



July 18, 2020

The Secretary BSE Limited PhirozeJeejeeboy Towers Dalal Street Mumbai - 400001	The Secretary National Stock Exchange of India Limited Exchange Plaza BandraKurla Complex (BKC) Bandra (east) Mumbai - 400051
Scrip Code No - 539844	Symbol: EQUITAS

Dear Sirs,

Sub: Notice of 13th Annual General Meeting along with Annual Report for FY 2019-20

Pursuant to Regulation 34 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to notify that the 13th Annual General Meeting of the Company is scheduled on Monday, August 10, 2020 at 3.00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

The soft copy of Annual Report for FY 2019-20 along with the Notice of 13th AGM of the Company is enclosed. The same is also being uploaded in our website.

Kindly take the above information on record.

Thanking you,

Yours truly,

For Equitas Holdings Limited

Deepti R

Company Secretary

EQUITAS HOLDINGS LIMITED

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Received CSR Award from the Ministry of Corporate Affairs, Government of India, for Contribution to National Priority Areas – Slum Area Development.

EQUITAS HOLDINGS LIMITED (EHL) is a non-deposit taking, systemically important core investment company (CIC-ND-SI) registered with the Reserve Bank of India (RBI). EHL's operations and activities are limited to investing in and providing loans to group companies. The Company operates two subsidiaries: Equitas Small Finance Bank Limited (ESFB), licensed under Section 22 of the Banking Regulations Act, 1949 to carry on the business of small finance bank and Equitas Technologies Private Limited (ETPL), engaged in the business of freight aggregation.

Equitas (Erstwhile NBFC) was launched with the aim of improving the quality of life by increasing total household asset value of those who are not effectively serviced by the formal financial sector, by providing transparent and trustworthy access to relevant financial products and services by deploying cutting-edge technology platforms and forming partnerships and alliances.

Consolidated Performance Highlights

FY 2019-20

BALANCE SHEET SIZE (₹ Cr)	33%	NO. OF ACTIVE LOAN ACCOUNTS	21%
20,835	↑	24,19,063	↑
NETWORTH (₹ Cr)	14%	TOTAL DEPOSITS (₹ Cr)	20%
2,784	↑	10,679	↑
LOAN AUM (₹ Cr)	32%	RETAIL DEPOSITS (₹ Cr)	133%
15,440	↑	3,849	↑
DISBURSEMENTS (₹ Cr)	16%	NO. OF DEPOSIT ACCOUNTS	89%
9,911	↑	11,74,156	↑

% represents YoY growth

Chairman's Insights

Delivering concrete results

ESFBL has adopted the strategy to create a long-term granular retail liability franchise and has achieved satisfying results in its endeavour. ESFBL has also energised itself with a comfortable, sustainable and scalable growth in advances and, in the process, has developed and launched many innovative products to attract customers.

Dear Shareholders,

It gives me immense pleasure to share my views with you through this Annual Report – about what we are, what we set out to accomplish, and what we have achieved so far. It is also important to analyse our achievements through the lens of our declared strengths – accountability, transparency and full disclosure.

Before I delve deeper into our performance, it is crucial to outline the external environment in which we currently operate in. We seem to be in a cauldron being pushed here and there by forces beyond our comprehension and control, that dictate our economic and social progress. From somewhere around the middle of the last financial year, we had noticed worrying signs of a downtrend in our economy. That has been compounded by the outbreak of a pandemic that poses a significant threat to the community's wellbeing and safety.

However, we are not alone in this; most countries across the globe are going through this process of 'adjustment'. Hope and faith are our constant companions to tide over the crisis. I do hope that the problems

and difficulties will sort themselves out in the near future. My prayers and good wishes are with you all in staying safe and healthy during this pandemic situation.

Looking back at my association with Equitas, I realised that I have been part of this 'experience' for the last 13 years. In the middle of 2007, when I was exposed to the organisation, I must admit that what drove me into this orbit as the commitment and vision of the people behind Equitas to deliver a product that was distinctive, that was socially relevant and that served a greater purpose. That vision has remained unaltered to date. I can assure you all that those objectives have not been whittled even by a small measure.

You may recall that we started out with Micro-Financing. As we moved ahead, along with the tremendous support of our investors and other stakeholders, we progressively added vehicle financing, mortgage financing and a host of other activities. All these milestones have merged to form the organisation that we have today. Between then and now, our primary objective of being socially relevant has been an unwavering constant and has not changed a bit.

We existed for and continue to serve the 'neglected' sectors and society, who did not have a formal source of income and were 'underserved' by other players, and continue to do so, to this day. We have demonstrated to the society and the powers that be – that this part of society, which has remained unserved and underserved, can be enabled to discharge its societal obligations, as well as other segments. We supported their cause and instilled confidence in them. In targetting our synergies at this segment, our business has grown with their support, and we remain proud to be a beacon of hope to these people.

While we were doing this, we did not forget to invoke our motto of being relevant, accountable, and transparent. We were the first among micro-finance organisations to openly declare the process of interest calculation, issue passbooks and inculcate a sense of trust in these people unmindful of the fact that our return on investments was comparatively lower than that of our competitors.

Let me assure you, dear shareholders, that commitment and philosophy guides us even today. Equitas is proud to be a participant in this social movement.

Apart from the businesses based on these principles, we have committed ourselves to grow with our customers, and their happiness was somewhat enhanced by a clutch of welfare measures. We started all these activities well ahead of government-mandated CSR initiatives.

We run medical camps, eight schools for children from low-income families, teach our members skills and expertise to enable them to advance in life as a professional or a businessperson. Our schools are being run as part of our social commitment, and I have no hesitation to admit that these have contributed to the welfare of our constituents. I am very proud to report that many of our students have topped their districts and state in board examinations.

It is our deep desire that the 5% of our profits, used for our societal activities, will help us to achieve even nobler objectives in the future.

BUSINESS

We are a Holding Company (Holdco) and our business is carried out by the two subsidiaries – a major part of our activity is the Small Finance Bank (SFB), one of the first to commence operations as a bank, and a small part of our activity relates to the setting up of an electronic platform for transportation. The published accounts give details of the functioning of these businesses. You may be glad to know that our businesses have been progressively improving.

For the Bank, we have a separate Board, which comprises competent professionals and is chaired by Mr. Arun Ramanathan, IAS (Retired). A Board of competent professionals assists him. I must compliment Mr. Arun Ramanathan and his colleagues for running the Bank efficiently. My compliments to Mr. P N Vasudevan, the MD & CEO of the Bank, for his significant contribution to the development of the business.

The Bank has adopted the strategy to create a long-term granular retail liability franchise and has achieved satisfying results in its endeavour. The Bank continues to focus on growth of retail deposits, which provide a stable and low-cost source

of funding. The Bank has also energised itself with a comfortable, sustainable and scalable growth in advances and, in the process, has developed and launched many innovative products to attract customers. Your Board believes that the Bank is on the right track. Lower-than-expected growth in the last quarter is attributed to factors beyond its control. As the economy stabilises after exiting the 'lockdown', the Bank will pursue its carefully laid out plans. The Bank has made significant investments in new-age technologies to deliver superior experiences to customers and increase operational efficiency and reach. These investments have started yielding results.

Equitas Technologies has been adopting modern methods of transport engineering and we are hopeful of making a successful venture out of it. These are visible signs of improvement in this business in the later part of the past year, and in the current quarter.

STAKEHOLDERS

You are the most critical engine for growth. I am glad to note that you understand us completely and are a source of great strength. It is gratifying to note that as shareholders, we have a mix of institutional and retail investors, and the Board and I are very grateful for all your support.

I am aware of the fact that at the Initial Public Offer of the Company in 2016, all of you had stood by us. We will not forget the support that we have received from all of you.

We are a core investment NBFC, regulated by the Reserve Bank of India. NBFC regulations require us to direct a major part of our resources in 'investments'. The Bank is our major investment. It implies, therefore, that for us to reward our investors, we must get a return on our investment. The Bank is governed by the objectives and regulations of the RBI, and the central bank does not permit dividend payments by a Bank in its initial years, even if the institution makes profits. We had explained this position at the last meeting of our shareholders. We expected the restriction to be lifted this year, but the RBI has blocked dividends by all banks this year.

One other condition laid down by the RBI was that the banking subsidiary must be listed separately by the end of the third year of the start of business. For us, the deadline was September 4, 2019.

Your Company had approached the RBI and SEBI with a proposal that could have helped it to achieve this. Our proposal did not receive the recognition from the authorities, resultant to which, the Bank initiated the move to go in for an IPO. Requisite permissions were received in February-March 2020. The IPO was scheduled around the end of March 2020. Unfortunately, the listing of the Bank had to be put on hold due to the coronavirus outbreak. We plan to resume our efforts in this direction as soon, as possible when a clear situation emerges.

Our investors have faced a situation where the market price of the Company's shares witnessed a downward trend, in line with the perceptible drop in market value of shares of companies in the financial sector, including banks, for reasons that the world economy is undergoing a period of stress. We expect this phase to get over soon and normal activities to resume in the market. I thank all our investors for their continued support and patience during these challenging times.

Until last year, we had held physical meeting of shareholders which enabled the Board, the management, and the shareholders to exchange ideas. This year, we will hold virtual meetings, but we remain open to exchange of ideas as ever.

The Board and I personally thank our investors and other stakeholders, for their continued interest in us. We are grateful to you for entrusting us with the responsibility of protecting your interests. We assure you that we will earnestly do this with the exemplary standards of transparency, accountability and reliability, guided by our purpose and promise as a social institution.

May God bless you.

RANGACHARY N.
Chairman

Directors' Report

To,
The Members,
Equitas Holdings Limited

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the audited accounts of the Company on a Consolidated and Standalone basis for the Financial Year ended March 31, 2020 (FY 2019-20).

1. Financial Results

The summary of Company's financial performance, both on a Consolidated and Standalone basis for FY 2019-20 compared to the previous year, FY 2018-19 is given below:

Particulars				
	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Revenue	293,590	235,853	1,907	2,252
Less: Total Expenditure	261,973	208,722	607	980
Profit before taxation	31,617	27,131	1,300	1,272
Provision for taxation	11,017	9,474	530	339
Profit after taxation[A]	20,600	17,657	770	933
Other Comprehensive Income [B]	119	40	(1)	1
Total comprehensive Income for the year, net of tax [A+B]	20,719	17,697	769	934
Transfer to Statutory Reserve	6,245	5,451	154	187
Transfer to Special reserve	483	264	Nil	Nil
Transfer to investment fluctuation reserve	276	843	Nil	Nil

(₹ in lakhs)

2. Dividend

The Directors do not recommend any dividend for the year.

3. Transfer to Reserves

Your Company has transferred a sum of ₹ 154 lakhs to Statutory Reserve as required under the Reserve Bank of India Act, 1934.

4. Capital Adequacy

The Capital Adequacy Ratio of the Company stands at 97.19% as of March 31, 2020 as against the minimum capital adequacy requirements of 30% stipulated by RBI.

5. Material Changes and Commitments

There were no material changes and commitments between the end of FY 2019-20 and the date of this report, affecting the position of the Company except the impact of COVID-19 pandemic and enforced lockdown on the business of the Group, details of which are covered under Management Discussion & Analysis, forming part of this Report.

6. Share Capital

The Company, during the year, has issued in aggregate, 328,497 Equity Shares to its employees and the employees of its Subsidiaries under the Equitas Employees Stock Option Scheme, 2015.

Pursuant to the aforesaid issue and allotment of Equity Shares, the paid-up share capital of the Company stood at ₹ 3,417,899,950 as at March 31, 2020 as compared to ₹ 3,414,614,980 as at March 31, 2019.

7. Investment in Subsidiaries

During the year under review, the Company had infused a capital of ₹ 200 lakhs in its Subsidiary, Equitas Technologies Private Limited by subscribing to its equity shares on a rights basis.

8. The State of Company's affairs

The Company continues to be categorised as a Non-Banking Financial Institution - Non-Deposit taking - Systemically Important Core Investment Company (CIC-ND-SI) under the RBI Regulations.

9. Statutory Disclaimer

The Company is having a valid Certificate of Registration dated September 1, 2016 issued by the RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for discharge of any liability by the Company.

Neither there is any provision in law to keep, nor does the Company keep any part of the deposits with RBI and by issuing a Certificate of Registration to the Company, RBI neither accepts any responsibility nor guarantees the payment of deposits to any depositor or any person who has lent any sum to the Company.

10. Fixed Deposits

The Company has not accepted any deposits from the public since inception.

11. Subsidiary Companies

The Company conducts its business through the following two subsidiaries:

Sl. No.	Name of the Subsidiary	Activities
1	Equitas Small Finance Bank Limited (ESFBL)	ESFBL is engaged in Banking business. Its various activities are outlined in the Management Discussion and Analysis Report which forms part of this Report.
2	Equitas Technologies Private Limited (ETPL)	ETPL is engaged in freight facilitation business under the brand name of 'Wowtruck'. The Company provides a common platform for customers and truck owners to connect online and carry out transactions on a real time basis.

As required under Regulations 16(1) (c) & 46 of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 "SEBI Listing Regulations", the Board of Directors had approved the Policy for determining Material Subsidiaries ("Policy"). The details of the Policy are available on the website of the Company https://www.equitas.in/pdf/EHL_Policy_Materiality.pdf.

12. Corporate Social Responsibility

The Company has laid down a Corporate Social Responsibility Policy, which is disclosed on our website <https://www.equitas.in/pdf/EHL-CSR-Policy.pdf>. In accordance with the Policy, the Company and its Subsidiary, ESFBL contribute higher of 5% of its net profits as against the prescribed 2% of average net profits made during the preceding three financial years. Equitas Development Initiatives Trust, a registered Public Charitable Trust to implement schemes and projects approved as per the CSR policy. A report on CSR activities is enclosed as **Annexure – I**.

13. Listing of shares of ESFBL

In accordance with the terms and conditions of the grant of Small Finance Bank (SFB) licence, ESFBL is required to list its shares within three years of commencement of business i.e., on or before September 4, 2019. Also, the Company, as the promoter of ESFBL is required to maintain a minimum stake of 40% (forty percent) in ESFBL for a period of 5 (five) years from the date of commencement of business of the bank (i.e., until September 04, 2021).

In order to ensure compliance with the aforesaid licensing conditions, a Scheme of Arrangement was formulated between ESFBL, the Company and its shareholders, proposing issue of shares of ESFBL for no cash consideration to shareholders of the Company by capitalising securities premium, free reserves and surplus in the profit and loss account. This Scheme was submitted to SEBI through Stock Exchanges for approval in February 2019. As this Scheme was returned by SEBI in September 2019, ESFBL has initiated steps to list its shares through an Initial Public Offer (IPO).

The Bank filed Draft Red Herring Prospectus (DRHP) for the proposed IPO, with SEBI on December 16, 2019. The DRHP proposed primary issue of upto ₹ 550 crore and Offer for Sale by Equitas Holdings Limited, the promoter selling shareholder of upto 8,00,00,000 (Eight crore only) shares.

However, due to the COVID-19 global pandemic and consequent lockdowns across the country, the launching of the IPO and listing have been delayed. Management and the Board of Directors of ESFBL remain committed to completing the IPO of shares once normalcy in business operations following the lockdown is restored.

14. Performance and Financial Position of Subsidiaries

As required under Section 129 of the Act read with Rule 5 of Companies (Accounts) Rules, 2014, a statement containing salient features of financial statements of each of the Subsidiaries has been appended to the financial statements.

15. Consolidated Financial Statements

The Consolidated Financial Statements which have been prepared in accordance with the Companies Act, 2013 ("the Act") and the relevant Accounting Standards form part of this Annual Report.

16. Management Discussion and Analysis Report

In accordance with the SEBI Listing Regulations, the Management Discussion and Analysis Report highlighting the business-wise details forms part of this Report.

17. Corporate Governance Report

A report on Corporate Governance containing the details as required under the SEBI Listing Regulations forms part of this Report.

