

INDEPENDENT AUDITOR'S REPORT

To the Chief Executive Officer (CEO),
IDFC FIRST Bank Limited- IBU Gift City Branch

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of **IDFC FIRST Bank Limited - IBU Gift City Branch ("the Branch")**, which comprise the Balance Sheet as at March 31, 2025, and the Statement of Profit and Loss including other comprehensive income, cash flow statement, and statement of changes in equity for the period from November 01, 2023 to March 31, 2025, and a summary of material accounting policies and other explanatory information (hereinafter referred to as "Special Purpose Financial Statements"). The Special Purpose Financial Statements has been prepared by management of the Branch as per Indian Accounting Standard prescribed under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") for onward submission to the International Financial Service Centres Authority ("IFSCA") to comply with IFSCA Regulations.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Financial Statements are prepared in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard ("Ind AS"), of the state of affairs of the Branch as at March 31, 2025 and of the profit and other comprehensive income, cash flows and changes in equity for the period ended on that date.

Basis for Opinion

We conducted our audit of the Special Purpose Financial Statements in accordance with the Standards on Auditing ("Sas") and any other applicable pronouncements issued by the Institute of Chartered Accountants of India ("ICAI"), as well as the requirements of IFSCA regulation to the extent applicable, rules, directions, circulars, guidelines, from time to time applicable for IFSC Banking Units (IBU's). Our responsibilities under those Standards are further described in the *Auditor's responsibilities for the Audit of the Special Purpose Financial Statements* section of our report. We are independent of the Branch in accordance with the Code of Ethics issued by the ICAI together with the independence requirements that are relevant to our audit of the Special Purpose Financial Statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion on the Special Purpose Financial Statements.

Emphasis of Matter - Basis of Accounting

We draw your attention to Note 20.1 to the Special Purpose Financial Statements, which describes the basis of preparation and presentation of these Special Purpose Financial Statements, which are intended solely for onward submission to the IFSCA by the Bank. As a result, the Special Purpose Financial Statements may not be suitable for any other purpose.

Our opinion is not modified in respect of this matter.

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

The Branch's management is responsible for overseeing and preparation of these Special Purpose Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Branch in accordance with the Ind AS and IFSCA Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the IFSCA Regulations for safeguarding the assets of the Branch 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; and for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Special Purpose Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Special Purpose Financial Statements.

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

- Identify and assess the risks of material misstatement of the Special Purpose 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 on whether the Branch has adequate internal financial controls with reference to the Special Purpose Financial Statements in place and the operating effectiveness of such controls. However, we are not responsible for expressing our opinion on whether the Branch has adequate internal financial control with reference to Special Purpose Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Branch'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 Special Purpose 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 Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair / compliance presentation.

Materiality is the magnitude of misinformation in the Special Purpose Financial Statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Special Purpose Financial Statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Special Purpose Financial Statements.

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

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

Restriction on distribution or use

This report is intended solely for the purpose of onward submission to the IFSCA for compliance with the provisions of the IFSCA Regulations and accordingly, should not be used, referred to or distributed for any other purpose or to any other party without our prior written consent except for submission to any regulatory authorities.

For **Kalyaniwalla & Mistry LLP**

Chartered Accountants

Firm Registration No. 104607W/W100166

Roshni Marfatia

Partner

Membership No. 106548

UDIN: 25106548BMKSRT9376

Place: Mumbai

Date: July 24, 2025

IDFC FIRST Bank Limited - IBU Gift City Branch
Special Purpose Balance Sheet as at March 31, 2025

