

**BHARAT FINANCIAL INCLUSION LIMITED**  
**CIN: U65999MH2018PLC312539**

**Registered Office: One World Centre, Tower 1, Floor 8, 841,  
Senapati Bapat Marg, Elphinstone, Mumbai 400013.  
Tel: (022) 6641 2487 / 2359; E-mail: [info@bfil.co.in](mailto:info@bfil.co.in);**

**DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2021- 2022**

**To,**

**The Members of Bharat Financial Inclusion Limited**

The Board of Directors have pleasure in presenting the 4<sup>th</sup> Annual Report of the company and the Audited Financial Statements for the Financial Year ended March 31, 2022.

**1. Financial Highlights**

FY2021-22 was the second consecutive year impacted by Covid pandemic. The second wave at the beginning of the year created a much larger health emergency in the country than the first wave, especially in the rural India, where the company operates to a significant extent, with daily cases reaching a peak of over 4 Lakh in May 2021. In order to curtail the spread of the pandemic, many states announced lockdowns resulting in disruption of life of our customers and impacting the business too.

The whistle blower complaint in October 2021 and the subsequent resignations of Managing Director & CEO and Executive Director & CFO of BFIL was another major challenge that the company had to go through during the year. A new management team was put in place immediately so as to handle day-to-day operations of the organization and ensuring continuity of business.

Despite these odds and challenges, we are pleased to report that the company has consistently improved its performance as a Business Correspondent of IndusInd Bank Limited. The disbursement of loans during FY 2021-22 at ₹ 38,755 crore has been an all-time high and 39% higher than the disbursement of ₹ 27,954 crore during FY 2020-21; similarly, the advances under management as at March 31, 2022 increased to ₹ 31,813 crore, again an all-time high and 27% higher than ₹ 25,006 crore a year ago. It is heartening to note that about 21,000 BFIL field staff meet an average of 15 Lakh customers each day helping them carry out financial transaction including disbursing loans, helping them repay their instalments, opening Savings, Fixed Deposit and Recurring Deposit accounts and also fulfilling their need to own a consumer durable or a two wheeler.

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The financial performance of the company for FY2021-22 and FY2020-21 is summarized below:

(Rs.in Crore)

Particulars	Current Financial Year 2021-22	Previous Financial Year 2020-21	Growth (%)
Revenue from Operations	1,622.37	1,310.22	23.8%
Other Income	14.84	6.48	129.0%
<b>Total Revenue (I)</b>	<b>1,637.21</b>	<b>1,316.70</b>	<b>24.3%</b>
Employee Benefit Expenses	1,005.39	841.34	19.5%
Other Expenses	341.84	247.85	37.9%
Depreciation and Amortization Expenses	30.81	22.23	38.6%
<b>Total Expenses (II)</b>	<b>1,378.04</b>	<b>1,111.42</b>	<b>24.0%</b>
Profit before Tax	<b>259.17</b>	<b>205.28</b>	<b>26.3%</b>
Tax Expenses	<b>65.65</b>	<b>51.80</b>	<b>26.7%</b>
<b>Profit after Tax</b>	<b>193.52</b>	<b>153.48</b>	<b>26.1%</b>
Earning per Share (Basic / Diluted) of Rs.10/- each fully-paid	44.28	35.12	26.1%

**Operational Highlights:**

Particulars	Current Financial Year 2021-22	Previous Financial Year 2020-21	Growth (%)
Amount Disbursed as BC (₹ in crores)	38,755	27,954	38.6%
Gross Loan Portfolio under management as BC of IBL (₹.in crores)	31,813	25,006	27.2%
Number of customers (in lakhs)	105.4	98.5	7.0%

As on March 31, 2022, as a Business Correspondent, the company served IndusInd Bank's microfinance customers under the JLG model and retail shopkeepers under Bharat Super Shop and Bharat Money Stores business units, spread across 517 districts in 23 states through its 2,803 branches. About 80% of this customer base is in rural areas. The company's distribution reach spread across more than 1,32,000 villages is among the largest in the Indian financial services industry. We closed the financial year with over 73 lakh active borrowers who had taken loans from IndusInd Bank.

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About 74 lakh customers of the Bank served by the company had a Savings Account relationship and about 17 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.

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

The company was incorporated under the name of IndusInd Financial Inclusion Limited on August 6, 2018 in line with the Composite Scheme of Arrangement amongst erstwhile Bharat Financial Inclusion Limited (eBFIL) an NBFC-MFI duly licenced by the RBI, IndusInd Bank Limited (Bank), the company and its respective Shareholders and Creditors ('the Scheme'). The company is a Wholly-Owned Subsidiary of IndusInd Bank Limited. Upon receipt of the order by the Mumbai bench of the National Company Law Tribunal sanctioning the Scheme, the same was made effective from July 4, 2019. As a part of the Scheme, on August 2, 2019, the name of the company was changed from IndusInd Financial Inclusion Limited to Bharat Financial Inclusion Limited, vide the Certificate of Incorporation pursuant to change of name issued by the Registrar of Companies, Mumbai.

Started as a microfinance lender, BFIL caters largely to sections of the society who have entrepreneurial aspirations but were underserved or unserved by formal financial markets. Our microfinance operations cater 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 our philosophy, we started the Bharat Super Shop business segment that caters to the missing-middle of the enterprising class in the country. In all, the business activities of BFIL are carried out under three business segments – Microfinance, Bharat Super Shop and Bharat Money Stores.

### Microfinance

Our typical microfinance borrower is a woman from rural background with low literacy levels and she finds it challenging to adapt to technology. Many of them are engaged in home / rural based economic activity like rearing cattle, handicrafts and handlooms, agriculture, and other services within the rural milieu. True to the Grameen model, these women organize themselves into groups and centers where all the financial transactions are carried out with a very high level of transparency. Our in-house tech platform ensures that our field staff can meet each of our microfinance customers in person at the weekly center meetings and carry out financial and non-financial transactions seamlessly and in real-time. Right from onboarding a customer to forming groups /

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centers to loan disbursements and collections - everything is digitally recorded and in a paperless manner. Our systems handle large volumes of transactions at times averaging 1.2 loans disbursed per second. Every loan is directly disbursed into customers' bank account.

Over the years, we have built a strong reputation among our clients for the respect that we show to the bottom-of-the-pyramid entrepreneurs and the prompt services that we provide. We have assiduously made women the focus of our lending operations with the goal of making them financially independent by providing a fillip to their entrepreneurial aspirations. The bank, through BFIL, has built a lending book of over ₹29,800 Crore at the end of FY2021-22. Through BFIL, IndusInd Bank can reach many more women borrowers and their families offering them a wider suite of banking services including individual loans, personal loans, affordable housing loans etc., while also providing them opportunity to avail adequate cover through micro-insurance products.

**Bharat Super Shop (Loan to Retailers):**

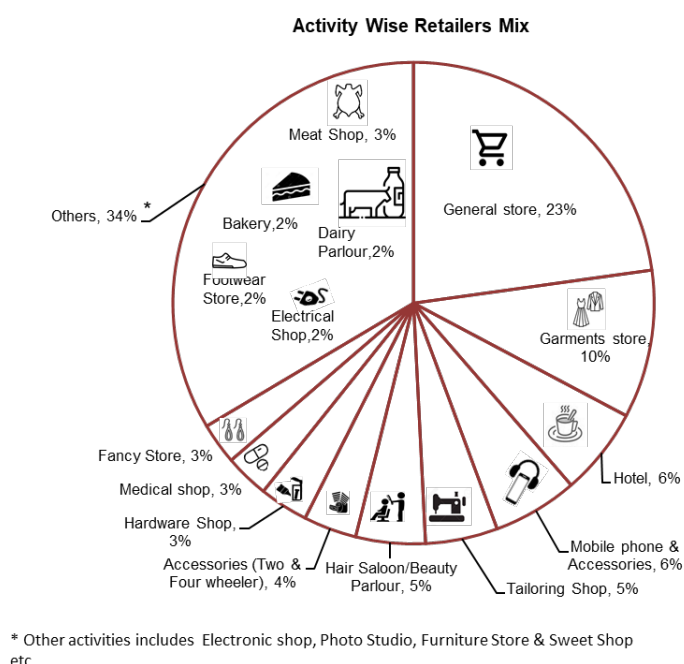
One of the segments of entrepreneurs that is underserved by the formal banking channels is the numerous retail outlets spread across the country. Most of these stores rely on informal channels of financing for their working capital requirements, usually, at a steep interest rate. Through Bharat Super Shop we aim to bridge the gap by providing them a gamut of banking products and services and bringing them into the fold of formal banking system. The product offering comprises instant current account, recurring deposit, loans along with payment services such as UPI/QR, and mobile/Internet/ WhatsApp banking at the convenience of the doorstep of the customer.