The Executive Director & CEO and the Chief Financial Officer have submitted a certificate to the Board regarding the financial statements and other matters as required under Regulation 17(8) of SEBI Listing Regulations.

18. Business Responsibility Report

Business Responsibility Report is attached and forms part of this Report.

19. Board Meetings

During FY 2019-20, the Board of Directors of the Company met five times. The details of the Meetings are given in the Report on Corporate Governance. The maximum interval between any two Meetings did not exceed 120 days, as prescribed in the Act.

20. Composition of Audit Committee

The Company has constituted an Audit Committee in terms of the requirements of the Act and Regulation 18 of SEBI Listing Regulations. The composition of the same is disclosed in the Corporate Governance Report.

21. Directors & Key Managerial Personnel

As on the date of this Report, the Company has six Independent Directors including a woman Director.

Change in Directors

The Board of Directors of the Company at its Meeting held on August 02, 2019, had appointed Mr. Jayaraman Chandrasekaran as Additional Director of the Company w.e.f. August 02, 2019. Further, the Board at its Meeting held on November 08, 2019 had appointed Mr. John Alex as Whole-Time Director of the Company designated as Executive Director & Chief Executive Officer (ED & CEO) in the place of Mr. Bhaskar S, who ceased to be an ED & CEO w.e.f. close of office hours on October 20, 2019. However, Mr. Bhaskar S, continues to be a Non-Executive Director w.e.f. October 21, 2019.

Resolutions for appointment of Mr. Jayaraman Chandrasekaran as a Director and Mr. John Alex as a Director and Whole-Time Director (ED & CEO) of the Company are being placed before the shareholders for approval at the ensuing Annual General Meeting (AGM) and the same has been included in the Notice of AGM. Brief profile of the above appointees has been annexed to the Notice of AGM.

Mr Rangachary N, Chairman & Independent Director of the Company was appointed with effect from May 7, 2015 for a period of five years. He continues to satisfy the criteria of independence as provided in Section 149(6) of the Act, Rules framed thereunder and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). However, considering the fact that Mr Rangachary has been associated with the Company for more than ten years and that his continued association would immensely benefit the Company, your Directors recommend his re-appointment with effect from May 7, 2020 as a Non-Executive Non-Independent Director of the Company, as a good governance practice.

Mr Rajaraman P V and Mr Arun Ramanathan, Independent Directors of the Company were appointed with effect from May 7, 2015 for a period of five years. Your Directors recommend their re-appointment for the approval of shareholders, for a period of five years with effect from May 7, 2020, as their continued association as Independent Directors and as Members of various Committees of the Board would immensely benefit the Company.

The Company has familiarised the Independent Directors of the Company, their roles and responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details of the familiarisation programme imparted to Independent Directors are available on the website of the Company <https://www.equitas.in/pdf/Familiarisation-Programme-for-Independent-Directors.pdf>.

The terms and conditions of appointment of Independent Directors are also available on the website of the Company <https://www.equitas.in/pdf/EHL-ID-Appt-TermsnConditions.pdf>.

Section 152 of the Act provides that two-thirds of the total numbers of Directors are liable to retire by rotation out of which one-third shall retire from office at every AGM. In terms of Section 149(13), the provisions of retirement of Directors by rotation shall not be applicable to Independent Directors and an Independent Director shall not be included in the total number of Directors liable to retire by rotation.

Accordingly, Mr. Bhaskar S, Non-Executive Non-Independent Director, retires by rotation this year, and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as Director of the Company liable to retire by rotation. Appropriate resolution in this regard is being placed for approval of the shareholders at the ensuing Annual General Meeting.

The Appointment of Independent Director(s) during the year were made with satisfaction of the Board after ascertaining the integrity, experience, expertise and proficiency of the Director.

Key Managerial Personnel

As at March 31, 2020, the Company had the following Key Managerial Personnel (KMPs):

Sl. No.	Name of the KMP	Designation
1	Mr. John Alex	Executive Director & Chief Executive Officer (ED & CEO)
2	Ms. Srimathy R	Chief Financial Officer (CFO)
3	Ms. Deepti R	Company Secretary (CS)

22. Declaration from Independent Directors

The Board has received declarations from the Independent Directors as required under Section 149(7) of the Act and Regulation 16(1)(b) of SEBI Listing Regulations and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in the Act and Code of Conduct for Directors.

23. Evaluation of Board Performance

The performance of the Chairman, the Board, Audit Committee (ACB), Nomination, Remuneration & Governance Committee (NRGC), Corporate Social Responsibility Committee (CSR), Stakeholders' Relationship Committee (SRC) and that of individual Directors for the Year 2019-20 were evaluated on the basis of criteria approved by the Board. Some of the performance indicators, based on which the independent directors are evaluated include contribution to setting strategy and policy directions, concern for stakeholders, approach to issues placed before the Board, exercising of own judgement and voicing opinion freely.

All Directors were provided the criteria for evaluation which were duly filled in and sent to the Secretary to NRGC. The feedback was then collated and shared in confidence with the Chairman of NRGC.

The Chairman of NRGC discussed the same with the other Members of the Committee. Later at the Board

Meeting, the Chairman of NRGC shared the feedback with the Chairman of the Board and the other Directors.

24. Policy on Directors' appointment & remuneration

Pursuant to the provisions of Section 178 of the Act, the Company has formulated and adopted Policy on selection of Directors and Remuneration Policy which are disclosed on our website, under Policies Section. <https://www.equitas.in/pdf/EHLFit&ProperPolicy.pdf>. <https://www.equitas.in/pdf/EHLRemunerationPolicy.pdf>.

25. Directors' Responsibility Statement

The Board of Directors of the Company, to the best of their knowledge and belief, confirm that:

- 1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 2) they have 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 as at March 31, 2020 and of the profit of the Company for that period;

- 3) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) they have prepared the annual accounts on a going concern basis;
- 5) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
- 6) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

26. Overall remuneration

Details of all elements of remuneration paid to all the Directors are given in the Corporate Governance Report. The Independent Directors of the Company are not entitled to stock options.

Details of remuneration as required to be provided under Section 197 of the Act read with Rule 5 of Companies (Appointment and Qualification of Managerial Personnel) Rules, 2014

(i) Ratio of Remuneration of each Director with Median employee's Remuneration and the percentage increase in remuneration	Name of the Director	Ratio of remuneration* to median remuneration of employees	% increase in remuneration in the financial year
	Mr. Rangachary N, Chairman ¹	0.47:1	
	Mr. Arun Ramanathan	Nil	
	Ms. Jayshree Ashwinkumar Vyas, Independent Director ¹	0.24:1	
	Mr. Jayaraman Chandrasekaran, Independent Director ²	0.16:1	
	Mr. Rajaraman P V, Independent Director ¹	0.24:1	
	Mr. Viswanatha Prasad, Independent Director ¹	0.35:1	Please refer the note below
	Mr. Bhaskar S, (As ED & CEO from April 1, 2019 to October 20, 2019 and as Non-Executive Director and from October 21, 2019 to March 31, 2020) ³	7.04:1	
	Mr. John Alex, ED & CEO (from November 8, 2019) ²	2.73:1	
	¹ Remuneration decreased by 8.61% during the year.		
	² Comparison not feasible since appointed during the year.		
	³ Comparison not feasible since ceased to be ED & CEO during the year.		
	*Does not include sitting fee paid to directors for attending the Meetings of Board and Committees.		
(ii) the percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Increase in remuneration of KMP is as follows:		
	CFO	17%	
	CS	7.80%	

(iii) the percentage increase in the median remuneration of employees in the financial year;	7.80%
(iv) the number of permanent employees on the rolls of the Company as on March 31, 2020	5 (five) Details of remuneration of these employees as required under Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure - II
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial Remuneration.	The average percentage increase in salaries of employees other than the managerial personnel in the last financial year was 13.11%. There was a change in ED & CEO during the year. Hence comparison is not feasible.
(vi) affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration is as per the Remuneration Policy of the Company.

None of the employees drew remuneration beyond the limits specified under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

27. Whistle Blower Policy/Vigil Mechanism

The Company has devised a Vigil mechanism for Directors and employees through the adoption of Whistle Blower Policy, details whereof is available on the Company's website <https://www.equitas.in/pdf/EHL-Whistle-Blower-Policy.pdf>.

28. Auditors

Statutory Auditors

M/s S R Batliboi & Associates LLP ("SRB"), Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of five years from the conclusion of 10th AGM held in 2017 till the conclusion of 15th AGM to be held in 2022.

SRB's term of appointment in the Company's Subsidiary, Equitas Small Finance Bank Limited (ESFBL) would end after the conclusion of ensuing AGM of ESFBL in terms of the extant regulations of Reserve Bank of India in this regard.

In this connection, SRB has expressed that they would not be in a position to obtain sufficient participation in the audit of the Consolidated Financial Statements of the Company after ceasing to be auditors of ESFBL and accordingly have communicated their intent to resign as auditors of the Company upon issuing review report on results of the Company for the quarter ending June 30, 2020.

Consequent to the above, the Board of Directors of the Company, on May 29, 2020 has recommended appointment of M/s T R Chadha & Co LLP, Chartered Accountants, having Registration Number (Firm Registration No: 006711N/ N500028) as Statutory Auditors of the Company in view of having common network of Auditors for the Company & ESFBL, for a period of five years from the conclusion of 13th Annual General Meeting till the conclusion of 18th Annual General Meeting of the Company to be held in the year 2025 subject to resignation of SRB taking

effect. The said matter is being placed before the shareholders for their approval at the ensuing AGM.

The Company has received the written consent(s) and certificate(s) of eligibility in accordance with Sections 139, 141 and other applicable provisions of the Act and Rules issued thereunder, from M/s. T R Chadha & Co LLP. Further, they have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI).

29. Details in respect of frauds, if any, reported by Auditors:

There have been no frauds reported during the Financial Year ended March 31, 2020.

30. Secretarial Auditors

The Secretarial Audit Report of M/s B Ravi & Associates, Practising Company Secretaries for FY 2019-20 is enclosed as **Annexure-III**.

Your Company has complied with the applicable Secretarial Standards relating to 'Meetings of the Board of Directors' and 'General Meetings' during the year.

31. Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by Statutory Auditors or Secretarial Auditors

There are no qualifications, reservations, adverse remarks or disclaimers made by the Statutory Auditors or Secretarial Auditors.

32. Information as per Section 134 (3) (g) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014

During FY 2019-20, the Company had no activity relating to conservation of energy or technology absorption. Also, there were no foreign currency earnings or outgo.

33. Details of Employees Stock Option Scheme

Nomination, Remuneration & Governance Committee constituted by the Board of Directors of the Company, administers the Employee Stock

Option Schemes, formulated by the Company, from time to time.

Information as required under Section 62 of the Act and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 (SEBI Regulations):

Sl. No.	Information required	Particulars
1	Number of Options granted during the year	470,060
2	Number of Options vested during the year	1,761,904
3	Number of Options exercised during the year	328,497
4	Number of shares arising as a result of exercise of Options	328,497
5	Number of Options forfeited/lapsed during the year	12,613,704
6	Exercise Price (₹)	115
7	Money realised by exercise of Options (₹)	20,270,999
8	Total number of Options outstanding	172,308
9	Option Granted but not vested	42,500
10	Options Vested but not exercised	129,808
11	Total number of Options available for grant	36,768,978
12	Variation of terms of options	Nil

Note: Refer Note 41 to the Standalone Financial statements and Note 53 to the Consolidated Financial Statements

Employee-wise details of options granted to

- Key Managerial Personnel: Nil
- Any other employee who receives a grant of options in any one year of options amounting to five percent or more of options granted during that year:

Name	Designation	No. of options	Exercise Price	% of options granted
Sridharan N*	Chief Financial Officer (ESFBL)	25,000	115	5.32
Dheeraj Mohan*	Senior Vice President & Head - Strategy, Investor Relations, BI & Analytics (ESFBL)	25,000	115	5.32
Prabhakaran A*	Executive Vice President & Head - CPC & CS (ESFBL)	30,000	115	6.38

*The rights attached to Options granted by the Company including the aforesaid were subsequently surrendered by the employees.

- Identified employees who were granted options during any one year, equal to or exceeding one percent of the issued capital (excluding

outstanding warrants and conversions) of the Company at the time of grant - Nil

Other details relating to Stock Options as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are displayed on the Company's website, <https://www.equitas.in/holdeqis/pages/forms/uploads/geme-agm-agm-nf-ehl-esop-data-annual-report-19-20.pdf>

34. Particulars of contracts or arrangements with related parties

All the Related Party Transactions that were entered into during FY 2019-20 were on an arm's length basis and were in the ordinary course of business.

Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Act, in form AOC-2.

All Related Party Transactions as required under Indian Accounting Standard (Ind AS-24) are reported in Note No.32 forming part of Financial Statements of your Company.

The Company's Policy on dealing with Related Party Transactions is available on the Company's website <https://www.equitas.in/pdf/EHLPolicyonRelatedPartyTransactions.pdf>.

35. Risk Management

The Company is a Core Investment Company (CIC) and its operations are limited to being a CIC. The risks therefore primarily relate to investments made in its subsidiaries. The operations of each of the subsidiaries, the risks faced by them and the risk mitigation tools followed by them to manage these risks are reviewed periodically by the Risk Management Committees/Audit Committees and the Boards of the respective subsidiaries. The same are considered by the Risk Management Committee and Board of the Company, as well. Details of the same are covered in the Management Discussion and Analysis Report.

36. Internal Financial controls

The Company has clear delegation of authority and standard operating procedures. These are reviewed periodically by the Audit Committee of the Company. These measures help in ensuring adequacy of internal financial controls commensurate with the nature and scale of operations of the Company.

37. Loans/Guarantees /Investments

Details of loans, guarantees and investments covered under Section 186 of the Act are provided in Notes 8 & 32 forming part of Financial Statements.

38. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy on Prevention of Sexual Harassment in line with the requirements

of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received under the Policy. No complaint has been received by the Company under this Policy so far.

39. Significant and Material Orders Passed by the Regulators or Courts

There have been no significant and material orders passed by Regulators or Courts or Tribunals impacting the going concern status and the future operations of the Company. Further, no penalties have been levied by RBI/any other Regulators on the Company during the year under review.

However, RBI vide its letter dated September 6, 2019 imposed the following regulatory action for non-compliance with SFB licensing guidelines with respect to listing of shares of the Bank within three years of the commencement of business:

- i) The Bank is not permitted to open new branches till further advice
- ii) The remuneration of MD & CEO of the Bank stands frozen, at the existing level, till further advice.

The Bank initiated immediate steps to list its shares through Initial Public Offer (IPO) of its shares, details of which are provided under paragraph 13 above.

40. Extract of Annual Return

The extract of Annual Return in Form No. MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure – IV** to this Report. The Annual Return in Form No. MGT-7 is available in the website of the Company <https://www.equitas.in/>

41. Dividend Distribution Policy

The Dividend Distribution Policy of the Company is available on our website <https://www.equitas.in/polices.php>

42. Depository System

As the Members are aware, the Company's Equity Shares are tradable in electronic form. As on March 31, 2020, out of the Company's total equity paid-up share capital comprising of 34,17,89,995 Equity Shares, only 99,586 equity shares were in physical form and the remaining shares were in electronic form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail themselves of the facility of dematerialisation.

Acknowledgement

The Directors thank the investors and customers for reposing confidence in Equitas. The Directors gratefully acknowledge the guidance and support extended by RBI, SEBI, Stock Exchanges, Depositories and other statutory authorities. Your Directors place on record their sincere thanks to its valued constituents for their support and patronage. The Board also expresses its deep sense of appreciation to the employees at all levels for their unstinted commitment to the growth of Equitas.

