IDFC FIRST BHARAT LIMITED

CIN	U65929TN2003PLC050856
DIRECTORS	Mr. Pradeep Natarajan (Part time Non-Executive Chairman) Mr. Mr. N. Seshadri Ms. P. V. Bharathi Mr. Ashish Singh Mr. Rajesh Krishnamoorthy Ms. Shikha Hora Kamdar Mr. Praveen Kumar Vecha
KEY MANAGERIAL PERSONAL	Mr. Praveen Kumar Vecha - Managing Director & CEO Mr. Aravind Jagannathan - CFO Mr. Boby Xavier - Company Secretary
STATUTORY AUDITORS	M/s. Walker Chandiok & Co LLP Chartered Accountants
SECRETARIAL AUDITORS	M/s. Vinod Kothari & Company Practicing Company Secretaries
PRINCIPLE BANKER	IDFC FIRST Bank Limited
REGISTERED OFFICE	"S.A.N. Complex", No. 04 Williams Road, Cantonment, Tiruchirappalli, Tamil Nadu - 620 001. **Tel:** +91 431 4500000 Website: www.idfcfirstbharat.com Email ID: sampark@idfcfirstbharat.com

BOARD'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the 22nd Annual Report of **IDFC FIRST Bharat Limited ('IFBL' / 'Company')** together with the audited financial statements for the financial year (FY) ended March 31, 2025.

FINANCIAL HIGHLIGHTS

(Amount in Rs. in Lakhs)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
Total Income	1,00,801	1,01,562
Less: Expenditure	96,777	91,501
Profit / (Loss) before depreciation	4,024	10,061
Less: Depreciation	3,269	2,594
Profit / (Loss) before tax and exceptional Items	755	7,467
Less: Exceptional items	-	-
Profit Before tax	755	7,467
Less: Taxes	(191)	1,626
Net Profit / (Loss)	946	5,841

BUSINESS & OVERVIEW

The Company has entered into an Agreement for provision of Independent Services as Business Correspondent ('BC') with IDFC FIRST Bank Limited ('the Bank' / 'the Holding Company') dated September 01, 2016, by which it agreed to act as a BC to the Bank for distribution of its products. The Company distributes the following products viz., Joint Group Liability Loan, Micro Housing Loan, Micro Enterprises Loan, Two-Wheeler Loan, Housing Loan & Loan against Property, Consumer Durable Loan, Personal Loan, Commercial Vehicle Loan, Gold Loan, Car Loans and Tractor. Since October 2016, the Company has been acting as the BC of the Holding Company and there was no change in the nature of business during the year under review

TRANSFER TO RESERVES

Since the Company is no longer registered with RBI under section 45IA of the Reserve Bank of India Act, 1934, the requirement of creating a reserve fund (statutory reserve) in terms of Section 45IC (1) of the Reserve Bank of India Act, 1934 and transferring 20% of the profit to the Statutory Reserve does not arise. Consequently, no amount has been transferred to the said reserve fund during the year.

REVIEW OF PERFORMANCE

The Company has a branch base of 637 spread across 11 states of the Country. The Company during the year started distributing the Mortgage product in 2 new state viz Bihar and Odisha, and Individual loans product in 3 new states viz Bihar, Jharkhand and Odisha. The Management is confident of achieving considerable growth.

DIVIDEND

The Board of Directors, based on the recommendations of the Audit Committee had approved the interim dividend of Rs.81/- (Rupees Eighty-One only) per equity share aggregating to a total payout of Rs. 45,19,79,676/- (Rupees Forty-Five Crores Nineteen Lakhs Seventy-Nine Thousand Six Hundred and Seventy Six only) during the year.

HOLDING COMPANY / SUBSIDIARY COMPANY / JOINT VENTURES / ASSOCIATE COMPANY

The Company is a wholly owned subsidiary of IDFC FIRST Bank Limited. The Company does not have any Subsidiary Company / Joint Venture / Associate Company and therefore, disclosure under section 134(3)(q) read with Rule 8(1) of Companies (Accounts) Rules 2014 is not applicable.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The Company has grown with a Talent base of 18,505 employees as of March 31, 2025, as against 17,666 employees as of March 31, 2024. The Company has a well-defined process of recruiting employees after rigorous screening of their capabilities and aligned to the dynamic market environment. The Company has a merit-oriented culture where performance appraisals are conducted on an annual basis for all employees through a rigorous process. Employees are allocated ratings based on performance and such performance ratings are linked with employees' rewards and compensation. In general, the work environment in the organization continued to be vibrant during the year

Since the Company is not listed in any of the stock exchanges both in India and abroad, the provisions of Section 197(12) of the Companies Act, 2013 (the Act) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

SHARE CAPITAL UPDATE

The Company did not issue any fresh equity shares, during the financial year ended March 31, 2025. The Company has so far issued a total of 55,79,996 equity shares of Rs. 10/- each. The Capital Structure of the Company as on March 31, 2025, was as follows:

SHARE CAPITAL	AMOUNT IN INR
AUTHORIZED	
Equity Shares	250,000,000
Preference Shares	250,000,000
TOTAL	**500,000,000**
ISSUED, SUBSCRIBED AND FULLY PAID-UP	
Equity Shares	55,799,960
Preference Shares	-
TOTAL	**55,799,960**

PUBLIC DEPOSITS

The Company has not accepted any deposits as per Chapter V of the Act. Hence, disclosure under section 134(3)(q) read with Rule 8(5)(v) & (vi) of the Companies (Accounts) Rules, 2014 is not required.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not provided any loans / guarantees or made investments during FY-25. Hence, the particulars of loans, guarantees and investments under section 134(3)(g) is not required to be disclosed. The Company during FY-25 had availed credit facilities, from financial institutions which are within the limits approved by the Board and Members. The Company had not entered any kind of 'one-time settlement' from any financial institutions. Hence, the disclosure under Section 134(3)(q) read with Rule 8(5)(xii) of Companies (Accounts) Rules 2014 relating to valuation done at the time of availment of loans and settlement of such loans is not applicable.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has in place a Whistle Blower Policy, so-as-to establish a Vigil Mechanism to enable Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. The Audit Committee of the Board reviews the Complaints received, redressed, objected, withdrawn, and dismissed for, every quarter in their meeting. During the year, there were 16 complaints under this policy and necessary actions were taken as per the policy of the Company. The Whistle Blower Policy is available on the website of the Company https://www.idfcfirstbharat.com/corporate-governance.html

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

During the year the Company incurred Foreign Exchange expenditure of Rs. 15,05,734. However, no foreign exchange income was earned by the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the particulars regarding conservation of energy, technology absorption and other particulars as required by Section 134 (3)(m) of the Act, read with the Rule 8 (3)(A) & (B) of the Companies (Accounts) Rules, 2014 are not applicable.

The Company's activities do not require any technology to be absorbed on the lines of what is mentioned in the aforesaid Rules. However, the Company makes all efforts towards conservation of energy, environment and ensuring safety.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Composition of the Board during the year had undergone changes pursuant to induction of new directors, expiry of tenure of existing directors and resignation by the board members. None of the Directors of the Company are disqualified to be appointed as Directors in accordance with Section 164 of the Act. In the opinion of the Board, all the IDs possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Company.

The Board of Directors, based on the recommendation of the Nomination and Remuneration Committee (NRC), subject to the approval of the members has approved the following appointment in the category of Nominee Director representing the holding Company i.e., IDFC FIRST Bank Limited as tabled hereunder:

No	Name	DIN	Date of Appointment
1	Mr. Pradeep Natarajan	10499651	July 15, 2024
2	Mr. Rajesh Krishnamoorthy	06778689	June 05, 2024
3	Mrs. Shikha Hora Kamdar	10627935	June 05, 2024

All the aforesaid appointments were confirmed by the members of the Company by passing Ordinary resolution at the 21st Annual General Meeting held on July 15, 2024.

Mr. M. S. Sundara Rajan (DIN: 00169775) the Part Time Non-Executive Chairman and Independent Director of the Company, citing personal reasons had resigned effective from the closing hours of July 10, 2024. The tenure of Mr. A. Krishnamoorthy (DIN 00386122) and Dr. J. Sadakkadulla (DIN 07544406) expired from the closure of business hours of October 16, 2024, and January 31, 2025, respectively, as per terms of their appointment.

Further all the Independent Directors (ID) of the Company have complied and affirmed to abide by Rule 6 of the Companies (Appointment and Qualifications of Directors) Rules 2014 as amended and have also declared their enrollment in the data bank of Independent Directors maintained by Indian Institute of Corporate Affairs (IICA).

Further it is reported by the Company's Secretarial Auditor that during the financial year under review, the Board of Directors of the Company is duly constituted with proper composition of Executive, Non-Executive and Independent Directors.

In accordance with the provisions of the Act, Mr. Rajesh Krishnamoorthy (DIN: 06778689) and Ms. Shikha Hora Kamdar (DIN:10627935) would retire by rotation at the ensuing AGM and being eligible offers themselves for re-appointment.

During the year under review the following officials of the Company are the KMP pursuant to the provisions of Section 203 of the Act:

i. Mr. Praveen Kumar Vecha - MD & CEO
ii. Mr. Aravind Jeganathan - CFO
iii. Mr. Boby Xavier - Company Secretary

Declaration of Independence

The Company had received declaration from all the ID, at the first meeting of the Board of Directors held in FY25, that they meet the criteria of independence specified Section 149 of the Companies Act, 2013, read with Rule 5 and 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, for holding the position of ID and that they shall abide by the 'Code for Independent Directors' as per Schedule IV of the Act.

BOARD MEETINGS

The Board met Nine (09) times during FY25 viz., on April 16, 2024; April 24, 2024; June 27, 2024; June 29, 2024; July 15, 2024; October 18, 2024; January 17, 2025; March 01, 2025, and March 20, 2025. The maximum interval between any two consecutive meetings did not exceed 120 days. The attendance details of the Board Meetings held during the year are table below:

Name of Director	DIN	Position	Number of Meeting	
			Held	Attended
Mr. M. S. Sundara Rajan[1]	00169775	Independent Director	4	4
Mr. A. Krishnamoorthy[2]	00386122	Independent Director	5	5
Dr. J. Sadakkadulla [3]	07544406	Independent Director	7	7
Mr. N. Seshadri	03486485	Independent Director	9	9
Ms. P V Bharathi	06519925	Independent Director	9	9
Mr. Pradeep Natarajan[4]	10499651	Part time Non-Executive Chairman	5	5
Mr. Rajesh Krishnamoorthy[5]	06778689	Nominee Director	7	5
Mrs. Shikha Hora Kamdar[5]	10627935	Nominee Director	7	4
Mr. Ashish Singh	01768711	Nominee Director	9	9
Mr. Praveen Kumar Vecha	09060904	MD & CEO	9	9

[1] Resigned w.e.f closure of Business hours of July 10, 2024

[2] Tenure expired w.e.f closure of business hours of October 16, 2024

[3] Tenure expired w.e.f closure of business hours of January 31, 2025

[4] Appointed w.e.f. July 15, 2024

[5] Appointed w.e.f June 05, 2024

COMMITTEES OF THE BOARD

During the year under review, in accordance with the requirements of the Companies Act, 2013, read with Rules, to the extent applicable the Company has the following Committees in place:

a. Audit Committee
b. Nomination and Remuneration Committee (NRC)
c. Corporate Social Responsibility Committee (CSR)
d. Risk Management Committee (RMC)

Audit Committee

During the year under review, the Audit Committee was reconstituted twice on June 05, 2024, and October 07, 2024. The composition of the Audit Committee is in compliance with the provisions of the Act. During the year, the Audit Committee met Eight (08) times viz., on April 10, 2024; April 16, 2024; April 24, 2024; June 27, 2024; June 29, 2024; July 15, 2024; October 18, 2024, and January 17, 2025. All the recommendations made by the Audit Committee during the year were accepted by the Board. The Audit Committee of the Company comprises of the following Members:

i. Mr. N. Seshadri, Chairman
ii. Ms. P V Bharathi
iii. Mr. Pradeep Natarajan
iv. Mr. Ashish Singh
v. Mrs. Shikha Hora Kamdar

