



IDFC FIRST BHARAT LIMITED

CIN U65929TN2003PLC050856

DIRECTORS Mr. Pradeep Natarajan (Part time Non-Executive Chairman)
Mr. Mr. N. Seshadri
Mr. Ashish Singh
Mr. Rajesh Krishnamoorthy
Ms. Shikha Hora Kamdar
Mr. Anujeet Vishwanath Varadkar

KEY MANAGERIAL PERSONNEL Mr. Anujeet Vishwanath Varadkar - Managing Director & CEO
Mr. Aravind Jagannathan - CFO

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
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BOARD'S REPORT

TO THE MEMBERS

Your Directors are pleased to present the 23rd Annual Report of **IDFC FIRST Bharat Limited ('IFBL'/'Company')** together with the audited financial statements for the financial year (FY) ended March 31, 2026.

FINANCIAL HIGHLIGHTS

(Amount in Rs. in Lakhs)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Total Income	1,67,536	1,00,801
Less: Expenditure	1,68,299	96,777
Profit / (Loss) before depreciation	(763)	4,024
Less: Depreciation	3,586	3,269
Profit / (Loss) before tax and exceptional Items	(4,349)	755
Less: Exceptional items	-	-
Profit Before tax	(4,349)	755
Less: Taxes	-	(191)
Net Profit / (Loss)	(4,349)	946

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'), 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. Further, during the year no amount had been transferred to the general reserve or other reserves during the year under review.

REVIEW OF PERFORMANCE

The Company has a branch base of 637 spread across 11 states of the Country. The Company started distributing the dealership product in 4 new states viz Bihar, Jharkhand, Odisha and Uttar Pradesh, and Individual loans product the state of Uttar Pradesh. The Management is confident of achieving considerable growth.

DIVIDEND

Your directors do not recommend any dividend on equity shares for the financial year under review with a view to conserve resources to attain long-term objectives of the Company.

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 43,140 employees as of March 31, 2026, as against 18,505 employees as of March 31, 2025. 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.

The Company remains fully committed on ensuring proper compliance with the applicable laws, including the Maternity Benefit Act, 1961, and in alignment with internal human resource protocols.

SHARE CAPITAL UPDATE

During the year by way of Rights issue the Company issued fresh equity shares to the tune of 25,88,235 having face value of Rs. 10/- each at a premium of Rs. 415/- per share The Company has so far issued a total of 81,68,231 equity shares of Rs. 10/- each. The Capital Structure of the Company as on March 31, 2026, 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	8,16,82,310
Preference Shares	-
TOTAL	8,16,82,310

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-26. Hence, the particulars of loans, guarantees and investments under section 134(3)(g) are not required to be disclosed. The Company during FY-26 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 Four (04) complaints received 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 did not incur any foreign exchange expenditure. Further, the Company did not earn any foreign exchange income during the year.

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, 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 NRC has approved the appointment of Mr. Anujeet Vishwanath Varadkar having DIN 11283164 as the additional director and designated him as the Managing Director & Chief Executive Officer (MD & CEO) of the Company with effect from September 05, 2026, for a period of 5 years, subject to approval of shareholders at the ensuing AGM.

Mr. Praveen Kumar Vecha (DIN: 09060904) has tendered his resignation from the post of MD and CEO of the Company effective from September 01, 2026, and the same was noted by the Board at its meeting held on

September 01, 2026, as he moves into a new role in the parent company.

None of the Directors of the Company are disqualified to be appointed as Directors in accordance with Section 164 of the Companies Act, 2013 (the Act). In the opinion of the Board, the Independent Director possess the requisite integrity, experience, expertise and proficiency required under all applicable laws and the policies of the Company.

Further Independent Director 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. Ashish Singh (DIN:01768711) and Mr. Pradeep Natarajan (DIN: 10499651) 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. Anujeet Vishwanath Varadkar – MD & CEO
- ii. Mr. Aravind Jeganathan - CFO

Note:

Mr. Praveen Kumar Vecha resigned from the post of MD and CEO w.e.f. September 01, 2025.

Mr. Bobby Xavier resigned from the post of Head Legal and Company Secretary w.e.f. January 29, 2026.

Declaration of Independence

The Company had received declaration from Independent Director, at the first meeting of the Board of Directors held in FY26, 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 FY26 viz., on April 18, 2025, April 21, 2025, April 23, 2025, May 21, 2025, July 18, 2025, September 1, 2025, October 13, 2025, January 17, 2026, and March 18, 2026. 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. N. Seshadri	03486485	Independent Director	9	9
Ms. P V Bharathi ¹	06519925	Independent Director	5	5
Mr. Pradeep Natarajan	10499651	Part time Non-Executive Chairman	9	9
Mr. Rajesh Krishnamoorthy	06778689	Nominee Director	9	8
Mrs. Shikha Hora Kamdar	10627935	Nominee Director	9	9
Mr. Ashish Singh	01768711	Nominee Director	9	9
Mr. Praveen Kumar Vecha ²	09060904	MD & CEO	6	5
Mr. Anujeet Vishwanath Varadkar ³	11283164	MD & CEO	3	3

¹ Tenure expired w.e.f closure of business hours of August 17, 2025

² Resigned w.e.f closure of Business hours of September 01, 2025

³ Appointed w.e.f. September 05, 2025

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 once on October 08, 2025. The composition of the Audit Committee is in compliance with the provisions of the Act. During the year, the Audit Committee met Seven (07) times viz., on April 18, 2025, April 21, 2025, April 23, 2025, May 21, 2025, July 18, 2025, October 13, 2025, and January 17, 2026. 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. Mr. Pradeep Natarajan
- iii. Mr. Ashish Singh
- iv. Mrs. Shikha Hora Kamdar
- v. Mr. Rajesh Krishnamoorthy

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	7	7
Ms. P V Bharathi ¹	06519925	Member	Independent Director	5	5
Mr. Ashish Singh	01768711	Member	Nominee Director	7	7
Mr. Pradeep Natarajan	10499651	Member	Nominee Director	7	7
Ms. Shikha Hora Kamdar	10627935	Member	Nominee Director	7	7
Mr. Rajesh Krishnamoorthy ²	06778689	Member	Nominee Director	2	2

¹ Tenure expired w.e.f. closure of business hours of August 17, 2025

² Appointed w.e.f. October 08, 2025

Nomination & Remuneration Committee

During the year under review, the NRC was re-constituted once on October 08, 2025, the composition of the NRC is in compliance with the Act. During the year, the NRC met thrice on April 21, 2025; and September 01, 2025. 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. Ms. Shikha Hora Kamdar – Chairperson
- ii. Mr. Ashish Singh,
- iii. Mr. Pradeep Natarajan
- iv. Mr. N. Seshadri
- v. Mr. Rajesh Krishnamoorthy.

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
Ms. Shikha Hora Kamdar ¹	10627935	Chairperson	Nominee Director	0	0
Mr. Ashish Singh	01768711	Member	Nominee Director	2	2
Mr. Pradeep Natarajan	10499651	Member	Nominee Director	2	2
Mr. N. Seshadri	03486485	Member	Independent Director	2	2
Mr. Rajesh Krishnamoorthy ¹	06778689	Member	Nominee Director	0	0

¹ Appointed w.e.f. October 08, 2025.

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://idfcfirstbharat.com/corporate-governance.html>

During the year under review, CSR Committee met two (02) times on April 21, 2025 & October 13, 2025. 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	06778689	Chairman	Nominee Director	2	2
Mr. N. Seshadri	03486485	Member	Independent Director	2	2
Mr. Ashish Singh	01768711	Member	Nominee Director	2	2

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 re-constituted once on October 08, 2025. During the year, the Committee met Four (04) times viz., April 21, 2025, July 18, 2025, October 13, 2025, and January 17, 2026.