For and on behalf of the **Board of Directors**

John Alex
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

May 29, 2020

Corporate Social Responsibility (CSR) Report

Annexure I

[Pursuant to clause (o) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs:

CSR policy of the Company is available on our website <https://www.equitas.in/pdf/EHL-CSR-Policy.pdf>

The oversight of Projects entrusted to Equitas Development Initiatives Trust (EDIT) (through which the Company carries on CSR activities) is done by the CSR Committee of the Board.

2. The Composition of CSR Committee as on March 31, 2020 was:

- Mr. Arun Ramanathan, Chairman & Independent Director
- Mr. P V Rajaraman, Independent Director
- Ms. Jayshree Ashwinkumar Vyas, Independent Director
- Mr. John Alex, ED & CEO

3. The average net profit of the Company for last three financial years has been:

Particulars	₹ in lakhs
Profit - 2018-19	1,302.14
Profit - 2017-18	979.43
Profit - 2016-17	768.25
Average PROFIT for CSR purpose	1,016.61
2% of average Profit for last three years *	20.00

*Prescribed CSR Expenditure

4. Details of CSR contribution made by the Company to EDIT during the Financial Year:

Particulars	₹ in lakhs
CSR contribution made during the year	33.41
TOTAL	33.41

Details of utilisation of CSR contribution

EDIT has reported having utilised the CSR contribution of ₹ 27.05 lakhs (including opening balance of unutilised CSR contribution of ₹ 41.42 lakhs made by EHL) towards educational initiatives.

5. Details of expenditure:

							₹ in lakhs
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period (FY 2019-20)	Amount spent: Direct or through implementing agency*
1	Providing support to Seven Matriculation schools set up by Equitas and run by Equitas Development Initiatives Trust (EDIT) for students from socially and economically weaker sections of the society	Education	Seven schools in Tamil Nadu located at Karur, Trichy, Salem, Coimbatore, Dindigul, Cuddalore and Kumbakonam	33.41	33.41	33.41	Through implementing agency –EDIT, a public charitable trust
TOTAL				33.41	33.41	33.41	

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

We hereby confirm on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

John Alex
ED & CEO

Arun Ramanathan
(Chairman – CSR Committee)

Place: Chennai
Date: May 29, 2020

**Information as required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
(forming part of Directors' Report for FY 2019-20)**

Details of Top Ten employees in terms of remuneration drawn during the year

There are only five employees on the rolls of the Company as on March 31, 2020 and hence the details of their remuneration are provided below:

S No	Employee Name	Designation	Educational Qualification	Age (in years)	Experience (in years)	Remuneration during FY 2019-20 (₹ in lakhs)	Joining Date	% of Equity shares held	Previous employment and designation
1	Mr. John Alex	Executive Director & Chief Executive Officer	B.Sc	63	37	23.27	08-Nov-19	0.00%	Executive Vice President, Equitas Small Finance Bank Limited
2	Ms. Srimathy R	Chief Financial Officer	ACA	37	10	19.55	01-Aug-17	0.00%	AVP - Finance & Accounts, Equitas Small Finance Bank Limited
3	Ms. Deepti R	Company Secretary	B.Com(CS), ACS	29	6	8.77	01-Jul-16	0.00%	Company Secretary, Tamilnadu Petroproducts Limited
4	Ms. Vidya B A	Deputy Manager - Finance & Accounts	B. Com, MBA	49	25	4.26	01-Dec-14	0.00%	Deputy Manager, Jain Jubilant Cars Pvt Ltd
5	Mr. Srinivasa Prasad C	Deputy Manager - Secretarial	B.Com.	36	13	7.08	14-Jul-16	0.00%	Senior Executive (Secretarial), BGR Energy Systems Limited
6	Mr Bhaskar S	Executive Director & Chief Executive Officer (till October 20, 2019)	B.Sc., ACA	63	36	59.19	01-Nov-14	0.41%	Chief Financial Officer, Equitas Micro Finance Limited

None of the aforesaid employees are employed on contractual basis and none of them are related to any Director of the Company.

For and on behalf of the Board of Directors

John Alex
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

May 29, 2020

Secretarial Audit Report

For the financial year ended 31st March 2020

Annexure III

[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]

The Members,
EQUITAS HOLDINGS LIMITED
CIN: L65100TN2007PLC064069
410A, 4th Floor, Spencer Plaza,
Phase II No.769, Mount Road, Anna Salai
Chennai-600002

Dear Members,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2020** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2020** according to the provisions of:

- (i) The Companies Act 2013 ("the Act") and the rules made thereunder issued by the Ministry of Corporate Affairs from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended:-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (was not applicable to the Company during the period under review);
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (was not applicable to the Company during the period under review);
- (g) The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993; (was not applicable to the Company during the period under review);
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (was not applicable to the Company during the period under review);
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");
- (vi) The following industry specific laws, directions:
 - (a) Reserve Bank of India Act, 1934;
 - (b) Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016
 - (c) Core Investment Companies (Reserve Bank) Directions, 2016
 - (d) RBI Master Direction – Information Technology Framework for NBFCs
 - (e) Liquidity Risk Management Framework for NBFCs and Core Investment Companies
 - (f) Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015"

We further report that based on the information received, explanations given, process explained, records maintained, statutory compliance and statutory internal audit reports submitted to the Board on quarterly basis, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour laws, Goods and Service Tax laws and other applicable Laws, rules, regulations and guidelines framed by the statutory authorities from time to time. The Company is regular in making statutory payments

and there have been no prosecution or notices issued to the Company or its officers.

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

- (i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

It was observed that due to administrative reasons there was a delay of six hours in communicating the audited financial results (standalone and consolidated) for the quarter and year ended 31.03.2019, the fact of which was intimated to the stock exchange and no penalty was levied by Stock exchange in this regard.

The Board of Directors of the Company is duly constituted with proper balance of Executive Director(s), Non- Executive Directors 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 and SEBI LODR.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The company had convened Board meeting at shorter notice by complying with the requirements of the Act.

All decisions were taken unanimously at the Board meeting and with requisite majority at the Annual General Meeting. There was no Extra- ordinary General Meeting convened during the period under review.

We further report that during the audit period the Company: -

1. In the meeting of the Nomination, Remuneration & Governance Committee of the Board held on 02.08.2019 approved grant of 4,70,060 (Four Lakh seventy thousand and sixty) options to the eligible employees under Equitas Employees Stock Option Scheme, 2015
2. In its Board Meeting held on 08.11.2019 accorded in-principal approval to sell 15% of its holdings in its subsidiary Company- Equitas Small Finance Bank Limited to comply with the terms and conditions of license granted by the Reserve Bank of India subject to the consent of the SEBI. During the period under review, the Board through Circular resolution appointed M/s Cyril Amarchand Mangaldas as legal counsel for this purpose.

3. Has taken on record in its Board Meeting held on 30.01.2020, the surrender of 98,86,035 (Ninety-eight lakhs eighty-six thousand and thirty-five) stock options granted under the Equitas Employee Stock Option Scheme, 2015 pursuant to implementation of ESFBL ESOP Scheme, 2019.
4. Received a communication from BSE Limited dated 13.09.2019, returning the draft scheme of arrangement between the Company and ESFBL and advised to resubmit the same after complying with the provisions of clause III(A)(1)(a) of annexure I of the circular no CFD/DIL3/CIR/2017/21 dated 10.03.2017. The Company in its response informed stock exchanges that ESFBL will initiate necessary steps to list the shares of the Bank through Initial Public Offer (IPO), which is expected to be completed by March 2020 under normal circumstances.
5. An inspection under Section 45N of the Reserve Bank of India, 1934 was carried out during November 2019 by Department of Supervision, Reserve Bank of India, Chennai with reference to the financial position as on March 31, 2019. The observations arising out of inspection were reported to the Company vide their letter dated December 13, 2019 and the Company had responded to the same within the time prescribed by RBI. Also, on February 27, 2020, the Company had reported the further status of compliance to the observations issued by RBI vide its letter dated January 27, 2020.
6. On 06.09.2019 intimated to the Stock Exchanges that, ESFBL (subsidiary of the Company) has received a letter dated 06.09.2019 from the Reserve Bank of India advising that their request for extension of time line for listing of shares of ESBL cannot be acceded to. As ESFBL was in violation of para 6 of the Guidelines for licensing of SFBs, RBI placed regulatory actions stating that ESFBL is not allowed to open branches till further advice and the remuneration of the MD & CEO shall stand frozen at the existing level till further advise. The fact of the same has been intimated to the stock exchanges on 06.09.2019. Subsequently ESFBL has made a plea to the Reserve Bank of India vide letter dated 09.09.2019 requesting to stay the restrictions imposed in the letter. The plea was however rejected by RBI vide their letter dated 18.09.2019. The Reserve Bank of India vide letter dated 31.12.2019 has permitted the Bank to open 240 banking outlets including conversion of 142 asset offices into banking outlets.

Place: Chennai
Date: 09.04.2020

Signature:
Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number:
P2016TN052400
UDIN: F001810B000150123

The Members,
EQUITAS HOLDINGS LIMITED
CIN: L65100TN2007PLC064069
410A, 4th Floor, Spencer Plaza,
Phase II, No.769, Mount Road, Anna Salai
Chennai-600002

Dear Members,

Sub: Our Report of even date is to be read along with this letter.

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

Place: Chennai
Date: 09.04.2020

Signature:
Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400

FORM NO. MGT 9
Extract of Annual Return
As on March 31, 2020

Annexure IV

(forming part of Directors' Report for FY 2019-20)
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company
(Management & Administration) Rules, 2014

I. Registration & Other Details:

1	CIN	L65100TN2007PLC064069
2	Registration Date	22.06.2007
3	Name of the Company	EQUITAS HOLDINGS LIMITED
4	Category/Sub-category of the Company	Company Limited by shares
5	Address of the Registered office & contact details	410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai - 600002
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Private Limited Karvy Selenium Tower B, Plot No. 31-2, Gachibowli Financial District, Nanakramguda, Hyderabad - 500032
8	Phone	040 6716 2222
9	Email ID	rajitha.cholleti@karvy.com
10	Contact person name	Ms. Rajitha Cholletti

II. Principal Business Activities of the Company

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	% to total turnover of the company
1	Services of holding equity of subsidiary companies	100

III. Particulars of Holding, Subsidiary and Associate Companies

SN	Name and address of the Company	CIN/GLN	% of shares held	Applicable Section
1	Equitas Small Finance Bank Limited 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai - 600002	U65191TN1993PLC025280	95.49	2(87)
2	Equitas Technologies Private Limited 601, 6th Floor, Phase I, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai - 600002	U72900TN2015PTC102697	99.57	2(87)

IV. Share Holding Pattern

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters: Nil (The company is professionally managed and has no identifiable promoters)									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	122484019	0	122484019	35.87%	107518974	0	107518974	31.46%	-4.41%
b) Banks / FI	6416328	0	6416328	1.88%	589929	0	589929	0.17%	-1.71%
c) Central Govt	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) State Govt(s)	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
g) FII/FPIs	63412197	0	63412197	18.57%	97976894	0	97976894	28.67%	10.09%
h) Foreign Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
i) Others (specify) Alternate Investment Funds	14472692	0	14472692	4.24%	5867871	0	5867871	1.72%	-2.52%
Qualified Institutional Buyers	0	0	0	0.00%	3788202	0	3788202	1.11%	1.11%
Sub-total (B)(1):-	206785236	0	206785236	60.56%	215741870	0	215741870	63.12%	2.56%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	22567239	0	22567239	6.61%	5120848	0	5120848	1.50%	-5.11%
ii) Overseas	44988805	0	44988805	13.18%	44988805	0	44988805	13.16%	-0.01%
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	31555602	152897	31708499	9.29%	36586918	99586	36686504	10.73%	1.45%
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	30870582	0	30870582	9.04%	36162941	0	36162941	10.58%	1.54%
c) Others (specify)									
Foreign Nationals	0	0	0	0.00%	0	0	0	0	0.00%
Non-Resident Indians	285460	45000	330460	0.10%	590722	0	590722	0.17%	0.08%
NRI - NonRepatriation	665820	0	665820	0.19%	725512	0	725512	0.21%	0.02%
Trusts	2029689	0	2029689	0.59%	204635	0	204635	0.06%	-0.53%
NBFC	21376	0	21376	0.01%	18401	0	18401	0.01%	0.00%
Clearing Members	1493792	0	1493792	0.44%	1549757	0	1549757	0.45%	0.02%
Sub-total (B)(2):-	134478365	197897	134676262	39.44%	125948539	99586	126048125	36.88%	-2.56%
Total Public (B)	341263601	197897	341461498	100.00%	341690409	99586	341789995	100.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00%	0	0	0	0	0.00%
Grand Total (A+B+C)	341263601	197897	341461498	100.00%	341690409	99586	341789995	100.00%	0.00%

(ii) **Shareholding of Promoters:** NIL (The company is professionally managed Company and has no identifiable promoters)

(iii) **Change in Promoters' Shareholding (please specify, if there is no change):** Not Applicable

(iv) **Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S No	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
				No. of shares	No. of shares	% of total shares
1	CDC Group PLC					
	At the beginning / end of the year			26,791,230	26,791,230	7.84%
2	International Finance Corporation					
	At the beginning / end of the year			14,338,925	14,338,925	4.20%
3	Composite Capital Master Fund LP					
	At the beginning of the year			-	-	0.00%
	Datewise increase/decrease during the year	28/02/2020	Transfer	5,234,907	5,234,907	1.53%
		06/03/2020	Transfer	7,701,093	12,936,000	3.78%
		13/03/2020	Transfer	70,000	13,006,000	3.81%
	At the end of the year	31/03/2020			13,006,000	3.81%
4	Ashish Dhawan					
	At the beginning of the year			7,864,256	7,864,256	2.30%
	Datewise increase/decrease during the year	24/05/2019	Transfer	4,29,854	8,294,110	2.43%
		31/05/2019	Transfer	1,205,890	9,500,000	2.78%
		07/06/2019	Transfer	435,990	9,935,990	2.91%
		14/06/2019	Transfer	64,010	10,000,000	2.93%
		15/11/2019	Transfer	1,500,000	11,500,000	3.36%
		22/11/2019	Transfer	1,100,000	12,600,000	3.69%
	At the end of the year	31/03/2020			12,600,000	3.69%

S No	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
				No. of shares	No. of shares	% of total shares
5	Franklin India Smaller Companies Fund					
	At the beginning of the year			-	-	
	Datewise increase/decrease during the year	13/12/2019	Transfer	9,772,603	9,772,603	2.86%
		27/03/2020	Transfer	425,000	10,197,603	2.98%
		31/03/2020	Transfer	1,875,000	12,072,603	3.53%
	At the end of the year	31/03/2020			12,072,603	3.53%
6	Franklin Templeton Investment Funds					
	At the beginning of the year			11,492,432	11,492,432	3.37%
	Datewise increase/decrease during the year	20/03/2020	Transfer	(70,200)	11,422,232	3.34%
	At the end of the year	31/03/2020			11,422,232	3.34%
7	Franklin India Prima Fund					
	At the beginning of the year			0	0	0.00%
	Datewise increase/decrease during the year	13/12/2019	Transfer	11,253,507	11,253,507	3.29%
	At the end of the year	31/03/2020			11,253,507	3.29%
8	RIMCO India Limited					
	At the beginning / end of the year			10,000,000	10,000,000	2.93%
9	ELLIPSIS PARTNERS LLC					
	At the beginning of the year			-	0	0.00%
		19/04/2019	Transfer	2,000,000	2,000,000	0.59%
		26/04/2019	Transfer	682,456	2,682,456	0.79%
		03/05/2019	Transfer	173,980	2,856,436	0.84%
		10/05/2019	Transfer	1,342,700	4,199,136	1.23%
		17/05/2019	Transfer	2,300,864	6,500,000	1.90%
		09/08/2019	Transfer	209,942	6,709,942	1.96%
		08/11/2019	Transfer	252,269	6,962,211	2.04%
		15/11/2019	Transfer	1,537,789	8,500,000	2.49%
		22/11/2019	Transfer	250,000	8,750,000	2.56%
	At the end of the year	31/03/2020			8,750,000	2.56%
10	MASSACHUSETTS INSTITUTE OF TECHNOLOGY					
	At the beginning of the year			1,910,157	1,910,157	0.56%
	Datewise increase/decrease during the year	05/04/2019	Transfer	270,410	2,180,567	0.64%
		26/04/2019	Transfer	182,811	2,363,378	0.69%
		10/05/2019	Transfer	95,583	2,458,961	0.72%
		17/05/2019	Transfer	97,934	2,556,895	0.75%
		31/05/2019	Transfer	460,140	3,017,035	0.88%
		07/06/2019	Transfer	88,711	3,105,746	0.91%
		05/07/2019	Transfer	112,159	3,217,905	0.94%
		19/07/2019	Transfer	223,511	3,441,416	1.01%
		13/09/2019	Transfer	172,070	3,613,486	1.06%
		20/09/2019	Transfer	172,070	3,785,556	1.11%
		27/09/2019	Transfer	1,113,828	4,899,384	1.43%
		30/09/2019	Transfer	33,595	4,932,979	1.44%
		04/10/2019	Transfer	1,402,943	6,335,922	1.85%
		06/12/2019	Transfer	605,936	6,941,858	2.03%
		06/03/2020	Transfer	667,793	7,609,651	2.23%
		27/03/2020	Transfer	669,152	8,278,803	2.42%
	At the end of the year	31/03/2020			8,278,803	2.42%