Attendance details of the Audit Committee Meetings held during the year are tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Mr. N. Seshadri	03486485	Chairman	Independent Director	8	8
Mr. A. Krishnamoorthy[1]	00386122	Member	Independent Director	6	6
Dr. J. Sadakkadulla[2]	07544406	Member	Independent Director	8	8
Mr. M. S. Sundara Rajan[3]	00169775	Member	Independent Director	5	5
Ms. P V Bharathi	06519925	Member	Independent Director	8	8
Mr. Ashish Singh	01768711	Member	Nominee Director	8	8
Mr. Pradeep Natarajan[4]	10499651	Member	Nominee Director	2	2
Ms. Shikha Hora Kamdar[5]	10627935	Member	Nominee Director	5	3

[1] Tenure expired w.e.f closure of business hours of October 16, 2024

[2] Tenure expired w.e.f closure of business hours of January 31, 2025

[3] Resigned w.e.f closure of Business hours of July 10, 2024

[4] Appointed w.e.f. October 07, 2024

[5] Appointed w.e.f June 05, 2024

Nomination & Remuneration Committee

During the year under review, the NRC was reconstituted once on October 03, 2024, the composition of the NRC is in compliance with the Act. During the year, the NRC met thrice on April 15, 2024; April 24, 2024 and July 15, 2024. All the recommendations of the Committee during the year were accepted by the Board. The NRC of the Company comprises of the following members:

i. Mr. Ashish Singh, Chairman
ii. Mr. Pradeep Natarajan

Attendance details of the NRC Meetings held during year is tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Mr. Ashish Singh	01768711	Chairman	Nominee Director	3	3
Mr. A. Krishnamoorthy[1]	00386122	Member	Independent Director	3	3
Dr. J. Sadakkadulla [2]	07544406	Member	Independent Director	3	3
Mr. M. S. Sundara Rajan[3]	00169775	Member	Independent Director	2	2
Mr. Pradeep Natarajan[4]	10499651	Member	Nominee Director	0	0

[1] Tenure expired w.e.f closure of business hours of October 16, 2024

[2] Tenure expired w.e.f closure of business hours of January 31, 2025

[3] Resigned w.e.f closure of Business hours of July 10, 2024

[4] Appointed w.e.f. October 07, 2024

Corporate Social Responsibility Committee

The Company has duly constituted a CSR Committee as per the provisions of Section 135 of the Act and has devised a policy for the implementation of the CSR framework, broadly defining the areas of spending for promotion / development, at least two per cent of its average net profits made during the three immediately preceding Financial Years on the activities mentioned under Schedule VII of the Act. The CSR policy of the Company is available at the website of the Company https://www.idfcfirstbharat.com/corporate-governance.html

During the year under review, the committee was reconstituted once whereby Mr. Rajesh Krishnamoorthy was inducted into the Committee and designated him as the Chairman of the Committee During the year, the CSR Committee met two (02) times on April 15, 2025 & October 18, 2024. All the recommendations of the Committee during the year were accepted by the Board. The CSR Committee comprises of the following members:

i. Mr. Rajesh Krishnamoorthy, Chairman
ii. Mr. N. Seshadri
iii. Mr. Ashish Singh

Attendance details of the CSR Committee Meetings held during year is tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Mr. Rajesh Krishnamoorthy[1]	06778689	Chairman[5]	Nominee Director	1	1
Mr. A. Krishnamoorthy[2]	00386122	Chairman	Independent Director	1	1
Dr. J. Sadakkadulla[3]	07544406	Member	Independent Director	2	2
Mr. M. S. Sundara Rajan[4]	00169775	Member	Independent Director	1	1
Mr. N. Seshadri	03486485	Member	Independent Director	2	2
Mr. Ashish Singh	01768711	Member	Nominee Director	2	2

[1]Appointed as the Member of this Committee w.e.f June 05, 2024.

[2] Tenure expired w.e.f closure of business hours of January 31, 2025

[3] Tenure expired w.e.f closure of business hours of October 16, 2024

[4] Resigned w.e.f closure of Business hours of July 10, 2024

[5]Chairman of the Committee w.e.f October 03, 2024

The disclosure of contents of CSR Policy as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as **Annexure I.**

Risk Management Committee

The Board of the Company has the ultimate responsibility for the Company's risk management framework. To ensure that the Company has a sound system of risk management and internal controls in place, the Board has established the RMC, which endeavors to review the risk register at regular intervals. The members of the RMC ensure the measurement and control of risk factors and advice on the same to the Management of the Company. The Company has in place a well-defined Risk Management Policy.

During the year under review, the committee was reconstituted twice on June 05, 2024 and October 07 2024 During the year, the Committee met Four (04) times viz., April 15, 2024; July 15, 2024; October 18, 2024 and January 17, 2025.

All the recommendations of the Committee during the year were accepted by the Board. The RMC of the Company comprises of the following members:

i. Ms. P V Bharathi, Chairperson.
ii. Mr. Pradeep Natarajan
iii. Mr. N. Seshadri
iv. Mr. Ashish Singh
v. Mr. Praveen Kumar Vecha
vi. Mr. Rajesh Krishnamoorthy

Attendance details of the RMC Meetings held during year are tabled below:

Name of Director	DIN	Position in		Number of Meeting	
		Committee	Board	Held	Attended
Ms. P. V. Bharathi	06519925	Chairperson	Independent Director	4	4
Mr. A. Krishnamoorthy[1]	00386122	Member	Independent Director	2	2
Mr. M. S. Sundara Rajan[2]	00169775	Member	Independent Director	4	4
Mr. N. Seshadri	03486485	Member	Independent Director	4	4
Mr. Pradeep Natarajan[3]	10499651	Member	Nominee Director	2	2
Mr. Ashish Singh	01768711	Member	Nominee Director	4	4
Mr. Praveen Kumar Vecha	09060904	Member	MD & CEO	4	4
Mr. Rajesh Krishnamoorthy[4]	06778689	Member	Nominee Director	3	3

[1] Tenure expired w.e.f closure of business hours of October 16, 2024

[2] Resigned w.e.f closure of Business hours of July 10, 2024

[3] Appointed w.e.f October 03, 2024.

[4] Appointed w.e.f June 05, 2024.

Meeting of Independent Directors

During year under review, the IDs of the Company met once on April 15, 2024, without the presence of the Non-Independent Directors and Senior Management team of the Company. The ID's attended the said meeting and discussed matters as required under the relevant provisions of the Act.

AUDITORS

The Shareholders of the Company at their meeting held on September 14, 2021, had approved the re-appointment of M/s. Walker Chandiok & Co LLP, Chartered Accountants (Registration No: 001076N / N500013) as the Statutory Auditors of the Company for a period of five (5) years to hold office from the conclusion of the Eighteenth AGM until the conclusion of the Twenty Third AGM of the Company.

Accordingly, the Statutory Auditors had issued an Un-Qualified Audit Report for the financial year ended March 31, 2025. Hence the disclosure under Section 134(3)(f)(i) of the Act, is not applicable.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Vinod Kothari and Company, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2025. The Secretarial Audit Report forms part of this Board's Report as **Annexure II.** The Company has provided all assistance and facilities to the Secretarial Auditors for conducting their audit.

There were no qualifications or observations, or other remarks made by the Secretarial Auditors for the Financial Year ended March 31, 2025. Hence the disclosure under Section 134(3)(f)(ii) of the Act is not applicable.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has generally complied with the applicable secretarial standards issued by the Institute of Company Secretaries of India (ICSI).

RELATED PARTY TRANSACTION

All the Related Party Transactions (RPT) that were entered into during the financial year were on arm's length basis and in the ordinary course of business. The Company have always been committed to good corporate governance practices, including matters relating to related party transactions. All the related party transactions are placed before the Audit Committee and Board of Directors for their approval. The required disclosures are made to the Audit Committee on a quarterly basis in terms of the omnibus approval of the Committee.

Pursuant to the provisions of the Act and Rules made thereunder, and in the back-drop of the Company's philosophy on such matters, the Company has in place a Board approved policy on Related Party Transactions.

The said policy is also uploaded on the website of the Company https://www.idfcfirstbharat.com/corporate-governance.html.

Since all RPTs entered into by the Company during the period under review were in the ordinary course of business and were on arm's length basis, Form AOC-2 as prescribed under Section 134(3)(h) of the Act, is not applicable to the Company. Refer Point No. 31 of Notes forming part of the Financial Statement.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. This ensures orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The Internal Auditors of the Company check and verify the internal controls and monitor them in accordance with policies adopted by the Company. The Internal Financial Controls with reference to the financial statements were adequate and operating effectively.

INSTANCES OF FRAUD, IF ANY, REPORTED BY THE AUDITORS AND MANAGEMENT

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act. Hence the disclosure in this regard is not applicable.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company between the end of the financial year of the Company i.e., March 31, 2025, and the date of the Board Meeting in which the Directors' Report was approved i.e., April 23, 2025.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company. Hence, disclosure under section 134(3)(q) read with Rule 8(5)(vii) of Companies (Accounts) Rules 2014 is not required.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company has an Internal Committee to investigate and inquire into sexual harassment complaints in line with The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. The Company has in place a policy on Anti-Sexual Harassment, which reflects the Company's zero-tolerance towards any form of prejudice, gender bias and sexual harassment at the workplace. The Company has set up an Internal Committee ('IC') to receive and redress complaints of sexual harassment. The Company undertakes ongoing trainings to create awareness on this policy. The complete framework adopted by the Company to report the instances of sexual harassment etc., is hosted on the Company's website https://www.idfcfirstbharat.com/corporate-governance.html

During the year under review, 10(Ten) sexual harassment complaints were received, and 04(Four) were pending inquiry as on the date of this report and appropriate actions would be taken as per the policy of the Company.

ANNUAL RETURN

The Annual Return of the Company is available at the website of the Company https://www.idfcfirstbharat.com/corporate-governance.html

IMPLEMENTATION OF RISK MANAGEMENT POLICY.

Our Company promotes a strong risk culture throughout the organization. A strong risk culture is designed to help reinforce the Companies resilience by encouraging a holistic approach to management of risk & return and an effective management of risk, capital and reputational profile.

Our Company operates within an effective Risk Management Framework to actively manage all the material risks faced by the Company, in a manner consistent with the Company's risk appetite. The Company aims to establish itself as an industry leader in the management of risks and strive to reach the efficient frontier of risk and return for the Company.

The Board has ultimate responsibility for the Company's Risk Management Framework. It is responsible for approving the Company's strategies and policies. The Board is assisted by Risk Management Committee of the Board ('RMC') and is supported by management committees as part of the Risk Governance framework to ensure that Company has sound system of risk management and internal controls. The RMC assists the Board in relation to the oversight and review of the Company's risk management principles and policies, strategies, processes and controls.

Our Company has in place Board approved policies on Risk Management viz., Fraud Risk Management Policy, Vigilance Policy, Operations Management Policy, Whistle Blower Policy, Business Continuity Management Policy and Information Security Management System Policy. These Policies aim at establishing a risk culture and governance framework to enable identification, measurement, mitigation and reporting of risks within the Company.

The RMC of the Board reviews the policies pertaining to Fraud Risk Management, Operational Risk Management etc. The RMC also reviews actions taken by the Management to mitigate the risks identified or potential risk aspects, discussed at its meetings, on a quarterly basis.

Operational Risk

Operational Risk touches every part of the organization from products, people, processes and technology and hence it is important to identify and manage proactively. The Company has put in place Board approved governance and organizational structure to manage Operational Risks. A Committee comprising Senior Management Personnel operates in the name and style of 'Operational Risk Management Committee' is responsible for overseeing implementation of Board approved Operational Risk Management Policy and framework.