Amounts USD '000

Particulars	Note	As at March 31, 2025
Assets		
Cash in Hand and Balances with Reserve Bank of India		-
Balances with Other Central Banks		-
Balances with Other Banks, Financial Institutions and Money at Call and Short Notice	3	11,072
Derivative Financial Instruments	4	4
Investments		-
Advances	5	61,395
Property, Plant and Equipment	6	343
Goodwill		-
Other Intangible Asset		-
Current Tax Assets		-
Deferred Tax Assets		-
Others Assets	7	628
Total Assets		73,442
Liabilities and Equity		
Liabilities		
Deposits	8	10,642
Borrowings	9	40,690
Derivative Financial Instruments		-
Other Liabilities and Provisions	10	678
Current Tax Liabilities	11	108
Deferred Tax Liabilities		-
Debt Securities		-
Subordinated Liabilities		-
Total Liabilities		52,118
Equity		
Capital from Head Office	1	21,000
Other Equity	2	324
Total Equity		21,324
Total Liabilities and Equity		73,442
Contingent Liabilities, Commitments and Guarantees	12	431
Material Accounting Policy Information and Notes	20-22	

For and on behalf of
IDFC FIRST Bank Limited
IBU Gift City Branch

As per our report of even date.
For Kalyaniwalla & Mistry LLP
Chartered Accountants
(Firm Registration No: 104607W/W100166)

Karl Dsouza
Head - IBU

Date : July 24, 2025
Place : Ahmedabad

Roshni Marfatia
Partner
(Membership No: 106548)
Date : July 24, 2025
Place : Mumbai

IDFC FIRST Bank Limited - IBU Gift City Branch
Special Purpose Profit and Loss Account for the period ended March 31, 2025

Amounts USD '000

Particulars	Note	Period ended March 31, 2025*
Interest Income	13	1,855
Interest Expense	14	691
Net Interest Income		1,164
Fees and Commission Income		-
Fees and Commission Expense		-
Net Fees and Commission Income		-
Net Gain/(Loss) on Fair Value Changes	15	7
Net Gain/(Loss) on Derecognition of Financial Assets at Amortised Cost		-
Other Income	16	9
Total income		1,180
Impairment Losses on Financial Instruments	17	247
Employee Benefits	18	222
Depreciation and Impairment of Property, Plant and Equipment		60
Amortisation and Impairment of Intangible Assets		-
Other Expenses	19	223
Total Expenses		752
Net Profit/(Loss) before Taxes and Exceptional Items		428
Exceptional Items		-
Net Profit/(Loss) before Taxes		428
Taxes		
Current Tax		(108)
Deferred Tax		-
Net Profit/(Loss) for the Period		320
Other Comprehensive Income		
A (i) Items that will not be reclassified to Profit or Loss		
(a) Re-Measurements of Net Defined Benefit Plans		-
(b) Gains/ (Losses) from Equity Investments through OCI		-
(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		-
Subtotal (A)		-
B (i) Items that will be reclassified to Profit or Loss		
(a) Gains/ (Losses) of Other Financial Assets through OCI		-
(b) Cash Flow Hedge Reserve		-
(ii) Income Tax relating to items that will be reclassified to Profit and Loss		-
Subtotal (B)		-
Other Comprehensive Income (A + B)		-
Total Comprehensive Income for the Period		320
Material Accounting Policy Information and Notes	20-22	

*Refer Note no. 21

For and on behalf of
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Karl Dsouza
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Roshni Marfatia
Partner
(Membership No: 106548)
Date : July 24, 2025
Place : Mumbai

IDFC FIRST Bank Limited - IBU Gift City Branch
Cash Flow Statement for the period ended March 31, 2025