(v) Shareholding of Directors and Key Managerial Personnel:

S No	Shareholding of each Director and Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year	Cumulative Shareholding during the year	
				No. of shares	No. of shares	% of total shares
1	Bhaskar S (as ED & CEO until 20/10/2019 and as Non-Executive Director from 21/10/2019)					
	At the beginning / end of the year			1,405,000	1,405,000	0.41%
2	John Alex - ED & CEO (since 08/11/2019)					
	At the beginning / end of the year			41,615	41,615	0.01%
3	Srimathy R - CFO					
	At the beginning of the year			1,197	1,197	0.00%
	Datewise increase/decrease during the year	20/09/2019	Transfer	126	1,323	0.00%
	At the end of the year				1,323	0.00%
3	Deepti R - CS					
	At the beginning / end of the year			0.00	0.00	0.00%

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	(Amt. ₹/Lacs)
			Total Indebtedness
Indebtedness at the beginning of the financial year			
Change in Indebtedness during the financial year		NIL	
Indebtedness at the end of the financial year			

VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director/ Whole-time Directors and/or Managers

S No.	Particulars of Remuneration	ED & CEO	ED & CEO	Total Amount
		Mr. Bhaskar S (upto October 20, 2019)	Mr. John Alex (From November 08, 2019)	
		(in ₹/Lakhs)	(in ₹/Lakhs)	(in ₹/Lakhs)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	52.04	22.13	74.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.57	0.06	5.63
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others - Contribution to provident fund	1.59	1.10	2.69
	Total (A)	59.20	23.29	82.49
	Ceiling as per the Companies Act, 2013	135.50	75.50	

B. Remuneration to Other Directors

					(₹ In Lakhs)
Sl No	Name of the Director	Remuneration	Fee for attending Board/Committee Meetings (excluding GST)	Others	Total
1	Mr Rangachary N	4.04	3.50	-	7.54
2	Mr Arun Ramanathan	-	5.50	-	5.50
3	Mr Jayshree Ashwinkumar Vyas	2.02	3.50	-	5.52
4	Mr Jayaraman Chandrasekaran	1.34	2.00	-	3.34
5	Mr Rajaraman P V	2.02	6.25	-	8.27
6	Mr Viswanatha Prasad S	3.03	5.75	-	8.78
7	Mr Bhaskar S (from October 21, 2019 as Non-Executive Director)	0.90	2.25	-	3.15
Total (B)		13.35	28.75	-	42.10
Total Managerial Remuneration (A+B)					
Overall Ceiling as per the Act (1% of Profits for Financial Year 2019-20 Computed under Section 197 of the Act)		13.35			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTd

			(₹ In Lakhs)	
S No.	Particulars of Remuneration	CS	CFO	Total Amount
		Ms. Deepti R	Ms. Srimathy R	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.39	18.69	27.08
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission			
	- as % of profit	0.00	0.00	0.00
	- others, specify	0.00	0.00	0.00
5	Others - Contribution to provident fund	0.39	0.87	1.26
	Total (C)	8.78	19.56	28.34

VII. Penalties/ Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Appeal made, if any (give Details)
COMPANY / DIRECTORS / OTHER OFFICERS IN DEFAULT				

May 29, 2020

John Alex
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

Management Discussion & Analysis

Business Environment

Indian Economic Overview

The Indian economy underwent a slowdown in FY 2019-20, due to weak private consumption, lower gross fixed investments, sluggish manufacturing, and stress in the banking and NBFC sector. Although green-shoots of recovery were visible in the third quarter, the outbreak of the coronavirus pandemic globally and in India compelled the Government to impose a nationwide lockdown, bringing economic activities to a halt.

During the first ten months, Index of Industrial Production (IIP) recorded 0.6% on average, down from 4.4% during the year-earlier period. A sharp decline was seen across the capital goods (-11.6%), consumer durables (-6.2%), and construction and infrastructure goods (-2.5%) sectors. Inflation as measured by the Consumer Price Index (CPI) remained within the RBI's median target of 4.0% until September 2019. However, post September 2019, it overshot for the next 5 straight months to hit a six-year high of 7.59% in January 2020 before moderating to 6% in February, primarily due to elevated food and vegetable prices.

The Indian government and the RBI announced several measures to revive the economy. Policy reforms such as the rationalisation in Goods and Services Tax (GST) rates, corporate tax rate cuts in September 2019 and boost rural and infrastructure spending were expected to show tangible results. Further, the transmission of policy rate cuts to bank lending rates was improving, with favourable implications for both consumption and investment demand.

However, the coronavirus outbreak has considerably altered this outlook. Although the magnitude of the impact has yet to be ascertained, the IMF predicts the "worst downturn since the Great Depression" in the 1930s, with the global economy likely to contract by 3% in 2020. India is forecast to grow at 1.9% in FY 2020-21, before recovering from next year onwards. However, risks to the forecast are skewed on the downside and it is very early to predict the extent of the impact it will have on the Indian economy.

Banking Sector overview

Bank credit growth decelerated to a five-decade low of 6.1% in FY 2019-20, against the backdrop of a slowing economy. In the week ended March 27, 2020, bank advances stood at ₹ 103.71 lakh crores as against ₹ 97.71 lakh crores as on March 29, 2019. Aggregate bank deposits grew by 7.9% to ₹ 135.71 lakh crores from ₹ 125.73 lakh crores in FY 2018-19. The overall credit-deposit (C-D) ratio was at 75.7% in December 2019.

Financial conditions have tightened, posing challenges for financial stability and depositor sentiment, especially in the wake of a private bank default and massive sell-offs by foreign portfolio investors in debt and equity

markets. The coronavirus outbreak and subsequent disruptions to economic activity are likely to negatively impact asset quality.

In its monetary policy report in March 2020, the RBI predicted credit growth to remain modest, reflecting weak demand and risk aversion due to the disruptions caused by the coronavirus pandemic. The central bank announced several measures to inject large liquidity into the system, improve asset quality, facilitate and incentivise bank credit flows, and stabilise financial markets.

The measures include:

- Cut in reverse repo rate to 3.75%
- Targeted long-term repo operations (TLTRO-2) to the tune of ₹ 50,000 crores for investment grade bonds, commercial paper and non-convertible debentures of NBFCs with at least 50% of the total amount going to small and mid-sized NBFCs and Micro Finance Institutions (MFIs)
- Refinancing facility to NABARD, SIDBI, and NHB to the tune of ₹ 50,000 crores to enable them to meet their sectoral credit needs
- Ways and Means Advances (WMA) for states was raised by 60% above the level seen since March 31, 2020.
- Banks will need to hold 10% higher provision on certain accounts for which moratorium is granted
- Banks not to make any dividend pay-outs pertaining to FY 2019-20 until further instructions
- For all accounts, where three months moratorium is granted, the 90-day NPA classification norm will not be applicable
- Liquidity coverage ratio for banks brought down from 100% to 80% upto September 30, 2020

Small Finance Bank (SFB) Industry Overview

The RBI, with an aim to drive financial inclusion for the unbanked and underbanked sections of the economy, introduced Small Finance Banks (SFBs). In the three years of their existence, SFBs have made a remarkable impact and gained significant scale with a combined asset portfolio size of over ₹ 15,367 crores and a deposit base of over ₹ 10,788 crores, as on March 31, 2020.

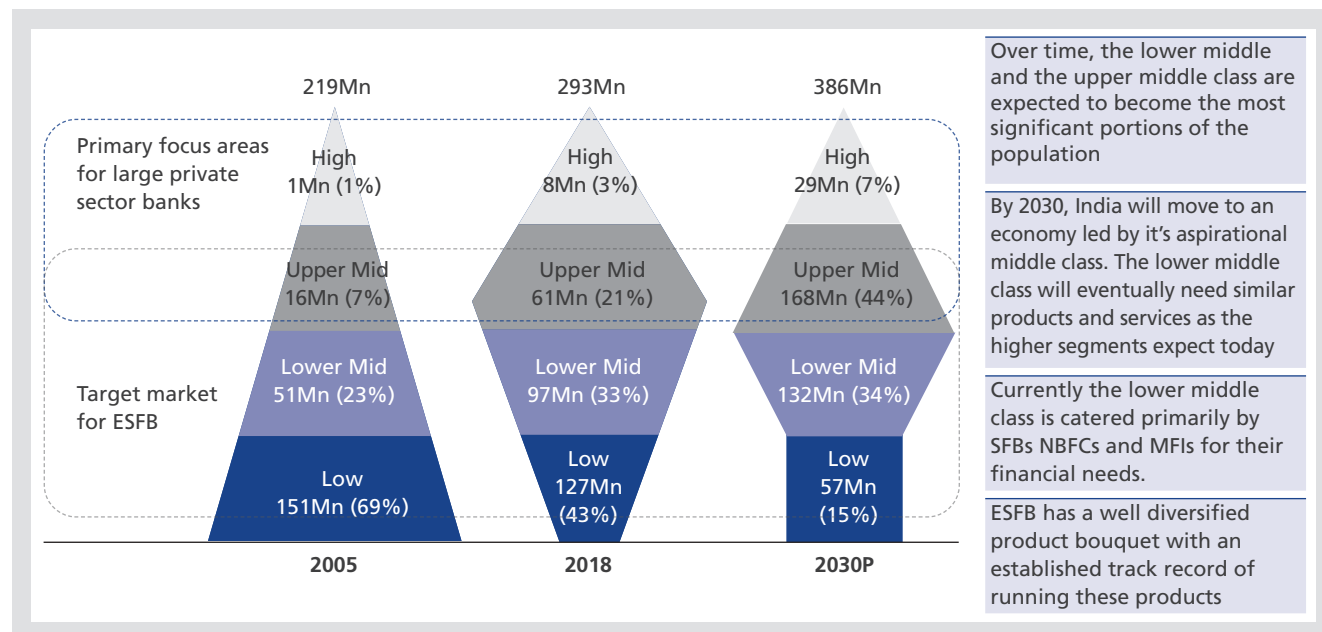
Assets under management of SFBs grew at a CAGR of 26%, from FY 2015-16 to FY 2018-19. Overall deposit base of SFBs grew by 109% to around ₹ 555 billion in FY 2019-20.

After reviewing the performance of the existing SFBs, the RBI announced 'on tap' licensing in September 2019. Most of the licensing guidelines remain unchanged, except for promoter exit. Under the new guidelines, promoters will have the option to fully exit from the bank gradually after completing the lock-in period of five years.

Factors driving growth for the SFB Industry:

- Lack of formal banking services for a significant section of India's population
- Shift from unorganised to organised banking
- Access to funds at cheaper cost enabling SFBs to compete better in the market
- Existing infrastructure provides deeper penetration into semi-urban and rural areas
- Supportive regulatory environment and government thrust towards financial inclusion

SFBs to gain from the expanding Middle Class



Business Overview

The consolidated financial results for FY 2019-20 include:

- Equitas Holdings Limited [EHL]
- Equitas Small Finance Bank Limited [ESFB]
- Equitas Technologies Private Limited [ETPL], which is in its early stage of operations

On a consolidated basis, EHL reported a PAT of ₹ 206.00 crores versus ₹ 176.57 crores for the previous year.

Financial performance – FY 2019-20

Consolidated

Particulars	₹ crores	
	FY 2019-20	FY 2018-19
Revenue from Operations	2,890.11	2,288.17
Other Income	45.79	70.36
Total Revenue	2,935.90	2,358.53
Finance costs	1,190.93	966.42
Operating expenses	1,428.80	1,120.80
Total Expenses	2,619.73	2,087.22
Profit before tax	316.17	271.31
Provision for tax	110.17	94.74
Profit after tax	206.00	176.57
Other Comprehensive Income	1.19	0.40
Total Comprehensive Income, Net of tax	207.19	176.97

Standalone

Particulars	₹ crores	
	FY 2019-20	FY 2018-19
Total Income	19.07	22.52
Operating Expenses	6.07	9.80
Profit before tax	13.00	12.72
Provision for tax	5.30	3.39
Profit after tax	7.70	9.33
Other Comprehensive Income	-0.01	0.01
Total Comprehensive Income, Net of tax	7.69	9.34

Overview of Subsidiaries

Equitas Small Finance Bank Limited (ESFB)

Our approach and business strategy

We are a leading SFB offering a range of banking products and services to customers with a focus on serving the financially unserved and underserved customer segments in India. Our strength lies in promoting financial inclusion within these segments.

Our objective of building a stable, sustainable and scalable portfolio is progressing well, as we continue to diversify our advances portfolio. The recently launched New Commercial Vehicle loans and Working Capital loans, in line with our strategy of leveraging the skills we honed over the past decade is gaining momentum. The strategy to diversify and offer a wide array of financing solutions to the segments that we operate in continues to progress well. We are confident that with the seeding of these products early on, our Bank will enjoy a competitive edge in the years to come.

On the liabilities front, the strategy of the bank is to create a long-term, granular retail liability franchise. The

bank will continue to focus on growing retail deposits to provide us with stable and low-cost source of funding.

Also as part of its Digital Banking, strategy the Bank rolled out “Self Savings” and “Self FD” an online product, which enables potential customers to open a bank account online without the need to meet a Bank staff or fill up an application form. The initial response from customers has been very encouraging.

During the past financial year, the Bank witnessed healthy growth in advances and deposits while keeping operating expenses tepid.

Operating Performance

Deposits

As of March 31, 2020, CASA deposits stood at ₹ 2,208 crores comprising a Current Account balance of ₹ 347 crores and a Savings Account balance of ₹ 1,861 crores. Term Deposits stood at ₹ 8,470 crores. Retail TD stood at ₹ 3,849 crores i.e. 45% of Term Deposits. Total deposits stood at ₹ 10,679 crores.

Particulars (₹ crores)	FY 2019-20	FY 2018-19	YoY %
Demand Deposits	347.29	480.56	-28%
Savings Bank Deposits	1,861.16	1,793.13	4%
Term Deposits	8,470.20	6,606.18	28%
Retail Deposits	3,849.04	1,655.23	133%
Bulk Deposits	4,621.16	4,950.95	-7%
Total Deposits	10,678.65	8,879.87	20%

Advances

The Bank's advances grew by 32%; total advances grew to ₹ 15,440 crores. The Bank's unsecured portfolio reduced from 29% in FY 2018-19 to 25% in FY 2019-20.

The recently launched products such as New Commercial Vehicle loans and Working Capital loans, in line with our strategy of leveraging the skills we honed over the past decade continues to do well.