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. Mr. N. Seshadri Chairman
- ii. Mr. Pradeep Natarajan
- iii. Mr. Ashish Singh
- iv. Mr. Rajesh Krishnamoorthy
- v. Mr. Anujeet Vishwanath

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 ¹	06519925	Chairperson	Independent Director	2	2
Mr. N. Seshadri	03486485	Chairman ⁴	Independent Director	4	4
Mr. Pradeep Natarajan	10499651	Member	Nominee Director	4	4
Mr. Ashish Singh	01768711	Member	Nominee Director	4	4
Mr. Praveen Kumar Vecha ²	09060904	Member	MD & CEO	2	2
Mr. Rajesh Krishnamoorthy	06778689	Member	Nominee Director	4	4
Mr. Anujeet Vishwanath Varadkar ³	11283164	Member	MD & CEO	2	2

¹ Tenure expired w.e.f closure of business hours of August 17, 2025.

² Resigned w.e.f closure of Business hours of September 01, 2025.

³ Appointed w.e.f October 08, 2025

Meeting of Independent Directors

During year under review, the IDs of the Company met once on April 21, 2025, 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.

BOARD EVALUATION

Since the Company is not covered under section 134 (3) (p) of the Companies Act, 2013 read with Rule 8 (4) of the Companies (Accounts) Rules, 2014, the disclosure on Statement on performance evaluation of the Board, is not applicable to the Company.

AUDITORS

The Shareholders of the Company at their meeting held on September 14, 2021, had approved the re-appointment of M/s. Walker Chandio & 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, 2026. Hence the disclosure under Section 134(3)(f)(i) of the Act, is not applicable.

Subject to the approval of Members at the General Meeting, the Board of Directors at the meeting held on July 17, 2026, based on the recommendations of the Audit Committee, had approved the appointment of M/s. KKC & Associates LLP., Chartered Accountants, (Formerly Khimji Kunverji & Co LLP), as the Statutory Auditors of the Company for a period of five (5) years.

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, 2026. 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, 2026. 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, 2026, and the date of the Board Meeting in which the Directors' Report was approved i.e., July 17, 2026.

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, (four) sexual harassment complaints were received, 03 (Three) were resolved by taking appropriate actions and 01(one) is pending inquiry as on March 31, 2026. Further no complaints were pending for a period of more than 90 days.

ANNUAL RETURN

The Annual Return of the Company is available at the website of the Company <https://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 applicable 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 to compensate 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.
- During the year under review MD and CEO had not received commission from the holding company for the services rendered to IDFC FIRST Bharat Limited.
- 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://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: July 17, 2026

Place: Hyderabad

Form No. MR-3
Secretarial Audit Report

FOR THE YEAR ENDED MARCH 31, 2026

[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, 2026 ["**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, minutes book, 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 (upto November 27, 2025);
 - b. RBI (Commercial Banks - Branch Authorisation) Directions, 2025 to the extent of obligations of the Business Correspondent (w.e.f. November 28, 2025).

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. except as follows:

1. **Rights Issue of equity shares to IDFC First Bank Limited**

During the period under review, the Company has allotted 25,88,235 equity shares of face value of Rs. 10/- each, at a price of Rs. 425/- (including the premium amount of Rs. 415/- per share) aggregating to Rs. 109,99,99,875 on March 26, 2026 to IDFC First Bank Limited, the holding company, on rights basis.

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: F010559H000098891
Peer Review Certificate No.: 4123/2023

Place: Mumbai

Date: April 14, 2026

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 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 check 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 have 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 18, 2025, April 21, 2025, April 23, 2025, May 21, 2025, July 18, 2025, September 1, 2025, October 13, 2025, January 17, 2026 and March 18, 2026;
 - Audit Committee Meetings dated April 18, 2025, April 21, 2025, April 23, 2025, May 21, 2025, July 18, 2025, October 13, 2025 and January 17, 2026;
 - Nomination and Remuneration Committee Meetings dated April 21, 2025 and September 1, 2025;
 - Risk Management Committee Meetings dated April 21, 2025, July 18, 2025, October 13, 2025 and January 17, 2026;
 - CSR Committee Meetings dated April 21, 2025 and October 13, 2025;
 - Annual general meeting dated July 17, 2025;
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 members on sample basis;
5. Director's disclosure pursuant to the Act and rules made thereunder;
6. Statutory Registers under the Act;
7. Forms and returns filed with the ROC;
8. List of related parties;
9. Certificate by Finance Head pertaining to CSR spends;
10. Revised Business Correspondent Agreement dated May 26 2025 including addendums dated September 30, 2025, November 25, 2025 and February 24, 2026 ;
11. Annual Report for FY 24-25.

Annual Report on CSR Activities to be included in the Board's Report for FY26

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	2	2
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. 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 applicable**5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: **Not applicable**

6. Average net profit of the company as per section 135(5) : Rs.4,614 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5) Rs.92.27 Lakhs

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.92.27 Lakhs

8. (a) CSR amount spent or unspent for the financial year: The Company spent a sum of Rs.95.45 Lakhs against the budgeted amount of Rs. 93.5 Lakhs as approved by the Board of Directors based on the recommendations of the CSR committee, during FY 2025-26 itself. Hence no sum remained unspent during the year.

(b) Details of CSR amount spent against ongoing projects for the financial year: **Nil**, as the entire sum approved had been spent on projects, other than ongoing projects.

(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs. Lakhs).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	Dist.			Name.	CSR Registration number
1	Health & Sanitation	VII(i)	Yes	Andhra Pradesh, Bihar, Jharkhand, Karnataka, Kerala, Maharashtra, Odisha, Tamil Nadu, Telangana, Uttar Pradesh	Ahmednagar, Akola, Alapuzha, Angul, Araria, Ariyalur, Azamgarh, Balangir, Balasore, Ballari, Ballia, Bapatla, Bargarh, Beed, Bhadrak, Bhagalpur, Bidar, Bokaro, Buldhana, Chamarajanagara, Chengalpattu, Chennai, Chhatrapati Sambhajanagar, Chikkaballapura, Coimbatore, Cuddalore, Cuttack, Darbhanga, Davangere, Deoria, Dhanbad, Dhenkanal, Dhule, Dindigul, East Godavari, Eluru, Ernakulam, Erode, Garhwa, Gaya, Ghazipur, Giridih, Godda, Gorakhpur, Guntur, Hanumakonda, Hassan, Hazaribag, Idukki, Jagatsinghapur, Jajpur, Jalgaon, Jaunpur, Kalaburagi, Kallakurichi, Kanchipuram, Kanniyakumari, Karaikal, Karur, Katihar, Khammam, Khordha, Kollam, Koppal, Kottayam, Kozhikode, Krishna, Krishnagiri, Latur, Madhepura, Madhubani, Madurai, Mahabubabad, Mandya, Mayiladuthurai, Mayurbhanj, Mirzapur, Munger, Muzaffarpur, Mysuru, Nagapattinam, Nalanda, Namakkal, Nandurbar, Nashik, Nayagarh, Pakur, Palakkad, Palamau, Palnadu, Parbhani, Pashchim Champaran, Pathanamthitta, Patna, Perambalur, Pondicherry, Pudukkottai, Pune, Purbi Champaran, Puri, Purnia, Raichur, Ramanathapuram, Ramgarh, Ranchi, Ranipet, Rohtas, Saharanpur, Sahebganj, Salem, Samastipur, Sambalpur, Saran, Satara, Sitamarhi, Sivaganga, Solapur, Sonbhadra, Subarnapur, Suryapet, Tenkasi, Thanjavur, Theni,	41.2	Yes	NA	NA