Amounts USD '000

Particulars	Note	Period ended March 31, 2025*
A Cash Flow from Operating Activities		
Profit after Tax		320
Add: Provision for Tax		108
Net Profit before Taxes		428
Adjustments for :		
Depreciation on Fixed Assets		60
Net Gain/(Loss) on Fair Value Changes		(4)
Impairment on Financial Instruments		247
Amortisation of Deferred Employee Compensation		4
Adjustments for :		
Increase in Advances		(61,642)
Increase in Deposits		10,642
Increase in Financial and Non Financial Assets		(628)
Increase in Financial and Non Financial Liabilities		678
Direct Taxes Paid (Net)		-
Net Cash Flow Used in Operating Activities (A)		(50,215)
B Cash Flow from Investing Activities		
Purchase of Fixed Assets		(403)
Net Cash Flow Used in Investing Activities (B)		(403)
C Cash Flow from Financing Activities		
Capital infusion by Head Office		21,000
Increase in Borrowings		40,690
Net Cash Flow Generated from Financing Activities (C)		61,690
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		11,072
Cash and Cash Equivalents at the Beginning of the Period		-
Cash and Cash Equivalents at the End of the Period		11,072
Represented by :		
Cash in Hand and Balances with Reserve Bank of India		-
Balances with Other Banks, Financial Institutions and Money at Call and Short Notice	3	11,072
Cash and Cash Equivalents at the End of the Period		11,072

*Refer Note no. 21

For and on behalf of
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IBU Gift City Branch

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Karl Dsouza
Head - IBU

Date : July 24, 2025
Place : Ahmedabad

Roshni Marfatia
Partner
(Membership No: 106548)
Date : July 24, 2025
Place : Mumbai

IDFC FIRST Bank Limited - IBU Gift City Branch

Statement of Changes in Equity for the period ended March 31, 2025

i Capital from Head Office

Amounts USD '000	
Particulars	As at March 31, 2025
Capital infusion by Head Office at the beginning of the period	-
Capital infusion by Head Office during the period	21,000
Capital withdrawn by Head Office during the period	-
Capital form Head Office (HO)	21,000

ii Other Equity

Amounts USD '000				
Particulars	Reserve and Surplus		Other Items of Other Comprehensive Income	Total
	Stock Compensation Reserve	Retained Earnings		
Opening Balance	-	-	-	-
Profit after tax	-	320	-	320
Other Comprehensive Income for the period (net of tax)	-	-	-	-
Total Comprehensive Income for the Period	-	320	-	320
Share based payment to employees	4	-	-	4
Balance as at Mar 31, 2025	4	320	-	324

For and on behalf of
IDFC FIRST Bank Limited
IBU Gift City Branch

As per our report of even date.
For Kalyaniwalla & Mistry LLP
Chartered Accountants
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Karl Dsouza
Head - IBU

Date : July 24, 2025
Place : Ahmedabad

Roshni Marfatia
Partner
(Membership No: 106548)
Date : July 24, 2025
Place : Mumbai

IDFC FIRST Bank Limited - IBU Gift City Branch
Notes to Special Purpose Financial Statements

1 Capital from Head Office

Amounts USD '000	
Particulars	As at March 31, 2025
Capital infusion by Head Office at the beginning of the period	-
Capital infusion by Head Office during the period	21,000
Capital withdrawn by Head Office during the period	-
Capital from Head Office (HO)	21,000

2 Other Equity

Amounts USD '000	
Particulars	As at March 31, 2025
A. Retained Earnings	
Opening balance in Retained Earning	-
Profit for the period	320
Closing balance in Retained Earning	320
B. Stock compensation reserve	
Opening balance in Stock compensation reserve	-
Additions/ Deductions during the period	4
Closing balance in Stock compensation reserve	4
C. Other Comprehensive Income	
Opening balance in Other Comprehensive Income	-
Other Comprehensive Income for the period	-
Closing balance in Other Comprehensive Income	-
Total (A+B+C)	324

3 Balances with Other Banks, Financial Institutions and Money at Call and Short Notice

Amounts USD '000	
Particulars	As at March 31, 2025
I Balances with other Banks	
(a) in Current Accounts	6,072
(b) In Reverse Repo	-
(c) in Other deposit accounts	-
Subtotal (a, b and c)	6,072
II Balances with Financial Institutions	
(a) Deposits in lieu of shortfall in priority sector lending targets	-
(b) In Reverse Repo	-
(c) Other deposits	-
Subtotal (a, b and c)	-
III Money at Call and Short Notice	
(a) with Banks	5,000
(b) with other institutions	-
Subtotal (a and b)	5,000
Total (I, II and III)	11,072

