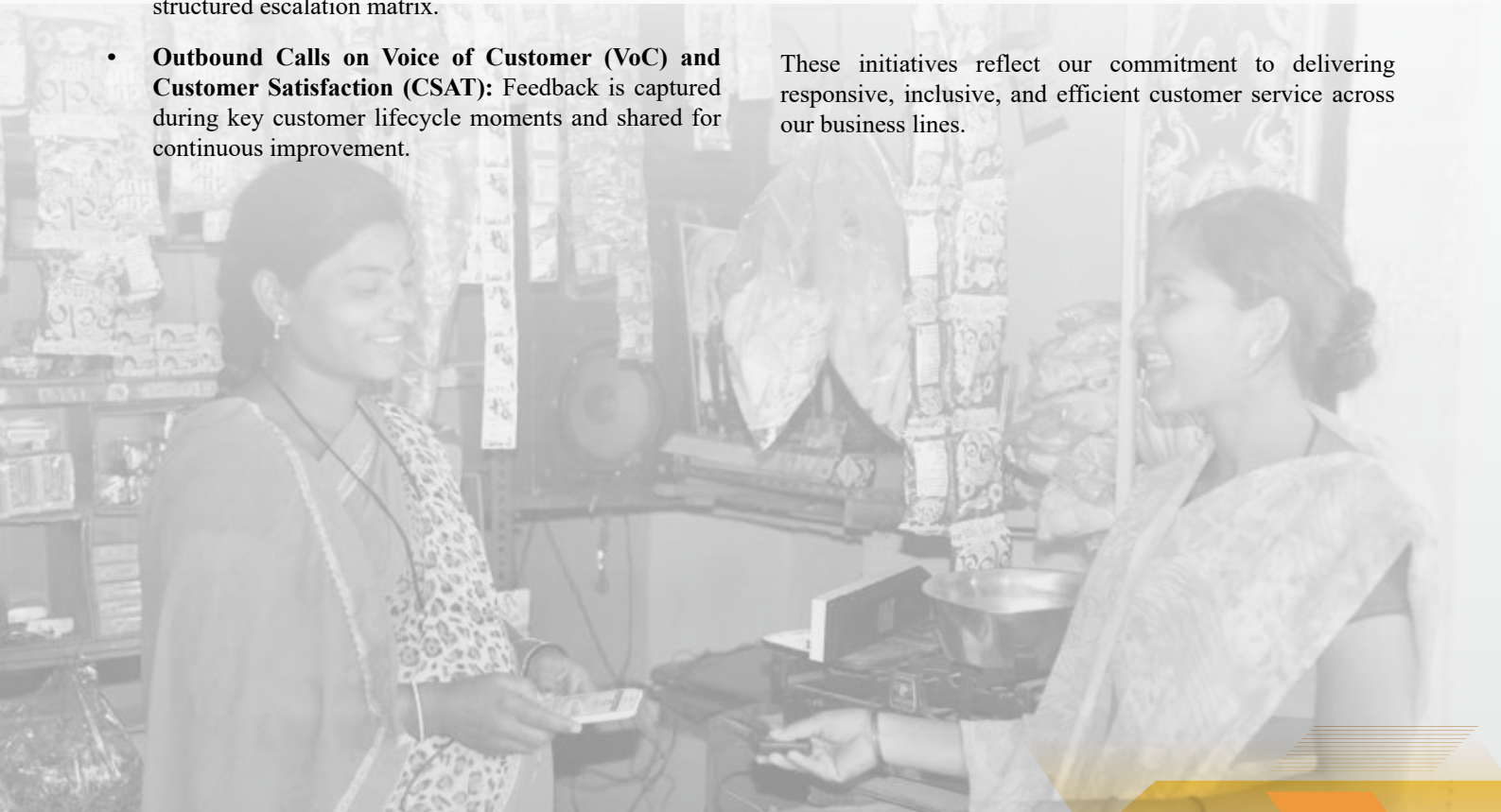
Level 2

If unresolved within 7 working days escalation to GRO@indusind.com

Level 3

If unresolved at Level 2: escalate to the **Nodal Officer**.

These initiatives reflect our commitment to delivering responsive, inclusive, and efficient customer service across our business lines.



Information Technology

Driving Scale Through Innovation: Focus on long-term success

Information Technology continues to play a vital role in enabling and strengthening your Company's operations. From facilitating seamless customer transactions to managing internal systems and networks, IT supports nearly every aspect of business functionality for the Bank. Whether it's ensuring the reliability of our digital platforms, safeguarding sensitive data, or improving operational efficiency, our IT infrastructure serves as a cornerstone of our long-term success.

BFIL pioneered digitisation in the microfinance sector by introducing the use of tablets and handheld devices for field operations. This culture of digital adoption has since expanded across internal functions, from training field staff to conducting field reviews and audits, disseminating data and information among internal stakeholders, to monitoring the real-time movement of our extensive field staff using geo intelligence apps.

The customer transaction platforms are managed by a dedicated Information Technology team within the Bank, working in close coordination with our in-house IT team, which oversees internal systems and a nationwide network of endpoint devices. These are connected to the central Data Centre via wireless and MPLS technologies.

Our approach to digital adoption is guided by three core principles: agility, cost-effectiveness, and transaction security. The IT team remains committed to aligning technology solutions with your Company's strategic objectives, delivering secure, scalable, and high-performance systems to support business expansion and customer outreach, particularly in underserved rural areas.

Key Digital Initiatives in FY2024-2025

- **MSME Udyog Loan Vertical:** A dedicated MSME lending vertical was launched which handles unsecured Udyog loans between ₹2 lakh to 5 lakh. Built on a modern, scalable microservices architecture with RESTful APIs, enabling quick digital onboarding and loan processing for small businesses.
- **OCM Mobile Application:** Introduced the Organisation Credit Monitoring (OCM) mobile app, which provides a fast, secure native experience for real-time monitoring and credit assessments by field staff.

- **Addition of Insurance Partners:** Successfully completed API driven integrations with new Insurance partners for process of claim request.
- **Application Consolidation:** Unified eight MHL-related applications into a single MHL platform and merged 14 HR systems into a centralised HR Hub, simplifying employee access and administrative workflows.
- **ERP Upgrade:** Successfully upgraded from Microsoft Axapta to Microsoft Dynamics D365, delivering an integrated ERP platform that enhances business efficiency, decision-making, and customer engagement.

IT Operation and Information Security

- **Dual Disaster Recovery (DR) Activity Conducted:** Conducted two major DR activities during the year, one integrated with dependent systems and another as a standalone test to ensure business continuity and system resilience.
- **Microsoft Intune Implementation:** Deployed Microsoft Intune to manage and secure official emails on personal (BYOD) devices. This solution enforces security policies, ensures compliance, and protects corporate data while respecting user privacy.
- **Mobile Device Management (MDM):** Upgraded to the Scale Fusion MDM solution, enhancing security and compliance through remote management of tabs.
- **Biometric L1 Device Upgrade:** Upgraded to new biometric L1 devices to meet regulatory guidelines, enhancing authentication security.
- **Digital Personal Data Protection Act (DPDPA) Adherence:** Conducted comprehensive assessments to validate the implementation of appropriate security and data protection controls, ensuring compliance with the Digital Personal Data Protection Act.
- **Red Teaming Exercise:** Conducted periodic red teaming exercises to simulate real-world cyberattacks, evaluate existing defences, and strengthen Information Security measures.
- **Integration with IndusInd Bank Limited Security Operations Centre (SOC):** Fully integrated with the IndusInd Bank Limited Security Operations Centre for continuous security event monitoring of assets, enabling proactive threat detection and response.

Human Resources

At BFIL, nearly all customer interactions take place in the field, directly at the customers' doorstep, using an assisted digital mode. The field team consists of well-trained Sangam Managers, Loan Officers, and Bharat Money Officers who are supported by a supervisory layer that provides guidance and maintains oversight. The Human Resources function plays a crucial role in supporting these business operations through sustainable, responsible, and progressive practices. The focus was on maximising human potential and increased automation.

Demography, Hiring, Total Rewards & Talent Management

As of 31st March 2025, the total employee strength stood at 50,604, including those on probation and undergoing training. The workforce at BFIL continues to be relatively early in their careers, with an average age of 27.5 years.

Average Tenure (in Years)

6.98

Branch Managers

7.80

Regional Offices

7.86

Head Office, Hyderabad

*as on 31st March 2025

Your Company remains committed to strengthening its workforce through a dual hiring approach:

- Onboarding fresh graduates for entry-level roles such as Sangam Managers, and Loan Officers, and
- Attracting experienced professionals by offering competitive compensation packages and strategic out-of-home but same state deployment to mitigate risk.

This strategy helps diversify the talent pool and accelerate productivity.

To enhance field recruitment in FY2024-25, BFIL introduced an online eligibility test, ensuring greater efficiency and transparency.

80%

Over 80% of field hiring was referral-based, reflecting strong brand trust

Recruitment was also driven through job portals, social media, and centre meetings via customer networks.

Internal mobility was strengthened with a five-fold rise in applications through the Internal Job Posting (IJP) portal. A unified digital platform for IJP and referrals was launched to automate hiring processes.



Among India's Top 100 Best Companies to Work For, awarded by the Great Place to Work® Institute for the 11th consecutive year.

Each year, we recruit management trainees from premier business schools, primarily MBA graduates, who join us as Divisional or Cluster Management Trainees. This year, we broadened our recruitment scope by hiring candidates from diverse academic backgrounds to strengthen the leadership pipeline in support functions such as Internal Audit, Business Control Unit, Information Technology, Human Resources, and Corporate Social Responsibility. Successful campus recruitment drives were conducted at management institutions including Indian Institute Forest Management (IIFM), Tata Institute of Social Sciences (TISS), Institute of Rural Management Anand (IRMA), and Xavier Institute of Social Service (XIIS). Additionally, a new Campus Hiring Program was also launched to manage short-term spikes in demand for Branch Credit Manager (BCM) and Assistant Branch Manager (ABM) roles.

Participation in Prime Minister's Internship Scheme (PMIS)

BFIL on behalf of IndusInd Bank Limited, is an active participant in the Government of India's Prime Minister's Internship Scheme, which bridges academic learning and industry exposure. To date, BFIL has facilitated 1,450 internships, equipping students with practical skills for sustainable careers. The initiative has earned appreciation from the Ministry of Corporate Affairs and the Prime Minister's Office.

HRBP, IT scorecards and Employee engagement

BFIL's performance framework is built on clear goals and monthly scorecards, enhancing transparency and accountability across teams.

The pay structure balances competitive fixed pay with performance-based variable incentives, allowing top performers to reach the market's upper quartile. Recognition through the Star Program celebrated 16,942 employees and 1,161 Unit/Divisional Managers.

Employee engagement remained a priority, marked by milestone celebrations, festivals (Holi, Ramadan etc), Yoga Day, cricket, Fun Fridays, and branch events. A Kids' Carnival at Head Office brought families together for a joyful celebration.

Talent Development and Internal Career Growth

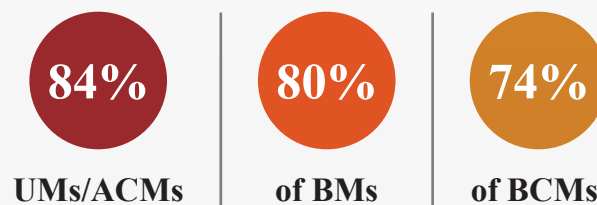
BFIL continues to uphold its commitment to fair and transparent career growth through its Internal Talent Management Policy. As of the reporting period, 56% of the senior-most supervisory team began their experience at BFIL in entry-level roles.

To further strengthen this foundation, the Company launched the Talent Transformation Initiative, a strategic program to enhance productivity and readiness for future growth. It is anchored on four key pillars:

- **Competency Framework** covering ~50,000 employees.
- **Leadership Development** for ~8,500 managers via assessments, coaching, and training.
- **Succession Planning targeting** ~10% of the workforce for critical roles.

These initiatives reaffirm BFIL's focus on developing internal talent and fostering a high-performance culture.

Strong Internal Talent Pipeline



We take pride in building leaders from within. 74% of our Branch Credit Managers, 80% of our Branch Managers, and 84% of our Unit/Assistant Cluster Managers have grown their careers at BFIL.

Awards and Recognitions

BFIL's commitment to building a culture of excellence has been consistently recognised through prestigious national accolades:

- **Ranked 61st among India's Top 100 Best Companies to Work For**, awarded by the Great Place to Work® Institute **for the 11th consecutive year**.
- Recognised for the first time among **India's Top 50 Best Workplaces™ Building a Culture of Innovation by All – 2025 (Large Category)**.

These recognitions reflect the company's sustained efforts in fostering an inclusive, innovative, and growth-oriented work environment that supports employee development and organisational progress.

Learning and Development

Investing in Our People: Fuelling Sustainable Growth

At BFIL, employee development is closely linked to business growth. Our Learning & Development programs focus on building skills and aligning employees with business needs.

Onboarding & Induction

All new hires undergo structured training before being assigned roles:

- **Field-Level Hiring:** Candidates (10+2 or graduates) join as Sangam Manager Trainees (SMT), Loan Officer Trainees (LOT), or Bharat Money Officer Trainees (BMOT).
- **Campus Hiring:** Management graduates are hired as Divisional Manager Trainees (DMT) or Cluster Manager Trainees (CMT).

The induction includes:

- Orientation and branch-level exposure
- Classroom training on policies, processes, systems, and compliance
- On-the-Job Training (OJT) with observation, demonstration, and evaluation

BFIL continued to invest in building workforce capability through structured training, leadership development, and compliance programs

FY2024-2025 Highlights for L&D



25,724

new employees trained and onboarded



2 million+

person-hours of training delivered



107,000+

person-hours of induction training for DMTs and CMTs

Key Capability-Building Initiatives

- **Regional & Head Office Development Centres (RODC & HODC):** Quarterly sessions focused on enhancing behavioural and leadership competencies among regional and Head Office staff.