Started as a pilot in 2019, Bharat Super Shop has grown rapidly in a very short span of time. The business now covers about 306 locations across India through its 382 branches serving 5.5 lakh retailers of whom 3.2 lakh are active borrowers of the bank. These customers are predominantly in Tier I to Tier III locations with limited access to formal financial lending. BFIL's field staff use phygital means to service these customers where customer onboarding is done physically at the door-step of the customer while account opening, disbursements and collections are done in digital mode. 100% of disbursements to BSS customers is online while about 95% of collection is done through digital means.

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**We cater to predefined 39 Retail Business Activities.**



In FY2021-22, disbursement grew to ₹2,744 crores from ₹ 477 crores disbursed during FY2020-21. Gross advances grew to ₹1,943 crores as on March 31, 2022 from ₹ 376 crores as on March 31, 2021. Liability balances grew to ₹ 487 crores as on March 31, 2022 from ₹ 111 crores as on the same day, a year ago. The gross non-performing portfolio as on March 31, 2022 stood at 0.4%.

**Bharat Money Stores (BMS):**

Rural India is a predominantly cash based economy and our customers have to invest lot of time, efforts and money to carry out simple transactions like funds transfer, bill payments and cash withdrawals / deposits. This was the genesis of Bharat Money Stores (BMS), a business line of BFIL. Through BMS we enable kirana merchants in the most remote locations to carry out banking transactions on their mobile phones. BMS is a truly last mile banking service provider. The BMS service offering is open to our MFI customers as well as any other client in the banking system. We currently have about 86,000 such merchants enrolled through whom over 2.5 Crore transactions with a value of over ₹4,080 Crore have been transacted in FY2021-22. In September 2021, we enabled these merchants to source Savings accounts, Recurring Deposit and Fixed

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Deposit accounts and in a short span of 6 months these merchants were able to source about 2.4 lakh savings accounts from the open market.

Apart from businesses of the organization, BFIL is a very environmentally and socially conscious corporate citizen. BFIL has been reaching out to the unserved / underserved segments of the population and finance their entrepreneurial aspirations. All our operations are pivoted in a way that ensures that the societal benefits are substantially larger. The loans provided to our customers are used for a variety of purposes including to buy cattle, for agriculture, as working capital for grocery store, tailoring and cloth weaving, trading of vegetables and fruits etc., Our operations satisfy 11 out of United Nation's 17 Sustainable Development Goals. We rigorously focus our efforts to ensure that we reach out to the unbanked and underbanked population in Bharat and become partners in their growth and prosperity.



At BFIL, we truly believe that growth that takes the community forward is the growth well achieved. While we conduct business in a number of states, we also try to partner communities and Governments to improve the lot of people in regions where we operate. Our CSR programs focus on livelihood, watershed development, education, healthcare and drinking water availability in remote areas. Under our flagship Bharat Sanjeevani program we have set up call centers in specific states to provide doorstep livestock care. This program was awarded the National CSR Award in 2019. A number of state governments have been proposing a tie-up for this program. During FY 2021-22, we were able to deliver benefits of all our community programs to about 2.3 lakh people directly across the states of Karnataka, Maharashtra, Madhya Pradesh, Jharkhand and Telangana.

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**Significant events during the year under review:**

During October 2021, there were certain whistle-blower complaints, *inter alia* alleging serious irregularities, with reference to the portfolio originated and managed by the Company as the Business Correspondent of IndusInd Bank (Bank).

In terms of the RBI BC Guidelines and Outsourcing Guidelines as well as the BC Agreement between the Company and the Bank, the Bank commenced a review of the BC operations managed by the Company, and later engaged Deloitte Touche Tohmatsu India LLP (“Deloitte”) for a review of the BC operations covering the COVID pandemic period, with specific reference to the allegations covered in the whistle blower complaints. (“Review Process”).

The Bank had received a final report in March 2022 from Deloitte on its assessment and findings in the matter of allegations made by anonymous individuals related to the Company. Based on the Review Process, the Bank did not come across the large scale lapses as alleged in the whistle blower complaints; however, certain control and oversight lapses were identified for which, a Staff Accountability Committee was set up to look into the same and their review is under progress.

**3. Dividend:**

There was no dividend paid during the year under review.

**4. Transfer to Reserve:**

The Board of Directors recommended that the entire amount of Profits, i.e. Rs. 193.52 crore be transferred to the Reserves. The Reserves and Surplus of the company as on March 31, 2022 stood at Rs.326.34 crore.

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

As on March 31, 2022, following was the composition of the Board of Directors of the company:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>DIN</b>
1	Mr. Sumant Kathpalia	01054434
2	Mr. J Sridharan (Please refer Note 1 below)	09420031
3	Mrs. Akila Krishnakumar	06629992
4	Mr. Sanjeev Anand	07074653



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5	Mr. Sanjay Vijay Mallik	08194530
6	Mr. K Subrahmanyam (Please refer Note 1 below)	06576376

Note 1: Mr. J Sridharan and Mr. K. Subrahmanyam were appointed as Directors of the Company with effect from December 2, 2021.

Note 2: Mr. Shalabh Saxena, (DIN 08908237), and Mr. Ashish Damani (DIN 08908129), ceased to be Managing Director and CEO and Executive Director and CFO respectively, effective March 1, 2022.

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

<b>Sr. No.</b>	<b>Name of the Key Managerial Personnel</b>	<b>Designation</b>	<b>Date of Appointment</b>	<b>Date of Cessation</b>
1.	Mr. V. Ravi Kumar Reddy	Company Secretary	August 16, 2019	--

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

Mr. M. R. Rao, who resigned from the position of Executive Vice Chairman effective from closing hours of March 31, 2021, was appointed as Non-Executive Vice-Chairman with effect from April 1, 2021. He resigned from the position of Director of the Company with effect from closing hours of September 30, 2021.

Mr. Shalabh Saxena and Mr. Ashish Damani had submitted their resignation on November 25, 2021. The Board, at its meeting held on November 28, 2021, decided that the consideration of the decision to relieve Mr. Shalabh Saxena, Managing Director & Chief Executive Officer and Mr. Ashish Damani, Executive Director & Chief Financial Officer of the company from the employment of the Company, pursuant to their emails dated November 25, 2021 addressed to the Chairman of the Board, be deferred until the completion of the review of transactions relating to the company and assessment of its outcome by IndusInd Bank Ltd., and advised both of them to forthwith proceed on leave until completion of the aforesaid review; further, leave was also granted from office including attending any meetings of the Board or the committees of the Board, from November 28, 2021 until completion of the aforementioned review and assessment of its outcome by the Bank.



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The company had not accepted the resignation of Mr. Saxena and Mr. Damani, pending completion of review of operations by IndusInd Bank Ltd. and Mr. Saxena and Mr. Damani agreed to cooperate in the review of operations. Mr. Saxena and Mr. Damani vide their email dated March 18, 2022, communicated that their cessation of employment be considered with effect from March 1, 2022.

In terms of provisions of Section 168 of the Companies Act 2013 and the Form DIR 11 filed by Mr. Shalabh Saxena and Mr. Ashish Damani, the Board at its meeting held on July 19, 2022, took note of the resignation of Mr. Saxena and Mr. Damani as Managing Director & CEO and Executive Director & CFO respectively with effect from March 1, 2022.

Mr. Sanjay Mallik (DIN 08194530), resigned from the Board with effect from April 28, 2022.

**Appointment of Director:**

During the year under review:

- a) Mr. J Sridharan (DIN- 09420031) was appointed as Additional Director designated as Executive Vice Chairman of the company (deputed from IndusInd Bank Ltd- 100% holding company) with effect from December 2, 2021 for a period of 3 years' subject to the approval of the Shareholders and
- b) Mr. K Subrahmanyam (DIN- 06576376) was appointed as Additional Director designated as Non-Executive -Independent Director of the company with effect from December 2, 2021, subject to the approval of the Shareholders.

Approval of the Shareholders is being requested by the Board for the appointment of Mr. J Sridharan (DIN- 09420031) as Executive Vice Chairman and Mr. K Subrahmanyam (DIN-06576376) as Non-Executive Independent Director of the company.