4 Derivative Financial Instruments

Amounts USD '000			
Particulars	As at March 31, 2025		
	Notional Amounts	Fair Value - Assets	Fair Value - Liabilities
Currency swaps	437	4	-
Total	437	4	-

5 Advances

Amounts USD '000	
Particulars	As at March 31, 2025
At amortised Cost	
Gross Advances	61,642
Less: Impairment loss allowance	(247)
Net Advances	61,395

IDFC FIRST Bank Limited - IBU Gift City Branch
Notes to Special Purpose Financial Statements

6 Property, Plant and Equipment

Amounts USD '000

Particulars	Gross Block				Accumulated Depreciation				Net Block
	Opening Balance	Addition	Disposals	As at March 31, 2025	Opening Balance	Addition	Disposals	As at March 31, 2025	
Property, Plant and Equipment									
Office Equipments	-	23	-	23	-	5	-	5	18
Furniture & Fixtures	-	46	-	46	-	4	-	4	42
Leasehold Improvements	-	28	-	28	-	3	-	3	25
Computers	-	15	-	15	-	5	-	5	10
Sub- Total (i)	-	112	-	112	-	17	-	17	95
Right of Use Asset									
Right of Use - Premises	-	261	-	261	-	43	-	43	218
Sub- Total (ii)	-	261	-	261	-	43	-	43	218
Capital Work in Progress (including capital advances)	-	-	-	-	-	-	-	-	30
Total	-	373	-	373	-	60	-	60	343

7 Other Assets

Amounts USD '000	
Particulars	As at March 31, 2025
Interest accrued	608
Security and other Deposits	14
Others	6
Total	628

8 Deposits

Amounts USD '000	
Particulars	As at March 31, 2025
At amortised cost	
Demand deposits	
(i) From Banks	-
(ii) From Others	-
Savings deposits	10,642
Term deposits	
(i) From Banks	-
(ii) From Others	-
(iii) Certificate of Deposits	
Total	10,642

9 Borrowings

Amounts USD '000	
Particulars	As at March 31, 2025
At amortised cost	
Reserve Bank of India	-
Other Banks	40,690
Others	-
Total	40,690

10 Other Liabilities and Provisions

Amounts USD '000	
Particulars	As at March 31, 2025
Interest accrued	366
Provisions for employee benefits	29
Lease Liability	228
Others	55
Total	678

11 Current Tax Liability

Amounts USD '000	
Particulars	As at March 31, 2025
Current Tax Liability	108

12 Contingent Liabilities and Commitments

Amounts USD '000	
Particulars	As at March 31, 2025
Liability on account of outstanding forward exchange and derivative contracts	431
Total	431

13 Interest income

Amounts USD '000	
Particulars	Period ended March 31, 2025
Interest on balances with and dues from banks	449
Interest on advances	1,405
Interest income from investments	-
Other interest income	1
Total	1,855

14 Interest Expense

Amounts USD '000	
Particulars	Period ended March 31, 2025
Interest on deposits	43
Interest on borrowings	622
Interest on debt securities	-
Interest on subordinated liabilities	-
Other interest expense	26
Total	691

15 Net gain/ (loss) on fair value changes

Amounts USD '000	
Particulars	Period ended March 31, 2025
Net gain/ (loss) on financial instruments at FVTPL :-	
Derivatives	7
Total	7

16 Other income

Amounts USD '000	
Particulars	Period ended March 31, 2025
Net gain/(loss) on derecognition of financial assets at amortised cost	-
Net gain/(loss) on derecognition of property, plant and equipment	-
Foreign exchange gain/ (loss)	-
Others	9
Total	9

17 Impairment losses on financial instruments

Amounts USD '000	
Particulars	Period ended March 31, 2025
On advances	247
On investments	-
On other assets	-
Total	247