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs. Lakhs).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	Dist.			Name.	CSR Registration number
					Thiruvallur, Thiruvananthapuram, Thiruvarur, Thrissur, Tiruchirappalli, Tirunelveli, Tirupattur, Tiruppur, Tiruvannamalai, Toothukudi, Tumakuru, Varanasi, Vellore, Vijayanagar, Vijayapura, Villupuram, Virudhunagar, West godavari, Yadgir				
2	Women Empowerment & Child Protection	VII(iii)	Yes	Andhra Pradesh, Bihar, Jharkhand, Karnataka, Kerala, Maharashtra, Odisha, Tamil Nadu, Telangana, Uttar Pradesh	Ahmednagar, Alapuzha, Angul, Ariyalur, Azamgarh, Bagalkote, Balangir, Balasore, Ballari, Ballia, Banka, Bapatla, Bargarh, Beed, Begusarai, Belagavi, Bengaluru Rural, Bhadrak, Bhagalpur, Bhojpur, Bidar, Bokaro, Chamarajanagara, Chatra, Chengalpattu, Chhatrapati Sambhajnagar, Chikkaballapura, Coimbatore, Cuddalore, Cuttack, Darbhanga, Davangere, Deoria, Dhanbad, Dharmapuri, Dharwad, Dhenkanal, Dhule, Dindigul, Dr. BR Ambedkar Konaseema, East Godavari, Eluru, Ernakulam, Erode, Gadag, Garhwa, Gaya, Ghazipur, Giridih, Godda, Gorakhpur, Guntur, Hanumakonda, Hassan, Hazaribag, Idukki, Jagatsinghapur, Jajpur, Jalgaon, Jaunpur, Kalaburagi, Kallakurichi, Kanchipuram, Kanniyakumari, Kannur, Karur, Katihar, Khagaria, Khammam, Khordha, Kolar, Kollam, Koppal, Kottayam, Krishna, Krishnagiri, Lakhisarai, Latur, Madhepura, Madhubani, Madurai, Mahabubabad, Malappuram, Mandya, Mayiladuthurai, Mayurbhanj, Mirzapur, Munger, Muzaffarpur, Mysuru, Nagapattinam, Nalanda, Namakkal, Nandurbar, Nashik, Nayagarh, Pakur, Palakkad, Palamau, Palnadu, Parbhani, Pashchim Champaran, Pathanamthitta, Patna, Perambalur, Pondicherry, Pudukkottai, Pune, Purbi Champaran, Puri, Purnia, Raichur, Ramanagara, Ramanathapuram, Ramgarh,	16.7	Yes	NA	NA

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs. Lakhs).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	Dist.			Name.	CSR Registration number
					Ranchi, Ranipet, Rohtas, Saharanpur, Saharsa, Sahebganj, Salem, Samastipur, Sambalpur, Sant Kabeer Nagar, Saran, Satara, Sitamarhi, Sivaganga, Solapur, Sonbhadra, Subarnapur, Suryapet, Tenkasi, Thanjavur, Theni, Thiruvallur, Thiruvananthapuram, Thiruvarur, Thrissur, Tiruchirappalli, Tirunelveli, Tirupattur, Tiruppur, Tiruvannamalai, Toothukudi, Tumakuru, Vaishali, Varanasi, Vellore, Vijayanagar, Vijayapura, Villupuram, Virudhunagar, Yadgir				
3	Education & Environment	VII(iv)	Yes	Andhra Pradesh, Bihar, Jharkhand, Karnataka, Kerala, Maharashtra, Odisha, Tamil Nadu, Telangana, Uttar Pradesh	Ahmednagar, Akola, Alapuzha, Angul, Araria, Ariyalur, Azamgarh, Balangir, Ballari, Banka, Bapatla, Bargarh, Beed, Begusarai, Bokaro, Buldhana, Chamarajanagara, Chatra, Chengalpattu, Chennai, Chhatrapati Sambhajinagar, Coimbatore, Cuddalore, Cuttack, Darbhanga, Deoria, Dhanbad, Dharmapuri, Dharwad, Dhule, Dindigul, East Godavari, Eluru, Ernakulam, Erode, Gadag, Garhwa, Ghazipur, Godda, Gorakhpur, Hassan, Hazaribag, Idukki, Jagatsinghapur, Jaunpur, Kalaburagi, Kallakurichi, Kanchipuram, Kanniyakumari, Khagaria, Khammam, Khordha, Kollam, Kottayam, Krishna, Latur, Madhubani, Madurai, Mahabubabad, Malappuram, Mandya, Mayiladuthurai, Mayurbhanj, Mirzapur, Muzaffarpur, Mysuru, Nalanda, Namakkal, Nashik, Pakur, Palakkad, Palamau, Pathanamthitta, Patna, Pune, Purbi Champaran, Puri, Ramanagara, Ranchi, Saharsa, Sahebganj, Salem, Samastipur, Saran, Satara, Sheohar, Sivaganga, Solapur, Sonbhadra, Subarnapur, Suryapet, Tenkasi, Thanjavur, Theni, Thiruvallur, Thiruvarur, Thrissur, Tiruchirappalli, Tirunelveli, Tiruppur, Tiruvannamalai, Toothukudi,	35.05	Yes	NA	NA

1	2	3	4	5		6	7	8	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in Rs. Lakhs).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State.	Dist.			Name.	CSR Registration number
					Tumakuru, Varanasi, Vijayapura, Villupuram, Virudhunagar, West godavari, Yadgir				
4	Emergency Relief	VII(xii)	Yes	Bihar	Begusarai, Bhagalpur, Bhojpur, Katihar, Lakhisarai, Patna, Saran	2.5	Yes	NA	NA
TOTAL						95.45			

(d) Amount spent in Administrative Overheads : Nil

(e) Amount spent on Impact Assessment, if applicable : Nil

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) Rs. 95.45 Lacs

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs. In Lakhs)
(i)	Two percent of average net profit of the company as per section 135(5)	92.27
(ii)	Total amount spent for the Financial Year	95.45
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3.18
(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)]	3.18

9. (a) Details of Unspent CSR amount for the preceding three financial years: **Nil**. All the sum ought to be spent as per the CSR requirements had been spent in the same year itself.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): **Nil**. All the sums had been allocated to projects other than ongoing projects.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (**asset-wise details**).

(a) Date of creation or acquisition of the capital asset(s). Nil

(b) Amount of CSR spent for creation or acquisition of capital asset. Nil

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. Nil

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). Nil

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

Anujeet Vishwanath Varadkar
DIN 11283164
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 2026, 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 2026, and its loss (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 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 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 2026 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(b) above on reporting under section 143(3)(b) of the Act and 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 2026 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 2026;
 - 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 2026;
 - 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 2026;
 - 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 person 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 person 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 Company has not declared or paid any dividend during the year ended 31 March 2026.
- 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 1 April 2025, has used an 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 Warriar
Partner
Membership No.: 214767

UDIN: 26214767AIGCZX2116

Chennai
20 April 2026

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 2026

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, 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, 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.
- (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 services / 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, 2025	Income tax	1,312	-	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 a 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 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 including the representation made to us by the management of the Company, there are no whistle-blower complaints received by the Company during the year.
- (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) (a) 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 incurred cash losses amounting to ₹ 2,759.83 lakhs in the current financial year but had not incurred cash losses in 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 Warriar
Partner
Membership No.: 214767

UDIN: 26214767AIGCZX2116

Chennai
20 April 2026

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 2026

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 2026, 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 2026, based on 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 Warriar

Partner

Membership No.: 214767

UDIN: 26214767AIGCZX2116

Chennai

20 April 2026

IDFC FIRST Bharat Limited**Balance sheet as at 31 March 2026***(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)*