₹ crores	March 31, 2020	March 31, 2019	YoY %
Micro Finance	3,628.30	3,073.27	18%
Small Business Loans (Incl. HF)	6,278.32	4,570.11	37%
Vehicle Finance	3,795.76	2,961.38	28%
MSE Finance (Working Capital)	798.99	342.24	133%
Corporate Loans	743.75	398.93	86%
Others	195.27	383.90	-49%
Total	15,440.39	11,729.83	32%

Equitas Technologies Private Limited (ETPL)

ETPL, incorporated on October 27, 2015, is a subsidiary of EHL. ETPL is in the freight facilitation-cum-aggregation

business and operates the ‘Wowtruck’ platform. ETPL has branches in Chennai, Coimbatore and offers services throughout Tamil Nadu.

Business Model and Value proposition

'Wowtruck' provides technology-based services that are mutually beneficial to freight operators and their customers. While customers benefit from ease of booking, transparency in pricing, and non-cash payment options, transporters benefit from reduced idle time. The platform will also help formalise the transport sector, which will translate into improved banking facilities for the sector participants as transactions on the platform improve their digital footprint.

'Wowtruck' also launched intercity operations from April, 2019 and has been rendering its services to clients like, Amazon, Waycool, Linfox (HUL), Apollo Pharmacy, Kerry Indev, Nippon Express, PEPS Mattress etc., Wow Truck distinguishes itself from others by providing more tech based services. This feature enables the client to plan their logistics, with bulk booking, online bill submission and reconciliation, MIS etc.

Business Update

- The platform has on boarded over 1.25+ lakhs customers to date
- The platform on boarded over 14,238 transporters in FY 2019-20
- 85,426 truckloads were delivered in FY 2019-20
- Offering vehicles on fixed contract basis as well to clients
- The mobile app attracted ~70% of total orders.
- The platform received an average of 3 bids from transporters for every booking.

Other Functions – a brief overview

Information Technology [IT]

ESFB continues to make significant investments in technology. In FY 2019-20 envisaging a Digital First approach, we re-launched Selfe platform to provide customers with an even faster digital on-boarding option from the comfort of their homes. On this platform, a customer can open a savings account or fixed deposit account in under 5 minutes with just Aadhaar and PAN. These digital products have been a phenomenal success in recent times. Plans are afoot to elevate the Customer experience with digitally enabled customer life cycle management featuring Video enabled KYC fulfilment and Virtual RM interactions.

We also introduced a tab-based on-boarding facility for bank personnel, to meet prospective customers and complete their on boarding digitally, in minutes. In a world of possibilities, we have started opening up our API kit enabling Banking as a Service (BaaS) enabling Bank to collaborate with Fintech talent and leverage Innovation led Co creation. We have launched our first partnership with an emerging Fintech (BankOpen) to drive new SMB (Small & Medium Business) customer acquisition; customers are provided with a rich suite of products through the BankOpen portal (invoicing/ GST payments/ expense dashboard) combined with API based banking services powered by Equitas.

ESFB is also live on various NPCI Payment products, offering services like Micro ATM (AePS/ Card+PIN

enabled), and UPI /IMPS/e NACH, Prepaid cards & ETC enabled through API plug ins for partners and clients to avail payment services through direct (host to host) integration, lending greater flexibility and scale of business. The Bank as a part of transaction acquiring business of Payments is now live on Acquiring of POS and ETC enabled transactions.

We have successfully setup our very own DEM (Data Exchange Model) for Cheque Truncation System (CTS) with enhanced security, replacing the existing Clearing House Interface (CHI). We have implemented a Data Mart for centralised MIS Reporting and analytics. Lastly, our technology infrastructure readiness enabled us to immediately enable most of our staff to Work From Home, when the need arose towards the end of March 2020.

Treasury Operations

The Bank's Treasury completed third full year of operations this year, based out of a well-equipped premises at the Head Office in Chennai. The Bank is a member of Fixed Income, Money Markets & Derivatives Association [FIMMDA] and holds an AD II category license for dealing in Forex.

Treasury focuses on real-time funds management, comprising of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). The Bank's treasury manages liquidity risk and always maintains sufficient liquidity under the LCR framework set out by the Bank's ALCO. Government securities investments are maintained in line with regulatory norms governing SLR investments. Treasury is also active in SLR trading and investments, and generates revenue in addition to interest income earned from SLR investments with focus on optimising portfolio yields.

Treasury functions as the Bank's interface for market counterparts and has successfully leveraged excellent rapport built up with them, to aid in fund raising and other activities. Treasury also closely works with the liabilities team to aid deposit mobilisation, while optimising cost of funds and seeking to broad base our liabilities profile.

During the year, Treasury raised funds using a mix of instruments such as Certificates of Deposit [CDs], Term Money, Inter Bank Participatory Certificates [IBPCs] and Refinance from Financial institutions at optimal cost. The Bank has also participated in the primary market in equities, focusing on revenue generation and diversification.

Risk Management

Managing risk is fundamental to financial services industry, in general and in particular, to banks. It is a basic key to ensure sustained profitability and stability. While risks are assumed after appropriate considerations, some risks may arise due to unintended consequences of internal actions or external events. The Bank views Risk Management as one of its core competencies and tries to ensure that risks are identified, assessed and managed in a timely manner. The Bank's Risk Management framework aligns risk and capital management to business strategies, aimed to protect its financial strength, reputation and

ensures support to business activities for adding value to customers while creating sustainable shareholder value.

The Bank has an independent integrated risk management function covering credit risk, market risk, assets liabilities management [ALM], operational risk and information security risk functions. The risk function is headed by Chief Risk Officer [CRO], who reports to the MD & CEO of the Bank. The Risk Management Committee [RMC] of the Board is responsible for overall governance framework for the risk management of the Bank. The RMC of the Board is supported by various management level committees – Executive Risk Management Committee, Asset Liability Committee, Credit Risk Management Committee, Operational Risk Management Committee and Information Security & Cyber Risk Committee.

Compliance

The Bank is committed to adhering to the highest standards of regulatory compliance, governance and ethics. The Compliance Department, headed by the Chief Compliance Officer [CCO], functions as an independent unit to assist the Management team in identifying compliance risks across the Bank and mitigating them by framing appropriate policies, procedures and oversight. The Compliance Department also provides advisory support by reviewing products and processes rolled out by the Bank and has in place the required framework for transaction monitoring and testing the implementation of regulations, ensuring right Governance structures and handling regulatory relationships, including proactively engaging with the regulators for industry-level initiatives.

Internal Audit

The Bank's Internal Audit function provides independent assurance to the Board of Directors on an ongoing basis on the quality and effectiveness of its internal controls, risk management, governance systems and processes. Internal Audit Department undertakes various Audits like Risk Based Internal Audit [RBIA] of the branches, Credit Audit, Revenue Audit, Information System Audit, Thematic Audits and Management Audit of the Head Office Departments. Concurrent Audit is being carried out for various areas like Treasury operations, KYC compliance, Payroll, Operations of central processing units, other expenditure etc., based on the risk assessment and regulatory requirements.

Human Resources

Our vision is to "Create the most valuable bank for all stakeholders through happy employees". The Bank ended the year with a manpower strength of over 16,106 employees up from 14,608 last year. Newer business like Used Car Finance, Affordable Housing, Agri Business and Liabilities have seen employee strength increasing. Women employees constitute 11% of the total workforce of the bank. There was an average of more than 60% increase in per employee disbursement productivity in the Retail Assets division (*February 2020 vs March 2019 figures) contributed largely by Emerging business. The Bank has made concerted efforts to ensure that the employees' capabilities are developed

by providing continual learning experiences on products and processes. 14,183 Man Days of Classroom Learning Programs and 45,043 Man Hours of E-Learning Programs covering 11,450 employees were done during the year. 19 Virtual Training Sessions were conducted for close to 300 employees in Liabilities division for the launch of Elite Savings Account. Managerial and Senior Managerial employees form the foundation of the Bank. Over the last couple of years, we have expanded this segment as they anchor critical functions. An exclusive Leadership Development Program was designed and rolled out for over 260 Managers across the Bank. Mobile based Learning App "E-Clapp" was launched and the coverage and usage of which has touched 91% of the employees. Talent Management Structure was introduced in HR to strengthen On-boarding, Performance Management, Competency Building and Employee Engagement. High Achievers Club – Bank level special recognition program to retain consistent performers was launched. Equitas is strongly committed to a robust cultural composition, in alignment with its values and mission statements to be effective in ensuring the enduring success of the Bank. The internalisation of the core values and demonstration of anchor behaviours across the team will create awareness, enhance alignment and bring in a sense of togetherness cutting across division/departmental boundaries. The Culture Workshop was thus framed and the values were propagated. So far, 97 workshops covering more than 1,700 employees were conducted. Human Resources team will continue to play a pivotal role in ensuring that we have a high-performing and engaged workforce equipped to deliver results.

Corporate Social Responsibility

The Mission of Equitas Group is 'Empowering through Financial Inclusion'. In line with this Mission, besides providing finance at reasonable cost to those who are not effectively serviced by the mainstream financial institutions, Equitas has developed a wide range of initiatives towards improving the quality of life of its low-income constituents. These initiatives are carried out through a 'not-for-profit' Trust -- Equitas Development Initiatives Trust [EDIT] established by the Company.

As per the CSR Policy, contributions up to 5% of net profit in each financial year, subject to minimum contribution stipulated under the Companies Act, 2013 are made to EDIT to carry out CSR initiatives.

The various CSR activities undertaken include: i) running eight schools (seven owned schools and one school belonging to VSKD Trust, is managed by us). Our student's strength for 2019-20 academic year stands, around 5,700 ii) skill development of women through training in tailoring & embroidery, doll making, artificial jewellery making, candle making etc., iii) pavement dwellers rehabilitation programs [Equitas Birds Nest], iv) placement coordination for unemployed youth of low income communities by networking with employers through job fairs and v) conducting primary health camps through tie-ups with hospitals.

Nature of Activity	FY 2019-20	Cumulative
No. of eye-camp participants [A]	212,738	2,499,592
No. of spectacles [free of cost]	8,289	116,564
No. of cataract operations [free of cost]	1,727	32,520
People covered in other Medical camps [B]	206,774	3,608,339
Total [Eye camps + Med. Camps] [A]+[B]	419,512	6,107,985
Participants in skill training programs	39,513	549,953
No. of people accessing Health Helpline	6,360	32,056
Placements for Unemployed youth	26,228	187,087
Swasth Mahila Health Education	102,856	268,220
Equitas Birds Nest [Pavement Dwellers Rehabilitation program]	308	1,991

In addition, the Bank through its Micro Finance loan programs supported about 18,134 persons with disabilities during FY 2019-20 and cumulatively over 50,849 persons. Of these, around 2,275 visually challenged persons were supported during the year and cumulatively 7,815. Encouraged by this inclusive model we have mainstreamed 193 Transgender in women's group.

Outlook and challenges

The COVID-19 pandemic has brought up an unprecedented set of challenges for both, the economy and the population. In FY 2020-21, we foresee an impact on the Bank's growth primarily led by extended lockdowns, social distancing norms enforced across the country and the general economic slowdown that may prevail post the pandemic.

However, the Bank primarily focuses on the micro and small enterprises that belong to the underbanked and unbanked segment of the society. These tiny enterprises mostly engage in the non-discretionary consumption sectors that have shown resilience to economic cycles in the past. As these enterprises reopen and generate cash flows, we are optimistic that the Bank will be able to grow, maintain its asset quality and continue its progress towards financial inclusion.

On a positive note, the pandemic has helped the bank introspect its processes, disaster and business continuity readiness, merits of "Work-From-Home", technology infrastructure and reaffirm its focus on digital led initiatives.

Cautionary Statement

Statements made in this MD&A describing the Group's objectives, projections, estimates, general market trends, expectations etc., may constitute 'forward looking statements' within the ambit of applicable laws and regulations. These 'forward looking statements' involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the 'forward looking statements'. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategies, future levels of non-performing advances, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks or other risks.

For and on behalf of the **Board of Directors**

May 29, 2020

John Alex
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Members of Equitas Holdings Limited

1. The Corporate Governance Report prepared by Equitas Holdings Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") ("Applicable criteria") for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the

risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

- i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
- ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
- iii. Obtained and read the Register of Directors as on March 31, 2020 and verified that at least one independent woman director was on the Board of Directors throughout the year;
- iv. Obtained and read the minutes of Annual General Meeting held on August 2, 2019;
- v. Obtained and read the minutes of the following meetings of the Board of Directors / Committees held between April 1, 2019 and March 31, 2020:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Nomination, Remuneration & Governance Committee;
 - (d) Stakeholders Relationship Committee;
 - (e) Risk Management Committee;
 - (f) Corporate Social Responsibility Committee and
 - (g) IT Strategy Committee
- vi. Obtained necessary declarations from the directors of the Company.
- vii. Obtained and read the policy adopted by the Company for related party transactions.
- viii. Obtained the schedule of related party transactions during the year and balances at the year-end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.
- ix. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

UDIN: 20211107AAAACI8626

Place of Signature: Chennai

Date: June 19, 2020

Report on Corporate Governance

1. Corporate Governance Philosophy

The philosophy of Equitas on Corporate Governance envisages adherence to the highest levels of transparency, accountability and fairness, in all areas of its operations and in all its interactions with stakeholders. Equitas deals with borrowers who are mostly from the economically weaker sections of the society with poor linkages to mainstream financial markets. Right from inception, the Company's policies and processes have been fine-tuned to ensure utmost clarity and fairness while dealing with such clients. The Governance and Value Creation Rating by CRISIL captures some of the best practices the Company adopts in transacting with its clients as well as employees.

Corporate Governance Rating

Equitas Group has always been recognised for its adherence to the highest standards of corporate governance. The Company has been rated by Institutional Investor Advisory Services (IIAS), a proxy advisory firm as among the Top 5 companies on the Indian Corporate Governance Scorecard, out of the 50 companies that listed on BSE between April 2015 and March 2017.

2. Board of Directors

- i. As on March 31, 2020, the Company's Board comprised of eight experts drawn from diverse fields / professions.
- ii. The composition of Board is in conformity with Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("SEBI Listing

Regulations") and the provisions of Section 149 of the Companies Act, 2013 ("the Act").

- iii. The Board of Directors met Five (5) times during the year 2019-20 viz. May 10, 2019, July 09, 2019, August 02, 2019, November 08, 2019 and January 30, 2020. The gap between two Meetings did not exceed one hundred and twenty days.
- iv. The names and categories of Directors on the Board, their attendance at Board Meetings and at the last Annual General Meeting ("AGM"), name of other listed entities in which the Director is a director and the number of Board and Committee Chairmanships /Memberships held by them as well as their shareholding as on March 31, 2020 are given below.
- v. None of the Directors on the Board holds directorships in more than ten public companies; None of the Independent Directors serves as an independent director on more than seven listed entities. Necessary disclosures including the declaration under Regulation 25(8) of SEBI Listing Regulations have been obtained from the Independent Directors.
- vi. There is no relationship between Directors inter-se.
- vii. In the opinion of the Board, the Independent Directors continue to meet the criteria of independence as mentioned under SEBI Listing Regulations and that they are independent of the management.