- **Technological Skills Programme:** Digital tools training in collaboration with leading institutions to support digital adoption and operational efficiency.
- **iCare Leadership Development:** In partnership with IMT Hyderabad, high-potential employees received immersive leadership training to build internal leadership pipelines.

Regulatory Compliance Training (BC/BF-IIBF)

- 66 Training Centres and 67 Accredited Exam Centres operational
- 9,675 employees certified with a 94% pass rate under the IIBF curriculum

Compliance & Risk Management Training

- KYC, AML & Compliance: 40,000+ employees trained
- AML & Financial Crime Trends: 8,076 participants
- Information Security Awareness: 30,897 participants
- Fraud Awareness Refresher: 45,683 participants
- RBI IT & Cybersecurity Framework: 23,014 participants

Trainer Development

- 420 trainers completed 1,669 courses (15,100 person-hours)
- Structured career path from Field Trainer to State Training Head

Safety & Workplace Culture

- Safe Drive Program: 32,659 employees trained (8,645 person-hours)
- POSH Training: 31,970 employees trained (8,671 person-hours)
- Respectful Workplace Program: Rolled out for Head Office staff to reinforce professional conduct

Risk Management

Risk management is fundamental to the delivery of financial services and is embedded in every aspect of BFIL's operations. The Company follows a **Strategic Risk Management Framework**, aligned with the Bank's overall risk policies and regulatory requirements, particularly under the **Business Correspondent (BC)** arrangement. The framework operates through a "three lines of defence" model:

- **First Line:** Operational and business controls ensure robust day-to-day practices.
- **Second Line:** Internal Governance, Operational Risk Control, and Risk Management functions provide oversight and strategic direction.
- **Third Line:** Internal Audit reinforces a strong compliance culture and independent assurance.

A dedicated Risk Management Unit actively identifies, monitors, and manages risks across the business to ensure informed decision-making, efficient controls, and responsible market expansion.

Credit Risk

The borrower portfolio managed by BFIL represents a significant share of the Bank's loan book. Credit Risk is governed by a Board-approved Risk Management Framework and detailed Product Programs, vetted by the Bank's Credit Committees in line with regulatory standards.

Key measures include:

- Defined credit parameters
- Norms to manage geographic concentration
- Ongoing monitoring and review through joint senior-level meetings between the Bank and the Company

Given BFIL's focus on the economically weaker section, the Company also mitigates event-based risks through:

- Fair and transparent lending practices
- Compliance with all regulatory guidelines
- Strong corporate governance

Business Correspondent Function & Associated Risks

As a wholly owned subsidiary of the Bank, BFIL operates as a BC under RBI's Financial Inclusion guidelines, supporting:

- Borrower identification and application processing
- Promotion of savings, financial literacy, and debt counselling
- Support for Self-Help Groups (SHGs), Joint Liability Groups (JLGs), and community initiatives

The BC model exposes BFIL to the following key risks:

- Operational Risk
- IT Risk
- Reputation Risk

These risks are addressed through structured systems, trained personnel, and leading industry practices focused on risk identification, monitoring, and control.

Operational Risk Management

A cross-functional group of senior executives oversees Operational and Credit Risks. The Operational Risk Management Framework includes:

- Incident Management and Action Modules
- Key Risk Indicator (KRI) tracking
- Risk and Control Self-Assessments (RCSA)
- Issue Management Tools

A comprehensive Business Continuity Management Policy ensures resilience through identification of critical processes and annual mock drills to test recovery protocols.

Reputation Risk

Reputation Risk is managed through sound corporate governance practices, continuous monitoring of sensitive events, and proactive crisis management. A dedicated Crisis Management team addresses significant incidents to protect the Company's public image and stakeholder trust.

Risk Control Unit (RCU)

The Bank has established an independent Risk Control Unit to supervise and monitor BFIL's field and branch-level risk activities. The RCU plays a critical role in:

- Identifying gaps in operational processes and suggesting design improvements
- Preventing and detecting deviations through periodic field visits
- Monitoring portfolio health and ensuring compliance at the branch level
- Gathering market intelligence to stay ahead of emerging risks

This structure ensures a proactive and responsive approach to managing risk across the organisation.

Internal Audit

The Internal Audit function serves as an independent and objective assurance mechanism within your Company, tasked with evaluating the adequacy and effectiveness of internal controls. It plays a pivotal role in ensuring ongoing compliance with internal policies, regulatory requirements, and operational standards. Beyond assurance, the function provides strategic inputs to the Board of Directors on process enhancements and service quality improvements.

Demonstrating its commitment to quality and continuous improvement, the Internal Audit function has maintained ISO 9001:2015 certification since June 2011. The most recent renewal took place in September 2023, with the certification valid through May 2026.

In alignment with the Reserve Bank of India's Guidelines on Risk-Based Internal Audit (RBIA), your Company has implemented a comprehensive Internal Audit Policy. Adopting a risk-based approach, the function conducts audits across all branches, with frequency determined by the risk profile of each unit. During the year, recommendations from Internal Audit led to several operational enhancements, including improved center meeting attendance and rotation, increased customer awareness, streamlined handover or takeover processes during employee transfers, strengthened cash handling protocols, and more effective supervisory control and monitoring mechanisms.

To maintain its independence, the Head of Internal Audit functionally reports to the Executive Head of the organisation. The Board periodically reviews the function's effectiveness, the robustness of internal controls, and compliance with both internal guidelines and regulatory standards, thereby reinforcing adherence to best practices in corporate governance.

Further, as part of your Company's role as a Business Correspondent (BC), the Bank conducts concurrent audits of transactions executed by your Company. These are complemented by periodic audits conducted by the Bank's Internal Audit team, providing an additional layer of oversight and assurance.

Business Intelligence & Analytics

During the year, the organisation made significant progress in advancing its analytics and digital intelligence capabilities. The analytics function played a crucial role in transforming internal data into actionable insights, supporting a wide range of strategic and operational objectives across business lines.

A key focus was on strengthening risk evaluation mechanisms, enabling more accurate assessment of customer behaviour and repayment trends. Predictive models were enhanced to better manage credit exposure, sales targeting, and customer segmentation—leading to improvements in portfolio quality and field effectiveness.

Simulation frameworks and decision-support tools were developed to proactively manage emerging risks and identify new business opportunities. These tools have been instrumental in refining customer engagement strategies, optimising collections, and enabling data-informed decision-making across the organisation.

In operational analytics, targeted efforts streamlined processes, improved resource monitoring, and supported network expansion. Analytical frameworks helped identify opportunities to enhance reach and efficiency.

The team also pioneered the use of geospatial intelligence and unstructured data to explore new avenues for customer outreach and operational planning. Initiatives leveraging image analysis, document processing, and alternative data sources enhanced decision accuracy and strengthened risk assessment, especially in unsecured lending.

Investments in OCR, Gen-AI, and dashboarding capabilities improved the tracking of key business metrics at granular levels, enabling more agile management and governance.

With a continued focus on innovation, advanced analytics and machine learning are now embedded across core business and support functions, serving as a foundation for risk management, sales strategy, operations, and workforce planning.





Marketing and Communications

Empowering Connections, Enabling Growth

The Marketing & Communications (M&C) department has been instrumental in shaping the brand narrative, enabling business growth, strengthening internal culture, and ensuring a consistent and compelling presence across all stakeholder points.

Targeted initiatives for Employees and Customers

With a focus on two key target audiences – employees and customers – the department has delivered impactful initiatives that support engagement and growth.

For employees, the department drove policy-led communications, process clarity, and field enablement initiatives to support employees in their roles. The focus has been on simple messaging easily translated to eleven vernacular languages to ensure information was cascaded to every employee across the different geographies.

For customers, the department has strengthened visibility and reputation across stakeholders, executing business and community impact campaigns at scale aligned to regional branding and compliance-driven messaging. Customer education and product awareness initiatives were driven through multi-channel marketing ensuring consistent brand experience.

Key Highlights and Achievements

Developed and executed a wide range of marketing communications materials of over 4200 assets to support business objectives. These assets were disseminated across various channels, including digital, print, on-ground and internal platforms.

Drove cohesive internal campaigns for the business and support functions throughout the year to drive employee engagement and motivate field employees. These campaigns were conceptualized and executed in collaboration with distinct functions – such as Bharat Uday with the microfinance division, Jeet and Yoddha for Bharat Super Shop, to name a few. Additionally, continuous communication around key processes, Zero Tolerance Policy, cyber security, etc. was driven to educate



employees on right processes and best practices.

Developed customer-centric campaigns such as Water and Sanitation (WASH) and Education loan product launches, WhatsApp banking campaign and Fraud prevention video series.

Supported community engagement and drove impact with the CSR team through state-wide campaigns, branding of the newly established cow sanctuary and amplification of strategic partnerships through print and digital channels.

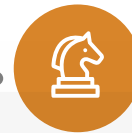
As an enabler of BFIL's growth strategy, the Marketing & Communications department will continue to innovate, adapt, and deliver impactful initiatives that empower the organisation's mission.



Instrumental in shaping the brand narrative.



Delivering impactful initiatives



Strategic partner to business verticals



Corporate Social Responsibility

The heart of India beats strongest in its villages, and BFIL's Corporate Social Responsibility (CSR) initiatives are thoughtfully crafted to address the distinct challenges of rural communities, particularly the lack of access to essential services such as healthcare, water, and sustainable livelihoods. Each project is designed to deliver services, strengthen and complement existing public infrastructure, ensuring lasting impact without redundancy.

Bharat Sanjeevani: Strengthening Livestock-Based Livelihoods

The Bharat Sanjeevani initiative stands as BFIL's flagship CSR programme, representing a holistic approach to enhancing rural livelihoods through livestock development. In FY2024–25, the programme saw significant expansion, both geographically and programmatically. Operations were extended to Tamil Nadu, and for the first time, the initiative was launched in Tripura, focusing on delivering high-quality veterinary services to remote tribal and rural communities. These efforts are aimed at bridging persistent service gaps while supporting the state's broader rural development goals.

Bharat Sanjeevani Karnataka emerged as a leading example of integrated delivery under the Bharat Sanjeevani

framework. Implemented in collaboration with the Department of Animal Husbandry and Veterinary Services, the programme was rolled out across the districts of Koppal, Gadag, and Raichur. Nearly 8 lakh farmers benefited from a comprehensive suite of services, encompassing animal health, breeding, and nutrition support. The success of this multi-dimensional model has positioned Karnataka as a benchmark for replication in other regions.

Bharat Sanjeevani Cow Sanctuary

Extending beyond traditional livestock services, Bharat Sanjeevani Cow Sanctuary, a pioneering initiative in Agar Malwa (MP) and Muzaffarnagar (UP), provides care for stray and non-productive cattle, delivering 52,000+ treatments, cultivating 2,000 tons of green fodder, and offering diagnostics and training to enhance livestock management, while mitigating public safety, crop damage, and urban congestion concerns.

Growth & Impact of Bharat Sanjeevani

In FY 2024–25, Bharat Sanjeevani recorded unprecedented growth of 206% in livestock treatment rising from 6.34 lakh in the previous year to 12.94 lakh across Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Madhya Pradesh, Rajasthan, Tamil Nadu, Telangana and Uttar Pradesh.

Key Impact: Bharat Sanjeevani (FY 2024–25)



Artificial Inseminations (AI)

2.19 lakh to support breed improvement and productivity



Vaccinations Administered

61.87 lakh to prevent disease outbreaks



Veterinary Treatments Provided

12.94 lakh curative services across **9** states



Estimated Economic Losses Avoided

₹1,813 crores due to reduced mortality and improved livestock health



Livestock Owner Households Reached

Over **12 lakh** households supported in income security and resilience

Bharat PRAGAT: Holistic Village Development

Bharat Pragat is a key vertical focused on enhancing access to water and primary healthcare in rural communities. The programme collaborates closely with local governments and leverages existing public systems to ensure long-term sustainability.

Impact of Bharat PRAGAT

The Bharat PRAGAT component focused on improving natural resource management and healthcare delivery in Karnataka.

Bharat PRAGAT Watershed Programme (FY 2024–25)

- 4,552 farmers supported through agroforestry and horticulture models
- 879 million litres of water conserved via farm ponds and recharge structures
- 10,500 hectares of land treated to enhance soil and water retention

Bharat PRAGAT Healthcare Programme (FY 2024–25)

- Over 1.17 lakh on-site and teleconsultations enabled
- 4,674 specialist consultations delivered to underserved rural populations

Bharat Sanjeevani 2.0 – NRLM Partnership

In FY 2024–25, BFIL launched Bharat Sanjeevani 2.0 in collaboration with the Ministry of Rural Development, Government of India, under the Deendayal Antyodaya Yojana–National Rural Livelihood Mission (DAY-NRLM). Operating across six states—Maharashtra, Madhya Pradesh, Jharkhand, Uttar Pradesh, Rajasthan, and Bihar—this initiative promotes the formation and strengthening of livestock-based livelihood clusters. To ensure effective delivery, State-level Project Management Units (SPMUs) and a national support structure have been deployed, with technical experts specialising in dairy, goatery, poultry, fishery, and livestock value chains.