Compliance Risk

Compliance Risk is defined as the risk of legal or regulatory sanctions, material financial loss, or loss to reputation the Company may suffer as a result of its failure to comply with applicable laws, regulations, rules, standards, and codes of conduct. The management of compliance risk is an integral component of the governance framework at the Company along with other internal control and risk management frameworks.

The Company has a Compliance Policy duly approved by the Board of Directors for effectively managing the compliance risk faced. The respective departmental heads are responsible for ensuring proper compliance of appliable rules and regulations effective for the time being in force and reports to the Compliance Head and MD & CEO of the Company on a quarterly basis on the prompt and proper adherence of the same. The Internal Auditors of the Company do undertake the audit of various compliances on a pre-determined basis as approved by the Audit Committee of the Board. The RCR Department, an independent wing of the Company undertakes review of the central functions and branches. The RMC approves the said annual review plan of the RCR team. The status updates of compliance risk are regularly reported to the Management and Board. With these measures, we have sought to reduce the compliance risk.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Act, it is hereby confirmed that:

a) in the preparation of 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 the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
d) the Directors had prepared the annual accounts on a going concern basis;
e) the Directors had laid down internal financial controls to be followed by the Company and that such

internal financial controls are adequate and were operating effectively; and

f) 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.

REMUNERATION POLICY

The Board has a Remuneration Policy in place for the Directors, Key Managerial Personnel, Senior Management Personnel and other employees, which is formulated in line with the requirements of the Act. Some of the Salient features were listed hereunder:

The Principles for remuneration at IDFC FIRST Bharat Limited are guided by the organization's philosophy for enabling employee performance to achieve the organization's short term and long- term objectives, balanced with prudent risk taking and are in compliance with the applicable acts on compensation of Whole Time Directors / Chief Executive Officers / Risk takers and Control function staff, etc...

- To ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate talent.
- To ensure that the remuneration is balanced between fixed pay, variable pay and ESOPs, with adequate focus on prudent risk taking and the short-term as well as the long-term objectives of the company and its shareholders.
- To ensure a clear relationship between remuneration and performance with adequate focus on achievement of performance objectives incorporating elements of risk, compliance and service measures
- To respect employee needs basis relevant market anchors and tocompensate adequately for the contribution towards the company's growth.

Components of remuneration

- Remuneration payable by the company would include fixed pay, variable pay in the form of annual performance bonus, Retiral benefits include Provident fund, Gratuity, NPS and Superannuation will be payable as per the rules of the Company, eligible for Employee stock options ("ESOPs") as per the ESOP scheme,
- Other components of remuneration may include Joining/Sign-on and /or indicative Target bonus.
- The Company does not grant Severance Pay (other than accrued benefits in the form of Provident Fund, Gratuity, NPS or Superannuation) except in cases where it is mandated by any statute.
- In accordance with the provisions of Section 197 of the Companies Act, 2013, the Non-executive / Independent Directors may be paid remuneration by way of commission, either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other, not exceeding 1% of the net profits of the company computed in the manner referred to in Section 198 of the Companies Act, 2013.
- In addition to the above, Non-executive / Independent Directors (including Non-Executive Part-time Chairperson) will be paid sitting fees, travelling expenses including airfare, hotel stay and car on rental basis for attending the meetings and such other expenses as are incurred and allowed to be reimbursed as per the provisions of the Companies Act, 2013.

The said Remuneration Policy is available on the website of the Company https://www.idfcfirstbharat.com/corporate-governance.html

COST AUDIT AND RECORDS

As per the provisions of Section 148 of the Act, read with Companies (Cost Records and Audit) Rules, 2014, as effective for the time being in force, the applicability of Cost Audit and maintenance of Cost Records as specified by the Central Government is not applicable to the Company for the financial year under review. Hence, the disclosure under Section 134(3)(q) read with Rule 8(5)(ix) of Companies (Accounts) Rules 2014 is not required.

DETAILS OF APPLICATIONS MADE UNDER IBC

No proceedings against the Company were pending under the Insolvency and Bankruptcy Code, 2016 (the Code) and the Company has not made any application under the said code. Hence, the disclosure under Section 134(3)(q) read with Rule 8(5)(xi) of Companies (Accounts) Rules 2014 is not required.

ACKNOWLEDGEMENT

Your Directors would like to thank our clients, vendors and bankers for their continued support during the year. We would like to place on record our appreciation for the support received from the regulatory agencies. We would also like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Company. Your directors, also express their gratitude for the unstinted support and guidance received from IDFC FIRST Bank Limited.

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited

Pradeep Natarajan
Part time Non-Executive Chairman
DIN: 10499651
Date: April 23, 2025
Place: Mumbai.

Form No. MR-3
Secretarial Audit Report
FOR THE YEAR ENDED MARCH 31, 2025
[*Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*]

To,
The Members,
IDFC FIRST Bharat Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **IDFC FIRST Bharat Limited** [hereinafter called **'the Company'**] for the year ended March 31, 2025 ["**period under review**"] in terms of Audit Engagement Letter. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/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 period under review, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period under review, according to the provisions of applicable law provided hereunder:

1. The Companies Act, 2013 ('the Act') and the rules made thereunder including any re-enactment thereof;

2. **Laws specifically applicable to the industry to which the Company belongs, as identified by the management, that is to say:**
    a. RBI Master Circular on Branch Authorisation dated 1st July, 2014 to the extent of obligations of the Business Correspondent, as amended from time to time.

We have also examined compliance with the applicable clauses of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

We report that during the period under review, the Company has complied with the provisions of the Act, rules, regulations, guidelines, standards etc. mentioned above.

Recommendations as a matter of best practice:
In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

We further report that:
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Director 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 is given to all directors to schedule the Board meetings and Committee meetings, agenda and detailed notes on agenda were sent at least seven days in advance except in case of meetings convened at a 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.

All the decisions were unanimous and there was no instance of dissent in Board or Committee Meetings.

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

We further report that during the period under review, the Company has not undertaken any specific events/ actions that can have a major bearing on the Company's compliance responsibility in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Firm Registration No.: P1996WB042300

____
Vinita Nair
Joint Managing Partner
Membership No.: F10559
CP No.: 11902
UDIN:
Peer Review Certificate No.: 4123/2023

Place: Mumbai
Date: April 19, 2025

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

Annexure I

ANNEXURE TO SECRETARIAL AUDIT REPORT (NON-QUALIFIED)

To,
The Members,
IDFC FIRST Bharat Limited

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;

2. We have followed the audit practices and the 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. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.

4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.

5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.

6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.

7. The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.

8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.

9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.

10. 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.

Annexure II: List of Documents

1. Final minutes of the following meetings:
   - Board Meetings dated April 16, 2024, April 24, 2024, June 27, 2024, June 29, 2024, July 15, 2024, October 18, 2024, January 17, 2025 & draft minutes for March 01, 2025, March 20, 2025;
   - Audit Committee Meetings dated April 10, 2024, April 16, 2024, April 24, 2024, June 27, 2024, June 29, 2024, July 15, 2024, October 18, 2024, January 17, 2025;
   - Nomination and Remuneration Committee Meetings dated April 15, 2024, April 24, 2024, & July 15, 2024;
   - Risk Management Committee Meetings dated April 15, 2024, July 15, 2024, October 18, 2024, January 17, 2025;
   - CSR Committee Meetings dated April 16, 2024, and October 18, 2024;
   - Annual general meeting dated July 26, 2024;
2. Proof of circulation of notice and agenda for Board and Committee meetings on a sample basis;
3. Proof of circulation of draft minutes of Board meeting and Committee meetings on sample basis;
4. Proof of circulation of resolution by circulation to be approved by Board & NRC Committee members on sample basis;
5. Director's disclosure pursuant to Companies Act, 2013 and rules made thereunder;
6. Statutory Registers under Companies Act, 2013;
7. Forms and returns filed with the ROC;
8. List of related parties;
9. Bank statement for payment of dividend;
10. Certificate by Finance head pertaining to CSR spends;
11. Addendum to Business Correspondent Agreement;
12. Annual Report for FY 23-24 and financial results for quarter ended June 2024, September 2024 and December 2024.

Annexure - 2

Annual Report on CSR Activities to be included in the Board's Report for FY25

1. Brief outline on CSR Policy of the Company:
   The CSR Committee of IFBL has approved the below mentioned activities:
   (a) Eradicating hunger, poverty and malnutrition, promoting health care and sanitation and making available safe drinking water
   (b) Promoting education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
   (c) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
2. Composition of CSR Committee:

#	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. Rajesh Krishnamoorthy	Nominee Director	1	1
2	Mr. N. Seshadri	Independent Director	2	2
3	Mr. Ashish Singh	Nominee Director	2	2

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company: ***https://www.idfcfirstbharat.com/corporate-governance.html***
4. Executive Summary along with 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. ***Not appliable***
5. (a) Average net profit of the company as per section 135(5) : Rs. 6,007 Lakhs

   (b) Two percent of average net profit of the company as per section 135(5) Rs. 120.14 Lakhs

   (c) Surplus arising out of the CSR projects or programs or activities of the previous financial years. ***: Nil***

   (d) Amount required to be set off for the financial year***: Nil***

   (e) Total CSR obligation for the financial year (b+c-d).: Rs. 120.14 Lakhs
6. (a) Amount spent on CSR Projects (Both Ongoing and Other than ongoing Projects): The Company spent a sum of Rs. 167.06 Lakhs against the budgeted amount of Rs. 165.05 Lakhs as approved by the Board of Directors based on the recommendations of the CSR committee, during FY 25 itself. Hence no sum remained unspent during the year.

   (b) Amount Spent on Administrative Overheads : **Nil**

   (c) Amount spent on Impact Assessment if applicable: Not Applicable

   (d) Total amount spent for FY (a+b+c); Rs. 167.06

   (e) CSR Amount spent or unspent for the FY:

Total Amount spent for the FY (in Lks)	Amount Un Spent (in Lks)				
	Total amount transferred to unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified schedule VII as per 2nd proviso to Section 135(6)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
167.06	Nil	Not Applicable	Not Applicable	Nil	Not Applicable

   (f) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs. In Lks)
(i)	Two percent of average net profit of the company as per section 135(5)	120.14
(ii)	Total amount spent for the Financial Year	167.06
(iii)	Excess amount spent for the financial year [(ii)-(i)]	46.92
(iv)	Surplus arising out of the CSR projects or programs or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	46.92

7. Details of Unspent CSR amount for the preceding three financial years: **Nil.**

1	2	3	4	5	6		7	8
#	**Proceeding FY**	**Amount transferred to unspent CSR Account u/s 135(6)**	**Balance amount in unspent CSR Account u/s 135(6)**	**Amount spent in the FY**	**Amount transferred to a fund specified under Schedule VII as per 2nd proviso of Section 135(5) of the Act.**		**Amount remaining to be spent in the succeeding FY**	**Deficiency if any**
					Amount	**Date of Transfer**		
1	**2023-24**	**NA**						
2	**2022-23**							
3	**2021-22**							

8. Whether any capital assets have been created or acquired through CSR amount in the FY:

○ Yes ✔ No

If yes enter the number of capital assets created / acquired.

No.	**Short particulars of the property or asset(s) [including complete address and location of the property]**	**PIN Code of the property or asset(s)**	**Date of creation**	**Amount of CSR Spent**	**Details of entry / authority / beneficiary of the registered owner**		
					CSR Registration Number if applicable	**Name**	**Registered Address**
Not Applicable							

9. Specify the reason(s), if the company has failed to spend 2% of the average net profit as per section 135(5) : Not Applicable

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited

Praveen Kumar Vecha
DIN 09060904
MD and CEO

Rajesh Krishnamoorthy
DIN: 06778689
Chairman CSR Committee

Independent Auditor's Report
To the Members of IDFC FIRST Bharat Limited

Report on the Audit of the Financial Statements

Opinion

1. We have audited the accompanying financial statements of IDFC FIRST Bharat Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2025, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information.