The requirement of Independent Directors under Section 149 of the Companies Act, 2013 is not applicable, since the company is a wholly owned subsidiary of IndusInd Bank Ltd.

**6. 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

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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 3<sup>rd</sup> Annual General Meeting held on August 25, 2021.

The Board recommends Mr. Sumant Kathpalia (DIN: 01054434), who has been longest in Office of the Director as a Director, for retirement by rotation at the ensuing AGM, and he being eligible offers himself for re-appointment.

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

#### **7. Number of meetings of the Board of Directors**

During the year under review, the Board of Directors of the company met eight times: On April 29, 2021; July 26, 2021; August 24, 2021; October 26, 2021; November 28, 2021; December 2, 2021; January 28, 2022 and March 25, 2022.

<b>DIN</b>	<b>Name of the Director</b>	<b>Number of Board Meetings attended during the year</b>
01054434	Mr. Sumant Kathpalia	7/8
09420031	Mr. J Sridharan (Refer Note 1)	2/2
03276291	Mr. M.R.Rao (Refer Note 2)	2/2
07074653	Mr. Sanjeev Anand	8/8
08194530	Mr. Sanjay Mallik (Refer Note 3)	1/8
06629992	Mrs. Akila Krishnakumar	8/8
06576376	Mr. K Subrahmanyam (Refer Note 1)	2/2
08908237	Mr. Shalabh Saxena (Refer Note 4)	5/7
08908129	Mr. Ashish Damani (Refer Note 4)	5/7

Note 1: Mr. J Sridharan and Mr. K Subrahmanyam were appointed as Additional Directors with effect from December 2, 2021.

Note 2: Mr. M. R. Rao resigned from the position of Director with effect from September 30, 2021.

Note 3: Mr. Sanjay Mallik resigned from the position of Director effective from April 28, 2022.

Note 4: Mr. Shalabh Saxena and Mr. Ashish Damani ceased to be Directors of the company with effect from March 1, 2022.

Note 5: Presence of Directors by video-conference during the meeting has been counted as attendance for quorum of the meeting.

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**8. Managerial Remuneration:**

As on March 31, 2022, the company's Board of Directors comprised of 5 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 Ltd.

During the year under review, Mr Shalabh Saxena and Mr Ashish Damani had tendered their resignation from the organization as Managing Director & CEO and Executive Director & CFO respectively, pursuant to emails addressed to the Chairman of the Board, on November 25, 2021, which were not accepted, pending completion of ongoing review of operations by IndusInd Bank Ltd. However, vide their email dated March 18, 2022, they had communicated that their employment be ceased to be effective from March 1, 2022, citing completion of notice period of employment. The Board at its meeting held on July 19, 2022 took note of the resignation of Mr. Shalabh Saxena and Mr. Ashish Damani as Managing Director & CEO and Executive Director & CFO respectively. The Company has paid or provided Managerial remuneration to the Executive Directors in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Mr. Shalabh Saxena and Mr. Ashish Damani have been paid their monthly remuneration until February 28, 2022.

An amount of ₹ 3.67 crore was paid to Mr. Saxena as remuneration in the form of Salary, Incentives and Perquisites as Managing Director & CEO of the company. Mr. Ashish Damani was paid an amount of ₹ 2.94 crore as remuneration in the form of Salary, Incentives and Perquisites as Executive Director and CFO of the company.

During the year under review, Mr. J Sridharan was appointed as Additional Director designated as Executive Vice Chairman (on deputation from IndusInd Bank Ltd. of which the Company is a wholly owned subsidiary) with effect from December 2, 2021, and his remuneration has been paid by 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. 25 to the Audited Financial Statements, for the year under review and also in MGT-9, forming part of this report.

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## **9. Performance Evaluation**

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

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

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

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

During the year under review, the company had Foreign Exchange outgo of ₹ 1.40 crores towards Professional Fees but had Nil Foreign Exchange earnings.

## **11. Changes in Share Capital:**

During the year under review, there was no change in the share capital of the company. As at the end of F.Y. 2021-22, Authorised Share Capital of the company was ₹60,00,00,000, comprised of 6,00,00,000 equity shares of ₹ 10 each and the Paid-up Share Capital was ₹43,70,35,070 comprising 4,37,03,507 fully paid-up shares of ₹ 10 each.

## **12. Details of Subsidiaries, Joint Ventures or Associate companies**

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

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

## **13. Risk Management**

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates. The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk

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management process is continuously improved and adapted to the changing risk scenario and 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 an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with both the Management and the Risk Management Committee. Some of the risks relate to competitive intensity and the changing legal and regulatory environment. The Risk Management Committee which has representation from IndusInd Bank, (considering the portfolio serviced by the company is that only of the Bank) reviews the risk management policies in relation to various risks and regulatory compliance issues.

#### **14. Statutory Auditors**

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

#### **15. Cost Auditors**

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

#### **16. Secretarial Audit Report**

In terms of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank has appointed M/s Bhandari & Associates, Company Secretaries in Practice, to undertake Secretarial Audit of the Bank for FY 2021-22. The Secretarial Audit Report submitted by M/s Bhandari & Associates is furnished at Annexure I, and forms an integral part of this Report.

The Secretarial Audit Report submitted by M/s Bhandari & Associates for FY 2021-22 does not contain any qualification, reservation or adverse remark.

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**Tel: (022) 6641 2487 / 2359; E-mail: [info@bfil.co.in](mailto:info@bfil.co.in);**

**17. 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.

**18. Responses to Auditors' Remarks**

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

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

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

**20. Extract of Annual Return**

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return as on March 31, 2022, in the prescribed Form MGT-7 is available on the website of the company at : <https://www.bfil.co.in/document/PDF/draft-form-MGT-7-%20FY-2021-22.pdf>

**21. 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.

**22. Related Party Disclosures**

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

Suitable disclosure as required under the Accounting Standards (AS 18) has been made in the Note No. 25 to the Audited Financial Statements, for the year under review.

**BHARAT FINANCIAL INCLUSION LIMITED**  
**CIN: U65999MH2018PLC312539**

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Tel: (022) 6641 2487 / 2359; E-mail: [info@bfil.co.in](mailto:info@bfil.co.in);**

**23. Deposits**

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

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

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

**25. Internal Financial Controls**

The company has established internal financial controls with reference to financial statements which are adequate with the size and scale of operations of the company and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022.

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

As at March 31, 2022 the company had 31,420 employees.

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

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

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

The company has complied with the provisions relating to the constitution of Internal Complaints Committees under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, to enquire into the complaints of sexual harassment and recommend appropriate action.



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The company had received 9 complaints alleging sexual harassment at workplace during the financial year 2021-22. The status of the same is as under:

No. of cases received during the year	No. of cases closed during the year	No. of cases pending for investigation at the end of the year
9	8	1

## **27. Directors' Responsibility Statement**

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors confirm that annual accounts were prepared on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **28. 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 :

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

Mr. M. R. Rao had resigned from the Board with effect from September 30, 2021. The CSR committee was reconstituted with appointment of Mr. Shalabh Saxena and

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Mrs. Akila Krishnakumar, as Members of the Committee, by the Board at its meeting held on October 26, 2021.

The Members of CSR Committee, as on March 31, 2022 were:

1. Mr. Sumant Kathpalia
2. Mr. Sanjeev Anand
3. Mrs. Akila Krishnakumar

\* Mr Shalabh Saxena ceased to be member of the Committee effective from March 1, 2022, upon his cessation of office as Managing Director & CEO.

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.32 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.

## **29. 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.

## **30. Significant and Material Orders passed by the Regulators or Courts**

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

## **31. 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)

## **32. 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 or any other party. Hence this is not applicable.

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### **33. 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 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 before the merger and continued in the new entity with the same commitment.

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

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

**For Bharat Financial Inclusion Limited**

Sd/-

**Place: Delhi**  
**Date: August 12, 2022**

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

# **BHANDARI & ASSOCIATES**

Company Secretaries

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

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

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

Email: bhandariandassociates@gmail.com

## **SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2022**

*[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**

**CIN: U65999MH2018PLC312539**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BHARAT FINANCIAL INCLUSION LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 according to the provisions of:

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

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

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011#;
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015#;
- c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018#;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021#;
- e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021#;
- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021#; and
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018# ;

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

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

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

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

**We further report that -**

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

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

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

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

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

**For Bhandari & Associates**

**Company Secretaries**

Firm Registration No: P1981MH043700

Sd/-

**Manisha Maheshwari**

**Partner**

ACS No: 30224; C P No.: 11031

Mumbai | August 12, 2022

ICSI UDIN: A030224D000780468

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

To,  
The Members,  
**BHARAT FINANCIAL INCLUSION LIMITED**  
**CIN: U65999MH2018PLC312539**

Our Secretarial Audit Report for the Financial Year ended on March 31, 2022 of even date is to be read along with this letter.