Key Achievements: FY2024–25

33.8 lakh eggs sold, generating
₹1.24 crore in income

158 women poultry farmers earned
₹4,500–₹5,000/month via retail tie-ups with
JioMart and Reliance Smart Bazaar



Detailed Project Report for a
mobile aquaculture lab created
in Bihar

Over **13,000** dewormings, **10,000**
vaccinations, **1,000+** treatments, and **965**
livestock insured

Goatery development project proposed in
Maharashtra for market and productivity
improvements



13 Standard Operating Procedures
created for Milk Producer Companies

1,400+ treatments and **1,397**
dewormings conducted through dairy
health camps across **5** states

Emerging Initiatives: Bharat Sanjeevani Krishi Utthan

A new collaboration with the Ministry of Agriculture & Farmers Welfare was launched under the Central Sector Scheme for the Formation & Promotion of 10,000 FPOs. This initiative will empower FPOs through digital integration, training, and market development. It will span 11 states in its initial phase: Rajasthan, Karnataka, Telangana, West Bengal, Andhra Pradesh, Odisha, Madhya Pradesh, Maharashtra, Bihar, Jharkhand, and Uttar Pradesh.

Corporate Social Responsibility



Serving farmers, livestock, and the environment

Our commitment to rural prosperity, nurturing livelihoods, animal well-being, and nature.

Board of Directors (as on March 31, 2025)

S. NO	NAME OF THE DIRECTOR	DIN	DESIGNATION
1.	Mr. Sumant Kathpalia*	01054434	Non-Executive Chairman
2.	Mr. J Sridharan [#]	09420031	Executive Vice Chairman
3.	Mr. K Subrahmanyam	06576376	Non- Executive Independent Director
4.	Mr. Jayant Deshmukh ^{##}	08697679	Non-Executive & Non- Independent
5.	Mr. Sanjeev Anand	07074653	Non – Executive & Non-Independent Director
6.	Mr. Anil Rao	06395743	Non-Executive & Non- Independent Director
7.	Mr. Vivek Bajpeyi	02349436	Non-Executive & Non- Independent

*Mr. Sumant Kathpalia ceased to be Director of the Company with effect from May 6, 2025, consequent to his resignation.

[#]Mr. J Sridharan ceased to be Director of the Company with effect from May 23, 2025, consequent to his resignation.

^{##}Mr. Jayant Deshmukh, resigned from the position of Director of the Company with effect from July 24, 2025.

Company Secretary

Mr. V Ravi Kumar Reddy

Auditors

Nangia & Co LLP

Chartered Accountants

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

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd. 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.

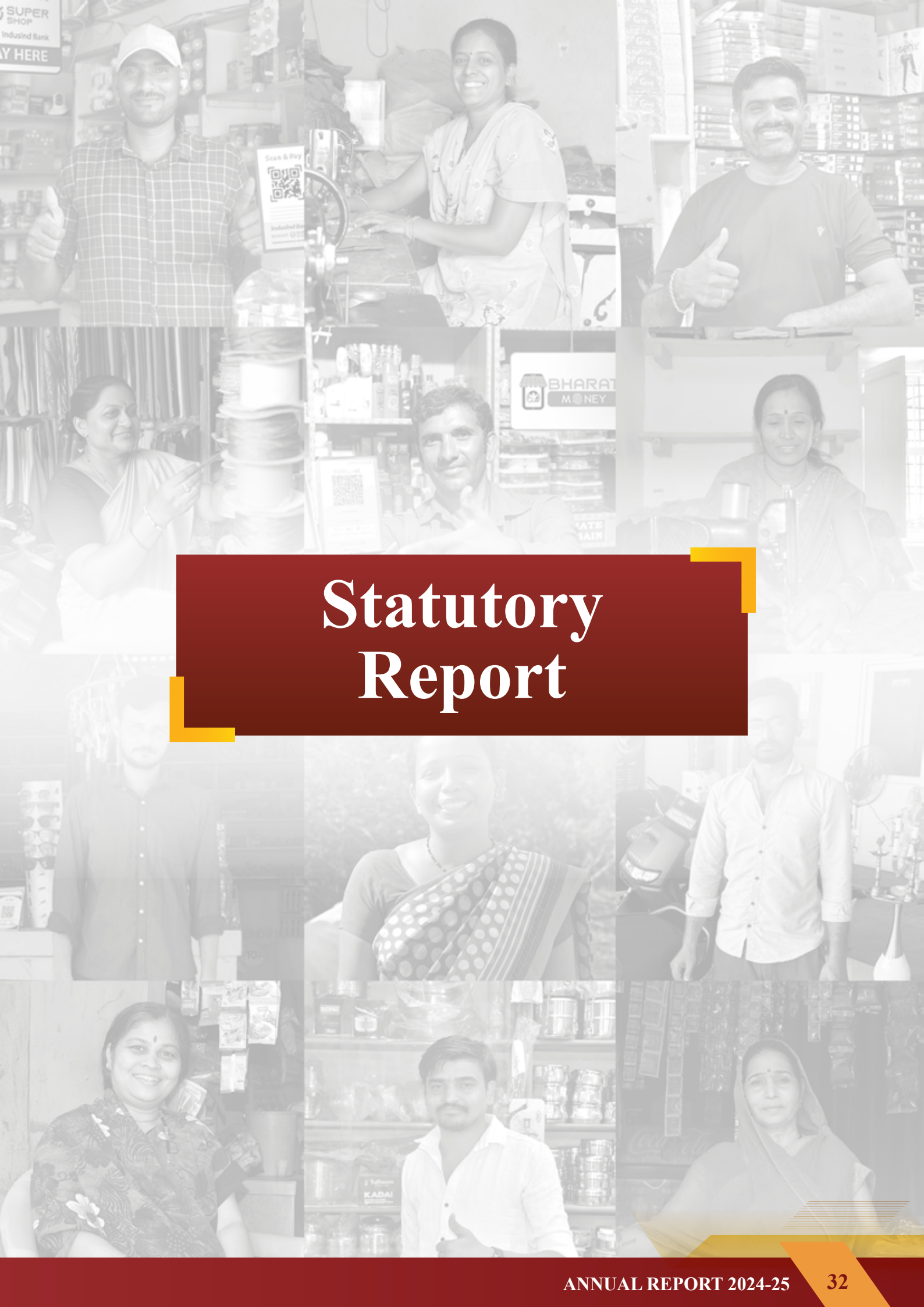
Head Office:

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

A man with a mustache, wearing a blue denim jacket over a purple and white striped scarf and a pink and white striped shirt, stands in front of a shop. The shop has a sign for 'IndusInd Bank' and other text in Bengali. The background is a light-colored wall with a window. A large red arrow graphic points from the top right towards the man. A large dark red circle with a yellow border is positioned to the right of the man, containing text. A yellow curved shape is at the bottom of the page.

As a merchant, Indrajit managed to form a strong network in his community. He soon tapped into this advantage to turn his shop into a hub for extending banking services, servicing his community's financial needs. Today, his shop is both a business and a trusted mini bank for the entire village.

Indrajit Kumar
Murshidabad, West Bengal



Statutory Report

DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2024- 2025

To,

The Members of Bharat Financial Inclusion Limited

The Board of Directors have pleasure in presenting the 7th Annual Report of the Bharat Financial Inclusion Limited ("the Company") together with the Audited Financial Statements for the Financial Year ended March 31, 2025.

1. Financial Highlights

During the fiscal year 2024-25, 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, 2025, the company served IndusInd Bank's microfinance customers under the Joint Lending / Liability Group (JLG) 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 INR 34,000 crore under the JLG model, as at March 31, 2025. The diversification initiative progressed with the non-microfinance loans under the Bharat Super Shop programme taking up 19% of overall loan book managed for IndusInd Bank, an improvement from 13% in March 2024 and 13% in March 2023. The growth on the liabilities portfolio has been consistent and around 14.55 million Savings Account and Recurring Deposit accounts have been opened so far with deposit book of Rs. 2,680 crores.

Your company has an extensive rural distribution network and it has an operational presence in rural, semi-urban and urban centres as at the end of March, 2025. Nearly 45,000 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 2024-25 at ₹ 44,312 crore has been in a downward trend by 17% against disbursement of ₹ 53,577 Crore during previous FY 2023-24; the advances under management as of March 31, 2025, were at ₹ 41,074 Crore, which were slightly lower in comparison with ₹ 44,266 crore, an year ago. During the year under review, the Company added 11.38 lakh members as compared to 29.26 lakh added during the previous year.

The merchant acquiring business serviced by your Company under 'Bharat Super Shop' program crossed Rs. 7,500 Crore mark growing 37% year on year, serving 6.64 lakh borrowers, as of March 31, 2025.

As of March 31, 2025, Bharat Money Stores (BMS) had about 80,936 Kirana merchants spread across the country, 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 16,595 new merchants, served more than 5.03 million rural customers, and facilitated transactions worth ₹ 4,882 Crore, including Aadhaar-enabled remittances, opening savings and deposit accounts, utility payments, and more during FY 2024-25.

About 141 lakh customers of the Bank served by the Company had a Savings Account relationship and about 4.43 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	Financial Year 2024-25	Financial Year 2023-24	Growth (%)
Revenue from Operations	2,403.19	2,323.88	3.41 %
Other Income	9.04	11.43	-20.88 %
Total Revenue (I)	2,412.23	2,335.31	3.29 %
Employee Benefit Expenses	1,775.98	1,519.68	15.37 %
Impairment loss allowance	105.51	222.97	-52.68 %
Other Expenses	490.50	451.96	13.31 %
Finance Cost	4.77	3.30	44.69 %
Depreciation and Amortization Expenses	120.58	99.71	20.92 %
Total Expenses (II)	2,497.34	2,297.62	8.69 %
Profit before Tax	(85.11)	37.69	-325.72%
Tax Expenses	(20.88)	10.52	-298.42 %
Profit after Tax	(64.23)	27.17	-336.28%
Other Comprehensive Income	(3.97)	-0.25	1491.79%
Total Comprehensive Income	(68.20)	26.92	-353.23%
Earnings per Share (Basic / Diluted) of ₹.10/- each fully-paid	(14.70)	6.22	-336.28%

Operational Highlights:

Particulars	Financial Year 2024-25	Financial Year 2023-24	Growth (%)
Amount Disbursed as BC (₹ in crores)	44,312	53,577	-17 %
Gross Loan Portfolio under management as BC of IBL (₹.in crores)	41,074	44,266	-7 %
Number of Branches			
MFI	2,992	2,914	3 %
BSS	764	706	8 %
Total	3,756	3,620	8 %
Number of customers serviced (in lakhs)	117.38	124.41	-6 %

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), a 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 have 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 active 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. As concerns mounted around borrower overleveraging, BFIL quickly adopted industry guardrails limiting the number of active microfinance lenders per customer to three. This measure, in alignment with MFIN and RBI guidance, was part of a broader set of operational and risk management steps designed to strengthen credit discipline and portfolio quality. 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, 2025, the Microfinance business is covering 1,62,000 villages in 468 districts of the country and serving an active loan client base of 88.13 Lakh of the Bank as at that date. The JLG model based loan book of the Bank managed through the Company stood at ₹ 33,373 Crores at the end of FY 2024-25, marking a decline of 13.5% over the previous year. The business is managed through 2992 branches with 24,000+ 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 zero balance current account, recurring deposit and working capital loans along with payment services such as UPI/QR, Cashless Collections, Mobile / WhatsApp banking etc. through a templated, assisted digital model. Additionally, through our MSME vertical which is our latest initiative, the Company is offering loans to vintage retailers for their working capital & business expansion requirements. Our 8,500+ 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, 2025, has a presence across 550+ cities and 19 states, serving over ~17 lakh retailers with 6.64 lakh active borrowers and loan book of Rs. 7,648 crores.

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, 2025, BMS is present in 620+ districts of the country covering 36,000+ villages in 20 states and have more than 80,936 merchants through which BFIL service more than 1.63 crore rural customers for essential banking and financial services.

Significant events during the year under review:

As a part of the process of finalisation of accounts, the Bank's Internal Audit Department (IAD) conducted a review of the Bank's MFI business to examine certain concerns which were brought to the Bank's attention and the IAD reported certain accounting lapses.

As part of fixing accountability of persons suspected for accounting lapses and take necessary action, involvement of executives of Company, being the BC for Bank's MFI business, was suspected and necessary investigation has been conducted by IAD of the Bank.

Basis the findings of the investigation, pending closure for final decision, as part of disciplinary procedures of the company, Mr. Vijay Ramprakash Dube, Chief Financial Officer of the Company has been suspended from the employment with effect from May 23, 2025.

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.

5. Transfer of unclaimed or unpaid 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 2024-25, as there was no unclaimed or unpaid dividend available with the company.

6. Transfer to Reserve:

The Board of Directors recommended that the entire amount of loss, i.e., Rs. 68.20 crores be charged to Reserves. Reserves and Surplus of the Company as on March 31, 2025, stood at ₹ 337.52 crores.

7. Directors and Key Managerial Personnel:

During the FY 2024-25, following was the composition of the Board of Directors of the company:

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

Note 1: Mr. Sumant Kathpalia ceased to be Director of the Company with effect from May 6, 2025, consequent to his resignation.

Note 2: Mr. J Sridharan ceased to be Director of the Company with effect from May 23, 2025, consequent to his resignation.

Note 3: Mr. Jayant Deshmukh ceased to be Director of the Company with effect from July 24, 2025, consequent to his resignation.

Consequent to the resignation of Mr. J. Sridharan, the Board appointed Mr. Ashish Pipaliya as Designated Interim Officer in charge of the Company with effect from May 23, 2025, upto the period of appointment of the Head of the company with a designation as may be decided by the Board of Directors of the company, but not later than a period of six months. Mr. Pipaliya's appointment was made under Section 2(53) as Manager under the provisions of the Companies Act, 2013, with powers that of management of the whole, or substantially the whole, of the affairs of a company, subject to the superintendence, control and direction of the Board of Directors.

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	--

*As part of disciplinary procedures of the company, Mr. Vijay Ramprakash Dube, Chief Financial Officer of the Company has been suspended from the employment with effect from May 23, 2025.