Name of the Director	No. of Board Meetings attended during FY 2019-20	Attendance at the last AGM	No. of Directorships in public companies\$		No. of Committee positions in public companies\$\$		Directorship in other listed entities	No. of shares held in the Company
			Membership	Chairmanship	Membership	Chairmanship		
Mr. Rangachary N* (Chairman Non-Executive Non-Independent Director)	5	Yes	5	3	4	Nil	Independent Director in 1. Orient Green Power Company Limited 2. Salzer Electronics Limited 3. Kaycee Industries Limited	Nil
Mr. Arun Ramanathan (Non-Executive Independent Director)	5	No	2	1	2	1	Independent Director in 1. Thirumalai Chemicals Limited 2. Equitas Small Finance Bank Limited (Debt Listed)	Nil
Ms. Jayshree Ashwinkumar Vyas (Non-Executive Independent Director)	4	No	3	Nil	2	Nil	Independent Director in BSE Limited	Nil

Name of the Director	No. of Board Meetings attended during FY 2019-20	Attendance at the last AGM	No. of Directorships in public companies\$		No. of Committee positions in public companies\$\$		Directorship in other listed entities	No. of shares held in the Company
			Membership	Chairmanship	Membership	Chairmanship		
Mr. Rajaraman P V (Non-Executive Independent Director)	5	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Jayaraman Chandrasekaran# (Non-Executive Independent Director)	2	NA	2	NA	Nil	Nil	Nil	Nil
Mr. Viswanatha Prasad S (Non-Executive Independent Director)	5	Yes	Nil	Nil	Nil	Nil	Managing Director, Caspian Impact Investments Private Limited (Debt listed)	Nil
Mr. Bhaskar S### (Non-Executive Non-Independent Director)	5	Yes	Nil	Nil	Nil	Nil	Nil	1,405,000
Mr. John Alex\$\$\$ (Executive Director & Chief Executive Officer)	2	NA	Nil	Nil	Nil	Nil	Nil	41,615

*The Board has recommended his re-appointment as a Non-Executive Non- Independent Director w.e.f. May 7, 2020.

\$Excluding Directorship in private limited companies, foreign companies and companies under Section 8 of the Act.

\$\$Audit Committee and Stakeholders' Relationship Committee in public limited companies alone are considered.

\$\$\$ Mr. John Alex appointed as an ED & CEO from the Board w.e.f. November 08, 2019.

#Mr. Jayaraman Chandrasekaran appointed as an Independent Director w.e.f. closing hours of August 02, 2019.

###Mr Bhaskar S retired on October 20, 2019 as ED & CEO of the Company and continued as Non-Executive Director w.e.f October 21, 2019.

Familiarisation programme for Directors

All Independent Directors inducted on the Board undergo an orientation programme. Presentations are made by Chief Executives and Senior Management giving an overview of the group structure, its businesses including its subsidiaries, the environment in which it operates, its various regulators and the Board constitution. The details of the familiarisation programme for Directors are available on the Company's website <https://www.equitas.in/pdf/Familiarisation-Programme-for-Independent-Directors.pdf>

Board qualification, expertise and attributes

S. No.	Name of Director	Designation	Special Knowledge / Practical Experience
1.	Mr. Rangachary N	Chairman	Taxation Insurance Finance Accountancy Business Administration Governance General Management
2.	Mr. Arun Ramanathan	Independent Director	Business Administration Finance Economics Accountancy Public Administration Corporate Governance General Management
3.	Mr. Jayaraman Chandrasekaran	Independent Director	Banking Business Administration Corporate strategy Treasury operations Governance General Management
4.	Ms. Jayshree Ashwinkumar Vyas	Independent Director	Banking Accountancy Business Administration Corporate Governance General Management
5.	Mr. Rajaraman P V	Independent Director	Public Administration Finance Corporate Governance Business Management
6.	Mr. Viswanatha Prasad S	Independent Director	Business Administration Finance Investment Banking Corporate strategy Corporate Governance General Management
7.	Mr. Bhaskar S	Non-Executive Non-Independent Director	Accountancy Finance Taxation Auditing Corporate law & Governance Treasury operations General Management
8.	Mr. John Alex	Executive Director & Chief Executive Officer	Banking Administration Social initiatives General Management

The Company's Board comprises of qualified Members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its Committees. The Board Members are committed to ensure that the Company's Board is in compliance with the highest standards of Corporate Governance.

The Board, while considering a person for appointment as Director, determines suitability of the person as a Director on the Board, based upon qualification, track record, expertise, integrity and undertakes necessary due diligence to ensure that the appointee Director fulfills the criteria for Board membership as mentioned in the Policy for ascertaining 'fit and proper' status of Directors <https://www.equitas.in/pdf/EHLFit&ProperPolicy.pdf> and other 'fit and proper criteria'.

The Board has identified the following areas of expertise, which are fundamental for effective functioning of the Company viz., Accountancy / Finance/ Economics / Corporate Law & Governance/ General Management/ Administration, as mentioned in the aforesaid policy. The Board of Directors of the Company satisfies the required levels of competency / skillset.

Information to the Board

In advance of each Meeting, the Board is presented with relevant information on various matters relating to the working of the Company, especially those that require deliberation and guidance at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to Management. In addition to items which are required to be placed before the

Board for its noting and/or approval, information is provided on all significant matters. The Company diligently ensures that the information furnished by Management to the Board of the Company is comprehensive and of a very high order.

Separate Meeting of Independent Directors

During the year under review, the Independent Directors had a separate Meeting on May 10, 2019 without the presence of the Management team and the Non-Independent Directors of the Company. At the said Meeting, Independent Directors of the Company reviewed the performance of Chairman, Non-Independent Directors and Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Management and the Board.

3. Committees of the Board

The Board at present has six (6) Committees viz., Audit Committee of the Board (ACB), Nomination, Remuneration & Governance Committee (NRGC), Corporate Social Responsibility Committee (CSRC), Stakeholders Relationship Committee (SRC), Risk Management Committee (RMC) and IT Strategy Committee (ITSC). The Board fixes the terms of reference of Committees and also delegates powers from time to time. The Minutes of the Meetings of the Committee(s) are placed before the Board.

Meetings & Attendance:

Name of the Committee →	Audit Committee (ACB)	Nomination, Remuneration & Governance Committee	Stakeholders' Relationship Committee (SRC)	Corporate Social Responsibility Committee (CSRC)	Risk Management Committee (RMC)	IT Strategy Committee (ITSC)
No. of Meetings held	4	4	5	2	2	2
Date of Meetings	May 10, 2019, August 02, 2019, November 08, 2019 & January 30, 2020	May 10, 2019, August 02, 2019, November 08, 2019 & January 30, 2020	May 10, 2019, July 09, 2019, August 02, 2019, November 08, 2019 & January 30, 2020	May 10, 2019 & November 08, 2019	May 10, 2019 & November 08, 2019	August 02, 2019 & January 30, 2020
Mr. Rangachary N (Chairman)*	3	-	-	-	-	-
Mr. Arun Ramanathan (Chairman of SRC & CSRC and Member of NRGC)	-	4	5	2	-	-
Ms. Jayshree Ashwinkumar Vyas (Member of NRGC & CSRC)	-	3	-	2	-	-
Jayaraman Chandrasekara# (Member of ACB, RMC & ITSC)	2	-	-	-	1	1
Mr. Rajaraman P V (Chairman of NRGC and Member of ACB, CSRC & SRC)	4	3	4	2	1	-
Viswanatha Prasad S (Chairman of ACB, RMC & ITSC and Member of NRGC)	4	4	-	-	2	2

Name of the Committee →	Audit Committee (ACB)	Nomination, Remuneration & Governance Committee	Stakeholders' Relationship Committee (SRC)	Corporate Social Responsibility Committee (CSRC)	Risk Management Committee (RMC)	IT Strategy Committee (ITSC)
Bhaskar S## (ED & CEO till October 20, 2019 & Member of SRC, RMC, ACB and ITSC)	1	-	5	-	2	2
John Alex\$ (ED & CEO)	-	-	1	-	-	1

* Mr. Rangachary N was a Member of the Audit Committee until November 8, 2019.

\$Mr. John Alex appointed as ED & CEO w.e.f. November 08, 2019.

#Mr. Jayaraman Chandrasekaran appointed as an Independent Director w.e.f. closing hours of August 02, 2019.

Mr. Bhaskar S inducted as a Member of ACB w.e.f November 9, 2019

Terms of Reference of Audit Committee

The role of Audit Committee, among others includes:

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory auditors and internal auditors of the Company;
- (c) Approval of payment to statutory auditors for any other services rendered by statutory auditors;
- (d) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with accounting and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions;
 - (vii) Modified opinion(s) in the draft audit report.
- (e) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- (f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, preferential issue, rights issue etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- (g) Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process;
- (h) Approval or any subsequent modification of transactions of the Company with related parties;
- (i) Scrutiny of inter-corporate loans and investments;
- (j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (k) Evaluation of Internal Financial Controls and Risk Management Systems;
- (l) Reviewing, with the management, the performance of statutory and internal auditors and the adequacy of the internal control systems;
- (m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (n) Discussion with internal auditors on any significant findings and follow up thereon;
- (o) Reviewing the findings of any internal investigations by the internal auditors into

matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

- (p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (r) To review the functioning of the whistle blower mechanism;
- (s) Approval of appointment of the CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background etc. of the candidate;
- (t) Review the financial statements, in particular the investments made by the Subsidiary Company;
- (u) Laying down and review of procedures relating to risk assessment and risk minimisation to ensure that executive management control risk through means of a properly defined framework;
- (v) Review and monitoring of implementation and functioning of the Policy for Prevention of Sexual harassment at work place;
- (w) To periodically review and monitor implementation of Internal Code of Conduct for Prevention of Insider Trading;
- (x) To review the utilisation of loans and / or advances from / investment by the holding company in the Subsidiary exceeding ₹ 100 crore or 10% of the asset size of the Subsidiary, whichever is lower and
- (y) Carrying out any other function prescribed under the law.

The Audit Committee shall mandatorily review the following information:

- (i) Management discussion and analysis of financial condition and result of operations;
- (ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management
- (iii) Management letters/ letters of internal control weaknesses issued by the statutory auditor;

(iv) Internal audit reports relating to internal control weaknesses;

(v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee

(vi) Statement of deviations:

(a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1); and

(b) annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7).

The powers of Audit Committee shall include the following:

- (i) To investigate any activity within its terms of reference;
- (ii) To seek information from any employee;
- (iii) To obtain outside legal or other professional advice; and
- (iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

Terms of Reference of Nomination, Remuneration & Governance Committee

- (a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- (b) Formulation of criteria for evaluation of performance of independent directors and the Board;
- (c) Devising a policy on Board diversity;
- (d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and evaluation of Director's performance;
- (e) Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- (f) Recommend to the Board, all remuneration, in whatever form payable to the Managing and Whole-time Directors and senior management of the Company from time to time;

- (g) Administration and superintendence in connection with the employees stock option scheme (the Scheme) under the broad policy and framework laid down by the Company and/or by the Board of Directors;
- (h) Formulate from time to time specific parameters relating to the Scheme, including,
 - (i) The quantum of options to be granted under the Scheme to a particular eligible employee or to category or group of eligible employees and in aggregate;
 - (ii) Determination of eligibility conditions and selection of eligible employees to whom options may from time to time be granted hereunder;
 - (iii) The vesting period and the exercise period within which the eligible employee should exercise the options and those options would lapse on failure to exercise the options within the exercise period;
 - (iv) The conditions under which options vested in eligible employee may lapse in case of termination of employment for misconduct;
 - (v) The specified time period within which the eligible employee shall exercise the vested options in the event of termination or resignation of an eligible employee;
 - (vi) The right of an eligible employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - (vii) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, etc.;
 - (viii) Make rules by which all options including non-vested options vest immediately in case of sale, transfer or takeover of the Company or amalgamation of the Company with any other company, etc. and provide for rules related to exercise period under such circumstances;
 - (ix) Make rules related to performance based vesting of such part of the options granted to eligible employees as the Committee may decide;
 - (x) To prescribe, amend and rescind rules and regulations relating to the Scheme;
- (xi) To construe, clarify and interpret the terms of the scheme and options granted pursuant to the Scheme.
- (i) To study the report issued by CRISIL on the Governance Rating as well as the Guidelines on Corporate Governance and Corporate Social Responsibility issued by Ministry of Corporate Affairs, SEBI and other authorities.
- (j) To study the best practices and benchmarks of leading Indian corporates as well as international best practices.
- (k) To recommend to the Board, the draft set of governance guidelines to achieve the highest level of governance on par with global benchmarks.
- (l) Based on approval by the Board, to oversee the implementation of the same, both at the Board level and Management level.
- (m) Carry out any other function as may be prescribed under the law.

Performance evaluation criteria

The Nomination, Remuneration & Governance Committee has drawn out a Policy for evaluation of the Board, its Committees, Chairman and Directors and the same has been approved by the Board of Directors of the Company. The process for Board Evaluation is given in the Board's Report.

Remuneration of Directors

Remuneration Policy

The Company has in place a Remuneration Policy which is guided by the principles and objectives as enumerated in Section 178 of the Act which is also disclosed on our website <https://www.equitas.in/pdf/EHLRemunerationPolicy.pdf>. The compensation to the only Executive Director of the Company is within the limits prescribed under the Act. He is not paid Sitting fees for any Board/ Committee Meeting attended by him.

The remuneration to the Non-Executive / Independent Directors has been fixed at a level, not exceeding 1% of the net profits of the Company calculated in accordance with Section 198 of the Act. Non-Executive / Independent Directors who are on the Board of the Company as well as in the Subsidiary Company (ies) are paid remuneration either by the Company or Subsidiary Company(ies).

The Independent Directors of the Company are not eligible for stock options. The Directors are not paid/ entitled to any remuneration except as disclosed in this Report. There is no pecuniary relationship or transaction between the Company and the Non-Executive/Independent Directors.

All Directors, except the Executive Director, were paid a sitting fee of ₹ 50,000 for attending every Meeting of the Board and ₹ 25,000 for every Meeting of Committees. The details of sitting fees paid to Non-Executive / Independent Directors for the year ended March 31, 2020 are as follows:

Name	Commission (in ₹)	Sitting Fees (in ₹)	
		Board	Committee
Mr. Rangachary N	403,830	250,000	100,000
Mr. Arun Ramanathan	Nil	250,000	300,000
Ms. Jayshree Ashwinkumar Vyas	201,920	200,000	150,000
Mr. Jayaraman Chandrasekaran	134,060	100,000	100,000
Mr. Rajaraman P V	201,920	250,000	375,000
Mr. Viswanatha Prasad S	302,880	250,000	325,000
Mr. Bhaskar S	89,921	100,000	125,000

Remuneration of Executive Director & Chief Executive Officer (ED & CEO) for FY 2019-20:

Sl. No.	Particulars	Bhaskar S* Amount (₹ in lakhs) (Until October 20, 2019)	John Alex* Amount (₹ in lakhs) (From November 8, 2019)
1	Salary	52.04	22.12
2	Perquisites	5.57	0.06
3	Stock Option	-	-
4	Sweat Equity	-	-
5	Commission -as % of profit -others	- -	- -
6	Others – Employer's Contribution to Provident Fund etc.	1.59	1.10
7	Medical reimbursement	-	-
	Total	59.20	23.29

* Consequent to cessation of Mr. Bhaskar S as ED & CEO w.e.f. October 21, 2019, Mr. John Alex was appointed in his place w.e.f. November 08, 2019.

There are no performance linked incentives, service contracts, notice period or severance fees to the Directors.

Terms of Reference of Stakeholders' Relationship Committee

- Resolving the grievances of the security holders of the Company, including complaints related to the transfer / transmission of shares, non-receipt of annual report and non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar & Share Transfer Agent;
- Review of various measures taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;

- To allot shares on exercise of options granted to employees under the Equitas Employees Stock Option Scheme, 2015 or such other Scheme formulated by the Company from time to time; and

- Carrying out any other function as prescribed under the law.