2. 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 Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2025, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing 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 the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

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

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

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

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

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

5. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

8. 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 Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act 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 Board of Directors' 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; and

   - 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.

10. 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.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

12. 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 give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

13. Further to our comments in Annexure A, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;

   b) Except for the possible effects of the matters stated in paragraph 13(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 financial statements dealt with by this report are in agreement with the books of account;

   d) In our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;

   e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2025 from being appointed as a director in terms of section 164(2) of the Act;

   f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in paragraph 13(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

   g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company as on 31 March 2025 and the operating effectiveness of such controls, refer to our separate report in Annexure B wherein we have expressed an unmodified opinion; and

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

      i. The Company, as detailed in note 35 to the financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2025;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2025;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2025;

      iv.
         a. The management has represented that, to the best of its knowledge and belief, as disclosed in note 42 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the 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 ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

         b. The management has represented that, to the best of its knowledge and belief, as disclosed in note 42 to the financial statements, no funds have been received by the Company from any persons or entities, including foreign entities ('the 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; and

c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.

v. The interim dividend declared and paid by the Company during the year ended 31 March 2025 and until the date of this audit report is in compliance with section 123 of the Act.

vi. As stated in note 43 to the financial statements and based on our examination which included test checks, the Company, in respect of financial year commencing on, has used accounting software for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Furthermore, the audit trail has been preserved by the Company as per the statutory requirements for record retention from the date the audit trail was enabled for the accounting software.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Praveen Warrier
Partner
Membership No.: 214767

UDIN: 25214767BMOFEO7249

Chennai
23 April 2025

Annexure A referred to in paragraph 12 of the Independent Auditor's Report of even date to the members of IDFC FIRST Bharat Limited on the financial statements for the year ended 31 March 2025

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, 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, capital work-in-progress, investment property and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The property, plant and equipment, capital work-in-progress, investment property and relevant details of right-of-use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification programme adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties including investment properties held by the Company (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in Note 5 to the financial statements, are held in the name of the Company, except for the following property which according to the information and explanation given to us, are under dispute pending with High Court of Madras (Madurai Bench) as to the ownership of the property, as stated in Note 5 to the financial statements.

Description of property	Total number of cases	Gross carrying value as on 31 March 2025 (₹) in lakhs	Whether leasehold or freehold	Remarks
Land	1	376.14	Freehold	The property is a subject matter of an order from Tiruchirappalli Corporation citing encroachment of land. The Company has filed a petition with the High Court of madras (Madurai Bench) for stay and quashing of the order for which an interim stay has been granted.

(d) The Company has adopted cost model for its Property, Plant and Equipment including right-of-use assets and intangible assets. Accordingly, reporting under clause 3(i)(d) of the Order is not applicable to the Company.

(e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended) and rules made thereunder.

(ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.

(b) The Company has not been sanctioned working capital limits by banks or financial institutions on the basis of security of current assets at any point of time during the year. Accordingly, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) The Company has not made any investment 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 (LLPs) or any other parties during the year. Accordingly, reporting under clause 3(iii) of the Order is not applicable to the Company.

(iv) The Company has not entered into any transaction covered under sections 185 and 186 of the Act. Accordingly, reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there are no amounts which have been deemed to be deposits within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's business activities. Accordingly, reporting under clause 3(vi) of the Order is not applicable.

(vii)(a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, we report that there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹) in lakhs	Amount paid under Protest (₹) in lakhs	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,312.00	-	AY 12-13 and AY 16-17	CIT (A)/ACIT Tiruchirappalli

(viii) According to the information and explanations given to us, we report that no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been previously recorded in the books of accounts.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us including confirmations received from banks and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

(d) In our opinion and according to the information and explanations given to us, the Company has not raised any funds on short term basis during the year. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.

(e) According to the information and explanations given to us, we report that the Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under clause 3(ix)(e) and clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company has been noticed or reported during the period covered by our audit.

(b) According to the information and explanations given to us including the representation made to us by the management of the Company, no report under sub-section 12 of section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014, with the Central Government for the period covered by our audit.

(c) According to the information and explanations given to us, the Company has received whistle blower complaints during the year, which have been considered by us while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.

(xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system which is commensurate with the size and nature of its business as required under the provisions of section 138 of the Act.

(b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.

(xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly, reporting under clause 3(xv) of the Order with respect to compliance with the provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clauses 3(xvi)(a), (b) and (c) of the Order are not applicable to the Company.

(d) Based on the information and explanations given to us and as represented by the management of the Company, the Group (as defined in Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

(xvii) The Company has not incurred any cash losses in the current financial year as well as the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information in the financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that 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 the 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) According to the information and explanations given to us, the Company does not have any unspent amounts towards Corporate Social Responsibility in respect of any ongoing or other than ongoing project as at the end of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm’s Registration No.: 001076N/N500013

Praveen Warrier
Partner
Membership No.: 214767

UDIN: 25214767BMOFEO7249

Chennai
23 April 2025

Annexure B to the Independent Auditor's Report of even date to the members of IDFC FIRST Bharat Limited on the financial statements for the year ended 31 March 2025

Independent Auditor's Report on the internal financial controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the financial statements of IDFC FIRST Bharat Limited ('the Company') as at and for the year ended 31 March 2025, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls 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 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 the Company's business, including adherence to the 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.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. 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 Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 were established and maintained and if such controls operated effectively in all material respects.

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

5. 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

6. A company's internal financial controls 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 controls with reference to financial statements include 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

7. 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

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2025, based on the internal financial controls 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Praveen Warrier
Partner
Membership No.: 214767

UDIN: 25214767BMOFEO7249

Chennai
23 April 2025

IDFC FIRST Bharat Limited
Balance sheet as at 31 March 2025
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	Note	As at 31 March 2025	As at 31 March 2024
ASSETS			
Non-current assets			
Property, plant and equipment, intangible assets and capital work-in-progress	4		
Property, plant and equipment		6,176.85	4,960.73
Intangible assets		147.28	176.35
Capital work-in-progress		547.47	-
Investment property	5	376.14	376.14
Right-of-use assets	6	7,822.22	8,051.98
Financial assets			
Other financial assets	7	540.64	502.09
Deferred tax assets (net)	8	1,285.11	918.69
Income tax assets (net)	9	4,434.56	4,669.92
Other non-current assets	10	177.45	326.22
		21,507.72	**19,982.12**
Current assets			
Financial assets			
Trade receivables	11	1,431.43	8,483.42
Cash and cash equivalents	12(a)	9,802.36	9,347.30
Bank balances other than cash and cash equivalents	12(b)	13.91	15.32
Other financial assets	7	1,349.19	1,001.25
Income tax assets (net)	9	-	1,998.21
Other current assets	10	1,239.94	1,563.88
		13,836.83	**22,409.38**
Total assets		**35,344.55**	**42,391.50**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	558.00	558.00
Other equity	14	14,002.42	17,605.03
Total equity		**14,560.42**	**18,163.03**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	725.24	13.50
Lease liabilities	16	7,080.74	7,112.27
Provisions	19	2,275.30	1,421.44
		10,081.28	**8,547.21**
Current liabilities			
Financial liabilities			
Borrowings	15	176.21	2.78
Lease liabilities	16	1,412.88	1,139.51
Other financial liabilities	17	8,067.05	13,682.39
Other current liabilities	18	1,046.71	856.58
		10,702.85	**15,681.26**
Total liabilities		**20,784.13**	**24,228.47**
Total equity and liabilities		**35,344.55**	**42,391.50**

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Praveen Warrier
Partner
Membership No: 214767

Chennai
23 April 2025

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited

Praveen Kumar Vecha
Managing Director and CEO
DIN: 09060904

Hyderabad
23 April 2025

Pradeep Natrajan
Chairman
DIN: 10499651

Mumbai
23 April 2025

Boby Xavier
Company Secretary
(FCS: 10792)

Tiruchirappalli
23 April 2025

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
23 April 2025

IDFC FIRST Bharat Limited
Statement of profit and loss for the year ended 31 March 2025
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	Note	Year ended 31 March 2025	Year ended 31 March 2024
Income			
Revenue from operations	20	100,216.05	100,907.90
Other income	21	584.97	654.44
Total income		**100,801.02**	**101,562.34**
Expenses			
Employee benefits expenses	22	79,378.85	73,688.61
Finance cost	23	1,075.63	824.80
Depreciation and amortisation expenses	24	3,268.96	2,594.25
Other expenses	25	16,322.45	16,987.96
Total expenses		**100,045.89**	**94,095.62**
Profit before tax		**755.13**	**7,466.72**
Tax expense	26		
- Current tax		125.84	1,903.39
- Deferred tax		(316.98)	(277.64)
		(191.14)	**1,625.75**
Profit for the year		**946.27**	**5,840.97**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement of post-employment benefit plans	19	(196.41)	(667.14)
- Income tax relating to the above item		49.44	167.92
Other comprehensive income for the year, net of tax		**(146.97)**	**(499.22)**
Total comprehensive income for the year		**799.30**	**5,341.75**
Earnings per equity share of face value ₹ 10 each fully paid up	27		
Basic and diluted (in ₹)		16.96	104.68

The accompanying notes form an integral part of these financial statements
This is the statement of profit and loss referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Praveen Warrier
Partner
Membership No: 214767

Chennai
23 April 2025

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited

Praveen Kumar Vecha
Managing Director and CEO
DIN: 09060904

Hyderabad
23 April 2025

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23 April 2025

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
23 April 2025

IDFC FIRST Bharat Limited
Statement of Cash flows for the year ended 31 March 2025
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	Year ended 31 March 2025	Year ended 31 March 2024
Cash flows from operating activities		
Profit before income tax	755.13	7,466.72
Adjustments for		
Depreciation and amortisation expense	3,268.96	2,594.25
Advances written off	12.52	11.04
Interest income on rental deposits	(67.36)	(49.36)
Interest expenses	1,075.63	824.80
Interest income on fixed deposits with banks	(240.09)	(180.49)
Profit on sale of property, plant and equipment	(14.21)	(3.84)
Gratuity expense	957.45	700.49
Employee stock option expenses	117.89	143.37
Operating profit before working capital changes	**5,865.92**	**11,506.98**
Decrease in other financial liabilities	(5,615.34)	(8,363.09)
Increase / (decrease) in other current liabilities	190.13	(684.73)
Decrease / (increase) in trade receivables	7,051.99	(262.95)
Decrease in loans	-	2.91
Increase in other financial assets	(389.08)	(226.05)
Decrease / (increase) in other assets	340.01	(431.56)
Decrease in provisions	(300.00)	(294.37)
Cash flow from operating activities	**7,143.63**	**1,247.14**
Income taxes refund / (paid) (net)	2,107.72	(3,279.44)
Net cash generated from / (used in) operating activities	**9,251.35**	**(2,032.30)**
Cash flows from investing activities		
Purchase of property, plant and equipment, capital work-in-progress including capital advances	(3,084.05)	(2,673.19)
Purchase of intangible assets	(37.72)	(33.80)
Proceeds from sale of property, plant and equipment	20.28	10.41
Movement in other bank balances	1.41	2,000.00
Interest collected from fixed deposits with banks	240.09	205.10
Net cash (used in) investing activities	**(2,859.99)**	**(491.48)**
Cash flows from financing activities		
Equity dividend paid	(4,519.80)	(7,030.79)
Receipt of long term borrowings	965.03	16.50
Repayment of long term borrowings	(85.44)	(0.22)
Interest paid	(47.49)	-
Payment of lease liabilities	(2,248.60)	(1,698.69)
Net cash (used in) financing activities	**(5,936.30)**	**(8,713.20)**