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

Mr. Vivek Bajpeyi (DIN: 02349436) was appointed as an Additional Director of the Company with effect from September 8, 2023, and his appointment as Director was regularised by the members at the 6th AGM held on July 16, 2024.

Mr. Jayant Deshmukh (DIN: 08697679) was appointed as an Additional Director of the Company with effect from December 13, 2023, and his appointment as Director was regularised by the members at the 6th AGM held on July 16, 2024.

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 (DIN: 06629992) 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.

Appointment of Director:

During the year under review, no Director was appointed.

Mr. Ashish Pipaliya was appointed under the provisions of Section 2(53), 196 and 203 of the Companies Act, 2013 as Manager and Key Managerial Personnel of the Company with the designation as "Designated Interim Officer in Charge" with effect from May 23, 2025, upto the period of appointment of the Head of the company with a designation as may be decided by the Board of Directors of the company, but not later than a period of six months.

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's Board includes, Mr. K Subrahmanyam as a Non-Executive Independent Director, and the necessary disclosure as required under section 149(6) of the Companies Act, 2013 has been obtained.

8. 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 5th Annual General Meeting held on August 23, 2023.

The Board recommended Mr. Anil Rao (DIN: 06395743), for retirement by rotation at the ensuing 7th AGM, and being eligible, he offers himself for re-appointment.

The Board recommends re-appointment of Mr. Anil Rao (DIN: 06395743), as Director of the company in category of Non-Executive Non-Independent Director in the ensuing AGM.

9. Number of meetings of the Board of Directors

During the year under review, the Board of Directors of the company met six times: on April 23, 2024; July 15, 2024; July 25, 2023, October 22, 2024, November 30, 2024, and January 29, 2025.

DIN	Name of the Director	Number of Board Meetings attended during the year
01054434	Mr. Sumant Kathpalia	6/6
09420031	Mr. J Sridharan	6/6
07074653	Mr. Sanjeev Anand	5/6
06576376	Mr. K Subrahmanyam	6/6
08697679	Mr. Jayant Deshmukh	6/6
06395743	Mr. Anil Rao	6/6
02349436	Mr. Vivek Bajpeyi	5/6

Note: Presence of Directors by videoconference during the meeting has been considered for the purpose of quorum of the meeting.

10. Managerial Remuneration:

As on March 31, 2025, 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, 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.

11. 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 Rs. 25 Crores or more at the end of the preceding financial year are required to include in their Board Report, a statement indicating the manner in which the formal annual evaluation has been made by the Board on its own performance and that of the Committees and individual directors.

The evaluations for the Directors, CSR Committee and the Board are done through questionnaires, one each for Non-Executive Directors, Executive Director, CSR Committee, and the Board.

12. 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, the Company is still 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 Crores towards Professional Fees but had Nil Foreign Exchange earnings.

13. 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 2024-25, the Authorised Share Capital of the Company was ₹60,00,00,000, comprising 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.

14. 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.

15. Risk Management

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organisation. 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 periodic 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.

16. Statutory Auditors

The Board of Directors at its meeting held on July 15, 2024, had recommended to the Shareholders, the appointment of M/s Nangia & Co., LLP, Chartered Accountants as the Statutory Auditors of the Company under the provisions of Section 139 of the Companies Act, 2013, from the sixth annual general meeting until eleventh annual general meeting of the Company. The appointment was approved by the Shareholders of the Company at the sixth Annual General Meeting of the Company held on July 16, 2024, with period of upto the conclusion of the eleventh Annual General Meeting.

17. 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.

18. 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 2024-25. 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 2024-25 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.

19. 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.

20. Responses to Statutory Auditors' Remarks

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

21. 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 IndusInd Bank Limited 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.

22. 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, 2025, 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%202024-25.pdf>

23. 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.

24. Related Party Disclosures

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

transactions do not attract the provisions of Section 188 of the Companies Act, 2013.

Further, there are no materially significant Related Party Transactions entered by the Company during the year under review, with any of its Related Parties, viz., Promoters, Directors, Key Management Personnel, Holding Company, which may have potential conflict with the interest of the Company at large. In view of the above, the disclosure under Form AOC-2 is not applicable to the Company.

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.

25. Deposits

During the year under review, The Company has not accepted any deposits from the members / Directors / Public within the meaning of Section 73 read with Chapter V of the Companies Act, 2013 and Companies (Acceptance of Deposit) Rules, 2014, as amended from time to time.

26. Particulars of Loans / Guarantees / Investments:

During the year under review the Company has not given any loans / guarantees / investments under Section 186 of the Companies Act, 2023.

27. 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, 2025.

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

As of March 31, 2025, the Company had 50,604 employees.

- Female: 3,103
- Male: 47,501
- Transgender: Nil

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

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

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

The company had received 10 complaints alleging sexual harassment at workplace during the financial year 2024-25. The status of the same is as under:

No. of cases received during the year	No. of cases closed during the year	No. of cases pending for more than 90 days.	No. of cases pending for investigation at the end of the year
10	10	0	0

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.

29. Disclosure relating to the Maternity Benefit Act 1961:

During the year under review the Company has provided to permanent employees health and accident insurance and maternity benefits. The Company has complied with the provisions of Maternity Benefit Act.

30. Directors' Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- 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.
- 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.
- the directors confirm that annual accounts were prepared on a going concern basis; and
- 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.

31. 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>

The Members of CSR Committee, as on March 31, 2025, were:

- Mr. Sumant Kathpalia
- Mr. Sanjeev Anand
- Mr. J Sridharan
- Mr. K Subrahmanyam
- Mr. Jayant Deshmukh

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, 2024 and October 22, 2024.

DIN	Name of the Member	Status	Number of CSR Meetings attended during the year
01054434	Mr. Sumant Kathpalia (Please refer Note 1 below)	Chairman	2/2
07074653	Mr. Sanjeev Anand	Member	2/2
09420031	Mr. J Sridharan (Please refer Note 2 below)	Member	2/2
06576376	Mr. K Subrahmanyam	Member	2/2
08697679	Mr. Jayant Deshmukh (Please refer Note 3 below)	Member	2/2

Note 1: Mr. Sumant Kathpalia resigned from the position of Director of the Company with effect from May 6, 2025.

Note 2: Mr. J Sridharan, resigned from the position of Director of the Company with effect from May 23, 2025.

Note 3: Mr. Jayant Deshmukh, resigned from the position of Director of the Company with effect from July 24, 2025.

32. 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.

33. Significant and Material Orders passed by the Regulators or Courts or Tribunals

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

34. 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).

35. 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.

36. 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: Delhi

Date: August 22, 2025

Anil Marco Rao

Chairman

DIN: 06395743

Annexure-I

**Form No. MR-3
SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2025**

[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”) for the financial year ended **31st March, 2025**.

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, 2025** 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, 2025** 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**;

- (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.

Place: Mumbai
Date: August 22, 2025

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: F005559G001056796]

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.

Annexure A

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.

Place: Mumbai
Date: August 22, 2025

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: F005559G001056796]

Annexure-II**Annual Report on CSR Activities of the Company- F.Y. 2024-25**

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:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Sumant Kathpalia	Chairman of the Committee	2	2
2	Mr. Sanjeev Anand	Member	2	2
3	Mr. J. Sridharan	Member	-	-
4	Mr. K. Subrahmanyam	Member	-	-
5	Mr. Jayant Deshmukh	Member	-	-

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

<https://www.bfil.co.in/csr.php>

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 : Rs. 1,80,16,60,002
 (b) Two percent of average net profit of the company as per sub-section (5) of Section 135: Rs. 3,60,33,200
 (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)] : Rs. 3,60,33,200
6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project).Rs. 1,57,48,090
 (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)]. Rs. 1,57,48,090
 (e) CSR amount spent or unspent for the Financial Year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
1,57,48,090	2,02,85,110	29.04.2025	Nil	Nil	Nil

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

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	3,60,33,200
(ii)	Total amount spent for the Financial Year	1,57,48,090
(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:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Balance Amount in Unspent CSR Account under sub section (6) of section 135 (in Rs.)	Amount spent in the Financial Year-24-25 (in Rs.)	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 Rs.)	Deficiency, if any
					Amount (in Rs)	Date of transfer		
1.	21-22	1,68,93,054	Nil	Nil	Nil	Nil	Nil	Nil
2.	22-23	2,03,89,039	22,66,133	22,66,133	Nil	Nil	Nil	Nil
3.	23-24	38,92,955	38,92,955	38,92,955	Nil	Nil	Nil	Nil
	TOTAL	4,11,75,048	61,59,088	61,59,088	Nil	Nil	Nil	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.


Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(s)	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.							

- 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: May 19, 2025

Anil Marco Rao
Chairman
DIN: 06395743

A woman wearing a red sari with a colorful border is standing behind a green and silver weighing scale in a shop. The background shows shelves with various items. A large dark red circle with a yellow border is overlaid on the right side of the image, containing text. A red arrow points from the top right towards the circle. A yellow and red curved graphic element is at the bottom right.

In 2016, Puja Kumari borrowed ₹75,000 to expand her kirana shop. With hard work and careful planning, she has kept up with her repayments and built a strong credit history over the past seven years. Today, she earns a daily profit of ₹1,500, supports her family, and inspired women in her community.

Puja Kumari
Bhagalpur, Bihar



Financial Report



INDEPENDENT AUDITOR'S REPORT

To the Members of Bharat Financial Inclusion Limited

Report on the Audit of Financial Statements

Opinion

We have audited the Financial Statements of Bharat Financial Inclusion Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2025, and the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the Financial Statements, including a summary of material accounting policies and other explanatory information (“Financial Statements”) information for the year ended on that date.

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, as amended (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 (“Ind AS”), as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2025, loss including Other Comprehensive Income, its Cash Flows and its Changes in Equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. 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 the 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 audit opinion on the Financial Statements.

Emphasis of Matter

We draw attention to Note 47 of the financial statements regarding the resignation of a Key Managerial Personnel – Chairman, the recent media reports of the microfinance business of the holding company, the investigations by the holding company and its impact on the financial statements, operations, management override of controls, management positions and employees of the Company.

Our opinion is not modified in respect of this matter

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Board's Report (“other information”), but does not include the Financial Statements and our auditor's report thereon. The Board's Report, including the Annexures to Board's Report, is expected to be made available to us after the date of this auditor's report.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Based on the work we have performed, if we conclude that there is a

material misstatement of this other information, we are required to report that fact.

Responsibility 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, Cash Flows and Changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2025 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative financial information of the Company for year ended March 31, 2024 were audited by predecessor auditor who expressed an unmodified opinion on those financial statements dated April 23, 2024 Accordingly, we do not express any opinion, as the case may be, on the figures reported in the financial statements for the year ended March 31, 2024.

Our opinion is not modified in respect of these matter.

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the "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 except for the matters stated in the paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, and the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2025 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2025 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2(b) above on reporting under Section 143(3)(b) of the Act and paragraph 2(i)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014;
 - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the

explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;

- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material unforeseeable losses, other than those disclosed in the financial statements – Refer Note 45(vi) to the financial statements;
 - 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 it's knowledge and belief, as disclosed in note 39 to the financial statements, during the year no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (b) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in note 39 to the financial statements, during the year no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to the notice that has caused us to believe that the representations under sub-clause (a) and (b) of Rule 11(e) contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year.

- vi. *Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting software which is Microsoft Axapta till October 14, 2024 and from November 01, 2024 onwards migrated to Microsoft Dynamics 365 for maintaining its books of accounts, which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all transactions recorded in the respective software:*

The feature of recording audit trail (edit log) facility was not enabled at the database level in MS Axapta to log any direct data changes for the accounting software used for maintaining its books of accounts. The Company is using a third party tool to access, log and monitor database activities. These logs were not made available for the period from April 01, 2024 to May 31, 2024.

Further, for the periods where audit trail (edit log) facility was enabled at the application layer and operated throughout the year for the accounting software, we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the company as per the statutory requirements for the record retention.