Name, designation and address of Compliance Officer:

Ms. Deepti R
Company Secretary
Equitas Holdings Limited
410A, 4th Floor Spencer Plaza,
Phase-II, No.769, Mount Road,
Anna Salai,
Chennai 600 002
Telephone: +91 44 4299 5000
Fax: +91 44 4299 5050
Email: secretarial@equitas.in

Details of investor complaints received and redressed during FY 2019-20 are as follows:

Particulars	No. of complaints
Pending at the beginning of the year	0
Received during the year	1
Resolved during the year	1
Remaining unresolved at the end of the year	0

Terms of Reference of Corporate Social Responsibility Committee

- (a) Review the mission of the Organisation from time to time and ensure it stays aligned to the changing context of the Organisation;
- (b) Ensure alignment of the business goals and objectives of the Company in line with the mission of the Organisation;
- (c) Bring specific focus on certain excluded segments of client community and set benchmark for the same;
- (d) Review all the social activities of the Company and suggest to the Board of Trustees suitable measures for enhancing the efficacy of these activities;
- (e) Deploy such tools of measurement as maybe relevant and available from time to time to study the impact of the social performance activities of the Company and benchmark the same with other MFIs in India and around the world;
- (f) Disseminate information related to the social performance of the Organisation in such manner as deemed appropriate;
- (g) Review the amount spent on social activities and advise the Board on its efficacies; and
- (h) To formulate and recommend to the Board, the CSR policy of the Company.

Terms of Reference of Risk Management Committee

- (a) To assess periodically, risks to the effective execution of business strategy and review key leading indicators;
- (b) To review and approve the Risk Management framework of the Company on annual basis;
- (c) To review periodically, the risk management processes and practices of the Company;
- (d) To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in its business activities;
- (e) Evaluation of significant risk exposures of the Company and assessing management's action to mitigate the exposure in a timely manner;
- (f) To co-ordinate with the activities of Audit Committee where there is any instance of overlap with the audit activities;
- (g) To periodically report to the Board including risk management and risk minimisation procedures;
- (h) Laying down and review of procedures relating to risk assessment & risk minimisation to ensure that executive management

controls risk through means of a properly defined framework; and

- (i) Carrying out any other function as prescribed under the law.

Terms of Reference of IT Strategy Committee

- (a) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place;
- (b) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business;
- (c) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
- (d) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
- (e) Ensuring proper balance of IT investments for sustaining NBFC's growth and becoming aware about exposure towards IT risks and controls.
- (f) Instituting an appropriate governance mechanism for outsourced processes, if any, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner;
- (g) Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing;
- (h) Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements;
- (i) Periodically reviewing the effectiveness of policies and procedures;
- (j) Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board;
- (k) Communicating significant risks in outsourcing to the Board of Directors of the Company on a periodic basis;
- (l) Ensuring an independent review and audit in accordance with approved policies and procedures;
- (m) Ensuring that contingency plans have been developed and tested adequately and
- (n) Any other role/responsibility as regulated by RBI Directions from time to time.

4. Annual General Body Meetings

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolution(s) passed
2019	August 02, 2019	4.30 P.M.	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T Nagar, Chennai – 600 017.	One
2018	July 27, 2018	2.45 P.M.	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T Nagar, Chennai – 600 017.	One
2017	June 30, 2017	10.15 A.M.	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T Nagar, Chennai – 600 017.	Six

All the proposed resolutions, including Special Resolutions, were passed by the shareholders as set out in their respective Notices.

Details of special resolution passed through postal ballot:

There were no resolution(s) passed through Postal Ballot during FY 2019-20.

The financial results and other information filed by the Company from time to time are also available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited. The said stock exchanges have introduced NSE Electronic Application Processing System (NEAPS) and BSE Listing centre. Various compliances as required / prescribed under the SEBI Listing Regulations are filed through these systems.

5. Means of Communication

The quarterly, half-yearly and annual financial results of the Company are published in one English and Regional language [Tamil] newspapers viz., Business Standard and Makkal Kural, respectively. The Company's financial results and official news releases, presentations made to institutional investors/ analysts are hosted on the Company's website <https://www.equitas.in> under the Investor Information Section.

Annual Report containing audited standalone and consolidated financial statements together with Board's Report, Corporate Governance Report, Management Discussion and Analysis Report, Auditors Report and other important information are circulated to the Members entitled thereto through permitted mode(s).

6. General Shareholder Information

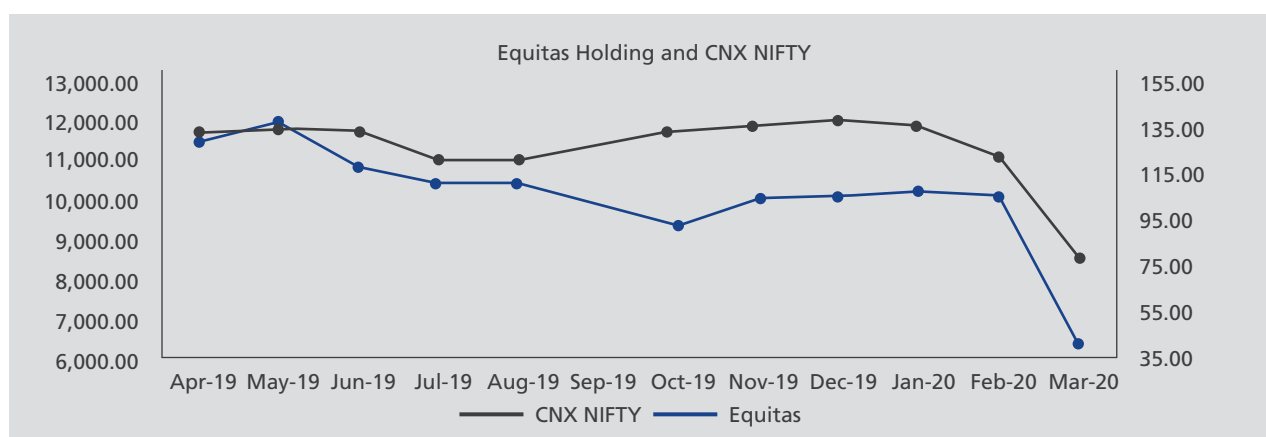
Day, Date & Mode of AGM	Pursuant to the General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020, issued by the Ministry of Corporate Affairs, the 13th Annual General Meeting (AGM) for the year ended March 31, 2020 is scheduled on Monday, August 10, 2020 at 3.00 PM IST through Video Conferencing / Other Audio Visual Means (VC/OAVM).
Financial year	April 1, 2019 to March 31, 2020
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such Stock exchange(s):	BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex (BKC) Bandra (East) Mumbai – 400051
Listing Fees	Listing fees payable to the stock exchanges for the financial year 2019-20 have been paid in full.
Stock Code	BSE – 539844 NSE – EQUITAS
ISIN	INE988K01017
Book Closure Date	August 4, 2020 to August 10, 2020 (both days inclusive)
Market price data- high, low during each month in last financial Year	Details are provided in the table below
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index, etc.	Details are provided in the chart below

Registrar and Share Transfer Agents;	KFin Technologies Private Ltd ("KFINTECH") Selenium Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Contact Person: Ms Rajitha Cholleti Ph: +91 40 6716 1508 Website: www.kfintech.com
Share transfer system	99.97% of the equity shares of the Company are held in electronic mode. Transfer of these shares are done through the Depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with KFINTECH at the address mentioned above. Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.
Distribution of shareholding (as on 31.03.2020)	Details are provided in the table below
Dematerialisation of shares and liquidity (as on 31.03.2020)	The total shares held in dematerialised form: 99.97%
Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity	Nil
Commodity price risk or foreign exchange risk and hedging activities	Nil
Plant locations	Nil
Address for correspondence	Company Secretary Equitas Holdings Limited 410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai 600002 Tel: +91 44 4299 5000 Fax: + 91 44 4299 5050 Email: secretarial@equitas.in

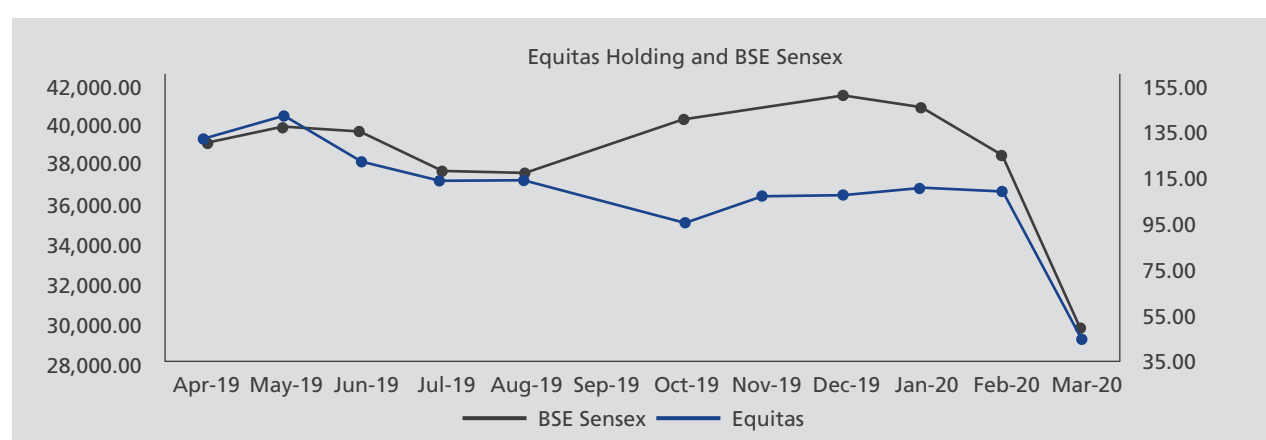
Market price data - High, Low during each month in last Financial Year:

Month	BSE		NSE	
	High	Low	High	Low
Mar-20	113.10	32.75	113.20	32.50
Feb-20	117.05	102.00	117.20	101.90
Jan-20	120.50	99.00	120.70	98.70
Dec-19	114.45	98.80	114.00	98.75
Nov-19	110.15	82.60	110.35	82.50
Oct-19	106.85	90.85	106.85	90.80
Sep-19	119.60	92.60	119.65	92.60
Aug-19	115.85	97.90	115.90	97.75
Jul-19	131.15	106.20	129.60	106.10
Jun-19	143.55	117.60	143.65	117.60
May-19	142.70	120.60	142.50	120.15
Apr-19	139.30	126.40	139.45	126.25

Equitas Holdings Ltd. and CNX Nifty



Equitas Holdings Ltd. and S&P BSE Sensex



Shareholding pattern as on March 31, 2020:

Description	No. of holders	No. of Shares	% Equity
Foreign Corporate Bodies	3	44,988,805	13.16
Foreign Portfolio Investors	86	97,976,894	28.67
Non-Resident Indians / Non-Resident Indians - Non Repatriable	1,152	1,316,234	0.39
Mutual Funds	19	107,518,974	31.46
Resident Individuals	295,166	72,849,445	21.31
Bodies Corporates	951	5,120,848	1.49
Alternative Investment Fund	11	5,867,871	1.72
Banks / Indian Financial Institutions	2	589,929	0.17
Others(Trusts, Qualified Institutional Buyer, Clearing Members, NBFC)	206	5,560,995	1.63
Total	297,596	341,789,995	100.00

Distribution of equity shareholding as on March 31, 2020:

Category (Shares)	No. of shareholders	% of shareholders	No. of shares	% of shares
1-500	280,909	94.39	14,845,670	4.34
501- 1000	9,130	3.07	6,921,940	2.03
1001- 2000	4,174	1.40	5,921,060	1.73
2001- 3000	1,239	0.42	3,100,073	0.91
3001- 4000	529	0.18	1,861,911	0.54
4001- 5000	392	0.13	1,816,578	0.53
5001- 10000	595	0.20	4,258,560	1.25
10001& Above	628	0.21	303,064,203	88.67
Total	297,596	100.00	341,789,995	100.00

7. Other Disclosures

A. Related Party Transactions

The particulars of transactions between the Company and its related parties, as defined under Section 2(76) of the Act and in Accounting Standard 18, are set out in the financial statements. The Board has put in place a policy on related party transactions and the same has been uploaded on the Company's website <https://www.equitas.in/pdf/EHLPolicyonRelatedPartyTransactions.pdf>. There were no materially significant related party transactions having potential conflict with the interests of the Company, during the year 2019-20.

B. Details of non-compliances by the company, penalties, strictures imposed on the company by the stock exchanges or SEBI or any statutory authorities on any matter related to capital markets during the last three years:

Nil

C. Whistle blower policy

The Company has established a Whistle Blower Policy pursuant to which Directors, employees and vendors of the Company can report their concerns on unethical and improper behavior, practices, actual or suspected fraud or violation of the Company's Code of Conduct or any other wrongful conduct in the Company or of its employees. None of the personnel has been denied access to the Audit Committee.

D. Mandatory Requirements

The Company is in compliance with the mandatory requirements.

E. Non-Mandatory Requirements

The Company has a record of unqualified financial statements from inception.

During the year, Auditors have had separate discussions with the Audit Committee without the presence of the Management team.

The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer. Mr. Rangachary N is the Chairman of the Board and Mr. John Alex is the Executive Director & Chief Executive Officer of the Company.

F. Subsidiary Companies

A policy on material subsidiaries has been formulated and the same is posted on the Company's website, https://www.equitas.in/pdf/EHL_Policy_Materiality.pdf. The financial statements of subsidiary companies are tabled at the Board Meeting every quarter.

G. Internal Code of conduct for Prevention of Insider Trading

The Board has adopted an Internal Code of Conduct for Prevention of Insider Trading in the securities of the Company. The Code *inter alia* requires pre-

clearance from Designated Persons for dealing in the securities of the Company as per the criteria specified therein and prohibits the purchase or sale of securities of the Company while in possession of Unpublished Price Sensitive Information in relation to the Company besides during the period when the trading window is closed.

H. Certification on non-incurrence of disqualification

M/s B Ravi & Associates, Practising Company Secretaries have given a certificate to the Board confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority. The said certificate forms part of this Report.

I. Details of fee remitted to Statutory Auditors

The total fees incurred by the Company and its Subsidiary, ESFBL on a consolidated basis for the services rendered by Statutory auditors for FY 2019-20 is given below:

Particulars	Company (₹ in lakhs)	ESFBL (₹ in lakhs)
(i) In capacity as auditors		
Audit fees (includes fee for limited review)	37.20	53.40
Statutory Certificates	2.75	41.90
Other Reporting services	1.81	Nil
Reimbursement of expenses	0.07	1.17
(ii) Other capacity		
IPO Related	Nil	158.43
Network entity - Ernst & Young LLP	Nil	33.43

J. Disclosures relating to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Particulars	Details
No. of complaints filed during FY 2019-20	
No. of complaints disposed of during FY 2019-20	
No. of complaints pending as at the end of FY 2019-20	Nil

8. Compliance

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Listing Regulations and amendments thereto, as applicable, with regard to Corporate Governance.

S R Batliboi & Associates LLP, Statutory Auditors have certified that the Company has complied with the mandatory requirements as stipulated under SEBI Listing Regulations.

9. ED & CEO and CFO Certification

ED & CEO and CFO have given a certificate to the Board as per Regulation 17 of SEBI Listing Regulations. The said certificate forms part of this Annual Report.

10. Code Of Conduct

The Company has laid down a Code of Conduct for the Members of Board of Directors and Senior Management Personnel. The Code of Conduct is available on the website of the Company at <https://www.equitas.in/pdf/CodeofConductforDirectors.pdf>.

11. Equity Shares in the Demat Suspense Account

In accordance with the requirement of Regulation 34(3) and Schedule V Part F of SEBI Listing Regulations, the Company reports that there are no equity shares lying in the demat suspense account which were issued in dematerialised form pursuant to the public issue of the Company.

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the demat suspense account of the Company as on April 1, 2019.	Nil	Nil
Shareholders who approached the Company for transfer of shares from demat suspense account during the year.	Nil	Nil
Shareholders to whom shares were transferred from the demat suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the demat suspense account of the Company as on March 31, 2020	Nil	Nil

12. Transfer of Unclaimed / Unpaid Amounts to the Investor Education and Protection Fund:

The Company has not declared any dividends from its incorporation. Hence, there is no unclaimed dividend relating to the earlier financial years, which needs to be transferred to the Investors Education and Protection Fund, in terms of Section 125 of the Act.

For and on behalf of the **Board of Directors**

John Alex
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

May 29, 2020

I confirm that for the Financial Year ended March 31, 2020, Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them.