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

**For Bhandari & Associates**  
**Company Secretaries**  
Firm Registration No: P1981MH043700

Sd/-

**Manisha Maheshwari**  
**Partner**  
ACS No: 30224; CP. No: 11031  
Mumbai | August 12, 2022  
ICSI UDIN: A030224D000780468



## **ANNEXURE II – DIRECTORS’ REPORT- FY 21-22**

### **CSR REPORT- FY 21-22**

- 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 (as on March 31, 2022):

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	1	Nil
2	Mrs. Akila Krishnakumar	Member	1	1
3	Mr. Sanjeev Anand	Member	1	1

\* Mr. Shalabh Saxena, who was member of the Committee, resigned his office as Director w.e.f. March 1, 2022.

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

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

- 4) Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).  
Not Applicable

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

Not Applicable

Sl. No.	Financial Year 2021-20	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1		NA	NA
2			
3			
	<b>TOTAL</b>		

- 6) Average net profit of the company as per section 135(5). Rs. 844,652,675

- 7) a) Two percent of average net profit of the company as per section 135(5) - Rs 1,68,93,054  
b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – Nil  
c) Amount required to be set off for the financial year, if any – Nil  
d) Total CSR obligation for the financial year (7a+7b- 7c) - Rs 16,893,054

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

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
Nil	16,893,054	29.04.2022	NA		

b) Details of CSR amount spent against **ongoing projects** for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number.
1.	Aspirational District		Yes	Karnataka	Yadgir	3 years	1,18,93,054	Nil	1,18,93,054	No	Implementing Agency	CSR00000313.
2.	Sanjeevani		Yes	Rajasthan	Alwar, Udaipur	3 years	50,00,000	Nil	5000000	No	Implementing Agency	CSR00000313.
	TOTAL						1,68,93,054	Nil	1,68,93,054			

c) Details of CSR amount spent against **other than ongoing projects** for the financial year: Not Applicable

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.									
2.									
3.									
	TOTAL								

d) Amount spent in Administrative Overheads - Nil

e) Amount spent on Impact Assessment, if applicable – Not Applicable

f) Total amount spent for the Financial Year (8b+8c+8d+8e) – Nil

g) Excess amount for set off, if any - Not Applicable

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	1,68,93,054
(ii)	Total amount spent for the Financial Year	Nil
(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

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

Sl. No.	Preceding Financial Year 2020-2021	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (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.)
				Name of the Fund	Amount (in Rs.)	Date of transfer.	
1.		50,75,263	Nil		50,75,263	30-04-2021	50,75,263
2.							
3.							
	TOTAL						50,75,263

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1.		Watershed with NABARD	FY21	3 years	30,00,000	Nil	Nil	Ongoing
2.		Sanjeevani – Telangana	FY21	3 years	20,75,263	Nil	Nil	Ongoing
	TOTAL				50,75,263			

- 10) In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year **(asset-wise details)**. Not Applicable
- a) Date of creation or acquisition of the capital asset(s).
  - b) Amount of CSR spent for creation or acquisition of capital asset.
  - c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
  - d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
- 11) Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).
- BFIL has identified a new project 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

Sd/-

Place: Delhi  
Date: August 12, 2022

Sumant Kathpalia  
Chairman  
DIN: 01054434

**INDEPENDENT AUDITOR'S REPORT****To the Members of Bharat Financial Inclusion Limited****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying financial statements of **Bharat Financial Inclusion Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

**Other Information**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report and Management Discussion and Analysis and other elements forming part of the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.





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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists



related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on Other Legal and Regulatory Requirements**

- (1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we report in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (2) As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act read with relevant rules issued thereunder;
  - e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section 164(2) of the Act;
  - f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";
  - g. With respect to the other matter to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid/ provided by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act;





h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

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

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

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

(iv) (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note no. 36 of financial statement, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(iv) (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the note no. 36 of financial statement, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(iv) (c) Based on the audit procedures that are considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has not declared nor paid any dividend during the year. Hence, reporting the compliance with section 123 of the Act is not applicable.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W / W100048



Purushottam Nyati

Partner

Membership No. 118970

UDIN: 22118970AHYLP5388

Place: Mumbai

Date: April 27, 2022



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section in our Independent Auditor's Report of even date to the members of **Bharat Financial Inclusion Limited** (Formerly known as IndusInd Financial Inclusion Limited) on the financial statements for the year ended March 31, 2022]

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

We have audited the internal financial controls with reference to financial statements of **Bharat Financial Inclusion Limited** (Formerly known as IndusInd Financial Inclusion Limited) ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.





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

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

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by the ICAI.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No.103523W/W100048



Purushottam Nyati

Partner

Membership No.118970

UDIN: 22118970AHYLP5388

Place: Mumbai

Date: April 27, 2022



**ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT**

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section in the Independent Auditor's Report of even date to the members of Bharat Financial Inclusion Limited on the financial statements for the year ended March 31, 2022]

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

- (i)
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
  - (a) (B) The Company has maintained proper records showing full particulars of Intangible Assets.
  - (b) During the year, the Property, plant and equipment of the Company have been physically verified by the management and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not have any immovable property and accordingly, reporting under clause (i)(c) of paragraph 3 of the Order is not applicable.
  - (d) The Company has not revalued its Property, Plant and Equipment and/or Intangible Assets during the year. Accordingly, reporting under clause (i)(d) of paragraph 3 of the Order is not applicable.
  - (e) No proceedings have been initiated or are pending against the Company as at March 31, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii)
- (a) The Company is in the business of providing services and consequently, does not hold any inventory. Therefore, reporting under clause (ii)(a) of paragraph 3 of the Order is not applicable.
  - (b) The Company has not obtained any sanctioned working capital limit during the year, from banks and/or financial institutions, on the basis of security of current assets. Therefore, reporting under clause (ii)(b) of paragraph 3 of the Order is not applicable.
- (iii) During the year, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting under clause (iii) of paragraph 3 of the Order is not applicable.
- (iv) The Company has not given any loan, made any investment, provided any guarantee and security covered under sections 185 and 186 of the Act. Accordingly, reporting under clause (iv) of paragraph 3 of the Order is not applicable.
- (v) In our opinion, the Company has not accepted any deposits or amounts which are deemed to be deposits. Accordingly, reporting under clause (v) of paragraph 3 of the Order is not applicable.
- (vi) The Central Government has not prescribed the maintenance of cost records for any of the products of the Company under sub-section (1) of section 148 of the Act and the rules framed there under.





(vii)

- (a) The Company is regular in depositing with the appropriate authorities, undisputed statutory dues including Goods and Services tax (GST), provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues applicable to it, in all cases during the year. During the year 2017-18, sales tax, value added tax, service tax and duty of excise subsumed in GST and are accordingly reported under GST.

No undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, GST, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (b) There are no dues with respect to provident fund, employees' state insurance, income tax, GST, sales tax, service tax, value added tax, customs duty, excise duty and cess, which have not been deposited on account of any dispute.

(viii) We have not come across any transaction which was previously not recorded in the books of account of the Company that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix)

- (a) The Company has not taken any loans or other borrowings from any lender. Accordingly, reporting under clause (ix)(a) of paragraph 3 of the Order is not applicable.

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

- (c) The Company did not obtain any money by way of term loans during the year and there were no outstanding term loans at the beginning of the year. Accordingly, reporting under clause (ix)(c) of paragraph 3 of the Order is not applicable.

- (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) The Company does not have any subsidiary, associate, jointly controlled entity or joint operation 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, jointly controlled entity or joint operation as defined under the Act. Accordingly, reporting under clause (ix)(f) of paragraph 3 of the Order is not applicable.

(x)

- (a) The Company has not raised money by way of initial public issue offer / further public offer (including debt instruments) during the year. Therefore, reporting under clause (x)(a) of paragraph 3 of the Order is not applicable.

- (b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, reporting under clause (x)(b) of paragraph 3 of the Order is not applicable.