For **Nangia & Co. LLP**

Chartered Accountants

ICAI Firm's Registration Number: 002391C/N500069

Jaspreet Singh Bedi

Partner

Membership Number: 601788

UDIN: 25601788BMKSDL6562

Place: Mumbai

Date: May 19, 2025

“ANNEXURE 1” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BHARAT FINANCIAL INCLUSION LIMITED

[Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ in the Independent Auditor’s Report of even date to the members of Bharat Financial Inclusion Limited on the Financial Statements for the year ended March 31, 2025]

- (i) (a)(A) The Company has maintained proper records showing full particulars, including quantitative details and the situation of Property, Plant and Equipment and relevant detail of right of use assets.
- (a)(B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a regular programme of physical verification of its property, plant and equipment and are verified by the management once in a year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets and no discrepancies were noticed on such verification.
- (c) There is no immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), held by the Company and accordingly, the requirement to report on clause (i)(c) of paragraph 3 of the Order is not applicable to the Company.
- (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 to the Company.
- (e) According to information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company’s business does not require maintenance of inventories and, accordingly, the requirement to report on clause (ii)(a) of paragraph 3 of the Order is not applicable to the Company.
- (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 granted any loans, 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) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause (v) of paragraph 3 of the Order is not applicable to the Company.
- (vi) The Company is not in the business of sale of any goods or provision of such services as prescribed. Accordingly, the requirement to report on clause (vi) of paragraph 3 of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, income-tax, employee state insurance corporation and other statutory dues, as applicable to appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company, the dues of goods and services tax, income-tax, sales-tax, service tax, and other statutory dues have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount involved (Rs. In lakhs)	Amount paid under protest (Rs. In lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Employees Provident Funds & Miscellaneous provision Act, 1952	Provident Fund	937.00	312.29	April 2014 to May 2016	High Court of Telangana
The Telangana State Goods & Service Tax Act, 2017	Goods & Services Tax	18.83	0.21	August 2019 to March 2022	Appellate Authority - GST

- (viii) According to the information and explanations given to us, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause (viii) of paragraph 3 of the Order is not applicable to the Company.
- (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) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, no funds raised by the Company. 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) In our opinion and according to the information and explanations given to us, the Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause (x)(a) of paragraph 3 of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. 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 standards in India, and based on the information and explanations provided to us, instances of cash embezzlement involving certain employees have been identified by the management through the Company's internal control processes INR 53.38 crores. The opening balance of gross advances recoverable / fraud is INR 206.16 crores (opening provision of INR 165.69 crores) and write off of INR 240.98 crores during the year basis the management estimate. The closing balance of gross advances is INR 18.56 crores with closing balance provision of INR 12.62 crores basis the management estimates. As informed to us, appropriate actions have been initiated or are in progress against the concerned employees, as considered necessary by the management.*

- (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by a secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistleblower complaints received by the company during the year.
- (xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clauses (xii)(a), (b) and (c) of paragraph 3 of the Order is not applicable to the Company.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with section 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. 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) According to the information and explanations given to us, 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 the date of the audit report, for the period under audit.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the requirement to report on clause (xv) of paragraph 3 of the Order is 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) of paragraph 3 of the Order are not applicable.
- (b) The Company is not a Non-Banking financial company. Accordingly, reporting under clause (xvi)(b) of paragraph 3 of the Order are not applicable.
- (c) The Company is not a Core Investment Company as defined in the regulations made by the Reserve Bank of India. Accordingly, the requirement to report on clause (xvi)(c) of paragraph 3 the Order is not applicable to the Company.
- (d) According to the Information and explanations given to us, there is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of paragraph 3 of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, the requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in Note 42 to the financial statements, ageing and expected dates of realisation 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 amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. This matter has been disclosed in note 38 to the Financial Statements.
- (b) In respect of ongoing projects, the Company has transferred the unspent Corporate Social Responsibility (CSR) amount of INR 2.03 crores as at the Balance Sheet date within a period of thirty days from the end of the financial year, to a special account in compliance with the provision of sub-section (6) of section 135 of the said Act. This matter has been disclosed in note 38 to the Financial Statements.
- (xxi) The Company does not prepare consolidated financial statements, hence the requirement to report on clause 3(xxi) of the Order is not applicable to the Company

For **Nangia & Co. LLP**

Chartered Accountants

ICAI Firm's Registration Number: 002391C/N500069

Jaspreet Singh Bedi

Partner

Membership Number: 601788

UDIN: 25601788BMKSDL6562

Place: Mumbai

Date: May 19, 2025

“ANNEXURE 2” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF BHARAT FINANCIAL INCLUSION LIMITED

[referred to in paragraph 2(g) 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, 2025]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

**To
The Members of
Bharat Financial Inclusion Limited**

We have audited the internal financial controls over financial reporting of Bharat Financial Inclusion Limited (“the Company”) as of March 31, 2025 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on internal control over financial reporting with reference to Financial Statement 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 Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to Financial Statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, 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 over financial reporting with reference to Financial Statements were 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 system over financial reporting with reference to Financial Statement and their operating effectiveness. Our audit of internal financial controls over financial reporting with reference to Financial Statements included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the 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 system over financial reporting with reference to Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting with reference to Financial Statement 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 over financial reporting with reference to Financial Statement 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 Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to Financial Statement, 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 over financial reporting with reference to Financial Statement to future periods are subject to the risk that the internal financial control over financial reporting with reference to Financial Statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting with reference to Financial Statement were operating effectively as at March 31, 2025 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Nangia & Co. LLP**

Chartered Accountants

ICAI Firm's Registration Number: 002391C/N500069

Jaspreet Singh Bedi

Partner

Membership Number: 601788

UDIN: 25601788BMKSDL6562

Place: Mumbai

Date: May 19, 2025

Bharat Financial Inclusion Limited**Balance Sheet as at March 31, 2025**

(All amounts are in Rs.Crores, unless otherwise stated)

Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current assets			
a) Property, Plant and Equipment	3(a)	137.43	123.59
b) Other Intangible Assets	3(b)	3.14	2.67
c) Right-of-Use Assets	4	70.61	71.46
d) Financial Assets			
i) Other Financial Assets	5	11.72	23.09
e) Non-Current tax assets (Net)	6	106.49	98.45
f) Deferred tax assets (Net)	7	72.73	50.52
g) Other Non Current Assets	8	5.13	2.21
Current assets			
a) Financial Assets			
i) Trade receivables	9	0.18	2.62
ii) Cash and cash equivalents	10	425.59	313.04
iii) Other Financial Assets	11	222.79	227.49
b) Other current assets	12	60.17	83.31
Total Assets		1,115.98	998.45
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share Capital	13	43.70	43.70
b) Other Equity	14	337.51	405.72
LIABILITIES			
Non-current liabilities			
a) Financial Liabilities			
i) Lease Liabilities	4	38.02	36.60
b) Provisions	15	53.40	35.92
Current liabilities			
a) Financial Liabilities			
i) Lease Liabilities	4	34.24	35.04
ii) Trade Payables	16		
- Total Outstanding dues of micro enterprise and small enterprises		0.05	4.54
- Total Outstanding dues of creditors other than micro enterprise and small enterprises		1.83	4.37
iii) Other Financial Liabilities	17	542.26	367.48
b) Other Current Liabilities	18	38.03	31.49
c) Provisions	19	26.94	33.59
Total Equity and Liabilities		1,115.98	998.45

The accompanying notes 1-48 are an integral part of the financial statements.

As per our report of even date attached

For **Nangia & Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 002391C / N500069

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

Jaspreet Singh Bedi
Partner
Membership No. 601788

Place: Mumbai
Date: May 19, 2025

Mr. Anil Marco Rao
Non-Executive Chairman
DIN: 06395743
Place: Mumbai

J. Sridharan
Executive Vice Chairman
DIN: 09420031
Place: Hyderabad

Vijay Ramprakash Dube
Chief Financial Officer
Place: Hyderabad

Date: May 19, 2025

V Ravi Kumar Reddy
Company Secretary
ACS: A19245
Place: Hyderabad

Bharat Financial Inclusion Limited
Statement of Profit and Loss for the year ended March 31, 2025
(All amounts are in Rs.Crores, unless otherwise stated)

Particulars	Note No.	Year ended March 31, 2025	Year ended March 31, 2024
Income			
Revenue from Operations	20	2,403.19	2,323.88
Other Income	21	9.04	11.43
Total Income		2,412.23	2,335.31
Expenses			
Employee Benefits Expense	22	1,775.98	1,519.68
Impairment loss allowance	23	105.51	222.97
Finance costs	24	4.77	3.30
Depreciation and amortization expenses	25	120.58	99.71
Other expenses	26	490.50	451.96
Total Expenses		2,497.34	2,297.62
Profit/(Loss) before tax		(85.11)	37.69
Tax expense:			
- Current tax		-	43.14
- Deferred tax		(20.88)	(32.62)
Net Profit/(Loss) after tax		(64.23)	27.17
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
-Remeasurement gains/(losses) on defined benefit plans		(5.31)	(0.33)
-Income Tax on Remeasurement Gains/(Losses), as above		1.34	0.08
Other Comprehensive Income (net of tax)		(3.97)	(0.25)
Total Comprehensive Income for the year		(68.20)	26.92
Comprising profit and other comprehensive income for the year			
Earnings per equity share (face value of Rs 10 each)	27		
Basic (Rs.)		(14.70)	6.22
Diluted (Rs.)		(14.70)	6.22

The accompanying notes 1-48 are an integral part of the financial statements.

As per our report of even date attached

For **Nangia & Co LLP**
Chartered Accountants
ICAI Firm Registration Number: 002391C / N500069

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

Jaspreet Singh Bedi
Partner
Membership No. 601788

Place: Mumbai
Date: May 19, 2025

Mr. Anil Marco Rao
Non-Executive Chairman
DIN: 06395743
Place: Mumbai

J. Sridharan
Executive Vice Chairman
DIN: 09420031
Place: Hyderabad

Vijay Ramprakash Dube
Chief Financial Officer
Place: Hyderabad

V.Ravi Kumar Reddy
Company Secretary
ACS: A19245
Place: Hyderabad

Date: May 19, 2025

Bharat Financial Inclusion Limited
Statement of Cash Flows for the year ended March 31, 2025
(All amounts are in Rs.Crores, unless otherwise stated)

Particulars	Year ended	Year ended
	March 31, 2025	March 31, 2024
Cash flows from operating activities		
Profit/(Loss) before tax	(85.11)	37.69
Adjustments for:		
Depreciation and amortization expenses	47.16	38.35
Amortization on right of use assets	73.42	61.36
Long term Incentive expense	-	0.08
Provision / (reversal) for employee benefits	10.23	19.88
Interest Income on Security Deposit	(0.73)	(0.47)
(Profit)/Loss on sale of property, plant and equipment	-	0.19
Impairment loss allowance	105.51	222.97
Finance costs	4.77	3.30
Operating cash flows before working capital changes	155.25	383.35
Decrease/(Increase) in trade receivables	2.44	(222.43)
Decrease/(Increase) in financial assets	(89.09)	(47.70)
Decrease/(Increase) in other than financial assets	20.27	68.86
(Decrease)/Increase in other financial liabilities & Other current Liabilities	174.29	(311.46)
(Decrease)/Increase in Provisions & Other liabilities	(4.72)	0.29
Cash generated from operations	258.44	(129.09)
Income-tax (paid)/refunds	(8.04)	1.37
Net cash generated from/ (Used In) operating activities (a)	250.40	(127.72)
Cash flows from investing activities		
Purchase of property, plant and equipment	(64.38)	(79.94)
Proceeds from sale of property, plant and equipment	2.56	1.10
Net cash used in investing activities (b)	(61.82)	(78.84)
Cash flows from financing activities		
Payments of Lease Liabilities	(76.03)	(63.96)
Net cash used in financing activities (c)	(76.03)	(63.96)
Net (decrease)/increase in cash and cash equivalents (a+b+c)	112.55	(270.52)
Cash and cash equivalents at the beginning of the year	313.04	583.56
Cash and cash equivalents at the end of the year	425.59	313.04
Cash and cash equivalents comprises of:		
Balances with banks in Current Accounts	308.94	309.66
Cash in Hand	116.65	3.38
	425.59	313.04

Particulars	As at	Movement		As at
	March 31, 2025	Cash	Non Cash	March 31,2024
Movement in lease liabilities	72.24	(76.02)	76.62	71.64
Total	72.24	(76.02)	76.62	71.64

Particulars	As at	Movement		As at
	March 31,2024	Cash	Non Cash	April 1,2023
Movement in lease liabilities	71.64	(63.96)	100.44	35.16
Total	71.64	(63.96)	100.44	35.16

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 **Nangia & Co LLP**
Chartered Accountants

ICAI Firm Registration Number: 002391C / N500069

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

CIN: U65999MH2018PLC312539

Jaspreet Singh Bedi
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Membership No. 601788

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Chief Financial Officer
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V.Ravi Kumar Reddy
Company Secretary
ACS: A19245
Place: Hyderabad

Date: May 19, 2025

Bharat Financial Inclusion Limited**Statement of Changes in Equity for the year ended March 31, 2025**

(All amounts are in Rs.Crores, unless otherwise stated)

A. Equity Share Capital**(i) Current Reporting Period - FY 2024-25**

Balance as at April 01, 2024	Changes in equity share capital during the current year	Balance as at March 31, 2025
43.70	-	43.70

(ii) Previous Reporting Period - FY 2023-24

Balance as at April 01, 2023	Changes in equity share capital during the current year	Balance as at March 31, 2024
43.70	-	43.70

B. Other Equity**(i) Current Reporting Period 2024-25**

Particulars	Reserves and Surplus		Total
	Retained Earnings	Parent Contribution to ESOP	
Balance as at April 01, 2024	357.39	48.33	405.72
Total Comprehensive Income for the year	(64.23)	-	(64.23)
Remeasurement of net defined benefit (liability)/asset	(3.97)	-	(3.97)
Transfer from ESOP Reserve to Retained Earnings	4.06	(4.06)	-
Balance as at March 31, 2025	293.25	44.27	337.52

(ii) Previous Reporting Period 2023-24

Particulars	Reserves and Surplus		Total
	Retained Earnings	Parent Contribution to ESOP	
Balance as at April 01, 2023	319.14	59.58	378.72
Total Comprehensive Income 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 Retained Earnings	11.33	(11.33)	-
Balance as at March 31, 2024	357.39	48.33	405.72

Refer note 14 for nature and purpose of reserves.

As per our report of even date attachedFor **Nangia & Co LLP**

Chartered Accountants

ICAI Firm Registration Number: 002391C / N500069

For and on behalf of the Board of Directors of

Bharat Financial Inclusion Limited

CIN: U65999MH2018PLC312539

Jaspreet Singh Bedi

Partner

Membership No. 601788

Place: Mumbai

Date: May 19, 2025

Mr. Anil Marco Rao

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Vijay Ramprakash Dube

Chief Financial Officer

Place: Hyderabad

V.Ravi Kumar Reddy

Company Secretary

ACS: A19245

Place: Hyderabad

Date: May 19, 2025

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 2025 were authorized and approved for issue by the Board of Directors on 19th May 2025.