	Note	As at 31 March 2026	As at 31 March 2025
ASSETS			
Non-current assets			
Property, plant and equipment, intangible assets and capital work-in-progress	4		
Property, plant and equipment		6,410.08	6,176.85
Intangible assets		92.70	147.28
Capital work-in-progress		-	547.47
Investment property	5	376.14	376.14
Right-of-use assets	6	6,738.42	7,822.22
Financial assets			
Other financial assets	7	692.16	540.64
Deferred tax assets (net)	8	1,285.11	1,285.11
Income tax assets (net)	9	6,045.20	4,434.56
Other non-current assets	10	73.74	177.45
		21,713.55	21,507.72
Current assets			
Financial assets			
Trade receivables	11	6,797.69	1,431.43
Cash and cash equivalents	12(a)	19,371.92	9,802.36
Bank balances other than cash and cash equivalents	12(b)	-	13.91
Other financial assets	7	684.19	1,349.19
Other current assets	10	1,327.95	1,239.94
		28,181.75	13,836.83
Total assets		49,895.30	35,344.55
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	816.82	558.00
Other equity	14	21,750.92	14,002.42
Total equity		22,567.74	14,560.42
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	925.85	725.24
Lease liabilities	16	5,982.23	7,080.74
Provisions	19	3,958.56	2,275.30
		10,866.64	10,081.28
Current liabilities			
Financial liabilities			
Borrowings	15	277.77	176.21
Lease liabilities	16	1,809.48	1,412.88
Other financial liabilities	17	10,647.28	8,067.05
Other current liabilities	18	3,726.39	1,046.71
		16,460.92	10,702.85
Total liabilities		27,327.56	20,784.13
Total equity and liabilities		49,895.30	35,344.55
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 Chandio & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of

IDFC FIRST Bharat Limited

CIN: U65929TN2003PLC050856

Praveen Warriar

Partner

Membership No: 214767

Chennai

20 April 2026

Anujeet Vishwanath Varadkar

Managing Director and CEO

DIN: 11283164

Hyderabad

20 April 2026

Pradeep Natarajan

Chairman

DIN: 10499651

Mumbai

20 April 2026

Aravind Jeganathan

Chief Financial Officer

(ACA: 227644)

Hyderabad

20 April 2026

IDFC FIRST Bharat Limited**Statement of profit and loss for the year ended 31 March 2026***(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)*

	Note	Year ended 31 March 2026	Year ended 31 March 2025
Income			
Revenue from operations	20	167,077.22	100,216.05
Other income	21	458.82	584.97
Total income		167,536.04	100,801.02
Expenses			
Employee benefits expenses	22	152,270.87	79,378.85
Finance cost	23	1,111.86	1,075.63
Depreciation and amortisation expenses	24	3,585.96	3,268.96
Other expenses	25	14,916.32	16,322.45
Total expenses		171,885.01	100,045.89
(Loss) / profit before tax		(4,348.97)	755.13
Tax expense	26		
- Current tax		-	125.84
- Deferred tax		-	(316.98)
		-	(191.14)
(Loss) / profit for the year		(4,348.97)	946.27
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement of post-employment benefit plans	19	1,477.65	(196.41)
- Income tax relating to the above item		-	49.44
Other comprehensive income for the year, net of tax		1,477.65	(146.97)
Total comprehensive (loss) / income for the year		(2,871.32)	799.30
Earnings per equity share of face value ₹ 10 each fully paid up	27		
Basic and diluted (in ₹)		(76.63)	16.80

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

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
CIN: U65929TN2003PLC050856

Praveen Warriar
Partner
Membership No: 214767

Chennai
20 April 2026

Anujeet Vishwanath Varadkar
Managing Director and CEO
DIN: 11283164

Hyderabad
20 April 2026

Pradeep Natarajan
Chairman
DIN: 10499651

Mumbai
20 April 2026

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
20 April 2026

IDFC FIRST Bharat Limited**Statement of Cash flows for the year ended 31 March 2026***(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)*

	Year ended 31 March 2026	Year ended 31 March 2025
Cash flows from operating activities		
(Loss) / profit before income tax	(4,348.97)	755.13
Adjustments for		
Depreciation and amortisation expense	3,585.96	3,268.96
Advances written off	-	12.52
Interest income on rental deposits	(75.46)	(67.36)
Interest expenses	1,111.86	1,075.63
Interest income on fixed deposits with banks	(147.12)	(240.09)
Profit on sale of property, plant and equipment	(26.54)	(14.21)
Gratuity expense	3,719.39	957.45
Employee stock option expenses	(121.09)	117.89
Operating profit before working capital changes	3,698.03	5,865.92
Changes in other financial liabilities	2,580.23	(5,615.34)
Changes in other current liabilities	2,679.68	190.13
Changes in trade receivables	(5,366.26)	7,051.99
Changes in other financial assets	546.24	(389.08)
Changes in other assets	(87.43)	340.01
Changes in provisions	(558.48)	(300.00)
Cash flow from operating activities	3,492.01	7,143.63
Income taxes (paid) / refund (net)	(1,610.37)	2,107.72
Net cash generated from operating activities	1,881.64	9,251.35
Cash flows from investing activities		
Purchase of property, plant and equipment, capital work-in-progress including capital advances	(1,362.45)	(3,084.05)
Purchase of intangible assets	-	(37.72)
Proceeds from sale of property, plant and equipment	142.78	20.28
Movement in other bank balances	13.91	1.41
Interest collected from fixed deposits with banks	147.12	240.09
Net cash (used in) investing activities	(1,058.64)	(2,859.99)
Cash flows from financing activities		
Equity dividend paid	-	(4,519.80)
Proceeds from issue of equity shares	10,999.73	-
Receipt of long term borrowings	608.06	965.03
Repayment of long term borrowings	(307.72)	(85.44)
Interest paid	(93.93)	(47.49)
Payment of lease liabilities	(2,459.58)	(2,248.60)
Net cash generated from / (used in) financing activities	8,746.56	(5,936.30)

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IDFC FIRST Bharat Limited
Statement of Cash flows for the year ended 31 March 2026
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	Year ended 31 March 2026	Year ended 31 March 2025
Net increase in cash and cash equivalents	9,569.56	455.06
Cash and cash equivalents as at the beginning of the year	9,802.36	9,347.30
Cash and cash equivalents as at the end of the year	19,371.92	9,802.36
Notes (Also, refer note 12):		
Cash and cash equivalents comprises of		
Cash on hand	101.02	297.39
Balances with banks		
- in current accounts	5,067.32	5,449.91
- in deposit accounts (with maturity up to 3 months)	14,203.58	4,055.06
	19,371.92	9,802.36

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

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
CIN: U65929TN2003PLC050856

Praveen Warriar
Partner
Membership No: 214767

Chennai
20 April 2026

Anujeet Vishwanath Varadkar
Managing Director and CEO
DIN: 11283164

Hyderabad
20 April 2026

Pradeep Natarajan
Chairman
DIN: 10499651

Mumbai
20 April 2026

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
20 April 2026

IDFC FIRST Bharat Limited
Statement of changes in equity for the year ended 31 March 2026
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

Particulars	Equity share capital	Reserves and Surplus			ESOS contribution from parent	Total
		Capital redemption reserve	Securities premium	Retained earnings		
Balances as at 01 April 2024	558.00	750.00	4,374.00	11,794.54	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	8,074.04	804.38	14,002.42
(Loss) for the year	-	-	-	(4,348.97)	-	(4,348.97)
Issue of equity shares	258.82	-	10,740.91	-	-	10,740.91
Other comprehensive income	-	-	-	1,477.65	-	1,477.65
ESOS contribution from parent	-	-	-	-	(121.09)	(121.09)
Balances as at 31 March 2026	816.82	750.00	15,114.91	5,202.72	683.29	21,750.92

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 Chandio & Co LLP**
Chartered Accountants
Firm Registration No: 001076N/N500013

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
CIN: U65929TN2003PLC050856

Praveen Warriar
Partner
Membership No: 214767

Chennai
20 April 2026

Anujeet Vishwanath Varadkar
Managing Director and CEO
DIN: 11283164

Hyderabad
20 April 2026

Pradeep Natarajan
Chairman
DIN: 10499651

Mumbai
20 April 2026

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
20 April 2026

IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information**

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

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 20 April 2026.