(xi)

- (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management except instances of cash embezzlement or loans given against fictitious documents by certain employees of





the Company aggregating to an amount of Rs.17,83,79,048 out of which an amount of Rs.9,61,83,128 has been recovered. The services of the concerned employees have been terminated.

- (b) No report under section 143(12) of the Act has been filed with the Central Government by the auditors of the Company in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, during the year or upto the date of this report.
- (c) Though establishment of vigil mechanism is not mandated by the Act or by SEBI LODR Regulations, we have taken into consideration the whistle blower complaints received by the Company during the year (and upto the date of this report) and shared with us for reporting under this clause.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, reporting under clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) All transactions entered into by the Company with the related parties are in compliance with section 188 of the Act, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards. Since the Company is an unlisted company and a wholly owned subsidiary, the provisions of section 177 of the Act are not applicable.
- (xiv)
- (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the Internal Audit Reports of the Company issued till date, for the period under audit.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them during the year and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi)
- (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, reporting under clause (xvi)(a) and (b) of paragraph 3 of the Order are not applicable.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without having a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in Core Investment Companies (Reserve Bank) Directions, 2016 ("Directions") by the Reserve Bank of India. Accordingly, reporting under clause (xvi)(c) and (d) of paragraph 3 of the Order are not applicable.
- (xvii) The Company has not incurred cash losses in the current and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly, reporting under clause (xviii) of paragraph 3 of the Order is not applicable.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which cause us to believe that any material uncertainty exists as on the date of this audit report and that the Company is not capable of meeting its liabilities existing at



the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)

(a) There are no unspent amount towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Act in compliance with second proviso to section 135(5) of the said Act. Hence, reporting under clause (xx) (a) of paragraph 3 of the Order is not applicable.

(b) The Company has not transferred the Corporate Social Responsibility (CSR) amount remaining unspent in respect of ongoing projects, to a Special Account till the date of our report since the time period for such transfer i.e. thirty days from the end of the financial year as permitted under the section 135(6) of the Act, has not elapsed till the date of our report.

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 103523W / W100048



Purushottam Nyati

Partner

Membership No. 118970

UDIN: 22118970AHYLP5388

Place: Mumbai

Date: April 27, 2022



**Bharat Financial Inclusion Limited**  
**Balance Sheet as at March 31, 2022**

(Amount in crore unless otherwise stated)

	Notes	31-Mar-22	31-Mar-21
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	43.70	43.70
Reserves and surplus	4	326.34	132.82
		<b>370.04</b>	<b>176.52</b>
<b>Non-current liabilities</b>			
Long-term provisions	5	24.13	21.12
		<b>24.13</b>	<b>21.12</b>
<b>Current liabilities</b>			
Other current liabilities	6	561.12	776.16
Short-term provisions	7	20.06	6.78
		<b>581.18</b>	<b>782.94</b>
<b>TOTAL</b>		<b>975.35</b>	<b>980.58</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment & Intangible assets			
Property, Plant and Equipment	8	73.71	58.19
Intangible assets	9	6.35	8.19
Intangible assets under development	10	0.01	-
Deferred tax assets (net)	11	6.61	5.71
Long-term loans and advances	12	61.12	123.08
Other Non-Current Assets	13	6.44	5.33
		<b>154.24</b>	<b>200.50</b>
<b>Current assets</b>			
Trade receivables	14	0.40	0.69
Cash and cash equivalent	15	642.09	617.55
Short-term loans and advances	16	56.50	22.14
Other current assets	17	122.12	139.70
		<b>821.11</b>	<b>780.08</b>
<b>TOTAL</b>		<b>975.35</b>	<b>980.58</b>

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

As per our report of even date attached

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

  
**Parashottam Nyati**  
Partner  
Membership No. 118970  
Mumbai



Date: April 27, 2022

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

  
**Sumant Kathpala**  
Non-Executive Chairman  
DIN: 01054434  
Mumbai

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

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

  
**Srinivas Bonam**  
Head - Operations, Finance,  
Technology & product  
Hyderabad

Date: April 27, 2022





**Bharat Financial Inclusion Limited**  
**Statement of profit and loss for the year ended March 31, 2022**

(Amount in crore unless otherwise stated)

	Notes	31-Mar-22	31-Mar-21
Revenue from operations	18	1,622.37	1,310.22
Other Income	19	14.84	6.48
<b>Total Income (I)</b>		<b>1,637.21</b>	<b>1,316.70</b>
<b>Expenses</b>			
Employee benefits expense	20	1,005.39	841.34
Other expenses	21	341.84	247.85
Depreciation and amortization expenses	22	30.81	22.23
<b>Total expenses (II)</b>		<b>1,378.04</b>	<b>1,111.42</b>
<b>Profit before tax (III)=(I)-(II)</b>		<b>259.17</b>	<b>205.28</b>
<b>Tax expenses</b>			
Current tax		66.55	50.27
Deferred tax		(0.90)	1.53
<b>Total tax expense (IV)</b>		<b>65.65</b>	<b>51.80</b>
<b>Profit after tax (III)-(IV)</b>		<b>193.52</b>	<b>153.48</b>
<b>Earnings per equity share</b>			
[Nominal value of share Rs.10 (March 31, 2021: Rs.10)]	23		
<b>Basic</b>		<b>44.28</b>	<b>35.12</b>
<b>Diluted</b>		<b>44.28</b>	<b>35.12</b>

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements


As per our report of even date attached


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

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

  
**Purnashottam Nyati**  
Partner  
Membership No. 118970  
Mumbai



  
**Sumant Kathpalia**  
Non-Executive Chairman  
DIN: 01054434  
Mumbai

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

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

  
**Srinivas Bonam**  
Head - Operations, Finance,  
Technology & product  
Hyderabad

Date: April 27, 2022

Date: April 27, 2022



	31-Mar-22	31-Mar-21
<b>Cash flow from operating activities</b>		
Profit before tax	259.17	205.28
Adjustments for:		
Depreciation and amortization expenses	30.81	22.23
Provision / (reversal) for employee benefits	16.29	(5.26)
Loss on sale of property, plant and equipment	0.09	0.04
Other provisions and write offs	8.49	1.95
<b>Operating profit before working capital changes</b>	<b>314.85</b>	<b>224.24</b>
Adjustments for:		
Increase / (decrease) in other current liabilities	(215.04)	546.16
Decrease / (increase) in trade receivables	0.29	(0.46)
Decrease / (increase) in loans and advances	(46.41)	12.75
Decrease / (increase) in other current assets	17.58	(27.18)
Decrease / (increase) in other Non-current assets	(1.12)	(0.29)
Cash generated from operations	70.15	755.22
Direct taxes paid (net of refunds)	(0.61)	(103.05)
<b>Net cash generated from operating activities (A)</b>	<b>69.54</b>	<b>652.17</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipments, including capital work in progress and capital advances	(45.69)	(38.47)
Proceeds from sale of property, plant and equipments	0.69	0.58
<b>Net cash used in investing activities (B)</b>	<b>(45.00)</b>	<b>(37.89)</b>
<b>Cash flows from financing activities</b>		
Interim Dividend paid	-	(60.00)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>-</b>	<b>(60.00)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>24.54</b>	<b>554.28</b>
Cash and cash equivalents at the beginning of the year	617.55	63.27
<b>Cash and cash equivalents at the end of the year (refer note 15)</b>	<b>642.09</b>	<b>617.55</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	57.03	86.71
Balance with banks:		
- on current account (excluding unclaimed dividend accounts)	585.06	530.84
<b>Total cash and cash equivalents</b>	<b>642.09</b>	<b>617.55</b>

**Notes:**

1. All figures in bracket are outflow
2. Income taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities
3. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 "Cash Flow Statements"

**Summary of significant accounting policies**

2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For Haribhakti & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 103523W/W100048

  
Purushottam Nyati  
Partner  
Membership No. 118970  
Mumbai




For and on behalf of the Board of Directors of

**Bharat Financial Inclusion Limited**

CIN: U65999MH2018PLC312539

  
Sumant Kathpalia  
Non-Executive Chairman  
DIN: 01054434  
Mumbai

  
V. Ravi Kumar Reddy  
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J. Sridharan  
Executive Vice Chairman  
DIN: 09420031  
Hyderabad

  
Srikrishna Bonam  
Head - Operations, Finance,  
Technology & product  
Hyderabad

Date: April 27, 2022

Date: April 27, 2022



**1. Corporate information**

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

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

**2. Basis of preparation**

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

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

**2.1. Summary of significant accounting policies**

**a. Use of estimates**

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

**b. Revenue recognition**

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

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

**c. Expenses**

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

**d. Property, Plant and Equipment**

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

**e. Intangible assets**

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

**f. Intangible assets under development**

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





**g. Depreciation**

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

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

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

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

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are considered, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

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

**j. Foreign currency transactions**

- i. All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii. Monetary assets and liabilities of domestic and integral foreign operations denominated in foreign currency are translated at the Balance Sheet date at the closing rates of exchange notified by the Foreign Exchange Dealers' Association of India ('FEDAI') and the resulting gains or losses are recognised in the statement of Profit and Loss.
- iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.