18 Employee benefits

Amounts USD '000	
Particulars	Period ended March 31, 2025
Salaries and wages including bonus	210
Post employment benefits	8
Employee Share Based Payments	4
Others	-
Total	222

IDFC FIRST Bank Limited - IBU Gift City Branch
Notes to Special Purpose Financial Statements

19 Other expenses

Amounts USD '000	
Particulars	Period ended March 31, 2025
Rent, taxes and energy costs	15
Repairs and maintenance	14
Postage, Telegrams, Telephones etc.	33
Printing and stationery	1
Advertisement and publicity	-
Director's fees, allowances and expenses	-
Auditor's fees and expenses	10
Legal and Professional charges	23
Insurance	-
Software cost	-
Other expenditure	127
Total	223

20. Material Accounting Policy Information

Background

IDFC FIRST Bank (“Bank”) received licence from IFSCA on November 1, 2023, to establish an - International Financial Services Centre ‘International Banking Unit’ (“IBU”) in Gujarat International Finance Tech City (“GIFT City”) – Special Economic Zone International Financial Services Centre (GIFT-SEZ IFSC). The IBU officially began its operations on April 10, 2024, with capital infusion of USD 21 million.

1. Basis of Preparation

The Special Purpose Financial Statements have been prepared in accordance with Indian Accounting Standards (“Ind AS”) notified under section 133 of the Companies Act, 2013 (“the Act”) read together with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, other relevant provisions of the Act and the Reserve Bank of India (“RBI”) guidelines / the International Financial Services Centres Authority (“IFSCA”) regulations to the extent applicable. The Special Purpose Financial Statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities that are measured at fair value. The form and contents of the Special Purpose Financial Statements have been determined by the Management of the Bank / IBU.

2. Use of Estimates and Judgement

The preparation of Special Purpose Financial Statements in conformity with the recognition and measurement principles of Ind AS requires the management to make estimates and judgement that affects the reported amount of assets and liabilities, revenues and expenses at the date of the Special Purpose Financial Statements. The management believes that the estimates used in preparation of Special Purpose Financial Statements are prudent and reasonable. Actual results could differ from those estimates and the differences between the actual results and the estimates would be recognised in the periods in which the results are known / materialised. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the IBU.

3. Financial Instruments

Financial assets and financial liabilities are recognised when the IBU becomes a party to the contractual provisions of the instruments. These are initially measured at fair value with transaction cost if that are directly attributable to the acquisition or issue of financial assets and financial liabilities. If financial assets and financial liabilities are recognised at Fair Value Through Profit or Loss, then transaction cost recognised immediately in the Statement of Profit and Loss.

i. Financial Assets

Initial Recognition and Measurement

All financial assets and transaction costs that are attributable to the acquisition of the financial asset are recognised initially at fair value, except financial assets recognised at Fair Value Through Profit or Loss then transaction cost is recognised in the Statement of Profit and Loss. All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Subsequent Measurement

a) Amortised Cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely for the payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Amortised cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The amortisation is included in Interest Income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

b) Fair Value Through Other Comprehensive Income ("FVTOCI")

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent Solely Payment of Principal and Interest.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Any change in fair value is recognised in the OCI.

c) Fair Value Through Profit or Loss ("FVTPL")

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified at FVTPL. In addition, the IBU may elect to designate a financial asset, which otherwise meets amortised cost or FVTOCI criteria, at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply. Subsequent changes in fair value are recognised in Statement of Profit and Loss.

ii. Financial Liabilities

Initial Recognition and Measurement

The IBU recognises all financial liabilities initially at fair value adjusted for transaction costs that are directly attributable to the issue of financial liabilities except in the case of financial liabilities recorded at FVTPL where the transaction costs are charged to Statement of Profit and Loss.