2. Summary of material 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 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 significant 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.

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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IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information**

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

2. Summary of material accounting policies (Continued)**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.

2. Summary of material accounting policies (Continued)

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. 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.

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IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information**

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

2. Summary of material accounting policies (Continued)**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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IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information**

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

2. Summary of material accounting policies (Continued)**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 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.

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2. Summary of material accounting policies (Continued)

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.

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.

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

IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information**

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

2. Summary of material accounting policies (Continued)**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 2026.

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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 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
Additions	204.00	450.11	136.95	614.22	607.77	2,013.05	-	471.70
Disposals	-	(0.33)	(78.58)	(106.39)	(185.11)	(370.41)	-	(1,019.17)
As at 31 March 2026	3,985.67	3,637.86	3,914.66	1,904.68	1,477.30	14,920.17	873.34	-
Accumulated depreciation/amortisation								
As at 01 April 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	-
Additions	405.42	344.04	372.59	264.38	277.15	1,663.58	54.58	-
Disposals	-	(0.30)	(61.33)	(101.10)	(91.44)	(254.17)	-	-
As at 31 March 2026	3,476.62	1,234.90	2,313.96	1,097.75	386.86	8,510.09	780.64	-
Net block								
As at 31 March 2025	710.47	2,296.92	1,853.59	462.38	853.49	6,176.85	147.28	547.47
As at 31 March 2026	509.05	2,402.96	1,600.70	806.93	1,090.44	6,410.08	92.70	-

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

31 March 2026

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	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

31 March 2025

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	-	-	-	-	-

IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information

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

	As at 31 March 2026	As at 31 March 2025
5 Investment property		
Gross carrying amount	376.14	376.14
	376.14	376.14

The Company received an order from the Tiruchirappalli Corporation citing encroachment of land. In response, the Company filed a petition with the High Court of Madras (Madurai Bench) seeking a stay and quashing of the order, for which an interim stay was granted. In the current year, the High Court disposed of the case. While disposing of the matter, the High Court directed the Company to present all relevant details and supporting documents to justify the reasons for making necessary corrections in the revenue records, which may subsequently be decided by the District Collector, Tiruchirappalli.

Fair value	482.50	482.50
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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 2026 and 31 March 2025. 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 2026	As at 31 March 2025
Right-of-use assets	6,738.42	7,822.22
Balance at the beginning of the year	7,822.22	8,051.98
Additions	878.90	1,556.03
Reversal on de-recognition	(94.90)	(30.71)
Depreciation for the year	(1,867.80)	(1,755.08)
Balance at the end of the year	6,738.42	7,822.22

7 Other financial assets

	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
Rental deposits	692.16	383.18	540.64	576.81
Security deposits	-	13.07	-	13.07
Unbilled revenue (Also, refer note 31)*	-	20.00	-	680.64
Other receivables	-	267.94	-	78.67
	692.16	684.19	540.64	1,349.19

***Unbilled revenue ageing**

	As at 31 March 2026		As at 31 March 2025	
	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	20.00	20.00	680.64	680.64

8 Deferred tax assets (net)
The balance comprises temporary differences attributable to:-

	As at 31 March 2026	As at 31 March 2025
- Depreciation/ amortisation as per books and depreciation as per tax	439.55	439.55
- Adjustments on account of provision for employee benefits	572.65	572.65
- Adjustments on account of right-of-use assets	(1,968.70)	(1,968.70)
- Adjustments on account of lease liabilities	2,137.67	2,137.67
- Adjustments on account of fair value of security deposits	103.94	103.94
	1,285.11	1,285.11

IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information
(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 2025	Statement of profit and loss	Other Comprehensive income	As at 31 March 2026
Deferred tax assets / (liability) in relation to:				
Provision for employee benefits	572.65	-	-	572.65
Property, plant and equipment and Intangible assets	439.55	-	-	439.55
Right-of-use assets	(1,968.70)	-	-	(1,968.70)
Lease liabilities	2,137.67	-	-	2,137.67
Fair value of security deposits	103.94	-	-	103.94
	1,285.11	-	-	1,285.11

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	-	2,137.67
Fair value of security deposits	106.43	(2.49)	-	103.94
	918.69	316.98	49.44	1,285.11

The Company reviewed the carrying amount of the deferred tax asset as at the balance sheet date. In the absence of reasonable certainty, beyond the existing carrying value, regarding the availability of taxable profits in the foreseeable future, no additional deferred tax asset on timing differences was recognized.

9 Income tax assets (net)

Advance income tax (net of provision)

	As at 31 March 2026	As at 31 March 2025
	6,045.20	4,434.56
	6,045.20	4,434.56

10 Other assets

Capital advances
Prepaid expenses

As at 31 March 2026		As at 31 March 2025	
Non-current	Current	Non-current	Current
-	-	103.13	-
73.74	1,327.95	74.32	1,239.94
73.74	1,327.95	177.45	1,239.94

11 Trade receivables (Also, refer note below and note 31)

Unsecured
Considered good

	As at 31 March 2026	As at 31 March 2025
	6,797.69	1,431.43
	6,797.69	1,431.43

Notes:

i) Of the above, trade receivables from related parties are as below:

Particulars	As at 31 March 2026	As at 31 March 2025
Trade receivable from related parties	6,797.69	1,431.43

ii) No trade receivables are due from directors or other officers of the company either severally or jointly with any other person.

iii) There are no disputed trade receivables as on 31 March 2026 and 31 March 2025.

iv) 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.

v) 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.

IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

11 Trade receivables (Also, refer note below) (Continued)

vi) Trade receivables ageing

	As at 31 March 2026		As at 31 March 2025	
	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	6,797.69	6,797.69	1,431.43	1,431.43

12 Cash and bank balances

a) Cash and cash equivalents (Also, refer note 31 and note 1 below)

	As at 31 March 2026	As at 31 March 2025
Cash on hand	101.02	297.39
Balances with banks		
- in current accounts	5,067.32	5,449.91
- in deposit accounts (with maturity up to 3 months)	14,203.58	4,055.06
(A)	19,371.92	9,802.36

b) Other bank balances

Balances with banks in restricted accounts (Also, refer note 2 below)	-	13.91
(B)	-	13.91
(A) + (B)	19,371.92	9,816.27

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 ₹ 3,000.41 (31 March 2025: ₹ 4,240.57).
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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IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information

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

13 Equity share capital
Authorised

Equity shares of ₹ 10 each

Preference shares of ₹ 10 each

As at 31 March 2026		As at 31 March 2025	
Number*	Amount	Number*	Amount
25,000,000	2,500.00	25,000,000	2,500.00
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			
8,168,231	816.82	5,579,996	558.00
8,168,231	816.82	5,579,996	558.00

a) Reconciliation of total number of shares at the beginning and at the end of the year

As at 31 March 2026		As at 31 March 2025	
Number*	Amount	Number*	Amount
Balance at the beginning of the year	5,579,996	5,579,996	558.00
Add: Equity shares issued during the year through rights issue	2,588,235	-	-
Balance at the end of the year	8,168,231	5,579,996	558.00

b) Shares held by the holding company

IDFC FIRST Bank Limited together with its nominees

8,168,231 816.82 5,579,996 558.00

c) Shareholders holding more than 5% of the shares

IDFC FIRST Bank Limited together with its nominees

8,168,231 100% 5,579,996 100%

d) During the year ended 31 March 2026, the Company has issued 25,88,235 shares at a face value of ₹ 10 for ₹ 425 each through rights issue.

e) 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 2026.

f) 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.