**k. Employee benefits**

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

**l. Income taxes**

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

**m. Earnings per share**

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

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

**n. Segment reporting**

The Company operates in a single business segment i.e. Business Correspondence and accordingly there are no separate reportable segments as per Accounting standard 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules, 2014, as amended. The Company operates in a single geographical segment i.e. domestic.





**o. Provisions**

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

**p. Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are not recognised in the financial statements as this may result in the recognition of income that may never be realised.

**q. Cash and cash equivalents**

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

**r. Corporate Social Responsibility**

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

**s. Grants**

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

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

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

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



3. Share capital	31-Mar-22	31-Mar-21
<b>Authorized</b>		
60,000,000 (March 31, 2021: 60,000,000) equity shares of Rs.10/- each	60.00	60.00
<b>Issued, subscribed and fully paid-up</b>		
43,703,507 (March 31, 2021: 43,703,507) equity shares of Rs.10/- each fully paid up	43.70	43.70
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>43.70</b>	<b>43.70</b>

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

	31-Mar-22		31-Mar-21	
	No. of Shares	(Rupees)	No. of Shares	(Rupees)
At the beginning of the year	43,703,507	43.70	43,703,507	43.70
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>43,703,507</b>	<b>43.70</b>	<b>43,703,507</b>	<b>43.70</b>

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

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

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

**(c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:** Pursuant to effectiveness of Composite Scheme of Arrangement on July 04, 2019, The Company has allotted 4,37,03,500 Equity Shares of Rs.10 each to the IndusInd Bank Limited in consideration of the transfer of the Business Undertaking during the year ended March 31, 2020.

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

Equity shares of Rs.10 each fully paid	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
IndusInd Bank Limited	43,703,501	100.00%	43,703,501	100.00%

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

Equity shares of Rs.10 each fully paid	As at March 31, 2022		As at March 31, 2021	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
IndusInd Bank Limited	43,703,501	100%	43,703,501	100%

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) Details of promoter shareholders in the Company**

Shares held by promoter at the end of the year	As at March 31, 2022		As at March 31, 2021	
Promoter name	No. of Shares	% of total share	No. of Shares	% of total share
IndusInd Bank Limited	43,703,501	100%	43,703,501	100%

There is no change in promoter shareholding during the year FY21-22 and FY20-21.

**4. Reserves and surplus**

Surplus/ (deficit) in the statement of profit and loss	31-Mar-22	31-Mar-21
Balance as per last financial statements	132.82	39.34
Add: Profit for the year	193.52	153.48
Less: Interim Dividend	-	(60.00)
<b>Total reserves and surplus</b>	<b>326.34</b>	<b>132.82</b>

In financial year 20-21, an Interim Dividend of Rs. 13.73 (at the rate of 137.30 percent) on each fully paid-up equity share of Rs. 10 of the company amounting to Rs. 60.00 crore had been paid out of profit of the company for the half year ended September 30, 2020 to IndusInd Bank Limited, the only shareholder of the company.



5. Long-term Provisions	31-Mar-22	31-Mar-21
Provision for gratuity (refer note 28)	9.97	9.21
Provision for leave benefits	14.16	11.91
	<b>24.13</b>	<b>21.12</b>

6. Other current liabilities	31-Mar-22	31-Mar-21
Employee benefits payable	60.57	69.23
Payable to IndusInd Bank (refer note 25)	410.57	533.51
Expenses payable	10.62	12.95
Other payable	61.41	146.43
Statutory dues payable	17.95	14.04
	<b>561.12</b>	<b>776.16</b>

7. Short-term Provisions	31-Mar-22	31-Mar-21
Provision for gratuity (refer note 28)	16.19	3.12
Provision for leave benefits	3.87	3.66
	<b>20.06</b>	<b>6.78</b>

8. Property, Plant and Equipment	Furniture and fixtures	Computers	Office equipments	Vehicles	Total
<b>Cost</b>					
At April 1, 2020	21.43	67.96	12.94	0.33	102.66
Additions	2.43	31.82	1.75	-	36.00
Disposals	(0.60)	(1.74)	(0.98)	-	(3.32)
At March 31, 2021	<b>23.26</b>	<b>98.04</b>	<b>13.71</b>	<b>0.33</b>	<b>135.34</b>
Additions	6.32	34.92	3.00	0.01	44.25
Disposals	(0.77)	(5.67)	(0.63)	-	(7.07)
At March 31, 2022	<b>28.81</b>	<b>127.29</b>	<b>16.08</b>	<b>0.34</b>	<b>172.52</b>
<b>Depreciation</b>					
At April 1, 2020	10.55	44.14	5.34	0.28	60.31
Charge for the year	1.54	16.76	1.19	0.04	19.53
Disposals	(0.54)	(1.34)	(0.81)	-	(2.69)
At March 31, 2021	<b>11.55</b>	<b>59.56</b>	<b>5.72</b>	<b>0.32</b>	<b>77.15</b>
Charge for the year	2.22	23.54	1.76	0.01	27.53
Disposals	(0.61)	(4.84)	(0.42)	-	(5.87)
At March 31, 2022	<b>13.16</b>	<b>78.26</b>	<b>7.06</b>	<b>0.33</b>	<b>98.81</b>

**Net Block**

At March 31, 2021	<b>11.71</b>	<b>38.48</b>	<b>7.99</b>	<b>0.01</b>	<b>58.19</b>
At March 31, 2022	<b>15.65</b>	<b>49.03</b>	<b>9.02</b>	<b>0.01</b>	<b>73.71</b>

All Property, Plant and Equipment have been recognised at cost. Hence, no disclosure is applicable with respect to revaluation.

9. Intangible assets	Computer software	Total
<b>At April 1, 2020</b>	35.68	35.68
Addition	3.30	3.30
At March 31, 2021	<b>38.98</b>	<b>38.98</b>
Addition	1.44	1.44
At March 31, 2022	<b>40.42</b>	<b>40.42</b>
<b>Amortisation</b>		
At April 1, 2020	28.08	28.08
Charge for the year	2.71	2.71
At March 31, 2021	<b>30.79</b>	<b>30.79</b>
Charge for the year	3.28	3.28
At March 31, 2022	<b>34.07</b>	<b>34.07</b>
<b>Net block</b>		
At March 31, 2021	<b>8.19</b>	<b>8.19</b>
At March 31, 2022	<b>6.35</b>	<b>6.35</b>





**Bharat Financial Inclusion Limited**
**Notes to financial statements for the year ended March 31, 2022**
*(Amount in crore unless otherwise stated)*

<b>10. Intangible assets under development</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Project in Progress (< 1 year)	0.01	-
	<b>0.01</b>	<b>-</b>

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

<b>11. Deferred tax assets</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
<b>Deferred tax asset</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis (i.e. section 43B disallowance)	4.54	3.92
Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(0.35)	(0.43)
Impact of provision for other assets	2.42	2.22
<b>Deferred tax asset</b>	<b>6.61</b>	<b>5.71</b>
<b>Deferred tax asset recognised</b>	<b>6.61</b>	<b>5.71</b>

<b>12. Long term loans and advances</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
<b>A. Advances recoverable in cash or kind</b>		
Unsecured, considered good	5.28	4.74
Unsecured, considered doubtful	9.63	8.83
	<b>14.91</b>	<b>13.57</b>
Provision for doubtful advances	(9.63)	(8.83)
	<b>5.28</b>	<b>4.74</b>
<b>B. Other loans and advances (unsecured, considered good)</b>		
Prepaid expenses	4.30	0.87
Advance income tax (net of provision)	51.54	117.47
	<b>55.84</b>	<b>118.34</b>
<b>Total (A+B)</b>	<b>61.12</b>	<b>123.08</b>