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 (Rs.) 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 unfavorable 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 FY2024-25, 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 recognized at fair value and subsequently carried at amortized 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' (Rs), 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 recognized 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 recognized in the Statement of Profit and Loss. The Company recognizes 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 recognizes 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 recognized 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 recognizes 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 recognized 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 amortization.

j. Intangible assets**Initial recognition and subsequent measurement**

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

The Company has elected to continue with the carrying value of the intangible assets recognized 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 licenses 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 unamortized 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 recognized for an asset in prior accounting periods may no longer exist 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 recognized in Statement of Profit and Loss, except to the extent that it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the tax is also recognized 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 recognized, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized 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. Unrecognized 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 recognized 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 recognized 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 recognized in the Profit and Loss account

t. Grants

Government grants and subsidies are recognized 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 recognized 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 recognized as deferred income which is recognized 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 recognized 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 recognized on a systematic basis over the period of the loan during which the Company recognizes 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 recognized in statement of profit and loss of the period in which it becomes receivable. Government grants and subsidies are recognized in statement of profit and loss on a systematic basis over the periods in which the Company recognizes 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 recognized 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 recognized 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 realisation 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 recognized at transaction price. Subsequently, these assets are held at amortized 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) Current year, the company has revised the estimate for 100% provision on accounted internal and external fraud in advances considered doubtful having ageing 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.

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 Rs.1 crore and the sign '-' indicates that amounts are Nil.

Bharat Financial Inclusion Limited
Notes to the Financial statements
 (All amounts are in Rs.Crores, unless otherwise stated)

3(a)

Property, Plant and equipment	Gross Block			Accumulated Depreciation			Net Block	
	As at	Additions	Disposals/Adjustments	As at	For the Year	Disposals/Adjustments	As at	As at
	April 01, 2024	Mar 31, 2025	Mar 31, 2025	April 01, 2024	Mar 31, 2025	Mar 31, 2025	Mar 31, 2025	Mar 31, 2025
Furniture & Fixtures	39.61	7.26	(0.93)	45.94	4.69	(0.63)	9.66	36.28
Vehicles	0.01	-	-	0.01	0.00	-	0.01	0.00
Office Equipments	26.52	5.05	(0.84)	30.73	3.16	(0.51)	6.49	24.25
Leasehold Improvements	8.17	2.90	-	11.07	1.95	-	2.22	8.85
Computer	124.50	46.63	(8.07)	163.06	36.29	(6.79)	95.02	68.05
Total	198.81	61.84	(9.84)	250.81	46.09	(7.93)	113.40	137.43

Property, Plant and equipment	Gross Block			Accumulated Depreciation			Net Block	
	As at	Additions	Disposals/Adjustments	As at	For the Year	Disposals/Adjustments	As at	As at
	April 01, 2023	Mar 31, 2024	Mar 31, 2024	April 01, 2023	Mar 31, 2024	Mar 31, 2024	Mar 31, 2024	Mar 31, 2024
Furniture & Fixtures	22.37	18.70	(1.46)	39.61	3.20	(1.00)	5.60	34.01
Vehicles	0.02	-	(0.01)	0.01	0.00	(0.01)	0.00	0.01
Office Equipments	15.21	12.32	(1.01)	26.52	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	31.54	(9.99)	65.52	58.99
Total	133.37	78.76	(13.31)	198.81	37.17	(11.68)	75.23	123.59

All Property, Plant and Equipment have been recognised at cost. There has been no revaluation of property plant and equipment during the year.

3(b)

Other Intangible Assets	Gross Block			Accumulated Depreciation			Net Block	
	As at	Additions	Disposals/Adjustments	As at	For the Year	Disposals/Adjustments	As at	As at
	April 1, 2024	Mar 31, 2025	Mar 31, 2025	April 1, 2024	Mar 31, 2025	Mar 31, 2025	Mar 31, 2025	Mar 31, 2025
Computer Software	8.76	1.53	-	10.29	1.07	-	7.15	3.14
Total	8.76	1.53	-	10.29	1.07	-	7.15	3.14

Other Intangible Assets	Gross Block			Accumulated Depreciation			Net Block	
	As at	Additions	Disposals/Adjustments	As at	For the Year	Disposals/Adjustments	As at	As at
	April 1, 2023	Mar 31, 2024	Mar 31, 2024	April 1, 2023	Mar 31, 2024	Mar 31, 2024	Mar 31, 2024	Mar 31, 2024
Computer Software	7.58	1.18	-	8.76	1.18	-	6.09	2.67
Total	7.58	1.18	-	8.76	1.18	-	6.09	2.67

All Intangible assets have been recognised at cost and there has been no revaluation of other intangible assets during the year. Intangible Assets depreciated completely have been excluded from opening gross block numbers.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.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, 2025	As at March 31, 2024
	Property lease	Property lease
Balance as at April 01, 2024	70.02	33.76
Addition	71.85	97.15
Deletion	(0.40)	(4.51)
Amortization for the year	(72.26)	(56.38)
Balance as at March 31, 2025	69.21	70.02

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

Particulars	As at March 31, 2025	As at March 31, 2024
	Opening Balance of Deferred asset	1.44
Addition	0.72	1.58
Amortization	(0.76)	(0.47)
Closing Balance of Deferred asset	1.40	1.44

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, 2025	As at March 31, 2024
	Property lease	Property lease
Opening Balance	71.64	35.16
Addition	71.85	97.14
Payment*	(76.02)	(63.96)
Interest Expense	4.77	3.30
Closing Balance	72.24	71.64

*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, 2025	As at March 31, 2024
	Current lease liability	34.24
Non-Current lease liability	38.00	36.60

The following are the amounts recognised in profit or loss

Particulars	As at March 31, 2025	As at March 31, 2024
	Amortization expense of right-of-use assets	73.42
Interest expense on lease liabilities	4.77	3.30

The company had total cash outflows (including short term leases and low value leases) of Rs 76.02 Crores in 2025.(Rs 63.96 Crores in 2024)

The Company has taken certain vehicles on cancellable operating lease. Total lease expense under cancellable operating lease during the year was Rs. 9.32 Crores ; (Previous Year 7.11 Crores)

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
5 Other Financial Assets (Non-Current)		
Advances recoverable in cash or kind Unsecured, considered Good	-	-
Unsecured, considered doubtful	23.24	102.70
Less: Allowance for impairment loss	(16.97)	(83.58)
	6.27	19.12
Unsecured, considered doubtful	125.25	101.98
Less : Write off	(125.25)	(101.98)
	-	-
	6.27	19.12
Security Deposit Unsecured, considered Good	4.99	3.49
	4.99	3.49
Unsecured, considered doubtful	2.99	3.05
Less: Allowance for impairment loss	(2.53)	(2.58)
	0.46	0.47
Total	11.72	23.09
	As at March 31, 2025	As at March 31, 2024
6 Non-Current tax assets (Net)		
Advance income tax (net of provision)	106.49	98.45
Total	106.49	98.45
	As at March 31, 2025	As at March 31, 2024
7 Deferred tax assets (Net)		
Provision for employee benefits	7.88	6.33
Expected credit loss on financial assets	9.42	43.52
Lease liabilities (net of Right-of-use assets)	0.76	0.40
Deferred Tax (Liabilities)/Assets- Property, Plant and Equipment & Intangible Assets	0.30	0.27
Deferred Tax on losses	54.37	-
Total	72.73	50.52

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

Particulars	March 31, 2025	March 31, 2024
Profit/(Loss) Before Taxes (Accounting Profit/(Loss))	(85.11)	37.69
Applicable Tax Rate (as per Income Tax Act, 1961)	25.17%	25.17%
Computed tax expense	(21.42)	9.49
Increase/(reduction) in the aforesaid computed tax expense on account of:		
a) Expenses not deductible	0.91	0.98
b) Others	(0.36)	0.05
Total Tax Expense recognised in the Statement of Profit and Loss	(20.88)	10.52

Bharat Financial Inclusion Limited**Notes to the Financials statements**

(All amounts are in Rs.Crores, unless otherwise stated)

(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
(Charged)/ Credited to					
-Statement of Profit and Loss	(34.10)	0.03	0.22	0.36	(33.49)
-Other Comprehensive Income	-	-	1.34	-	1.34
As at 31st March 2025	9.42	0.30	7.89	0.76	18.37

	As at March 31, 2025	As at March 31, 2024
8 Other Non Current Assets		
Advances*	-	1.52
Prepaid Expenses	5.13	0.69
Total	5.13	2.21

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

	As at March 31, 2025	As at March 31, 2024
9 Trade Receivables		
Secured, Considered Good	-	-
Unsecured, considered Good	0.18	2.62
Doubtful	-	-
Total	0.18	2.62

Trade Receivables ageing schedule as on March 31, 2025

Particulars	Less than 6 Month	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed Trade receivables – considered good	0.18	-	-	-	-	0.18
Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-

Trade Receivables ageing schedule as on March 31, 2024

Particulars	Less than 6 Month	6 Months-1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
Undisputed Trade receivables – considered good	2.62	-	-	-	-	2.62
Undisputed Trade receivables – considered doubtful	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-
Disputed Trade receivables – considered good	-	-	-	-	-	-

Bharat Financial Inclusion Limited**Notes to the Financials statements**

(All amounts are in Rs.Crores, unless otherwise stated)

	As at March 31, 2025	As at March 31, 2024
10 Cash & Cash Equivalents		
Balances with banks in Current Accounts	308.94	309.66
Cash in Hand	116.65	3.38
Total	425.59	313.04
	As at March 31, 2025	As at March 31, 2024
11 Other Financial Assets (Current)		
Advance recoverable in Cash or Kind		
Unsecured, considered Good	1.39	1.84
	1.39	1.84
Unsecured, considered doubtful	1.67	-
Less: Allowance for impairment loss	(1.18)	-
	0.49	-
Security Deposit		
Unsecured, considered Good	6.01	5.84
Unbilled Revenue	214.90	219.81
Total	222.79	227.49
	As at March 31, 2025	As at March 31, 2024
12 Other Current Assets		
Advances	12.34	123.23
Less: Provision for contingency (Refer Note-46)	(4.24)	(86.12)
	8.10	37.11
Advances	115.73	-
Less: Write off	(115.73)	-
	-	-
Prepaid Expenses	52.07	46.20
Total	60.17	83.31

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

13 Equity Share Capital

	As at March 31, 2025	As at March 31, 2024
Authorised		
6,00,00,000 equity shares of Rs 10/- each (March 31, 2024: 6,00,00,000 equity shares of Rs 10/- each)	60.00	60.00
Issued, subscribed and fully paid-up		
4,37,03,507 equity shares of Rs 10/- each (March 31, 2024: 4,37,03,507 equity shares of Rs 10/- each)	43.70	43.70
	43.70	43.70

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

Equity Shares	As at March 31, 2025		As at March 31, 2024	
	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	-	-	-	-
Outstanding 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 Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend declared and paid would be in Indian rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by the holding company:

	As at March 31, 2025		As at March 31, 2024	
	No. of Shares	% of holding	No. of Shares	% of holding
IndusInd Bank Limited (Including Nominees)	4,37,03,507	100%	4,37,03,507	100%

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

Name of Shareholder	As at March 31, 2025		As at March 31, 2024	
	No of shares	% of holding	No of shares	% of holding
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, 2025.

(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 4,37,03,507 Equity Shares of Rs.10 each to the IndusInd Bank Limited (including nominees) 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 issued/outstanding which are convertible into equity shares.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

(i)	Promoter Name	No. of shares	% of total shares	% change during the year	No. of shares	% of total shares	% change during the year
	IndusInd Bank Limited (Including Nominees)	4,37,03,507	100.00%	0%	4,37,03,507	100.00%	0%

*IndusInd Bank Limited is the promoter of the company as defined in the companies act 2013

There is no change in promoter shareholding during the year FY24-25 and FY23-24.

14 Other Equity

	As at March 31, 2025	As at March 31, 2024
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(a) Retained Earnings

Balance as at the beginning of the year	357.39	319.14
Add: (Loss)/Profit for the year	(64.23)	27.17
Transfer from ESOP Reserve	4.06	11.33
Add: Other Comprehensive Income (net of tax)	(3.97)	(0.25)
Balance as at the end of the year	293.25	357.39

(b) Parent Contribution

Balance as at the beginning of the year	48.33	59.58
Add: Contribution during the year	-	0.08
Less: Transfer to Retained earnings	(4.06)	(11.33)
Balance as at the end of the year	44.27	48.33

Total	337.52	405.72
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Nature and Purpose of reserves**Retained Earnings**

Retained Earnings represents accumulated undistributed 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 group IBL Employee Stock Option Schemes. This Reserve is transferred to Retained Earnings on exercise or lapse of vested options

Group share based payment scheme (Refer note no 36)

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

		As at March 31, 2025	As at March 31, 2024
15	Provisions (Non - Current)		
	Provision for gratuity	Refer Note 35 35.76	20.90
	Provision for Leave Benefits	Refer Note 35 17.64	15.02
	Total	53.40	35.92

		As at March 31, 2025	As at March 31, 2024
16	Trade Payables		
	Total Outstanding dues of micro enterprise and small enterprises	Refer Note 37 0.05	4.54
	Total Outstanding dues of creditors other than micro enterprise and small enterprises	1.83	4.37
	Total	1.88	8.91

Trade Payables ageing schedule as on March 31, 2025:-

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	0.05	-	-	-	0.05
(ii) Others	1.83	-	-	-	1.83
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

Trade Payables ageing schedule as on March 31, 2024:-

Particulars	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i) MSME	4.54	-	-	-	4.54
(ii) Others	4.37	-	-	-	4.37
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

		As at March 31, 2025	As at March 31, 2024
17	Other Financial Liabilities (Current)		
	Employee benefits payable	42.30	39.47
	Payable to IndusInd Bank *	457.20	289.95
	Expenses payable	11.45	9.55
	Other Payable	31.31	28.51
	Total	542.26	367.48

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

		As at March 31, 2025	As at March 31, 2024
18	Other Current Liabilities		
	Statutory dues payable	38.03	31.49
	Total	38.03	31.49