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

Promoter name	As at 31 March 2026		As at 31 March 2025	
	Number*	%	Number*	%
IDFC FIRST Bank Limited together with its nominees	8,168,231	100%	5,579,996	100%

There was no change in the shareholding of the promoter during the current and previous years

*Number of shares are in absolute number

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IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

13 Equity share capital (Continued)

h) Capital management policies and procedures

The Company's capital management objectives are:

- to safeguard the Company's ability to continue as a going concern and continue to provide optimum returns to the shareholders and all other stakeholders by

- to maintain an optimum capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may adjust the return capital to shareholders, issue new shares, or sell investments / other assets to reduce debt.

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders plus its borrowings, if any, less cash and cash equivalents as presented on the face of the balance sheet. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. The amounts managed as capital by the Company for the reporting years are summarized as follows:

	As at 31 March 2026	As at 31 March 2025
Borrowings (including lease liabilities)	8,995.33	9,395.07
Cash and bank balances	(19,371.92)	(9,802.36)
Net debt	(A) (10,376.59)	(407.29)
Total equity	(B) 22,567.74	14,560.42
Gearing ratio (Net debt/ Total equity) *	(A)/(B) -	-

* As at 31 March 2026 and 31 March 2025 cash and bank balances is higher than borrowings hence gearing ratio is not applicable.

14 Other equity

Capital redemption reserve

Securities premium

Balance at the beginning of the year

Add : Proceeds from issue of equity shares

Balance at the end of the year

Retained earnings

Balance at the beginning of the year

Add : Transferred from Statement of profit and loss

Less : Dividend paid

Balance at the end of the year

Accumulated other comprehensive income

Balance at the beginning of the year

Add : Transfer from other comprehensive income

Balance at the end of the year

ESOS contribution from parent

Balance at the beginning of the year

Add : Employee stock option expenses

Balance at the end of the year

Total other equity

	As at 31 March 2026	As at 31 March 2025
Capital redemption reserve	750.00	750.00
Securities premium		
Balance at the beginning of the year	4,374.00	4,374.00
Add : Proceeds from issue of equity shares	10,740.91	-
Balance at the end of the year	15,114.91	4,374.00
Retained earnings		
Balance at the beginning of the year	9,380.58	12,954.11
Add : Transferred from Statement of profit and loss	(4,348.97)	946.27
Less : Dividend paid	-	(4,519.80)
Balance at the end of the year	5,031.61	9,380.58
Accumulated other comprehensive income		
Balance at the beginning of the year	(1,306.54)	(1,159.57)
Add : Transfer from other comprehensive income	1,477.65	(146.97)
Balance at the end of the year	171.11	(1,306.54)
ESOS contribution from parent		
Balance at the beginning of the year	804.38	686.49
Add : Employee stock option expenses	(121.09)	117.89
Balance at the end of the year	683.29	804.38
Total other equity	21,750.92	14,002.42

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14 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) Retained earnings and accumulated other comprehensive income

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

d) 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 2026 and 31 March 2025 presented below:

Particulars	31 March 2026		
	Number of options	Weighted average remaining contractual life (in years)	Weighted average exercise price (in ₹)
Outstanding as at 31 March 2025	2,055,566	3.16	45.91
Granted during the year	477,062	2.05	31.69
Cancelled during the year	894,670	NA	58.48
Exercised during the year	481,260	NA	32.17
Outstanding as at 31 March 2026	1,156,698	2.60	36.04
Exercisable as at 31 March 2026	856,698	1.65	45.16

Particulars	31 March 2025		
	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

- 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 ₹ (-121.09) (Previous year ₹ 117.89) (Also, refer note 22).

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Summary of material accounting policies and other explanatory information
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14 Other equity (continued)

Employee share based payment (Continued)

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 2026	As at 31 March 2025
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 75.09	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.

During the current year, the Holding Company cancelled 884,670 unvested stock options granted under the Employee Stock Option Scheme 2015 due to employee resignations. In accordance with Ind AS 102, the expense of ₹ 147.67 relating to these unvested options was reversed in the Statement of Profit and Loss. No replacement options were granted, and no cash compensation was paid upon cancellation.

15 Borrowings

Measured at amortized cost

Secured

Loans from bank

	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
	925.85	277.77	725.24	176.21
	925.85	277.77	725.24	176.21

Notes

1. The Company has availed vehicle loans from bank carrying an interest rate ranging from 8.50% to 9.25% and is repayable within a period of 5 years from the date of availment and are secured against the vehicles.

2. Reconciliation of movement of liabilities to cash flows arising from financing activities:

	As at 31 March 2026	As at 31 March 2025
Opening balance	901.45	16.27
Proceeds from borrowings	608.06	965.03
Interest expense	95.76	53.08
Repayment of borrowings		
Principal	(307.72)	(85.44)
Interest	(93.93)	(47.49)
	1,203.62	901.45

3. The details of loan repayments as at 31 March 2026 and 31 March 2025 are as follows:

The total of future loan repayments for each of the following periods:

- (i) Not later than one year
- (ii) Due later than one year and not later than five years
- (iii) More than 5 years

As at 31 March 2026		
Principal	Interest	Total
270.36	97.92	368.28
925.85	141.24	1,067.09
-	-	-
1,196.21	239.16	1,435.37

The total of future loan repayments for each of the following periods:

- (i) Not later than one year
- (ii) Due later than one year and not later than five years
- (iii) More than 5 years

As at 31 March 2025		
Principal	Interest	Total
170.62	73.53	244.15
725.24	121.98	847.22
-	-	-
895.86	195.51	1,091.37

IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	As at 31 March 2026		As at 31 March 2025	
	Non-current	Current	Non-current	Current
16 Lease liabilities				
Lease liabilities	5,982.23	1,809.48	7,080.74	1,412.88
	5,982.23	1,809.48	7,080.74	1,412.88
	As at		As at	
	31 March 2026		31 March 2025	
(a) Movement in lease liabilities				
Balance at the beginning of the year			8,493.62	8,251.78
Additions			846.03	1,498.60
Reversal on de-recognition			(104.46)	(30.71)
Interest expenses on remeasurement of lease liabilities for the year			1,016.10	1,022.55
Payment of lease liabilities including interest			(2,459.58)	(2,248.60)
Balance at the end of the year			7,791.71	8,493.62
(b) Changes in liabilities arising from financing activities				
Opening balance			8,493.62	8,251.78
Non cash transaction				
Interest expenses			1,016.10	1,022.55
Additions during the year			846.03	1,498.60
Reversal on termination of leases during the year			(104.46)	(30.71)
Cash transaction				
Payment of lease liabilities including interest			(2,459.58)	(2,248.60)
Closing balance			7,791.71	8,493.62
(c) Total cash outflow pertaining to leases				
			As at	As at
			31 March 2026	31 March 2025
Total cash outflow pertaining to leases			2,459.58	2,248.60
17 Other financial liabilities				
Employee related payables(Also, refer note 31)			5,775.01	2,518.73
Other payables (Also, refer note 31)			4,872.27	5,548.32
			10,647.28	8,067.05
18 Other current liabilities				
Statutory dues payable			3,726.39	1,046.71
			3,726.39	1,046.71

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IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

	As at 31 March 2026	As at 31 March 2025
19 Long-term provisions		
Provision for gratuity (Refer note (a) below)	3,958.56	2,275.30
	3,958.56	2,275.30
(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 and Bank.		
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 2026	As at 31 March 2025
i) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	5,312.69	4,468.35
Current service cost	1,061.96	808.91
Past service cost	2,426.44	-
Interest cost	407.79	357.04
Benefits paid	(793.28)	(535.61)
Actuarial (gain) / loss	(1,426.87)	214.00
Liability assumed on acquisition	46.76	-
Projected benefit obligation at the end of the year	7,035.49	5,312.69
ii) Change in plan assets		
Fair value of plan assets at the beginning of the year	3,037.39	3,046.91
Expected return on plan assets	176.80	208.50
Employer contributions	558.48	300.00
Benefits paid	(793.28)	(535.61)
Actuarial gain	50.78	17.59
Asset acquired on acquisition	46.76	-
Fair value of plan assets at the end of the year	3,076.93	3,037.39
Thereof		
Funded	3,076.93	3,037.39
Un-funded	3,958.56	2,275.30
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	(7,035.49)	(5,312.69)
Fair value of plan assets at the end of the year	3,076.93	3,037.39
(Liability) recognized in the balance sheet	(3,958.56)	(2,275.30)
iv) Gratuity cost for the year		
Current service cost	1,061.96	808.91
Past service cost	2,426.44	-
Interest cost	407.79	357.04
Expected returns on plan assets	(176.80)	(208.50)
Total amount recognised in profit or loss (Also, refer note 22)	3,719.39	957.45
Actuarial loss	(1,477.65)	196.41
Total amount recognised in other comprehensive income	(1,477.65)	196.41
Net gratuity cost	2,241.74	1,153.86
v) Principal actuarial assumptions used:		
Discount rate	5.75%	6.55%
Long-term rate of compensation increase	8.00%	10.00%
Attrition rate	15%, 30%, 50% and 75%	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.

IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information***(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	
	Increase	Decrease	Increase	Decrease
31 March 2026	270.89	(260.06)	(294.44)	322.16
31 March 2025	301.54	(282.57)	(318.04)	357.52

vii) The weighted average duration of the defined benefit obligation as at 31 March 2026 is 4.43 years (31 March 2025: 6.34 years).

viii) The Company expects to contribute ₹ 500 to the gratuity fund in the financial year ending 31 March 2027.

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 2026	As at 31 March 2025
1	1,734.11	725.23
2	1,349.18	735.47
3	1,034.48	710.57
4	980.58	643.66
5	760.69	597.60
6 to 9	1,892.50	1,842.10
10 years or more	2,113.89	3,540.29

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IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information***(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)*

	Year ended 31 March 2026	Year ended 31 March 2025
20 Revenue from operations		
Rendering of services (Also, refer note 31)	167,077.22	100,216.05
	167,077.22	100,216.05
Timing of revenue recognition		
- Over a period of time	-	-
- At a point of time	167,077.22	100,216.05
Geographical market		
- In India	167,077.22	100,216.05
- Outside India	-	-
21 Other income		
Interest income on fixed deposits with banks (Also, refer note 31)	147.12	240.09
Other non-operating income	311.70	344.88
	458.82	584.97
22 Employee benefits expenses		
Salaries and wages (Also, refer note 31)	131,622.49	67,813.91
Employee stock option expenses (Also, refer note 14)	(121.09)	117.89
Gratuity expense (Also, refer note 19(a))	3,719.39	957.45
Contribution to provident and other funds	11,425.25	5,087.84
Staff welfare expenses	5,624.83	5,401.76
	152,270.87	79,378.85
23 Finance cost		
Interest expenses on vehicle loans	95.76	53.08
Interest expenses on remeasurement of lease liabilities (Also, refer note 16(a))	1,016.10	1,022.55
	1,111.86	1,075.63
24 Depreciation and amortisation expenses		
Depreciation of property, plant and equipment assets (Also, refer note 4)	1,663.58	1,447.09
Amortisation of intangible assets (Also, refer note 4)	54.58	66.79
Amortisation of right-of-use assets (Also, refer note 6)	1,867.80	1,755.08
	3,585.96	3,268.96
25 Other expenses		
Travelling, conveyance and lodging expenses	5,615.58	7,272.84
Repairs and maintenance - Others	3,728.53	3,640.89
Rent (Also, refer note 28)	1,618.54	1,518.37
Legal and professional charges	1,715.33	1,133.84
Power and fuel	516.99	515.34
Insurance	28.38	37.52
Rates and taxes	190.71	240.32
Payments to auditors		
Statutory audit including limited reviews	50.00	36.00
Reimbursement of expenses	2.42	2.40
Business promotion expenses	-	7.41
Director sitting fees (Also, refer note 31)	26.30	73.52
Postage and courier	159.95	242.78
Printing and stationery	272.74	581.93
Communication expenses	175.93	206.75
Bank charges	436.07	632.96
Contribution towards corporate social responsibility (Also, refer note 34)	95.45	167.06
Miscellaneous expenses	283.40	12.52
	14,916.32	16,322.45

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IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information***(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)***26 Tax expense**

During the current year, the Company has incurred a taxable loss; therefore, no reconciliation is presented below. However, the major components of the tax expense and the reconciliation between the expected tax expense, based on the Company's domestic effective tax rate of 25.31% for the financial year 2024–25, and the reported tax expense in the Statement of Profit and Loss are as follows:

	Year ended 31 March 2026	Year ended 31 March 2025
Accounting profit before taxes	(4,348.97)	755.13
Enacted tax rates	25.168%	25.168%
Tax on profit at enacted tax rate	-	190.05
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Corporate social responsibility expenditure	-	42.05
Deduction under section 80JJAA of Income Tax Act, 1961	-	(424.46)
Others	-	1.22
Actual tax expense	-	(191.14)
Current tax	-	125.84
Deferred tax	-	(316.98)
Tax expense reported in the statement of profit and loss	-	(191.14)

27 Earnings per equity share (EPS)**Basic and Diluted EPS**

Nominal value of equity shares (in ₹)	10	10
(Loss) / profit for the year (A)	(4,348.97)	946.27
Weighted average number of equity shares outstanding during the quarter (B)	5,675,551	5,633,890
Basic and diluted earnings per equity share (A/B) (in ₹)	(76.63)	16.80

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 2026	Year ended 31 March 2025
Lease expense during the year, representing the minimum lease payments	1,618.54	1,518.37

29 Payables to micro and small enterprises

Based on the information available with the Company, as at 31 March 2026 and 31 March 2025, 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 2026 and 31 March 2025.

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IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information***(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 Managing Director & Chief Executive Officer (Till 01 September 2025) Boby Xavier (Till 29 January 2026) Aravind Jeganathan (From 26 April 2024) Anujeet Vishwanath Varadkar, Managing Director & Chief Executive Officer (From 02 September 2025) Krishnamoorthy Arunachalam (Till 16 October 2024) Jainalladeen Sadakkadulla (Till 31 January 2025) Rajesh Krishnamoorthy, Nominee Director (From 05 June 2024) Shikha Hora Kamdar, Nominee Director (From 05 June 2024) Pradeep Natarajan, Nominee Director (From 15 July 2024) Narasimhan Seshadri, Independent Director Bharathi P V, Independent Director (Till 17 August 2025) Ashish Singh, Nominee Director Mittur Swaminathan Sundararajan (Till 10 July 2024)

b) Transactions with related parties

Transaction	Related party	Year ended 31 March 2026	Year ended 31 March 2025
Fees for business correspondent services#	IDFC FIRST Bank Limited	167,077.22	100,216.05
Fixed deposits placed	IDFC FIRST Bank Limited	(68,607.00)	(41,299.00)
Fixed deposits matured/closed	IDFC FIRST Bank Limited	58,419.00	37,287.00
Interest income on fixed deposits	IDFC FIRST Bank Limited	147.12	240.09
Dividend paid	IDFC FIRST Bank Limited	-	4,519.80
Repairs and maintenance - others	IDFC FIRST Bank Limited	37.26	10.48
Remuneration*	Praveen Kumar Vecha (KMP)	95.38	279.06
Remuneration*	Aravind Jeganathan (KMP)	66.77	67.34
Remuneration*	Anujeet Vishwanath Varadkar (KMP)	173.04	-
Director sitting fees	Key management personnel (KMP)	26.30	73.52

*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 had 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 previous 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. Furthermore, the Company's experts updated their study during the current year, which was presented at the Board meeting held on 21 May 2025. Based on this, the Board of Directors approved an amendment to the existing BC agreement to revise the revenue-sharing percentage with the Holding Company.

IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

31 Related parties (Continued)

c) Balances with related parties

Particulars	Related party	As at 31 March 2026	As at 31 March 2025
Trade receivables	IDFC FIRST Bank Limited	6,797.69	1,431.43
Unbilled revenue	IDFC FIRST Bank Limited	20.00	680.64
Fixed deposits including accrued interest	IDFC FIRST Bank Limited	14,203.58	4,055.06
Other payables**	IDFC FIRST Bank Limited	3,000.41	4,240.57
Bank balances in current accounts	IDFC FIRST Bank Limited	2,039.49	1,489.23
Bonus payable	Praveen Kumar Vecha (KMP)	-	74.99
Bonus payable	Anujeet Vishwanath Varadkar (KMP)	13.65	-
Bonus payable	Aravind Jeganathan (KMP)	8.07	9.28

**Other payables includes payable towards business correspondents.

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

Fair value measurement hierarchy

(a) Financial instruments by category

Particulars	As at 31 March 2026		As at 31 March 2025	
	Amortized cost	Carrying value	Amortized cost	Carrying value
Financial asset				
Trade receivables	6,797.69	6,797.69	1,431.43	1,431.43
Cash and cash equivalents	19,371.92	19,371.92	9,802.36	9,802.36
Bank balances other than cash and cash equivalents	-	-	13.91	13.91
Other financial assets	1,376.35	1,376.35	1,889.83	1,889.83
Financial liabilities				
Borrowings	1,203.62	1,203.62	725.24	725.24
Lease liabilities	7,791.71	7,791.71	8,493.62	8,493.62
Other financial liabilities	10,647.28	10,647.28	8,067.05	8,067.05

The Company's principal financial liabilities comprise of borrowings, lease liabilities and other financial liabilities. The Company's principal financial assets

b) Financial instruments risk

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 assesses the financial risk and the appropriate financial risk governance framework in accordance with the Company's risk and objectives. The Board of Directors review and agree on policies for managing each of these risks, which are summarised below.

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. 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.

32 Financial instruments (Continued)

b) Financial instruments risk (Continued)

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.

As at 31 March 2026, the Company's non-derivative financial liabilities have contractual maturities as summarized below:

Particulars	Current	Non-Current	
	Up to 1 year	1 to 5 years	More than 5 years
Borrowings	277.77	925.85	-
Lease liabilities	1,809.48	5,982.23	-
Other financial liabilities	10,647.28	-	-

As at 31 March 2025, the Company's non-derivative financial liabilities have contractual maturities as summarized below:

Particulars	Current	Non-Current	
	Up to 1 year	1 to 5 years	More than 5 years
Lease liabilities	176.21	725.24	-
Other financial liabilities	1,412.88	7,080.74	-
The accompanying notes form an integral part of these financial statements	-	-	-

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33 Analytical Ratios

Ratio	Notes/ reference	Numerator		Notes/ reference	Denominator		Ratio		% Variance	Reason for variance (Refer explanation below)
		31 March 2026	31 March 2025		31 March 2026	31 March 2025	31 March 2026	31 March 2025		
		Amount (i)	Amount (ii)		Amount (iii)	Amount (iv)	(in %) v= (i)/(iii)	(in %) vi=(ii)/(iv)		
Current ratio (in times)	a	28,181.75	13,836.83	d	16,460.92	10,702.85	1.71	1.29	32.43%	1
Return on equity (%)	b	(4,348.97)	946.27	13	816.82	558.00	-532%	170%	-413.96%	2
Trade receivables turnover ratio (in times)	20	167,077.22	100,216.05	e	4,114.56	4,957.43	40.61	20.22	100.87%	3
Net capital turnover ratio (in times)	20	167,077.22	100,216.05	f	7,427.41	4,931.00	22.49	20.32	10.68%	*
Net profit ratio (%)	b	(4,348.97)	946.27	20	167,077.22	100,216.05	-2.60%	0.94%	-375.67%	2
Return on capital employed (%)	c	(3,237.11)	1,830.76	g	22,567.74	14,560.42	-14.34%	12.57%	-214.08%	2
Debt-equity ratio	15	1,203.62	901.45	g	22,567.74	14,560.42	5.33%	6.19%	-0.86%	*
Debt service coverage ratio	h	348.85	5,099.72	i	2861.23	2381.53	12.19%	214.14%	-201.94%	2

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 h. Net profit after taxes + non-cash operating expenses like depreciation and other amortizations+interest i. Total of lease liabilities and borrowing paid during the year (including interest paid).

* Variances are below 25%, hence no explanation is required

Explanation

1. The major variance is attributable to the increase in cash and bank balances during the current year, which is directly linked to the equity infusion made during the year.
2. The market dynamics relating to BC services on microfinance loan products have resulted in a significant drop in revenue. As a substantial portion of the Company's expenses are fixed, the financial performance has been adversely affected, leading to a significant decline (Also, refer note 1 above).
3. During the current year, the Company has expanded its business correspondence ("BC") services by adding more loan products. The revenue from operations and trade receivables generated from these additional BC services have resulted in a significant increase.

34 Corporate social responsibility ("CSR")

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are Education and environment, Health and sanitation, Women empowerment and child protection, Response to natural calamities and Disaster relief. A CSR committee has been formed by the Company as per the Act. The details of funds primarily utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013 are as follows:

Particulars	Year ended 31 March 2026	Year ended 31 March 2025
a) Amount required to be spent by the Company during the year	92.27	120.14
b) Amount of expenditure incurred	95.45	167.06
c) Excess / (shortfall) at the end of the year*	3.18	46.92
d) Total of previous years shortfall	-	-
e) Reason for shortfall	NA	NA
f) Nature of CSR activities	Education and environment, Health and sanitation, Women empowerment and child protection, Response to natural calamities and Disaster relief.	

IDFC FIRST Bharat Limited**Summary of material accounting policies and other explanatory information***(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)***35 Contingent liabilities and commitments****i) Contingent liabilities****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

	As at 31 March 2026	As at 31 March 2025
	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 ₹ 94 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 2026 is ₹ Nil (31 March 2025: ₹ 513.89).

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 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 New Labour Codes

Pursuant to the notification of the 4 New Labour Codes by the Government of India viz the Code on Wages, 2019, the Code on Social Security, 2020, the Industrial Relations Code, 2020, and the Occupational Safety, Health and Working Conditions Code, 2020 (collectively referred to as the "New Labour Codes") with effect from 21 November 2025, and pending issuance of the detailed Rules, the Company has reassessed its employee benefit obligations based on the revised definition of wages and expanded eligibility criteria under the New Labour Codes. Based on actuarial valuation and management's best estimates, the Company recognised an incremental gratuity expense of ₹ 2,426.44 as past service cost during the current year, resulting in a corresponding increase in gratuity obligation. The impact on other employee benefit obligations is not material, and the Company continues to monitor developments and will review its estimates as further clarifications and Rules are notified.

IDFC FIRST Bharat Limited
Summary of material accounting policies and other explanatory information
(All amounts are in lakhs of Indian Rupees (in ₹), unless otherwise stated)

- 45** 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.
- 46** The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.
- 47** Compliance with approved scheme of arrangements: The Company has not entered in any such arrangements during the period.
- 48** 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

For and on behalf of the Board of Directors of
IDFC FIRST Bharat Limited
CIN: U65929TN2003PLC050856

Praveen Warriar
Partner
Membership No: 214767

Chennai
20 April 2026

Anujeet Vishwanath Varadkar
Managing Director and CEO
DIN: 11283164

Hyderabad
20 April 2026

Pradeep Natarajan
Chairman
DIN: 10499651

Mumbai
20 April 2026

Aravind Jeganathan
Chief Financial Officer
(ACA: 227644)

Hyderabad
20 April 2026