Subsequent Measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

4. Impairment of Financial Assets

In accordance with Ind AS 109 – ‘Financial Instruments’, the IBU applies expected credit loss (“ECL”) model for measurement and recognition of impairment loss and groups its financial assets into Stage 1, Stage 2 and Stage 3 based on the applied impairment methodology.

ECL computed as per above model and Provision as per Bank policy, whichever is higher, is recognised in the Statement of Profit and Loss.

5. De-recognition of Financial Assets

The IBU derecognises a financial asset when the contractual rights to receive the cash flows from the asset have expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the IBU retains substantially all the risks and rewards of ownership of a transferred financial asset, the IBU continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

6. Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

7. Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed at each reporting date if there is any indication of impairment based on internal/external factors. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

8. Derivative Financial Instruments

The IBU entered into cross currency swaps and other derivative financial instruments etc. either to meet customer's requirements or to manage its exposure to foreign exchange rate risks and interest rate.

The derivative product entered are marked-to-market and resulting gain or loss is accounting in Statement of Profit and Loss.

9. Revenue Recognition

i. Interest Income

For all financial assets measured either at amortised cost or at FVTOCI, interest income is recorded using the EIR.

Effective interest rate method

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including fees that form integral part of effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount of initial recognition.

Fees on Term loans - Fees collected is amortized over the tenor of the loan using weighted average methodology where principal amount outstanding is considered as weight.

ii. Net Gain/(Loss) on Fair Value Changes

Any differences between the fair values of financial assets classified as FVTPL, held by the IBU on the Balance Sheet date is recognised in "Net gains on fair value changes" in the Statement of Profit and Loss. Similarly, any differences between the fair values of financial assets classified as FVTOCI are disclosed in the OCI.

10. Finance Costs

Finance costs represent interest expense recognised by applying the EIR to the gross carrying amount of financial liabilities other than financial liabilities classified as FVTPL. Interest expense includes issue costs that are initially recognised as part of the carrying value of the financial liability and amortised over the expected life using the effective interest method.

11. Property, Plant and Equipment

Property, Plant and Equipment ("PPE") is recognised when it is probable that future economic benefits associated with the item is expected to flow to the IBU and the cost of the item can be measured reliably.

PPE are carried at cost of acquisition less accumulated depreciation and impairment, if any. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Freehold land is not depreciated. Depreciation is charged over the estimated useful life of a fixed asset on a straight-line basis as below:

Asset	Estimated Useful Life
Building – RCC Frame	60 Years
Building – Other than RCC Frame	30 Years
Computers – Desktops, Laptops, End User Devices	3 Years
Computers – Server & Network	6 Years
Vehicles	4 Years
Furniture	10 Years
Office Equipment	5 Years
Leasehold Improvements	Over the extended period of lease
Others (including software and system development)	5 Years

Depreciation on assets sold during the year is recognised on a pro-rata basis to the Statement of Profit and Loss till the date of sale.

12. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost.

Intangible assets with finite lives are amortised over the useful economic life. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses if any. Intangible assets are amortised on straight line basis over a period of 5 years.

13. Security Deposit

The IBU has office premises. Interest free refundable security deposits are financial assets and are required to be measured at fair value on initial recognition. The difference between the fair value and the amount paid is recognised as prepaid rent and is amortized over the period of the lease. The unwinding of security deposit as per the effective interest rate method is recognised as a finance income over the period of the lease. The IBU uses incremental borrowing cost for fair valuation of security deposits. The same are subsequently measured at amortised cost.

14. Employee Benefits

i. Defined Contribution Plan:

The contribution to provident fund, superannuation fund and pension fund are considered as defined contribution plans and are charged to the Statement of Profit and Loss as they fall due, based on the amount of contribution required to be made and when services are rendered.

ii. Defined Benefit Plan:

The net present value of obligations towards gratuity to employees is actuarially determined as at the Balance Sheet based on the projected unit credit method.

iii. Compensated Absences:

Based on the leave rules of the Bank, employees are not permitted to accumulate leave for encashment. Any unavailed privilege leave to the extent encashable is paid to the employees and charged to the Statement of Profit and Loss based on estimates of availment / encashment of leaves. The leave rules are applicable to IBU employee also.