		As at March 31, 2025	As at March 31, 2024
19	Provisions (Current)		
	Provision for gratuity	Refer Note 35 12.05	22.86
	Provision for Leave Benefits	Refer Note 35 13.68	10.11
	Other Provisions	1.21	0.62
	Total	26.94	33.59

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

		For the year ended March 31, 2025	For the year ended March 31, 2024
20	Revenue from Operations		
	BC Service Fee	2,403.19	2,323.88
	Total	2,403.19	2,323.88
21	Other Income		
	Fees on other services	2.07	2.84
	Interest income on Security Deposits carried at amortised costs	0.73	0.47
	Interest on income tax refund	4.58	7.86
	Profit on sale of PPE	0.11	
	Miscellaneous Income	1.55	0.26
	Total	9.04	11.43
22	Employee Benefits Expense		
	Salaries, Wages and Bonus (net of reimbursements of expenses)*	1,567.49	1,343.25
	Leave Benefits	25.19	19.93
	Contribution to Provident and other funds	82.37	67.42
	Contribution to Employees State Insurance Corporation	28.64	26.88
	Contribution to NPS	0.57	0.12
	Gratuity Expenses	13.50	16.01
	Employee Stock Option Scheme	3.38	4.78
	Staff welfare expenses	54.84	96.62
	Total	1,775.98	1,575.01
	(a) Defined Contribution Plans		
	Amount recognised in the Statement of Profit and Loss		
	(i) Provident fund paid to the authorities	34.75	27.26
	(ii) Pension fund paid to the authorities	48.87	40.16
	Total	83.62	67.42
	* Net off recoveries from group companies towards shared services		
	1. Net Reimbursement from IndusInd Bank Ltd towards Employee's Deputation Cost for FY 25 is 4 Crs. IBL deputed employees cost (Payment to IBL) amounts to 27.37 Crs and BFIL deputed employees cost (Reimbursement from IBL) amounts to 31.37 Crs during FY 25.		
	2. ESOP cost reimbursement on option granted by IndusInd Bank Limited to BFIL employees for the year FY 25 amounts to 3.38 Crs."		
23	Impairment loss allowance		
	Impairment allowance	(135.47)	120.85
	Write off	240.98	102.12
	Total	105.51	222.97
24	Finance costs		
	Interest expense on Lease liabilities	4.77	3.30
	Total	4.77	3.30

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

		Year ended March 31, 2025	Year ended March 31, 2024
25	Depreciation and amortization expenses		
	Depreciation on Tangible Assets	46.09	37.17
	Amortization of Intangible Assets	1.07	1.18
	Amortization of Right-of-Use Assets	73.42	61.36
	Total	120.58	99.71
		Year ended March 31, 2025	Year ended March 31, 2024
26	Other expenses		
	Rates & Taxes	34.41	32.74
	Insurance	83.09	23.53
	Repairs and Maintenance	31.22	28.70
	Administration Expenses	36.03	32.76
	Electricity Charges	11.87	11.19
	Travel and conveyance expenses	188.58	166.36
	Communication expenses	43.91	37.31
	Printing and Stationery	17.78	19.51
	Legal and professional fees	14.61	15.76
	Director's sitting fees	0.13	0.10
	Auditors's Remuneration	0.35	0.46
	Corporate Social Responsibility	3.60	3.89
	Loss on sale of PPE	-	0.19
	Bank Charges	14.89	15.31
	Miscellaneous Expenses	10.03	8.82
	Total	490.50	396.61
		Year ended March 31, 2025	Year ended March 31, 2024
26(a)	Auditor's fees and expenses		
	Payment to Statutory Auditors	0.33	0.36
	Other Services	-	0.09
	Reimbursement of Expenses	0.02	0.01
	Total	0.35	0.46
27	Earnings per share (EPS)	Year ended March 31, 2025	Year ended March 31, 2024
	Profit/(Loss) after tax	(64.23)	27.18
	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 (In Rs.)	(14.70)	6.22
	Diluted (In Rs.)	(14.70)	6.22

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, 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. 2 to the financial statements.

A) Categories of Financial Instruments

Particulars	As at 31st March, 2025		As at 31st March, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets measured at amortised cost				
Trade Receivables	0.18	-	222.43	-
Cash and Cash Equivalents	425.59	-	313.04	-
Other Financial Assets	234.52	-	30.76	-
Sub total	660.29	-	566.23	-
Financial assets measured at fair value through Profit and Loss	-	-	-	-
Financial assets measured at fair value through Other Comprehensive Income	-	-	-	-
Total Financial Assets	660.29	-	566.23	-
Financial Liabilities measured at amortised				
Lease Liabilities	72.24	-	71.64	-
Trade Payable	1.88	-	8.90	-
Other Financial Liabilities	542.26	-	367.48	-
Sub total	616.38	-	448.03	-
Financial Liabilities measured at fair value through Profit and Loss	-	-	-	-
Total Financial Liabilities	616.38	-	448.03	-

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:

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, 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

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 the risk that the fair value of future cashflows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise of two types of risk: Interest rate risk and currency risk.

The finance department of the Company manages such foreign currency 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 exposure in foreign currency for the year ended March 31, 2025 and for the year ended March 31, 2024.

Details of expenditure in foreign currency during the year is as below :

Particulars	Year ended	Year ended
	March 31, 2025	March 31, 2024
Professional Fees	0.04	0.04
Communication Expenses	0.03	0.03
	0.07	0.07

Foreign Currency Sensitivity

As on reporting date, since the company has no foreign currency exposure 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.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

The company manages its liquidity needs by monitoring forecast cash inflows and cash outflows. The data used for analyzing these cashflows is consistent with that used in the contractual maturity analysis below:

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, 2025						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	3.12	6.70	11.66	1.88	48.88	-	72.24
ii) Trade Payable	1.88	-	-	-	-	-	1.88
iii) Other Financial Liabilities	192.26	-	350.00	-	-	-	542.26
Total	197.26	6.70	361.66	1.88	48.88	-	616.38

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	8.90	-	-	-	-	-	8.90
iii) Other Financial Liabilities	17.48	-	200.00	-	-	-	217.48
Total	41.62	11.03	210.82	12.02	31.15	-	306.64

(IV) Credit Risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, deposits and loans. The Company's maximum exposure to credit risk is limited to the carrying amount reported in the balance sheet. In respect of trade receivables, the Company is exposed to insignificant credit risk exposure since the amount is recoverable in entirety from its 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, 2025	As at March 31, 2024
Opening balance	0	-
Impairment loss recognised/(reversed) (net)	-	0
Closing balance	0	0

Impairment loss allowance on other advances

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	2.58	2.58
Impairment loss recognised/(reversed) (net) on security deposits	-	-
Closing balance	2.58	2.58
Opening balance	83.57	49.47
Impairment loss recognised/(reversed) (net) on other advances	100.68	136.22
Write off on other doubtful advances	(125.25)	(101.99)
Write off on other assets	(115.73)	(0.13)
Closing balance	(56.73)	83.57

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.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

30 Contingent liabilities

The Company has certain 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, 2025	As at March 31, 2024
I. Claims against the Company, not acknowledged as debt:		
Provident fund (Net of provision of Rs. 3.12 Crores)	6.25	6.25
The Regional Provident Fund Commissioner on June 15, 2018 has passed an order against the Erstwhile BFIL and directed to deposit of Rs. 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 Rs 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. 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.		

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, 2025: Rs 0.00 (March 31, 2024: Rs 0.40)

32 Related Party Disclosures

As per the Ind AS 24 “Related Party Disclosures” as referred to in Indian Accounting Standard Rules, the disclosure of transactions with the related parties as defined therein are given below. All transactions entered into by the Company with related parties, were in ordinary course of business and on arm’s length basis.

Names of related parties and nature of relationship:

Enterprises where control exists

Name	Nature of Relationship
IndusInd Bank Limited	Holding company

Key Management Personnel (KMP)

Name	Designation
Mr. Sumant Kathpalia	Non-Executive Chairman (Resigned w.e.f May 8, 2025)
Mr. J Sridharan	Executive Vice Chairman
Mr. V Ravi Kumar Reddy	Company Secretary
Mr. Vijay Ramprakash Dube	Chief Financial Officer
Mr. Sanjeev Anand	Non - Executive & Non- Independent Director
Mr. Anil Marco Rao	Non - Executive & Non- Independent Director
Mr. Vivek Bajpeyi	Non-Executive & Non- Independent
Mr. K Subrahmanyam	Non- Executive Independent Director
Mr. Jayant Deshmukh	Non-Executive & Non- Independent

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

Holding 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, 2025	For the year ended March 31, 2024
IndusInd Bank Limited	Parent Company	Service fee on Assets	2,403.19	2,323.88
		Fee income on AEPS transactions	2.07	2.84
		BFIL deputed employees cost (Reimbursement from IBL)	31.36	23.00
		IBL deputed employees cost (Payment to IBL)	27.37	27.91
		ESOP cost reimbursement on option granted by IBL to BFIL employees	3.38	4.70
		Loan application software transfer from BFIL to IBL	-	-
		Repayment/(Availment) of LBS to IBL	-	50.00

Balance outstanding as at the end of reporting period:

Name of the Related Party	Nature of relationship	Nature of transactions	As at March 31, 2025	As at March 31, 2024
IndusInd Bank Limited	Parent Company	Payable (Under business correspondent)	107.20	89.95
		Payable (Facility from IBL)	350.00	200.00
		Payable (Others)	11.39	7.59
		Trade Receivable (AEPS transactions fees)	0.18	2.57
		Unbilled Revenue (Service fees on assets)	214.69	219.61
		Unbilled revenue (AEPS transactions fees)	0.21	0.20
		Receivable (Others)	0.00	0.00
		Balance maintained in bank account with IBL	215.87	207.25

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, 2025, and as at March 31, 2024, 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, 2025	For the year ended March 31, 2024
Salary, incentives and perquisites		
- Mr. J.Sridharan (reimbursement of expenses)	0.01	0.01
- Mr. Vijay Ramprakash Dube	0.92	0.66
- Mr. V. Ravi Kumar Reddy	0.51	0.56
Director's commission		
- Mr. Jayant Deshmukh	0.13	0.03
- Mr. K Subrahmanyam	0.10	0.10
- Mrs. Akila Krishnakumar	0.05	0.08
Director's sitting fees		
- Mr. Jayant Deshmukh	0.06	0.01
- Mr. K Subrahmanyam	0.06	0.05
- Mrs. Akila Krishnakumar	-	0.04

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.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

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

	For the year ended March 31, 2025	For the year ended March 31, 2024
(I) Segment-wise Revenue from operations		
BC Service Fees	2,403.19	2,323.88
Total revenue as per Statement of Profit and Loss	2,403.19	2,323.88

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 5.45% for the MFI and BMS portfolio and 8.25% on the BSS portfolio w.e.f April 01, 2024.

(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 operates in a single operating segment, viz. "Business correspondent services" which is the only reportable business segment as per Indian "Accounting Standard 108" Operating Segments. Since the Company's entire business is providing Business correspondent services solely to its Parent (IndusInd Bank Limited) and is operating in India, the Chief Operating Decision Maker review the financial statement as one segment (business and geographic) for making operating and financial decision accordingly, there are no other primary segment.

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, 2025 & March 31, 2024.
- 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, 2025 and the year ended March 31, 2024.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, 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 Rs. 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 Rs. 112.25 Crore. (Previous Year Rs. 94.30 Crore).

	As at March 31, 2025	As at March 31, 2024
Contribution to Provident Fund	34.75	27.26
Contribution to Pension Fund	48.87	40.16
Contribution to ESIC	28.64	26.88
	112.26	94.30

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. Rs 25.78 crores and Rs 19.93 crores in FY2025 and FY2024 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.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, 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, 2025	As at March 31, 2024
Defined Obligation at the beginning of the year	104.52	94.49
Current Service cost	10.38	13.93
Past Service cost	-	-
Interest Cost	7.46	6.94
Benefits paid	(9.90)	(8.83)
Curtailment (Credit)	-	-
Actuarial Loss /(Gain) on obligation for the period		
Change in Demographic Assumptions	-	(6.98)
Change in Financial Assumptions	(2.40)	2.59
Experience Adjustment	10.45	2.38
Plan Amendments Cost / (Credit)	-	-
Defined Benefit Obligation at the end of the year	120.51	104.52

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

Particulars	As at March 31, 2025	As at March 31, 2024
Fair Value of Plan Assets at the beginning of the year	60.76	66.19
Return on plan assets excluding Interest Income	2.74	(2.34)
Interest Income	4.34	4.86
Contribution by employer	14.76	0.88
Benefits paid	(9.90)	(8.83)
Fair value of plan assets at the end of the year	72.70	60.76

The Company expects to contribute Rs. 15.08 crore (March 31, 2022: Rs. 16.19 crore) to gratuity in the next year.