<b>13. Other Non-Current Assets</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Security deposits	6.44	5.33
	<b>6.44</b>	<b>5.33</b>

<b>14. Trade receivables</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Undisputed trade receivables - Considered Good		
Outstanding for a period less than six months from the date they are due for payment (refer note 25)	0.40	0.69
	<b>0.40</b>	<b>0.69</b>

<b>15. Cash and cash equivalents</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
<b>Cash and cash equivalents</b>		
Balances with banks		
On current accounts	585.06	530.84
Cash on hand	57.03	86.71
	<b>642.09</b>	<b>617.55</b>

<b>16. Short term loans and advances</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
<b>A. Advances recoverable in cash or kind</b>		
Unsecured, considered good	29.90	4.45
	<b>29.90</b>	<b>4.45</b>
<b>B. Other loans and advances (unsecured, considered good)</b>		
Prepaid expenses	26.60	17.69
	<b>26.60</b>	<b>17.69</b>
<b>Total (A+B)</b>	<b>56.50</b>	<b>22.14</b>

<b>17. Other current assets</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Unbilled revenue (refer note 25)	122.12	139.70
	<b>122.12</b>	<b>139.70</b>



**Bharat Financial Inclusion Limited**
**Notes to financial statements for the year ended March 31, 2022**
*(Amount in crore unless otherwise stated)*

<b>18. Revenue from operations</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Service Fee	1,622.37	1,310.22
	<b>1,622.37</b>	<b>1,310.22</b>

<b>19. Other income</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Fees on other services	4.10	4.17
Miscellaneous income	10.74	2.31
	<b>14.84</b>	<b>6.48</b>

<b>20. Employee benefits expense</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Salaries and bonus / incentives	889.74	747.48
Leave benefits	14.59	13.02
Contribution to provident fund	49.25	37.87
Contribution to Employee State Insurance Corporation	13.91	11.01
Gratuity expenses (refer note 28)	16.19	16.35
Staff welfare expenses	21.71	15.61
	<b>1,005.39</b>	<b>841.34</b>

Contribution to provident fund is netted off with amount of Rs 0.14 crore received under the scheme "Pradhan Mantri Rojgar Protsahan Yojana" for the year ended March 31, 2022 (March 31, 2021: Rs 0.50 crore). Refer note 2.1 (s)

<b>21. Other expenses</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Rent	43.51	32.91
Rates and taxes	14.99	19.53
Insurance	46.95	37.12
Repairs and maintenance		
Plant and equipment	17.13	11.75
Others	20.50	17.91
Electricity charges	7.02	5.45
Travelling and conveyance	118.57	66.41
Communication expenses	13.24	9.00
Printing and stationery	15.35	14.64
Legal and professional fees	18.03	12.68
Directors' sitting fees	0.02	0.02
Auditors' remuneration (refer note A below)	0.27	0.20
Corporate social responsibility (refer note 32)	1.69	0.51
Loss on sale of property, plant and equipment	0.09	0.04
Other provisions and write off	8.49	1.95
Bank charges	7.19	7.20
Miscellaneous expenses	8.80	10.53
	<b>341.84</b>	<b>247.85</b>

<b>A. Payment to auditors</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Audit fee	0.19	0.14
Limited review	0.06	0.06
Other services (certification fees)	-	-
Reimbursement of expenses	0.02	0.00
	<b>0.27</b>	<b>0.20</b>

<b>22. Depreciation and amortisation expense</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Depreciation of property, plant and equipment	27.53	19.52
Amortisation of intangible assets	3.28	2.71
	<b>30.81</b>	<b>22.23</b>

<b>23. Earnings per share (EPS)</b>	<b>31-Mar-22</b>	<b>31-Mar-21</b>
Earning available to equity shareholders	193.52	153.48
Weighted average number of equity shares in calculating basic EPS	43,703,507	43,703,507
Weighted average number of equity shares in calculating diluted EPS	43,703,507	43,703,507
Basic	44.28	35.12
Diluted	44.28	35.12



## 24. Segment information

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

## 25. Related parties

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

Holding Company	IndusInd Bank Limited (IBL)
Key Management Personnel for the year ended March 31, 2022	Mr. J Sridharan- Executive Vice Chairman (From December 2, 2021) Mr. V. Ravi Kumar Reddy- Company Secretary Mr. Shalabh Saxena- Managing Director & CEO (Resigned on November 25, 2021 and on leave since November 28, 2021) Mr. Ashish Damani- Executive Director & CFO (Resigned on November 25, 2021 and on leave since November 28, 2021)
Key Management Personnel for the year ended March 31, 2021	Mr. M. R. Rao- Managing Director & CEO (from April 1, 2020 till April 16, 2020) Mr. M. R. Rao- Executive Vice Chairman (from April 17, 2020 till March 31, 2021) Mr. Shalabh Saxena- Chief Executive Officer (from April 27, 2020) Mr. Shalabh Saxena- Managing Director & CEO (from November 6, 2020) Mr. Ashish Damani- Chief Financial Officer Mr. Ashish Damani- Executive Director & CFO (from November 6, 2020) Mr. V. Ravi Kumar Reddy- Company Secretary

### b. Related party transactions

Transactions during the year	For the year ended March 31, 2022	For the year ended March 31, 2021
<b>Salary, incentives and perquisites</b>		
– Mr. M. R. Rao	-	6.23
– Mr. Shalabh Saxena	3.67	2.44
– Mr. Ashish Damani	2.94	2.04
<b>Transactions during the year with IBL</b>		
Service fee on Assets	1622.37	1310.22
Service fee on Liability products (An amount of 0.0001 crore pertain to differential of income accrued in March-21 and invoiced in April-21. Amount for the financial year ended 31-Mar-22 is Nil.)	(0.0001)	2.27
Fee income on AEPS transactions	4.10	1.90
Other income	0.07	-
Interim dividend paid	-	60.00
ESOP cost reimbursement on option granted by IBL to BFIL employees	1.53	-
Repayment of Facility to IBL	100.00	-
<b>Payable / Receivable to or from IBL</b>	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Payable (Under business correspondent)	190.09	228.08
Payable (Facility from IBL)	200.00	300.00
Payable (Others)	20.48	5.43
Trade Receivable (AEPS transactions fees)	0.40	0.69
Unbilled Revenue (Service fees on assets)	121.73	139.49
Unbilled revenue (AEPS transactions fees)	0.39	0.21
Receivable (Others)	30.57	0.45
Balance in current bank account	331.88	334.39

Note:

- Mr. J Sridharan was appointed as executive vice chairman during the year with effect from December 1, 2021, and remuneration has been paid by the IBL. The Company has not paid any remuneration directly to him.
- Mr. Shalabh Saxena- Managing Director & CEO and Mr. Ashish Damani- Executive Director & CFO have been paid their monthly remuneration till February 28, 2022. Any further payment due to them till the date of separation will be handled in the full and final settlement process.





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.

**26. Commitments not provided for**

Particulars	March 31, 2022	March 31, 2021
Estimated amount of contracts remaining to be executed on capital account	0.01	2.46

**27. Contingent Liabilities not provided for**

Particulars	March 31, 2022	March 31, 2021
Provident fund (Net of provision of Rs. 3.12 crore)	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.

**28. Retirement benefits**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to limit of Rs. 0.20 crore as per The Payment of Gratuity Act, 1972 as amended from time to time. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

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

**Statement of profit and loss**

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	10.36	8.13
Interest cost on benefit obligation	4.48	3.58
Expected return on plan assets	(3.71)	(2.43)
Net actuarial (gain)/ loss recognised in the year	5.06	7.07
<b>Net employee benefit expense</b>	<b>16.19</b>	<b>16.35</b>
<b>Actual return on plan assets</b>	<b>3.93</b>	<b>2.18</b>

**Balance Sheet**

Details of provision for gratuity:

Particulars	Gratuity	
	March 31, 2022	March 31, 2021
Present value of Defined benefit obligation	86.28	71.58
Fair value of plan assets	(60.12)	(59.25)
<b>Plan liability</b>	<b>26.16</b>	<b>12.33</b>



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

Particulars	Gratuity	
	March 31, 2022	March 31, 2021
Opening defined benefit obligation (Addition on merger)	71.57	55.64
Interest cost	4.48	3.58
Current service cost	10.36	8.13
Benefits paid	(5.41)	(2.60)
Actuarial (gains) / losses on obligation	5.28	6.83
<b>Closing defined benefit obligation</b>	<b>86.28</b>	<b>71.58</b>

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

Particulars	Gratuity	
	March 31, 2022	March 31, 2021
Opening fair value of plan assets (Addition on merger)	59.24	37.83
Expected return	3.71	2.43
Contributions by employer	2.36	21.84
Benefits paid	(5.41)	(2.60)
Actuarial gains / (losses)	0.22	(0.25)
<b>Closing fair value of plan assets</b>	<b>60.12</b>	<b>59.25</b>

The Company expects to contribute Rs. 16.19 crore (March 31, 2021: Rs. 3.12 crore) to gratuity in the next year.