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IDFC FIRST Bharat Limited
Statement of Cash flows for the year ended 31 March 2025
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	Year ended 31 March 2025	Year ended 31 March 2024
Net increase / (decrease) in cash and cash equivalents	455.06	(11,236.98)
Cash and cash equivalents as at the beginning of the year	9,347.30	20,584.28
Cash and cash equivalents as at the end of the year	**9,802.36**	**9,347.30**
Notes (Also, refer note 12):		
Cash and cash equivalents comprises of		
Cash on hand	297.39	0.77
Balances with banks		
- in current accounts	5,449.91	9,346.53
- in deposit accounts (with maturity up to 3 months)	4,055.06	-
	9,802.36	**9,347.30**

The accompanying notes form an integral part of these financial statements
This is the cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Praveen Warrier
Partner
Membership No: 214767

Chennai
23 April 2025

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited

Praveen Kumar Vecha
Managing Director and CEO
DIN: 09060904

Hyderabad
23 April 2025

Pradeep Natrajan
Chairman
DIN: 10499651

Mumbai
23 April 2025

Boby Xavier
Company Secretary
(FCS: 10792)

Tiruchirappalli
23 April 2025

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
23 April 2025

IDFC FIRST Bharat Limited
Statement of changes in equity for the year ended 31 March 2025
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

Particulars	Equity share capital	Reserves and Surplus					Total
		Capital redemption reserve	Securities premium	Retained earnings	Accumulated other comprehensive income	ESOS contribution from parent	
Balances as at 01 April 2023	**558.00**	**750.00**	**4,374.00**	**14,083.89**	**(660.35)**	**603.16**	**19,150.70**
Profit for the year	-	-	-	5,840.97	-	-	5,840.97
Other comprehensive income	-	-	-	-	(499.22)	-	(499.22)
Dividends paid	-	-	-	(7,030.79)	-	-	(7,030.79)
ESOS contribution from parent	-	-	-	-	-	143.37	143.37
Transfer to retained earnings	-	-	-	60.04	-	(60.04)	-
Balances as at 31 March 2024	**558.00**	**750.00**	**4,374.00**	**12,954.11**	**(1,159.57)**	**686.49**	**17,605.03**
Profit for the year	-	-	-	946.27	-	-	946.27
Other comprehensive income	-	-	-	-	(146.97)	-	(146.97)
Dividends paid	-	-	-	(4,519.80)	-	-	(4,519.80)
ESOS contribution from parent	-	-	-	-	-	117.89	117.89
Balances as at 31 March 2025	**558.00**	**750.00**	**4,374.00**	**9,380.58**	**(1,306.54)**	**804.38**	**14,002.42**

The accompanying notes form an integral part of these financial statements
This is the statement of changes in equity referred to in our report of even date

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited

Praveen Warrier
Partner
Membership No: 214767

Chennai
23 April 2025

Praveen Kumar Vecha
Managing Director and CEO
DIN: 09060904

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23 April 2025

Pradeep Natrajan
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23 April 2025

Boby Xavier
Company Secretary
(FCS: 10792)

Tiruchirappalli
23 April 2025

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
23 April 2025

1. Background

IDFC FIRST Bharat Limited (the 'Company') is a wholly owned subsidiary of IDFC FIRST Bank Limited (the 'Parent'). The Company provides business correspondent services to its parent. The Company is domiciled in India and has its registered office at S.A.N.Complex, No.4, Williams Road, Cantonment, Tiruchirappalli, Tamil Nadu, India.

The financial statements were approved by the Board of Directors and authorized for issue on 23 April 2025.

2. Summary of significant accounting policies

a) Basis of preparation and presentation of financial statements
i) Accounting convention

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act").

All amounts in the financial statements are presented in lakhs of Indian Rupees with two decimals except share data and as otherwise stated.

ii) Basis of measurement

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below. These financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act.

b) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company bases its estimates and assumptions on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

The signficant judgments used by the management in the treatment of pending litigations against the Company are disclosed in Note 35.
The following are the other significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

Recoverability of advances / receivables
At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

Useful lives of depreciable / amortisable assets
Management reviews its estimate of the useful lives of depreciable / amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain items of property, plant and equipment.

Recognition of deferred tax assets
The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry forward can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions

Evaluation of indicators for impairment of assets
The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets. In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Fair value measurements
Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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b) Use of estimates and judgements (continued)

Income taxes

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions

In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Leases

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to IDFC's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts

c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when:
- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as 12 months.

d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalised until the property, plant and equipment are ready or substantially ready for use, as intended by management.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets. Subsequent expenditures relating to property, plant and equipment is capitalised only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognised in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Property, plant and equipment are depreciated using straight line method over the estimated useful lives of the assets, which are in line with the lives prescribed under Schedule II to the Companies Act, 2013 except for leasehold improvements which are depreciated over lease term.

Depreciation methods, useful lives and residual values are reviewed periodically and updated as required, including at each financial year end.

e) Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both and include land held for a currently undetermined future use. Investment properties are measured initially at their cost of acquisition. The cost comprises purchase price, borrowing cost, if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other costs are recognized in statement of profit or loss as incurred. Investment properties are subsequently measured at cost less accumulated depreciation and impairment losses. Investment properties are de-recognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit or loss in the period of de-recognition.

f) Intangible assets and amortization

Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and impairment. Advances paid towards the acquisition of intangible assets outstanding at each balance sheet date are disclosed as other non-current assets and the cost of intangible assets not ready for their intended use before such date are disclosed as intangible assets under development. Intangible assets are amortised on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

g) Impairment of property, plant and equipment, intangible assets and investment property

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired, based on internal or external factors. If any such indication exists, the Company estimates the recoverable amount of the asset or the cash generating unit. If such recoverable amount of the asset or cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If, at the reporting date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. Impairment losses previously recognised are accordingly reversed in the Statement of Profit and Loss.

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

h) Revenue recognition

To determine whether to recognise revenue from contracts with customers, the Company follows a 5-step process:
1 Identifying the contract with customer
2 Identifying the performance obligations
3 Determining the transaction price
4 Allocating the transaction price to the performance obligations
5 Recognising revenue when/as performance obligation(s) are satisfied.

Revenue comprises consideration received from rendering Business correspondence services (‘services’). Revenue is recognised upon satisfying its performance obligations which coincides with rendering of services as per the contract with customers and is measured at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Revenue from contracts with customers on rendering the Business correspondence services is recognised when control of promised services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes Goods and services taxes and is net of rebates and discounts. No element of financing is deemed present as the sales are made with a credit term, which is consistent with market practice. A receivable is recognised when the services are performed as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The specific recognition criteria described below must also be met before revenue is recognized.
(i) Rendering of services
Revenue is recognized on accrual basis in accordance with terms of the business correspondence agreement, measured based on the cost incurred during the year plus mark up as specified in the agreement. The services are attributable to a single performance obligation to which the transaction price is attributable.

(ii) Interest income
Interest income is reported on an accrual basis using the effective interest method and is included under the head “other income” in the statement of profit and loss.

i) Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Ind AS 19, Employee Benefits.

Defined contribution plan

(i) Provident fund
This is a defined contribution plan where contributions are remitted to provident fund authorities in accordance with the relevant statute and charged to the Statement of Profit and Loss in the period in which the related employee services are rendered. The Company has no further obligations for future provident fund benefits in respect of these employees other than its monthly contributions.

Defined benefit plan
(i) Gratuity
The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets (if any). The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Service cost on the Company’s defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses through re-measurements of the defined benefit plans are recognized in other comprehensive income, which are not reclassified to profit or loss in a subsequent period.

j) Share based payment

The Parent has formulated Employee Stock Option Schemes (‘the ESOS’) in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / 2014 (‘the Guidelines’). The ESOS provides for grant of stock options to employees of the Company to acquire equity shares of the Parent that vest in a graded manner and that are to be exercised within a specified period.

The above share awards are treated as an equity settled share based payment transaction. The fair value of options granted under the scheme is recognized as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined with reference to the fair value of the options granted excluding the impact of any service conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on service conditions. It recognises the impact of revision to original estimates, if any, in the Statement of Profit and Loss, with a corresponding adjustment to equity.

k) Leases

As a lessee

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Holding company borrowing are considered for determining the incremental Borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
-Amounts expected to be payable under a residual value guarantee.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company’s estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months and low value lease. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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l) Income taxes

Income tax expense comprises current and deferred income tax. Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to setoff the recognised amounts and where it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

m) Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

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 not wholly within 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 or it cannot be measured with sufficient reliability. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

Contingent assets

Contingent assets are neither recognised nor disclosed. However, when realisation of income is virtually certain, related asset is recognised.

n) Financial instruments

Financial assets and financial liability

i) Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets other than equity instruments are classified into categories: financial assets at fair value through profit or loss and at amortised cost. Financial assets that are equity instruments are classified as fair value through profit or loss or fair value through other comprehensive income. Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument

Initially, a financial instrument is recognized at its fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognized in determining the carrying amount, if it is not classified as at fair value through profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

Financial assets at amortised cost: Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognised in profit or loss.

Equity instruments: An equity instrument is any contract that evidences residual interests in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities: These are measured at amortized cost using the effective interest method.

ii) Determination of fair value:

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method and other valuation models.

iii) Derecognition of financial assets and financial liabilities:
The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

iv) Impairment of financial assets:

In accordance with Ind AS 109 Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

The Company tracks credit risk and changes thereon for customer. For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

-All contractual terms of the financial instrument over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity uses the remaining contractual term of the financial instrument.

- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rate for credit risk to determine impairment loss allowance on portfolio of its trade receivables.

Trade receivables
The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of receivables.

Other financial assets
For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

o) Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

p) Cash flow statement
Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. Cash and cash equivalent in the cash flow statement and balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q) Earnings per Share (EPS)

Basic EPS are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares, if any) by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

3. Recent accounting pronouncements
Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2025.

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

4 Property, plant and equipment, intangible assets and capital work-in-progress

Particulars	Property, plant and equipment						Intangible assets	Capital work-in-progress (Refer note 1)
	Computers & accessories	Leasehold Improvement	Furniture and fittings	Office equipment	Vehicles	Total	Software	
Gross block								
As at 01 April 2023	**2,941.15**	**1,233.53**	**2,905.24**	**1,025.64**	**97.00**	**8,202.56**	**801.82**	**-**
Additions	734.93	1,179.35	588.09	380.68	16.58	2,899.63	33.80	-
Disposals	(45.92)	-	(25.12)	(128.63)	-	(199.67)	-	-
As at 31 March 2024	**3,630.16**	**2,412.88**	**3,468.21**	**1,277.69**	**113.58**	**10,902.52**	**835.62**	**-**
Additions	317.44	775.20	416.09	199.27	961.28	2,669.28	37.72	547.47
Disposals	(165.93)	-	(28.01)	(80.11)	(20.22)	(294.27)	-	-
As at 31 March 2025	**3,781.67**	**3,188.08**	**3,856.29**	**1,396.85**	**1,054.64**	**13,277.53**	**873.34**	**547.47**
Accumulated depreciation/amortisation								
As at 01 April 202	**2,620.46**	**350.46**	**1,266.46**	**661.04**	**86.63**	**4,985.05**	**565.32**	**-**
Additions	269.63	248.34	386.46	238.34	7.07	1,149.84	93.95	-
Disposals	(45.92)	-	(23.36)	(123.82)	-	(193.10)	-	-
As at 31 March 2024	**2,844.17**	**598.80**	**1,629.56**	**775.56**	**93.70**	**5,941.79**	**659.27**	**-**
Additions	392.96	292.36	399.30	234.80	127.67	1,447.09	66.79	-
Disposals	(165.93)	-	(26.16)	(75.89)	(20.22)	(288.20)	-	-
As at 31 March 2025	**3,071.20**	**891.16**	**2,002.70**	**934.47**	**201.15**	**7,100.68**	**726.06**	**-**
Net block								
As at 31 March 2024	**785.99**	**1,814.08**	**1,838.65**	**502.13**	**19.88**	**4,960.73**	**176.35**	**-**
As at 31 March 2025	**710.47**	**2,296.92**	**1,853.59**	**462.38**	**853.49**	**6,176.85**	**147.28**	**547.47**

Note 1: Capital work-in-progress (CWIP) ageing schedule

Particulars	Amount in CWIP for a period of				Total
	Les than 1 year	1 to 2 years	2 to 3 years	More than 3 years	
Projects in progress	547.47	-	-	-	**547.47**
Projects temporarily suspended	-	-	-	-	**-**

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

5 Investment property

	As at 31 March 2025	As at 31 March 2024
Gross carrying amount	376.14	376.14
Accumulated depreciation	-	-
	376.14	**376.14**

The Company has received an order during financial year 2012-13 from the Tiruchirappalli Corporation citing encroachment of land. In response to this the Company has filed a petition with the High Court of Madras (Madurai Bench) for stay and quashing of the order for which an interim stay has been granted.