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

Particulars	As at March 31, 2025	As at March 31, 2024
Defined Benefit Obligation at the end of the year (Net of Interest Shortfall)	(120.51)	(104.52)
Fair value of the plan assets at the end of the year	72.70	60.76
Net (Liability)/ Assets recognised in the Balance Sheet	(47.81)	(43.76)

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Current Service Cost	10.38	13.93
Past Service Cost	-	-
Net Interest cost	3.12	2.08
Expected Contributions by the Employees	-	-
Net gratuity cost	13.50	16.01

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

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Actuarial (Gains)/Losses on Obligation For the Period	8.05	(2.01)
Return on Plan Assets, Excluding Interest Income	(2.74)	2.34
Change in Asset Ceiling	-	-
Net Remeasurement	5.31	0.33

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

(vi) Maturity analysis of benefits payments:

	As at March 31, 2025	As at March 31, 2024
Year 1	37.33	32.25
Year 2	28.64	24.51
Year 3	20.95	19.01
Year 4	15.39	13.79
Year 5	11.25	9.99
Year 6 and above	25.57	22.79
Total Expected Cash Flows	139.13	122.34

The expected contributions to the plan for the next annual reporting period

	53.14	22.86
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Weighted average duration of the defined benefit (In Years)

	3	3
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(vii) Sensitivity on Actuarial Assumptions:

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
	Discount Rate	
a. Effect on DBO due to 1% increase in Discount Rate	(2.28)	(1.96)
b. Effect on DBO due to 1% decrease in Discount Rate	2.40	2.07
Salary escalation Rate		
a. Effect on DBO due to 1% increase in salary escalation Rate	2.33	1.97
b. Effect on DBO due to 1% decrease in salary escalation Rate	(2.25)	(1.91)
Withdrawal Rate		
a. Effect on DBO due to 1% increase in withdrawal Rate	(0.43)	(0.37)
b. Effect on DBO due to 1% decrease in withdrawal Rate	0.44	0.37

(viii) Major Actuarial Assumptions:

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

	As at March 31, 2025	As at March 31, 2024
Discount Rate	6.54%	7.14%
Expected return on plan assets	6.54%	7.14%
Expected rate of salary increase	7.50%	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%	35%
Mortality Rate During Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

(ix) Investment details of plan assets

	As at March 31, 2025	As at March 31, 2024
Fund balance% with an insurance company	100%	100%

(x) Amounts of current and previous years as follows

Particulars	As at March 31, 2025	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
	Defined benefit obligation	120.51	104.52	94.49	86.28
Plan assets	72.70	60.76	66.19	60.12	59.24
Surplus / (deficit)	(47.81)	(43.76)	(28.30)	(26.16)	(12.33)
Experience adjustments on plan liabilities (i)	10.45	2.38	1.37	7.41	2.30
Return on Plan Assets, Excluding Interest Income (ii)	2.74	(2.34)	0.09	0.22	(0.25)

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, 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 Black Scholes option pricing model
The below table summarizes share movements for equity-based incentive plans related to employees of the Company:

Particulars	For the year ended March 31, 2025		For the year ended March 31, 2024	
	Number of shares	WAEP *	Number of shares	WAEP *
Outstanding at the beginning of the period	12,20,352	1,470.06	13,59,871	1,449.00
Granted during the period	10,000	1,480.25	1,43,500	1,268.07
Forfeited/cancelled during the period	1,06,471	1,483.87	1,21,725	1,518.02
Exercised during the period	34,715	635.70	71,900	475.89
Expired during the period	7,179	1,478.82	89,394	1,536.24
Outstanding at the end of the period	10,81,987	1,494.65	12,20,352	1,470.06
Exercisable at the end of the period	9,88,117	1,514.42	10,60,772	1,500.89

*WAEP - weighted average exercise prices

Particulars	For the year ended March 31, 2025	ended March 31, 2024
Expense recognized during the year	3.38	4.78

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

Range of exercise prices per share (Rs)	2007 Plan - Options outstanding			2018 Plan - Options outstanding		
	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (Rs)	No. of shares arising out of options	Weighted average remaining contractual life	Weighted average exercise price (Rs)
376.75 to 1,539.65	3,88,760	0.57	497.96	-	-	-
1258 to 1,864	-	-	-	14,55,472	0.86	1,540.28

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 :

For the Year ended March 31, 2025

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	0.52	5.79
JAN1720230001	1,239.25	1,239.25	4.52	53.13	0.69	7.16
JAN1720230002	1,239.25	1,239.25	4.52	53.13	0.69	7.16
JAN1720230003	1,239.25	1,239.25	4.52	53.13	0.69	7.16
JAN1720230004	1,239.25	1,239.25	4.52	53.13	0.69	7.16
MAR2420220001	931.35	931.35	4.51	52.55	0.54	6.02
MAY0220230001	1,152.80	1,152.80	4.51	52.93	0.74	6.91
MAY0220230002	1,152.80	1,152.80	4.51	52.93	0.74	6.91
MAY0220230003	1,152.80	1,152.80	4.51	52.93	0.74	6.91
MAY0220230004	1,152.80	1,152.80	4.51	52.93	0.74	6.91
MAY0220230005	1,152.80	1,152.80	4.51	52.93	0.74	6.91
MAY0220230006	1,152.80	1,152.80	4.51	52.93	0.74	6.91
MAY0220230007	1,152.80	1,152.80	4.51	52.93	0.74	6.91
MAY1220210001	948.85	948.85	4.51	50.66	0.53	5.50
MAY1220210002	948.85	948.85	4.51	50.66	0.53	5.50
MAY1220210003	948.85	948.85	4.51	50.66	0.53	5.50
SEP0620230001	1,423.75	1,423.75	4.52	52.58	0.60	7.10
SEP0620230002	1,423.75	1,423.75	4.52	52.58	0.60	7.10
SEP0620230003	1,423.75	1,423.75	4.52	52.58	0.60	7.10
SEPT1520210003	1,036.60	1,036.60	4.51	50.93	0.47	5.43
SEPT1520210004	1,036.60	1,036.60	4.51	50.93	0.47	5.43
SEPT1520210005	1,036.60	1,036.60	4.51	50.93	0.47	5.43
SEPT1520210006	1,036.60	1,036.60	4.51	50.93	0.47	5.43
SEPT1520210007	1,036.60	1,036.60	4.51	50.93	0.47	5.43
GT-OA-3718	1,420.35	1,420.35	4.52	48.07	0.99	7.30
GT-OA-3716	1,420.35	1,420.35	4.52	48.07	0.99	7.30
MGR14Oct201700319	1,717.25	1,717.25	4.52	27.42	0.35	6.66

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

37 Dues to Micro, Small and Medium 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:

Particulars	As at March 31, 2025	As at March 31, 2024
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
- Principal amount	0.05	0.39
- 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, 2025.

38 Corporate Social Responsibility Expenditure

Particulars	For the year ended	For the year ended
	March 31, 2025	March 31, 2024
(a) Gross amount required to be spent by the company during the year.	3.60	3.89
(b) Amount of expenditure incurred.	1.57	3.50
(c) Shortfall (Unspent) at the end of the year.	2.03	0.39
(d) Total of previous years shortfall.	-	0.23
(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	Livelihood enhancement by providing access to livestock care, Aspirational District Development, Healthcare services
(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.	2.03	0.39
(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	2.03	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.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

39 Utilisation of Borrowed funds and share premium:

(A) During the year ended March 31, 2025 and March 31, 2024, 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. Until 18th June 2023, in order to carry out the business of extending micro loans to customers of the Bank, at the beginning of each day, the IBL used to transfer an amount of INR 250 crores, which auto swift out at the end of the day. The said funds were 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, was returned back to the Bank, through a Standing Instruction. From 19th June 2023 onwards, the disbursements are happening directly from IBL hence the daily fund transfer from IBL has been stopped thereon. Further company also provides liability business services in form of cash deposit and withdrawal services for customers from BFIL branches for which INR 200 Crores limit has been provided by IBL. Also to maintain Minimum Account Balances (MAB) limit of INR 150 Crores was additionally provided in the current financial year in May 2024.

(B) During the year ended March 31, 2025 and March 31, 2024, 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 Instances of fraud for the year ended March 31, 2025

Nature of fraud	No. of Cases	Amount of fraud	Recovery	Amount (written-off /Provision)
Cash embezzlement	15,597	90.29	29.04	42.54
Robbery	519	4.88	0.28	4.00
Theft	33	0.46	0.01	0.42

Note:- During the FY 24-25 company has written off 8.04 crores on account of benefit of doubt given to customer for the employee cash embezzlements complaint received through member helpline.

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	117.03

41 Siliguri Case (2022-23)

Out of the portfolio under management, based on a field review, loans pertaining to Rs 109.70 Crores were marked to be reviewed and carved out separately under the Other 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 previous financial 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 Rs 2.04 crores, and the remaining exposure is potentially due to non-adherence to the multiple factors. 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 non-adherence to the multiple factors, 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 Rs.86.12 crore during the previous year 2023-24 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.

In the current financial year, the Company has engaged an external consultant to review the nature of the non-adherence to the multiple factors and adequacy of steps initiated by the Company to strengthen the processes. The external consultant has done the review of matter and opined that amount of Rs. 107.60 cr., which was reflected as receivables from customers, has been facilitated by non-adherence to the multiple factors. The Company has since introduced several improvements in Technology, proactive controls to mitigate the risk. Thus, pursuant to the opinion given by the consultant company has written-off balance lying in other assets amounting to Rs. 107.64 cr., as operational losses as on March 31, 2025.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

42 Analytical Ratios**The ratios required to be disclosed in line with Division II to Schedule III to the Companies Act, 2013 are given below:**

Ratio	Numerator	Denominator	As at March 31, 2025	As at March 31, 2024	% change over previous year (FY25 vs FY24)	Reason for variance > 25%
(a) Current Ratio (in times)	Current Assets	Current Liabilities	1.10	1.31	-16.21%	Note 1
(d) Return on Equity Ratio (%)	Net Profit after Tax	Average Shareholder's Equity	-15.47%	6.23%	-348.25%	Note 2
(i) Net profit ratio (%)	Net Profit after Tax	Total Income	-2.66%	1.16%	-328.90%	Note 3
(j) Return on Capital employed (%)	Earnings before Interest & Tax	Average capital employed	-17.12%	7.71%	-321.98%	Note 4

Note 1 - Decrease of current ratio from 1.31 to 1.11 in FY25 is due to the rate of increase in current liabilities is more than that of the current assets (current assets increase by 14% as against the current liabilities increase by 35% from FY24 to FY25). Current ratio of 1.11 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 Rs 95 crore, which amounted to a final loss of 68Cr in FY25 on account of increase in Employment benefit expenses by 16.36% from FY24.

Note 3 - Decrease in net profit ratio is due to the rate of increase in employment benefit expense is more than the rate of increase in the revenue in FY 25 compared to FY 24 (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 FY25 mainly due to increase in the employee benefit expense by Rs 257 crore and increase in the impairment loss allowance by Rs 117.5 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.

43 The Code on Social Security, 2020

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

44 Statutory updates

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. During the year ended March 31, 2025, MCA has notified Ind AS 117 Insurance Contracts and amendments to Ind AS 116 — Leases, relating to sale and leaseback transactions, applicable to the Company w.e.f. April 1, 2024. The Company has reviewed the new pronouncements and based on its evaluation has determined that it does not have any impact in its financial statements.

45 Other regulatory and statutory information:**i) Compliance with scheme of arrangement with respect to Accounting treatment**

As at March 31, 2025 and March 31, 2024, 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.

ii) 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, 2025 and March 31, 2024.

iii) 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, 2025 & March 31, 2024.

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

iv) Undisclosed Income

There are no transactions not recorded in the books of accounts during the year ended March 31, 2025 and March 31, 2024 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, 2025 and March 31, 2024.

v) Crypto Currency or Virtual currency

The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended March 31, 2025 and March 31, 2024.

vi) Derivative Contract

The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

vii) Restriction on layers:

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.

viii) Wilful defaulter:

Since the Company has no borrowing, disclosure for Wilful Defaulter is not applicable.

46 Following disclosures are not applicable :

- a) 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.
- b) Registration of charges or satisfaction with Registrar of Companies (ROC).
- c) Loans Given/received for transfer to other entities –Conditional lending/borrowing.
- d) Loans and Advances to Promoters/ Directors/ KMPs/ relatives.

47 Events subsequent to Financials closure date

- Mr. Sumant Kathpalia resigned from his position as Non-Executive Chairman and Director of the Company. His resignation follows his stepping down from the role of Managing Director & CEO of IndusInd Bank Limited, the holding company and a circular resolution to accept his resignation was moved on 8th May 2025 and approved on 9th May 2025.
- IndusInd Bank Limited, the holding company, issued a disclosure to the stock exchanges on 15th May 2025, in response to a media report and the disclosure addressed multiple matters, including issues related to the Bank's microfinance business. The resignation of Mr. Kathpalia, the media report, and the disclosure made by IndusInd Bank Limited have no impact on the Company's financial statements, operations, and any of the management positions and employees of the Company.
- The Company, the management, and the board of directors of the Company affirms that the Company's financial reporting remains accurate, and the financial statements are free from any material misstatements and there is no management override of controls in financial reporting and the financial statements.
- The financial statement has been approved by the board of directors on May 19, 2025

Bharat Financial Inclusion Limited**Notes to the Financial statements**

(All amounts are in Rs.Crores, unless otherwise stated)

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

S No.	Regrouped from	Amount	Regrouped to	Amount	Reasons
1	Trade Payables	6.69	Expenses payable	6.69	Nature of expenses pertaining to repairs are classified into administrative expnses
2	Miscellaneous income	7.86	Interest on Income Tax refund	7.86	Being interest on income tax refund regrouped from miscellaneous income.
3	Trade Receivables	219.81	Other Financial assets	219.81	Being unbilled revenue reclassified from Trade Receivables to Other Financial assets

As per our report of even date attachedFor **Nangia & Co LLP**

Chartered Accountants

ICAI Firm Registration Number: 002391C / N500069

For and on behalf of the Board of Directors of

Bharat Financial Inclusion Limited

CIN: U65999MH2018PLC312539

Jaspreet Singh Bedi

Partner

Membership No. 601788

Place: Mumbai

Date: May 19, 2025

Mr. Anil Marco Rao

Non-Executive Chairman

DIN: 06395743

Place: Mumbai

J. Sridharan

Executive Vice Chairman

DIN: 09420031

Hyderabad

Vijay Ramprakash Dube

Chief Financial Officer

Hyderabad

Date: May 19, 2025

V. Ravi Kumar**Reddy**

Company Secretary

ACS: A19245

Hyderabad



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, K V Ranga Reddy, Telangana- 500081, India.

Corporate Identification Number : U65999MH2018PLC312539