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

Particulars	Gratuity	
	March 31, 2022	March 31, 2021
Investment with insurer	100%	100%

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

**The principal assumptions used in determining gratuity:**

Particulars	Gratuity	
	March 31, 2022	March 31, 2021
Discount rate	6.70%	6.26%
Expected rate of return on assets	6.70%	6.26%
Salary escalation rate per annum	12.5% for the first two years and 7% thereafter	12.5% for the first two years and 7% thereafter
Attrition Rate	15%	15%
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Amounts for the current and previous years are as follows:

Particulars	Gratuity		
	March 31, 2022	March 31, 2021	March 31, 2020
Defined benefit obligation	86.28	71.58	55.64
Plan assets	60.12	59.25	37.83
Surplus / (deficit)	(26.16)	(12.33)	(17.81)
Experience adjustments on plan liabilities	7.42	4.81	2.47
Experience adjustments on plan assets	0.22	(0.25)	0.17





**29. Expenditure in foreign currency**

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Professional fees	1.40	1.21
Travelling expenses	-	0.04
<b>Total</b>	<b>1.40</b>	<b>1.25</b>

**30. Leases (operating lease)**

**Office Premises:**

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

Description	For the year ended March 31, 2022	For the year ended March 31, 2021
Operating lease expenses recognised in the statement of profit and loss	43.51	32.91
Minimum lease obligations		
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-

**Vehicles:**

The Company has taken certain vehicles on cancellable operating lease. Total lease expense under cancellable operating lease during the year was Rs. 5.00 crore; (Previous year: Rs. 4.74 crore).

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

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

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	March 31, 2022	March 31, 2021
a) Principal amount due to suppliers under MSMED Act, 2006	0.41	-
b) Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
c) Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
d) Interest paid to suppliers under MSMED Act (Section 16)	-	-
e) Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
f) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (including interest mentioned in (e) above)	-	-

The above disclosure is made where company has received the invoice and is pending for payment as on March 31, 2022. Above disclosure are related to other payable which are in the nature of service related vendors and suppliers.



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

The details of CSR expenditure for the year ended March 31, 2022 is as follow:

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
a) Gross amount required to be spent by the Company during the year	1.69	0.51

Amount spent during the year on:

Particulars	Paid in cash	Yet to be paid in cash	Total
(i) Construction / acquisition of any asset	Nil	Nil	Nil
(ii) On purpose other than (i) above	Nil	1.69	1.69

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Amount required to be spent by the company during the year	1.69	0.51
(b) Amount of expenditure incurred	Nil	Nil
(c) Shortfall at the end of the year	1.69	0.51
(d) Total of previous years shortfall	0.51	Nil
(e) Reason for shortfall	Ongoing Projects - in pre-implementation phase & finalisation of partners	Ongoing Projects - Partners Identified & ground work initiated
(f) Nature of CSR activities undertaken	Livelihood enhancement by providing access to livestock care, Aspirational District Development	Watershed Development, Livelihood enhancement by access to livestock care
(g) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	Nil	Nil
(h) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	N/A	N/A
(i) The shortfall amount (i.e. unspent amount), in respect of other than ongoing projects, transferred to a Fund specified in Schedule VII to the Act, as per section 135(5) of the Act	N/A	N/A
(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 - Shortfall amount for the financial year 20-21 was transferred on 30-April-21. - 30 days from the end of financial year 21-22 as permitted as per section 135(6) of the Act has not elapsed	Nil	0.51

33. The Company has certain other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 27 for further details.



**34. Instances of fraud for the year ended March 31, 2022:**

Nature of fraud	No. of cases	Amount of fraud	Amount of recovery	Amount (written-off / Provision)
Cash embezzlement	988	17.65	9.56	8.09
Loans given against fictitious documents	3	0.19	0.06	0.13

Instances of fraud for the year ended March 31, 2021:

Nature of fraud	No. of cases	Amount of fraud	Amount of recovery	Amount (written-off)
Cash embezzlement	434	3.24	1.55	1.69
Loans given against fictitious documents	7	0.05	0.003	0.04

**35. Analytical Ratios**

Ratios	Numerator	Denominator	March 31, 2022	March 31, 2021	Variance (%)
a) Current Ratio	Current assets	Current Liabilities	1.41	1.00	0.41
(b) Debt-Equity Ratio			NA	NA	NA
(c) Debt Service Coverage Ratio			NA	NA	NA
(d) Return on Equity Ratio	Profit after tax	Average Equity	70.81%	118.26%	(47.45)
(e) Inventory turnover ratio			NA	NA	NA
(f) Trade Receivables turnover ratio			NA	NA	NA
(g) Trade payables turnover ratio			NA	NA	NA
(h) Net capital turnover ratio			NA	NA	NA
(I) Net profit ratio	Profit after tax	Total income	11.82%	11.66%	0.16
(j) Return on Capital employed	Profit before tax	Average Capital employed	87.59%	137.55%	(49.96)
(k) Return on investment			NA	NA	NA

- Reason for change in Current ratio – Improvement of current ratio from 1.00 to 1.41 in FY22 is attributed to increase in current assets and decrease in current liabilities from FY21 to FY22. Current ratio of 1.41 indicate that a company would be able to meet its short-term obligations.
- Reason for change in Return on Equity Ratio – This is third year of operation for the company since merger with IndusInd Bank Limited and company profit after tax has increased by 284% and 26% in FY20-21 and FY21-22 respectively. All these earned profit are retained in the business which led to increase in net worth as on 31-Mar-22 and lower return on equity of 70.81% for FY21-22 as compared to 118.26% for FY20-21. Net worth was lower due to payment of dividend in FY20-21 which led to higher return on Equity ratio of 118.26% in FY20-21.
- Reason for change in Return on Capital employed – This is third year of operation for the company since merger with IndusInd Bank Limited and company profit before tax has increased by 266% and 26% in FY20-21 and FY21-22 respectively. All these earned profit are retained in the business which led to increase in net worth as on 31-Mar-22 and lower return on equity of 87.59% for FY21-22 as compared to 137.55% for FY20-21. Net worth was lower due to payment of dividend in FY20-21 which led to higher return on capital employed of 137.55% in FY20-21.
- 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.

**36. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;**

The Company is acting as a Business Correspondent of IndusInd Bank Limited, the holding company. In order to carry out the business of extending micro loans to customers of the Bank, at the beginning of each day, the IBL transfers an amount of Rs. 250 crore to a designated Current Account of the Company maintained with the Bank. The said funds are exclusively used for disbursement of micro loans to eligible customers of the Bank, in accordance with the Business Correspondent programme of the





IBL. Any balance left in the said Current Account at the end of the day, is returned back to the Bank, through a Standing Instruction.

Other than disclosed above, No funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

37. The company has not granted any loans and advances during the year to Promoters / Directors / relatives.

**38. Details of Benami Property held**

The Company do not have any Benami property, where any proceeding has been initiated or pending against the Company for holding Benami Property.

**39. 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.

**40. Compliance with Scheme of Arrangement with respect to Accounting Treatment**

There is no scheme of arrangement during the year.

**41. Undisclosed income**

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.

**42. Crypto Currency or virtual currency**

The Company has not traded or invested in Crypto currency or in Virtual currency during the current and previous financial year.

**43. Following disclosures are not applicable**

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

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

**For Haribhakti & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 103523W/W100048

  
**Purushottam Nyati**  
Partner  
Membership No. 118970  
Mumbai



For and on behalf of the Board of Directors of

**Bharat Financial Inclusion Limited**

CIN: U65999MH2018PLC312539

  
**Sumant Kathpalia**  
Non-Executive Chairman  
DIN: 01054434  
Mumbai

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

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

  
**Srividya Bonam**  
Head - Operations, Finance,  
Technology & product  
Hyderabad

Date: April 27, 2022

Date: April 27, 2022