Fair value	**482.50**	**468.53**

Investment property pertains to free hold land held by the Company for a currently undetermined future use

Estimation of fair value

The Company obtains independent valuation for its investment property at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from a variety of sources including:

- Current prices in an active market for properties of different nature or recent price of similar properties is less than active markets, adjusted to reflect those differences
- Discounted cash flow projections based on reliable estimates of future cash flows
- Capitalised income projections based upon estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

The Company has obtained independent valuation for its investment property as on 31 March 2025 and 31 March 2024. The fair value of investment properties have been determined by independent land valuer. The main inputs used are comparable transactions and industry data. All resulting fair value estimates for investment properties are included in level 3.

6 Right-of-use assets

	As at 31 March 2025	As at 31 March 2024
Balance at the beginning of the year	8,051.98	4,248.66
Additions	1,556.03	5,287.34
Reversal on de-recognition	(30.71)	(133.56)
Depreciation for the year	(1,755.08)	(1,350.46)
Balance at the end of the year	**7,822.22**	**8,051.98**

7 Other financial assets

	As at 31 March 2025		As at 31 March 2024	
Other financial assets	**Non-current**	**Current**	**Non-current**	**Current**
Rental deposits	540.64	576.81	502.09	592.68
Security deposits	-	13.07	-	13.07
Unbilled revenue (Also, refer note 31)*	-	680.64	-	151.50
Other advances	-	78.67	-	124.11
Interest income on income tax refund receivable	-	-	-	119.89
	540.64	**1,349.19**	**502.09**	**1,001.25**

***Unbilled revenue ageing**

	As at 31 March 2025		As at 31 March 2024	
	Outstanding for following periods from the date of the transaction		**Outstanding for following periods from the date of the transaction**	
	Less than 6 months	**Total**	**Less than 6 months**	**Total**
Undisputed unbilled revenue – considered good	680.64	680.64	151.50	151.50

8 Deferred tax assets (net)

	As at 31 March 2025	As at 31 March 2024
The balance comprises temporary differences attributable to:-		
- Depreciation/ amortisation as per books and depreciation as per tax	439.55	404.67
- Adjustments on account of provision for employee benefits	572.65	357.75
- Adjustments on account of right-of-use assets	(1,968.70)	(2,026.72)
- Adjustments on account of lease liabilities	2,137.67	2,076.56
- Adjustments on account of fair value of security deposits	103.94	106.43
	1,285.11	**918.69**

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

8 Deferred tax assets (net) (continued)

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense

Component of deferred tax asset / (liability)	As at 01 April 2024	Statement of profit and loss	Other Comprehensive income	As at 31 March 2025
Deferred tax assets / (liability) in relation to:				
Provision for employee benefits	357.75	165.46	49.44	572.65
Property, plant and equipment and Intangible assets	404.67	34.88	-	439.55
Right-of-use assets	(2,026.72)	58.02	-	(1,968.70)
Lease liabilities	2,076.56	61.11	-	2137.67
Fair value of security deposits	106.43	(2.49)		103.94
	918.69	**316.98**	**49.44**	**1,285.11**

Component of deferred tax asset / (liability)	As at 01 April 2023	Statement of profit and loss	Other Comprehensive income	As at 31 March 2024
Deferred tax assets / (liability) in relation to:				
Provision for employee benefits	87.55	102.28	167.92	357.75
Property, plant and equipment and Intangible assets	380.09	24.58	-	404.67
Right-of-use assets	(1,069.00)	(957.72)	-	(2,026.72)
Lease liabilities	1,064.00	1,012.56	-	2,076.56
Fair value of security deposits	10.49	95.94		106.43
	473.13	**277.64**	**167.92**	**918.69**

	As at 31 March 2025		As at 31 March 2024	
	Non-current	**Current**	**Non-current**	**Current**
9 Income tax assets (net)				
Advance income tax (net of provision)	4,434.56	-	4,669.92	1,998.21
	4,434.56	**-**	**4,669.92**	**1,998.21**
10 Other assets				
Capital advances	103.13	-	235.83	-
Prepaid expenses	74.32	1,239.94	90.39	1,563.88
	177.45	**1,239.94**	**326.22**	**1,563.88**

	As at 31 March 2025	As at 31 March 2024
11 Trade receivables (Also, refer note below)		
Unsecured, considered good		
Receivable from related party (Also, refer note 31(c))	1,431.43	8,483.42
	1,431.43	**8,483.42**

The carrying amount of the current trade receivable is considered as a reasonable approximation of fair value as it is expected to be collected within six months, such that the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

The Company provides services to a single customer viz. its parent. Customer credit risk is managed based on the Company's established policy, procedures and control relating to customer credit risk management, pursuant to which outstanding customer receivables are regularly monitored by the management to ensure the risk of credit loss is minimal. Based on the management assessment there were no indicators for impairment identified.

Note:
Trade receivables ageing

	As at 31 March 2025		As at 31 March 2024	
	Outstanding for following periods from due date of payment		Outstanding for following periods from due date of payment	
	Less than 6 months	**Total**	**Less than 6 months**	**Total**
Undisputed trade receivables – considered good	1,431.43	1,431.43	8,483.42	8,483.42

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

		As at 31 March 2025	As at 31 March 2024
12 Cash and bank balances			
a) Cash and cash equivalents (Also, refer note 31(c) and note 1 below)			
Cash on hand		297.39	0.77
Balances with banks			
- in current accounts		5,449.91	9,346.53
- in deposit accounts (with maturity up to 3 months)		4,055.06	-
	(A)	**9,802.36**	**9,347.30**
b) Other bank balances			
Balances with banks in restricted accounts (Also, refer note 2 below)		13.91	15.32
		13.91	**15.32**
	(A) + (B)	**9,816.27**	**9,362.62**

Notes:

1. Includes net amounts disbursed by and collected on behalf of IDFC FIRST Bank Limited ('Holding Company') that is to be paid to the Holding Company on account of business correspondent amounting to ₹ 4,240.57 (31 March 2024: ₹ 8,838.73).

2. The amount collected as a security deposit from employee pending to be refunded and amount received from LIC towards gratuity settlement of employee are considered as balances with banks in restricted accounts.

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	As at 31 March 2025		As at 31 March 2024	
	Number*	Amount	Number*	Amount
13 Equity share capital				
Authorised				
Equity shares of ₹ 10 each	25,000,000	2,500.00	25,000,000	2,500.00
Preference shares of ₹ 10 each	25,000,000	2,500.00	25,000,000	2,500.00
	50,000,000	**5,000.00**	**50,000,000**	**5,000.00**
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	5,579,996	558.00	5,579,996	558.00
	5,579,996	**558.00**	**5,579,996**	**558.00**

a) Reconciliation of total number of shares
There has been no movement in equity share capital during the current and previous year.

b) Shares held by the holding company

Equity shares of ₹ 10 each	Number*	Amount	Number*	Amount
IDFC FIRST Bank Limited together with its nominees	5,579,996	558.00	5,579,996	558.00

c) Shareholders holding more than 5% of the shares

Equity shares of ₹ 10 each	Number*	%	Number*	%
IDFC FIRST Bank Limited together with its nominees	5,579,996	100%	5,579,996	100%

d) Bonus issue, buy back and issue of shares without payment being received in cash
There were no shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues or bought back during the last 5 years immediately preceding 31 March 2025.

e) Rights, preferences and restrictions attached to equity share capital
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year, other than interim dividend, is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

f) Capital Management
The key objective of the Company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business. The Company focused on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required without impacting the risk profile of the Company.

g) Shares held by promoters at the end of the year

	As at 31 March 2025		As at 31 March 2024	
Promoter name	**Number***	**%**	**Number***	**%**
IDFC FIRST Bank Limited together with its nominees	5,579,996	100%	5,579,996	100%

There were no changes in the shares held by the promoters during the current year and previous year.

*Number of shares are in absolute number

14 Other equity	**As at 31 March 2025**	**As at 31 March 2024**
Capital redemption reserve	**750.00**	**750.00**
Securities premium	**4,374.00**	**4,374.00**
Retained earnings		
Balance at the beginning of the year	**12,954.11**	**14,083.89**
Add : Transferred from Statement of profit and loss	946.27	5,840.97
Add: Transfer from ESOS contribution from parent	-	60.04
Less : Dividend paid	(4,519.80)	(7,030.79)
Balance at the end of the year	**9,380.58**	**12,954.11**
Accumulated other comprehensive income		
Balance at the beginning of the year	**(1,159.57)**	**(660.35)**
Add : Transfer from other comprehensive income	(146.97)	(499.22)
Balance at the end of the year	**(1,306.54)**	**(1,159.57)**
ESOS contribution from parent		
Balance at the beginning of the year	**686.49**	**603.16**
Add : Employee stock option expenses	117.89	143.37
Less: Transfer to retained earnings	-	(60.04)
Balance at the end of the year	**804.38**	**686.49**
Total other equity	**14,002.42**	**17,605.03**

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

Other equity (continued)

Notes to other equity:

a) Capital redemption reserve

The Companies Act, 2013 (the "Companies Act") requires that where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to a capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet. The capital redemption reserve account may be applied by the company, in paying up unissued shares of the company to be issued to shareholders of the company as fully paid bonus shares. The Company established this reserve pursuant to the redemption of preference shares in earlier years.

b) Securities premium

Securities premium comprises of the amount of share issue price received over and above the face value of ₹ 10 each.

c) Accumulated other comprehensive income

Represents remeasurement of defined benefit liability which comprises of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability.

d) Retained earnings

Retained earnings comprises of prior years' undistributed earnings after taxes, which can be utilised for purposes such as dividend payout etc.

e) ESOS contribution from parent

The account is used to recognise the grant date fair value of options issued to the employees of the Company by IDFC FIRST Bank Limited under the group share based payment arrangement.

Employee share based payment

Group share based payment scheme (equity settled)

i) IDFC FIRST Bank Limited has introduced IDFC Employee Stock Option Scheme (ESOS), IDFC BANK ESOS 2015 to enable the employees of the group companies to participate in the future growth and financial success of the IDFC Group. The scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The ESOS provides for grant of stock options to employees of the Company to acquire equity shares of the IDFC FIRST Bank Limited, that will vest in a graded manner and that are to be exercised within a specified period.