15. Employee Stock Option Scheme

The Bank has formulated Employee Stock Option Scheme - IDFC FIRST Bank Limited ESOS -2015 ("the Scheme") in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ["SEBI (SBEB & SE) Regulations"]. The Scheme provides for the grant of options to acquire equity shares of the Bank to its employees. The options granted to employee's vest in a graded manner, and these may be exercised by the employees within a specified period. The Scheme is applicable to IBU employee also.

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. For awards that are delivered in tranches, each tranche is considered a separate award and amortized separately.

16. Provisions and Contingencies

Provisions are recognised when the IBU has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the IBU or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

17. Leases

Ind AS 116 – 'Leases' sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value.

18. Taxation

Income tax payable on profits is based on the applicable tax law and is recognised as an expense in the period in which profits arise.

Deferred tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements.

During the years of operation, where the IBU does not opt to apply for tax holiday, the profits of the IBU are liable to be taxed in accordance with the provisions of the Income tax Act, 1961.”

19. Cash and Cash Equivalents

Cash and cash equivalents include balances in Special Non-Resident Rupee Account (SNRR account) with an authorised dealer Bank operating in India, balances with other banks and money at call and short notice.

20. Functional and Presentation Currency

The Special Purpose Financial Statements are presented in United State Dollars (\$), being the presentation and functional currency of the IBU.

21. Transactions involving foreign exchange

Transactions in foreign currency are recorded at the average exchange rate. Assets and liabilities (both monetary and non-monetary as well as contingent liabilities) denominated in foreign currency, remaining unsettled at the balance sheet date are restated at the closing exchange rates. Gain/loss arising on actual payments/realizations and year-end restatements are recognised in the Statement of Profit and Loss.

22. Statement of Cash Flow

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Branch are segregated.

IDFC FIRST Bank Limited - IBU Gift City Branch
Notes to Special Purpose Financial Statements

21 IDFC FIRST Bank received licence from IFSCA on November 1, 2023, to establish an IFSC Banking Unit (IBU) at the Gujarat International Finance Tec-City – Special Economic Zone International Financial Services Centre (GIFT-SEZ IFSC). In accordance with the licensing conditions, the Bank was required to commence operations within one year from the date of license issuance with a minimum capital of USD 20 million. The IBU officially began its operations on April 10, 2024 with initial capital of USD 21 million.

Expenses related to the setup and initiation of the IBU were incurred prior to the commencement of operation. Consequently, all such costs and balances incurred before the commencement of operation have been included in the financial statements for the period ended March 31, 2025.

Accordingly, these Special Purpose Financial Statement have been prepared for the period starting from the date of licence to March 31,2025 and being the first set of Financial Statement, there are no comparative figures.

22 Leases

The IBU has taken office on lease. Information about leases for which the IBU is a lessee is presented below:-

Lease Liability Movement

Amounts USD '000	
Particulars	Period ended March 31, 2025
Opening Balance	-
Add: Additions	250
Interest on Lease Liability	26
Less: Lease Rental Payments	48
Balance as at March 31, 2025	228

Future lease cash outflow for all leased assets

Amounts USD '000	
Particulars	Period ended March 31, 2025
Not later than one year	33
Later than one year but not later than five years	198
Later than five years	68

For and on behalf of
IDFC FIRST Bank Limited
IBU Gift City Branch

As per our report of even date.
For Kalyaniwalla & Mistry LLP
Chartered Accountants
(Firm Registration No: 104607W/W100166)

Karl Dsouza
Head - IBU

Date : July 24, 2025
Place : Ahmedabad

Roshni Marfatia
Partner
(Membership No: 106548)
Date : July 24, 2025
Place : Mumbai