Options granted under the plan to the employees of the Company are without any consideration and carry no dividend or voting rights at the Parent Company. When exercisable, each option is convertible into one equity share of IDFC FIRST Bank Limited. Since the Company does not have an obligation to settle the award granted to its employees, the award is treated as an equity-settled share-based payment in the Company's accounts.

ii) A summary of the status of the options granted under 2015 plan as at 31 March 2025 and 31 March 2024 presented below:

	31 March 2025		
Particulars	**Number of options**	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in ₹)**
Outstanding as at 31 March 2024	2,371,427	3.35	40.44
Granted during the year	205,119	5.07	83.40
Exercised during the year	492,680	NA	35.59
Expired during the year	28,300	NA	38.74
Outstanding as at 31 March 2025	2,055,566	3.16	45.91
Exercisable as at 31 March 2025	1,041,097	1.94	37.63

	31 March 2024		
Particulars	**Number of options**	**Weighted average remaining contractual life (in years)**	**Weighted average exercise price (in ₹)**
Outstanding as at 31 March 2023	2,519,410	3.60	41.13
Granted during the year	289,187	5.07	58.65
Exercised during the year	151,360	NA	39.88
Expired during the year	235,810	NA	68.97
Options forfeited	50,000	NA	48.04
Outstanding as at 31 March 2024	2,371,427	3.35	40.44
Exercisable as at 31 March 2024	1,086,240	1.79	35.94

iii) Total expenses arising from share-based payment transactions recognised in the Statement of Profit and Loss as part of employee benefit expense amounting to ₹ 117.89 (Previous year ₹ 143.37) (Also, refer note 22)

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

Group share based payment scheme (equity settled) (continued)

iv) The fair value of the options granted is determined on the date of the grant using the Black-Scholes option pricing model

	As at 31 March 2025	As at 31 March 2024
Expected - Weighted average volatility	42.76%	42.76%
Expected term (In years)	4.51	4.51
Risk free rate	5.41% to 7.00%	5.41% to 7.00%
Fair value of the option at grant date (₹)	25.84 to 51.4	25.84 to 51.4

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

	As at 31 March 2025		As at 31 March 2024	
	Non-current	Current	Non-current	Current
15 Borrowings				
Measured at amortized cost				
Secured				
Loans from bank	725.24	176.21	13.50	2.78
	725.24	**176.21**	**13.50**	**2.78**

Notes

1. The Company has availed a vehicle loan from bank carrying an interest rate ranging from 8.60% to 9.00% and is repayable within a period of 5 years from the date of availment and are secured against the vehicles.
2. The details of loan repayments as at 31 March 2025 and 31 March 2024 are as follows:

	As at 31 March 2025		
The total of future loan repayments for each of the following periods:	Principal	Interest	Total
(i) Not later than one year	170.62	73.53	244.15
(ii) Due later than one year and not later than five years	725.24	121.98	847.22
(iii) More than 5 years	-	-	-
	895.86	**195.51**	**1,091.37**

	As at 31 March 2024		
The total of future loan repayments for each of the following periods:	Principal	Interest	Total
(i) Not later than one year	2.78	1.29	4.07
(ii) Due later than one year and not later than five years	13.50	2.45	15.95
(iii) More than 5 years	-	-	-
	16.28	**3.74**	**20.02**

	As at 31 March 2025		As at 31 March 2024	
	Non-current	Current	Non-current	Current
16 Lease liabilities				
Lease liabilities	7,080.74	1,412.88	7,112.27	1,139.51
	7,080.74	**1,412.88**	**7,112.27**	**1,139.51**

	As at 31 March 2025	As at 31 March 2024
(a) Movement in lease liabilities		
Balance at the beginning of the year	8,251.78	4,226.22
Additions	1,498.60	5,033.01
Reversal on de-recognition	(30.71)	(133.56)
Interest expenses on remeasurement of lease liabilities for the year	1,022.55	824.80
Payment of lease liabilities	(2,248.60)	(1,698.69)
Balance at the end of the year	**8,493.62**	**8,251.78**

17 Other financial liabilities		
Employee related payables(Also, refer note 31(c))	2,518.73	3,180.38
Other payables (Also, refer note 31(c))	5,548.32	10,502.01
	8,067.05	**13,682.39**

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	As at 31 March 2025	As at 31 March 2024
18 Other current liabilities		
Statutory dues payable	1,046.71	856.58
	1,046.71	**856.58**

19 Long-term provisions		
Provision for gratuity (Refer note (a) below)	2,275.30	1,421.44
	2,275.30	**1,421.44**

(a) Employee benefits

In accordance with applicable Indian laws, the Company provides for gratuity, a defined benefit retirement plan ("the Gratuity Plan") covering eligible employees. The Gratuity plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity plan are determined by actuarial valuation on the reporting date and the Company makes annual contribution to the gratuity fund maintained by LIC.

The following tables summaries 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.

	As at 31 March 2025	As at 31 March 2024
i) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	4,468.35	3,216.81
Current service cost	808.91	737.12
Interest cost	357.04	186.59
Benefits paid	(535.61)	(316.46)
Actuarial loss	214.00	644.29
Projected benefit obligation at the end of the year	**5,312.69**	**4,468.35**
ii) Change in plan assets		
Fair value of plan assets at the beginning of the year	3,046.91	2,868.95
Expected return on plan assets	208.50	223.22
Employer contributions	300.00	294.37
Benefits paid	(535.61)	(316.78)
Actuarial gain / (loss)	17.59	(22.85)
Fair value of plan assets at the end of the year	**3,037.39**	**3,046.91**
Thereof		
Funded	3,037.39	3,046.91
Un-funded	2,275.30	1,421.44
iii) Reconciliation of present value of obligation on the fair value of plan assets to the liability recognised		
Present value of projected benefit obligation at the end of the year	(5,312.69)	(4,468.35)
Fair value of plan assets at the end of the year	3,037.39	3,046.91
(Liability) recognized in the balance sheet	**(2,275.30)**	**(1,421.44)**
iv) Gratuity cost for the year		
Current service cost	808.91	737.12
Interest cost	357.04	186.59
Expected returns on plan assets	(208.50)	(223.22)
Total amount recognised in profit or loss (Also, refer note 22)	**957.45**	**700.49**
Actuarial loss	196.41	667.14
Total amount recognised in other comprehensive income	**196.41**	**667.14**
Net gratuity cost	**1,153.86**	**1,367.63**
v) Principal actuarial assumptions used:		
Discount rate	6.55%	7.20%
Long-term rate of compensation increase	10.00%	10.00%
Attrition rate	15%, 40% and 50%	15%, 40% and 50%
Expected rate of return on plan assets	7.00%	7.00%

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

19 Provisions for employee benefits (continued)

vi) The table below outlines the effect on the defined benefit obligation in the event of a decrease/increase of 1% in the rate of assumptions:

	Future salary increases		Discount rate		Attrition rate	
	Increase	**Decrease**	**Increase**	**Decrease**	**Increase**	**Decrease**
31 March 2025	301.54	(282.57)	(318.04)	357.52	(63.65)	69.45
31 March 2024	252.48	(236.59)	(262.80)	294.85	(43.97)	47.76

vii) The weighted average duration of the defined benefit obligation as at 31 March 2025 is 6.34 years (31 March 2024: 6.22 years).

viii) The Company expects to contribute ₹ 500 to the gratuity fund in the financial year ending 31 March 2026.

ix) Risk exposure

The defined benefit plan exposes the Company to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation risk.

Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit obligation and it is denominated in Indian rupees. A decrease in market yield on high quality corporate bonds will increase the Company's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain of the plan assets.

Investment risk

The company maintains plan assets in the form of fund with Life Insurance Corporation of India. The fair value of the plan assets is exposed to the market risks (in India).

Longevity risk

The Company is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members, will increase the defined benefit liability.

Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Company's liability.

x) Maturity analysis

The expected maturity analysis of undiscounted gratuity benefit obligation after balance sheet date is as follows:

Year	**As at 31 March 2025**	**As at 31 March 2024**
1	725.23	636.69
2	735.47	608.82
3	710.57	621.37
4	643.66	579.09
5	597.60	504.43
6 to 9	1,842.10	1,621.84
10 years or more	3,540.29	3,205.08

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

		Year ended 31 March 2025	Year ended 31 March 2024
20	**Revenue from operations**		
	Rendering of services (Also, refer note 31)	100,216.05	100,907.90
		100,216.05	**100,907.90**
21	**Other income**		
	Interest income on fixed deposits with banks (Also, refer note 31)	240.09	180.49
	Other non-operating income	344.88	248.56
	Interest income on income tax refund	-	225.39
		584.97	**654.44**
22	**Employee benefits expenses**		
	Salaries and wages (Also, refer note 31)	67,813.91	63,684.02
	Employee stock option expenses (Also, refer note 14)	117.89	143.37
	Gratuity expense (Also, refer note 19(a))	957.45	700.49
	Contribution to provident and other funds	5,087.84	4,486.85
	Staff welfare expenses	5,401.76	4,673.88
		79,378.85	**73,688.61**
23	**Finance cost**		
	Interest expenses on vehicle loans	53.08	-
	Interest expenses on remeasurement of lease liabilities (Also, refer note 16(a))	1,022.55	824.80
		1,075.63	**824.80**
24	**Depreciation and amortisation expenses**		
	Depreciation of property, plant and equipment assets (Also, refer note 4)	1,447.09	1,149.84
	Amortisation of intangible assets (Also, refer note 4)	66.79	93.95
	Amortisation of right-of-use assets (Also, refer note 6)	1,755.08	1,350.46
		3,268.96	**2,594.25**
25	**Other expenses**		
	Rent (Also, refer note 28)	1,518.37	1,384.55
	Repairs and maintenance - Others	3,640.89	3,385.53
	Power and fuel	515.34	442.46
	Insurance	37.52	30.51
	Rates and taxes	240.32	136.01
	Sub-contracting charges	-	191.85
	Legal and professional charges	1,133.84	2,690.15
	Payments to auditors		
	Statutory audit	36.00	36.00
	Reimbursement of expenses	2.40	2.50
	Business promotion expenses	7.41	11.56
	Director sitting fees (Also, refer note 31)	73.52	100.74
	Travelling, conveyance and lodging expenses	7,272.84	6,398.03
	Postage and courier	242.78	361.53
	Printing and stationery	581.93	972.84
	Communication expenses	206.75	182.25
	Bank charges	632.96	479.27
	Contribution towards corporate social responsibility (Also, refer note 34)	167.06	171.14
	Advances written off	12.52	11.04
		16,322.45	**16,987.96**

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

26 Tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of the Company at (25.31%) (2023-24: 21.75%) and the reported tax expense in the statement of profit and loss are as follows:

	Year ended 31 March 2025	Year ended 31 March 2024
Accounting profit before taxes	755.13	7,466.72
Enacted tax rates	25.168%	25.168%
Tax on profit at enacted tax rate	190.05	1,879.22
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenditure	42.05	43.07
Deduction under section 80JJAA of Income Tax Act, 1961	(424.46)	(258.41)
Others	1.22	(38.13)
Actual tax expense	**(191.14)**	**1,625.75**
Current tax	125.84	1,903.39
Deferred tax	(316.98)	(277.64)
Tax expense reported in the statement of profit and loss	**(191.14)**	**1,625.75**

27 Earnings per equity share (EPS)

Basic and Diluted EPS

Nominal value of equity shares (in ₹)	10	10
Profit for the year (A)	946.27	5,840.97
Weighted average number of equity shares outstanding during the quarter (B)	5,579,996	5,579,996
Basic and diluted earnings per equity share (A/B) (in ₹)	16.96	104.68

28 Leases

The Company has lease contracts for office premises and these lease contracts are cancellable/ renewable for further period on mutually agreeable terms during the tenure of lease contracts. These lease contracts are classified as short term lease contracts under Ind AS 116 .

	Year ended 31 March 2025	Year ended 31 March 2024
Lease expense during the year, representing the minimum lease payments	1,518.37	1,384.55

29 Payables to micro and small enterprises

Based on the information available with the Company, as at 31 March 2025 and 31 March 2024, there are no outstanding dues of suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

30 Segment reporting

The Company operates in a single operating segment, viz. “Business correspondent services" which is the only reportable business segment as per Indian "Accounting Standard 108" Operating Segments. Since the Company's entire business is providing Business correspondent services solely to its Parent and is operating in India, the Chief Operating Decision Maker review the financial statement as one segment (business and geographic) for making operating and financial decision accordingly, there are no other primary segment. Thus, the segment revenue, segment results, total carrying value of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of depreciation and amortization during the year are all as reflected in the financial statement as at and for the year ended 31 March 2025 and 31 March 2024.

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

31 Related parties

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

a) Names of related parties and nature of relationship

Name of related party	Nature of relationship
Holding Company	IDFC FIRST Bank Limited
Key management personnel (KMP)	Praveen Kumar Vecha Pradeep Natrajan (From 15 July 2024) Aravind Jeganathan (From 26 April 2024)
Directors and independent directors	Krishnamoorthy Arunachalam (Till 16 October 2024) Jainallaudeen Sadakkadulla (Till 31 January 2025) Rajesh Krishnamoorthy (From 05 June 2024) Shikha Hora Kamdar (From 05 June 2024) Narasimhan Seshadri Bharathi P V Ashish Singh Mittur Swaminathan Sundararajan (Till 10 July 2024)

b) Transactions with related parties

Transaction	Related party	Year ended 31 March 2025	Year ended 31 March 2024
Fees for business correspondent services#	IDFC FIRST Bank Limited	100,216.05	100,907.90
Movement in other bank balances, net	IDFC FIRST Bank Limited	(4,012.00)	(2,500.00)
Interest income on fixed deposits	IDFC FIRST Bank Limited	225.08	144.53
Dividend paid	IDFC FIRST Bank Limited	4,519.80	7,030.79
Repairs and maintenance - others	IDFC FIRST Bank Limited	10.48	-
Remuneration*	Praveen Kumar Vecha (KMP)	279.06	288.27
Remuneration*	Aravind Jeganathan (KMP)	67.34	-
Director sitting fees	Key management personnel	73.52	100.74

*Remuneration pertain to short term employee benefits. As the present value of obligation towards gratuity is determined for all the employees in aggregate, the post-employment benefits and other long-term benefits relating to key management personnel cannot be ascertained individually.

#Effective 01 January 2024, vide an addendum agreement, the Company has changed its existing revenue model of cost plus mark up to a revenue sharing model basis study done by an independent third-party expert engaged by the holding company (“Parent Company expert”). Comparable market prices data charged for similar services sourced from an independent third party database was used by the Parent Company expert to determine an appropriate pricing for the aforesaid purpose, however, it was concluded in the Parent Company expert 's report that such market price data used was not strictly comparable to the specific contract between the Company and the holding company due to the specific terms and conditions included therein such as credit risk, performance security, product range, competitiveness, exclusivity, geographical coverage, volume. The Board of Directors vide their meeting in January 2024 has evaluated the reasons for such change and taken note of the study done by the Parent Company expert and approved the amendment to the existing Business Correspondent (‘BC’) agreement. Consequently, the Company’s revenue from operations for the period 01 January 2024 to 31 March 2024 is recognized as per the aforementioned amended BC agreement. During the current year, the Company had engaged another independent third-party expert (“Company expert”) to reassess the terms of the aforementioned addendum agreement. The study by the Company expert was performed by search of comparable independent companies performing broadly similar functions sourced from an independent third-party database. Further, the Company expert has given the adjustment effect of dissimilarities in the terms and conditions under which services rendered by the Company differs from those provided by comparable independent companies. The conclusion reached by the Company expert is similar to the conclusion reached by the Parent Company expert. The Board of Directors vide their meeting held on 18 October 2024 had taken note of the opinion expressed by the Company expert.

c) Balances with related parties

Particulars	Related party	As at 31 March 2025	As at 31 March 2024
Trade receivable	IDFC FIRST Bank Limited	1,431.43	8,483.42
Unbilled revenue	IDFC FIRST Bank Limited	680.64	151.50
Fixed deposits including accrued interest	IDFC FIRST Bank Limited	4,055.06	-
Other payables**	IDFC FIRST Bank Limited	4,240.57	8,838.73
Bank balances in current accounts	IDFC FIRST Bank Limited	1,489.23	611.21
Bonus payable	Praveen Kumar Vecha (KMP)	74.99	99.19
Bonus payable	Aravind Jeganathan (KMP)	9.28	-

**Other payables includes payable towards business correspondents.

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32 Financial instruments

a) Categories of financial assets and financial liabilities

All financial assets and financial liabilities are measured at amortised cost as at the reporting date. The Company considers the carrying value of the financial assets and financial liabilities as an approximate estimate of the fair value.

b) Financial instruments risk

The Company’s principal financial liabilities comprise of amount payable towards business correspondence service and other payables. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include loans, trade and other receivables, cash and deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Company’s senior management is supported by the Treasury team that advises on financial risks and the appropriate financial risk governance framework in accordance with the Company’s policies and risk objectives.

i) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include loans and deposits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate on deposits with banks are fixed and hence do not carry a risk due to change in market rates.

Foreign currency risk

The Company does not contain balances denominated in foreign currency and hence not subject to foreign currency risk .

ii) Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, deposits and loans. The Company’s maximum exposure to credit risk is limited to the carrying amount reported in the balance sheet.

In respect of trade receivables, the Company is exposed to insignificant credit risk exposure since the amount is recoverable in entirety from its Parent. Based on historical information about customer default rates management consider the credit quality of trade receivables to be good.

The credit risk for cash and cash equivalents and fixed deposits are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprises of rental deposits and loans given to employees which are given to landlords or employees and are assessed by the Company for credit risk on a continuous basis.

iii) Liquidity risk

Liquidity risk is that the Company might be unable to meet its obligations. The Company manages its liquidity needs by monitoring forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on a monthly, quarterly, and yearly basis depending on the business needs. Net cash requirements are compared to available funds in order to determine headroom or any shortfalls. This analysis shows that available assets are expected to be sufficient over the lookout period.

The Company's objective is to maintain cash and fixed deposits to meet its liquidity requirements for 30-day periods at a minimum. This objective was met for the reporting periods. The Company's non-derivative financial liabilities having maturities upto 12 months and more than 12 months are as reported in balance sheet.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company’s existing cash resources and trade receivables significantly exceed the current cash outflow requirements evaluated on the basis of non-derivative financial liabilities having maturities upto 12 months and more than 12 months as reported in the balance sheet.

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(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

33 Analytical Ratios

Ratio	Notes/ reference	Numerator		Notes/ reference	Denominator		Ratio		% Variance	Reason for variance (Refer explanation below)
		31 March 2025	31 March 2024		31 March 2025	31 March 2024	31 March 2025	31 March 2024		
		Amount (i)	Amount (ii)		Amount (iii)	Amount (iv)	(in %) v= (i)/(iii)	(in %) vi=(ii)/(iv)	vii=(v)-(vi)	
Current ratio (in times)	a	13,836.83	22,409.38	d	10,702.85	15,681.26	1.29	1.43	-9.53%	*
Return on equity (%)	b	946.27	5,840.97	13	558.00	558.00	170%	1047%	-83.80%	1
Trade receivables turnover ratio (in times)	20	100,216.05	100,907.90	e	4,957.43	8,351.95	20.22	12.08	67.32%	2
Net capital turnover ratio (in times)	20	100,216.05	100,907.90	f	4,931.00	7,758.00	20.32	13.01	56.25%	3
Net profit ratio (%)	b	946.27	5,840.97	20	100,216.05	100,907.90	0.94%	5.79%	-83.69%	1
Return on capital employed (%)	c	1,830.76	8,291.52	g	14,560.42	18,163.03	12.57%	45.65%	-72.46%	1

Reference
a. Total of current assets b. Profit after tax c. Earning before interest and taxes d. Total of current liabilities e. Average of trade receivables f. Average of working capital g. Total of shareholders' funds.
* Variances are below 25%, hence no explanation is required

Explanation
1. The variance is on account of change in revenue model from cost plus mark-up to revenue sharing model effective from 01 January 2024. Also, there was significant decrease in disbursements of loans handled which had consequential impact on the revenue from operations and profit.
2. The Company has started raising interim invoice for the services rendered to the Holding Company for effective management of cashflows during the current year. Consequently, the trade receivables balance has been significantly decreased as compared to previous year.
3. The variance is on account of decrease in trade receivables balance as compared to previous year.

34 Corporate social responsibility ("CSR")
a) Gross amount required to be spent by the Company during financial year ended 31 March 2025: ₹ 120.14 (31 March 2024: ₹ 101.88)

b) In Cash

Nature of CSR activities	For the Year ended 31 March 2025				For the Year ended 31 March 2024			
	Amount required to be spent	Amount of expenditure incurred	Shortfall	Total of previous years shortfall	Amount required to be spent	Amount of expenditure incurred	Shortfall	Total of previous years shortfall
On Construction/acquisition of any asset	-	-	-	-	-	-	-	-
On purposes other than as specified above	120.14	167.06	-	-	101.88	171.14	-	-

(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

34 Corporate social responsibility ("CSR") (continued)

c) Yet to be paid

	For the Year ended 31 March 2025				For the Year ended 31 March 2024			
Nature of CSR activities	**Amount required to be spent**	**Amount of expenditure incurred**	**Shortfall**	**Total of previous years shortfall**	**Amount required to be spent**	**Amount of expenditure incurred**	**Shortfall**	**Total of previous years shortfall**
On Construction/acquisition of any asset	-	-	-	-	-	-	-	-
On purposes other than as specified above	-	-	-	-	-	-	-	-

d) Nature of activities	**Year ended 31 March 2025**	**Year ended 31 March 2024**
Education and environment	58.32	59.96
Health and sanitation	81.45	82.01
Women empowerment and child protection	20.22	18.54
Response to natural calamities	-	10.63
Disaster relief	7.07	-
	167.06	**171.14**

35 Contingent liabilities and commitments

i) Contingent liabilities

	As at 31 March 2025	As at 31 March 2024
Claims against the company not acknowledged as debt in respect of:		
- Income tax for financial year 2011-12 and 2015-16 where the company has appealed	1,312.00	1,312.00
	1,312.00	**1,312.00**

During the financial year 2020-21, the Company has received a demand notice from the Income-tax authorities for the Assessment Year 2012-13 (Financial Year 2011-12), enhancing the returned income. During the financial year 2021-22, the Company has filed an appeal with CIT(A), Tiruchirappalli against the said order. The Management, based on the experts opinion, believes that the Company has good chance of succeeding in the case.

The Company has received a demand notice from the income-tax authorities for the Assessment Year 2016-17 (Financial Year 2015-16), imposing a penalty of Rs. 94 lakhs u/s 271(1)(c) of the Income Tax Act, 1961. During the financial years 2020–21, the Company has filed an appeal with ACIT, Tiruchirappalli, against the said order. The management, based on the expert's opinion, believes that the company has a good chance of succeeding in the case.

ii) Commitment towards capital expenditure as at 31 March 2025 is ₹ 513.89 (31 March 2024: ₹ 637.39).

36 Events after the reporting period
No adjusting or significant non-adjusting events have occurred between the reporting date and the date of authorisation of the financial statements.

37 No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

38 The Company has not availed borrowings from banks or financial institutions on the basis of security of current assets. Hence, no statements are filed by the Company with banks and financial institutions.

39 The Company has not entered into any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

40 The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

41 The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

42 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 persons or entities, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any parties (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

43 The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled and the audit trail has been preserved by the company as per the statutory requirements for record retention.

The Company uses the accounting software (Oracle EBS, COSMOS and Darwin Box) for maintaining its books of account. The Company has complied with the aforementioned requirement. The audit trail has been preserved from the date it was enabled on 1 April 2023 for Oracle EBS and Darwin Box. For COSMOS audit trail has been enabled and preserved at the application level from 1 April 2023, however, at the database level was enabled and preserved from 23 August 2023.

44 There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

45 The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

46 The Company has not revalued its property, plant and equipment or intangible assets or both during the current or previous year.

This is the summary of significant accounting policies and other explanatory information referred to in our report of event date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

Praveen Warrier
Partner
Membership No: 214767

Chennai
23 April 2025

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited

Praveen Kumar Vecha
Managing Director and CEO
DIN: 09060904

Hyderabad
23 April 2025

Pradeep Natrajan
Chairman
DIN: 10499651

Mumbai
23 April 2025

Boby Xavier
Company Secretary
(FCS: 10792)

Tiruchirappalli
23 April 2025

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
23 April 2025