John Alex
ED & CEO
Chennai

May 29, 2020

Compliance Certificate

**The Board of Directors
Equitas Holdings Limited**

Madam/Dear Sirs,

This is to certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended March 31, 2020 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent or illegal or violative of Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. There have been no deficiencies in the design or operation of such internal controls.
4. There have not been any:
 - a. Significant change in internal control over financial reporting during the year;
 - b. Significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking You,

Yours truly,

For Equitas Holdings Limited

John Alex
ED & CEO

Srimathy R
CFO

Date: May 29, 2020

Place: Chennai

Certificate of Non-Disqualification of Directors

(Pursuant to Regulation 34(3) and clause (10)(i) of Para C of Schedule V of SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

Based on the scrutiny of relevant records, forms, returns and information provided by EQUITAS HOLDINGS LIMITED (the 'Company'), CIN: L65100TN2007PLC064069, having its registered office at 410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai 600002 and verification of disclosures and declarations given by the Directors under applicable statutes and also based on the verification of facts regarding the Board of Directors of the Company, available in the public domain, we hereby certify that as on 31.03.2020, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

Place: Chennai
Date: 17.04.2020

Signature:
Name of Company Secretary in practice: Dr. B Ravi

FCS No.: 1810 CP No.: 3318
Managing Partner
B Ravi & Associates
Firm Registration Number: P2016TN052400
UDIN: F001810B000162344

Business Responsibility Report

(Pursuant to Regulation 34 (2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"))

Introduction

Equitas Holdings Limited is a Core Investment Company which carries on business through its subsidiaries viz., Equitas Small Finance Bank Limited (ESFBL) and Equitas Technologies Private Limited (ETPL) (collectively referred as "Equitas Group"). The disclosures in this report are aligned to the Principles of Business Responsibility as prescribed under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVEG-SEE) released by Ministry of Corporate Affairs, Government of India. This report provides transparent and relevant information on the Equitas Group's efforts and its performance against the nine principles of Business Responsibility.

Section A: General information about the company

1	Corporate Identity Number (CIN) of the Company	L65100TN2007PLC064069
2	Name of the Company	Equitas Holdings Limited
3	Registered address	410A, 4th Floor, Phase II, Spencer Plaza No. 769, Mount Road, Anna Salai, Chennai – 600002
4	Website	www.equitas.in
5	Email id	secretarial@equitas.in
6	Financial year reported	2019-20
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Financial and Insurance Activities Code: 64191
8	Three key products/services of the Company (as in balance sheet)	Core Investment Company making investments in Subsidiary Companies
9	Number of international locations	Nil
10	Number of National locations	Equitas Group has operations in more than 853 locations across 15 States/Union Territories (including National Capital Territory) of the country.
11	Markets served by the Company – Local/State/National/ International	National

Section B: Financial details of the company

S. No.	Particulars	Details
1.	Paid up capital (₹ in lakhs)	34,179
2	Total turnover (₹ in lakhs)	1,906.87
3	Total profit after taxes (₹ in lakhs)	769.38
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	4.34%
5	List of activities in which expenditure in 4 above has been incurred	Educational Initiatives carried out through Equitas Development Initiatives Trust (EDIT), a Public Charitable Trust set up by the Company, which runs schools in Seven locations across Tamil Nadu. Details of CSR activities carried out by Equitas Group are discussed under MD&A report, which form part of the Annual Report.

Section C – Other Details

1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company(s)	Yes. Equitas Group as a whole actively carries out the BR initiatives.
3.	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

Section D: BR Information

1. Details of Director(s) responsible for BR

(a) Details of the Director responsible for implementation of the BR policy(ies)

1. DIN: 08584415
2. Name: Mr. John Alex
3. Designation: ED & CEO

(b) Details of the BR head

1. DIN (if applicable): 08584415
2. Name: Mr. John Alex
3. Designation: ED & CEO
4. Telephone number: + 91 44 4299 5000
5. e-mail id: corporate@equitas.in

2. Principle-wise (as per National Voluntary Guidelines) BR Policy(ies)

Equitas Holdings Limited is a Core Investment Company which carries on the business through its Subsidiaries viz., ESFBL and ETPL. Therefore, the following sections capture BR compliances at the Group level.

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy(ies) for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international Standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online	All Policies which are statutorily required to be displayed on our website www.equitas.in								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Communication on policies covering all internal and external stakeholders is an on-going process.								
8	Does the Company have in-house structure to implement the policy(ies)	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy(ies) to address stakeholders' grievances related to the policy(ies)	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of these policies by an internal or external agency?	The Heads of Departments are responsible for effective implementation of the Policies. The Compliance Department of ESFBL monitors the adherence to implementation of policies mandated by RBI.								

* All Policies have been formulated after detailed deliberations on best practices adopted by banks and financial institutions and customised as per our requirements.

P1 Code of Conduct adopted for employees, Directors and senior management and Whistle Blower Policy ensure conducting of business with Ethics, Transparency and Accountability.

P2 Fair Practices Code promote responsible lending and banking practices. It ensures guard against over-leveraging to ensure sustainability, throughout the life cycle of the customer.

P3 Policy on Prevention of Sexual Harassment and Whistle Blower Policy, endeavors to maintain an organisation wide environment of care, concern, nurturing and to provide an opportunity to women employees to accomplish their professional aspirations. This Policy can be viewed online at www.equitas.in.

P4 The interests of the marginalised and vulnerable stakeholders are addressed through Priority Sector Lending and Financial Inclusion. The Fair Practices Code protects the interests of customers who are primarily from the vulnerable sections of the society. Corporate Social Responsibility [CSR] Policy seeks to engage with client communities through community development initiatives and improve their life and life style on a holistic basis. This Policy can be viewed online at www.equitas.in

P5 Code of Conduct for employees lays down acceptable employee behavior while dealing with clients on various aspects, including human rights.

- P6 Policy on Environmental and Social Safeguards framework for Micro & Small Enterprises ensures integration of environmental and social safeguards into the appraisal process of loan applications for micro & small enterprises.
- P7 While there is no specific policy outlined in respect of this Principle, Equitas Group, through various trade bodies and associations, puts forth a number of suggestions with respect to the financial services sector.
- P8 The very idea behind differentiated licensing of Small Finance Banks is to further the agenda of financial inclusion and bring about equitable development. Hence, the entire operations of the Company's Subsidiary are aligned towards this commitment. Further, in accordance with the Corporate Social Responsibility Policy, Equitas Group carries out various social initiatives to promote equitable development amongst its client communities.
- P9 Equitas Group has undertaken wide range of social initiatives under Corporate Social Responsibility Policy to improve the quality of life of its client communities. Details of the same are given in the MD&A Report, which forms part of the Annual Report. ESFBL has a Board approved Customer Grievance Redressal Policy for expeditious redressal of customer grievances.

Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assesses the BR performance of the Company (Within 3 months, 3-6 months, Annually, More than 1 year).	The performance on aspects of BR is reviewed by CEO on a periodic basis i.e., at least once a year.
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report forms part of the Annual Report. The same can be viewed at https://www.equitas.in/annual-reports.php

Section E: Principle-Wise Performance

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/ NGOs/Others?**

Equitas Group has put in place a Code of Conduct which covers all its employees. The Code articulates the ethical principles and acceptable behavior that the

employees are expected to demonstrate throughout their tenure as employees of the organisation. It also guides all employees to uphold the values of Equitas Group. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. Equitas Group has also adopted Code of Conduct for Directors & Senior Management to provide a framework to the Board members and Senior Management in ensuring adoption of highest ethical standards in managing the affairs of the Group. The Group's commitment to ethics and accountability is emphasised upon in all interaction with the stakeholders, right from the time of association with the Group.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? if so, provide details thereof, in about 50 words or so.**

Equitas Group has established various channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns. The details of the stakeholder complaints are as below:

Particulars	Complaints received during 2019-20	% of complaints resolved
Customer complaints	1,979	97.3%
Investor complaints	1	100%

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

The Bank believes that it has a critical role to carry out in furthering financial inclusion in the nation to accomplish inclusive growth and equitable development. Towards this end, the Bank caters to those who do not have access to formal financial system by offering loan products such as Micro Finance, Commercial Vehicle Finance, Housing Finance, Loan against Property, Agri Loans, Gold Loans, Business Loans etc. Along these lines, we are actively involved in financial inclusion. The Bank principally deals with financially vulnerable sections of the society and hence it is even more critical to be mindful and responsible in lending to guard the borrowers from getting over leveraged. The Bank carries out due diligence to ascertain the repayment capacity of the borrowers before lending.

Micro Finance: Micro lending is targeted at women who belong to the economically weaker sections of the society (with household income less than ₹ 1.6 lakhs per annum). Most of these loans are for income generation purposes, which provide assistance

to our customers to increase their household income, develop financial independence over time and for most of our customers, an opportunity to become part of the formal financial system. All of our customers are included in the Credit Bureau database thereby ensuring their inclusion into the formal economy.

Vehicle Finance: These loans are provided predominantly to first time entrepreneurs in the commercial logistics service industry, who have the expertise but lack capital to own a commercial vehicle of their own. This loan provides them with the opportunity to own their business and improve or develop their socio-economic standing.

MSE and Financial Intermediaries: The Bank provides capital in the form of term loans to enterprises which are small and have turnover in the range of ₹ 1 – 10 crores. The loan sizes typically vary between ₹ 10 – 100 lakhs.

Housing Finance: The Bank supports the aspiration of owning a house for a large segment of low-income families by focusing on affordable housing. The Bank also offers the benefits accruing under Pradhan Mantri Awas Yojana to deserving beneficiaries from economically weaker sections and low-income groups.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**
- (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Bank consciously endeavors to reduce the use of paper. Towards this end, tab-based loan processing is being used in micro finance lending. Similarly, opening Selfe FD and Selfe savings account through digital platforms, initiatives are also being implemented in other segments as well. We have also introduced eco-friendly paper pads, pens & pencils at our boardroom.

The account holders of the Bank are advised to embrace paper-free banking practices like e-mail account statements, internet banking, mobile banking, e-Wallet, Electronic Toll Collection and other such activities.

We pursue other sustainable practices to reduce our impact on the environment and promote efficient consumption of resources viz., Heating, Ventilation and Air Conditioning (HVAC) run time observing,

installation of CFL and other low energy consuming office gear, limited printer and copier utilisation.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

As a responsible corporate citizen, Equitas Group endeavors to reduce the environmental impact of its operations. The Bank has made conscious efforts to reduce the usage of paper through various digital initiatives, some of which have been outlined elsewhere in this document.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The business of Equitas Group is service oriented and not material resource intensive. The human resource and other services required for our day-to-day activities are by and large sourced within the neighborhood to the extent feasible.

A significant number of the financial products offered by the Bank are utilised for empowering business enterprise, innovation and capacity building among the financially vulnerable segments of the society. It empowers them to scale up business activities. In the long-run, this prompts better financial prospects for local businesses, which are clients of the Bank. The improved business environment indirectly benefits other local businesses, which are not clients.

The Bank has set up Business Correspondents (BCs) channel of banking, which aims to empower local business owners, usually micro-businesses, to act as centers of banking.

5. Does the company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Our operational practices are engaged to constantly reduce utilisation of paper and dynamic measures are being implemented across different processes (Refer to Principle 2: Question 2) to facilitate the same. Our digital banking and other related activities additionally endeavor to meet sustainability objectives of waste reduction and more efficient resource utilisation. On this front, we have accomplished 56% customer digital penetration, which significantly reduces consumption of paper and other unsustainable resources.

Principle 3 – Businesses should promote the well-being of all employees

1 Total number of Employees	16,159
2 Total number of employees hired on contractual basis	28
3 Number of permanent women employees	1,745
4 Number of permanent employees with disabilities	86
5 Is there an employee association that is recognised by management	Equitas Group engages with employees through various fora to obtain constructive feedback. Regular Audio bridges are conducted offering an opportunity for all employees to directly express their views, ideas and feedback to the top management.
6 Percentage of your permanent employees who are members of this recognised employee association	While there is a structured employee grievance redressal mechanism in place, employees are also encouraged to directly approach CEO and Audit Committee in case of serious grievances or unethical practices.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No. Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of financial year
1 Child labour/ forced labour/ involuntary labour	Nil	Nil
2 Sexual Harassment	7	Nil
3 Discriminatory Employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

All employees are given periodical training on precautions and procedures to be followed in cases of emergencies such as fire, earthquake and other natural calamities.

In respect of skill training, Equitas Group has institutionalised learning and development process to create right competencies across various levels and help in career progression of employees. The key focus during the year has been on imparting functional and technical training to the employees. Virtual Training Sessions were conducted for employees in Branch Banking for the launch of Elite Savings Account. Leadership Development Programs for Managers were designed and conducted completely in-house. Special recognition program "High Achievers Club" for consistent top performers of Equitas was launched. Extensive training was

imparted through the e-learning platform and learning days allocated for the same every month.

The details of employees who underwent skill up-gradation training during FY 2019-20 are as follows:

Permanent Employees	11,450
Permanent Women Employees	1,645
Contractual Employees	Nil
Employees with Disabilities	Nil

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.**1. Has the company mapped its internal and external stakeholders?**

Equitas Group engages with multiple stakeholders through formal and informal channels of communication. The key stakeholder groups are identified as follows:

- Customers
- Employees
- Investors
- Vendors / Service Providers
- Regulators
- Community

Equitas Group constantly strives to keep the channels of communication open and transparent with all its stakeholders, with a view to maximising stakeholder satisfaction and value creation.

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

Equitas Group engages with vulnerable and marginalised sections of society through its loan products, employment practices, community engagement initiatives and technology-enabled services. Through the Rural and Inclusive banking activities, the Bank engages with economically excluded sections of the society to create financial literacy and further the agenda of financial inclusion through specialised products.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? if so, provide details thereof, in about 50 words or so.

Equitas Group directly or through its implementing agency, Equitas Development Initiatives Trust (EDIT) engages with stakeholders such as women, people with disabilities, unemployed youth and pavement dwellers to create a positive impact through community development initiatives.

EDIT runs seven schools primarily for socially and economically weaker sections of society. These schools provide affordable schooling to students belonging to economically weak backgrounds,

with an emphasis on the quality of the education imparted. Around 5,700 students have benefitted from these schools.

EDIT has empowered around half a million women by imparting training in easily learnable vocational skills such as tailoring, doll making and artificial jewellery making enabling them to earn additional income.

EDIT actively conducts job fairs across India for unemployed youth of low income communities, thereby providing gainful employment to over 1,80,000 unemployed youth from lower income segment. The recruitment and employment practices of Equitas Group are also attuned towards talent spotting and acquisition from among marginalised sections of the society.

EDIT also provides access to affordable healthcare through various medical initiatives and medical camps which has benefitted over 6 million people cumulatively.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs/others?

Equitas Group is committed to upholding the dignity of every individual engaged or associated with the Group. A strong commitment to human rights is embedded in the Fair Practices Code as well as Employee Code of Conduct which lays down acceptable behaviour on various aspects including human rights. All employees who have direct interface to customers including collection staff are trained to be polite and courteous to customers under all circumstances. This code is applicable for all employees, associates, business partners and Group companies with utmost importance placed on fairness and transparency.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

Kindly refer to response to Principle 1 – Question 2.

Principle 6: Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/ Suppliers/ Contractors/NGOs/Others

Equitas Group recognises the need to respect, protect and make efforts to restore the environment in all its activities. Some of the initiatives taken in this regard have been outlined under Principle 2 – Question 2.

The Group also endeavors to promote sound environmental, social and governance standards (ESG). The Bank has a Policy on Environmental and Social Safeguards framework for Micro & Small Enterprises, integrating environmental and

social safeguards into the appraisal process of loan applications for micro & small enterprises.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc.? If yes, please give hyperlink for webpage etc.

In regard of its activities, Equitas Group focuses on decreasing the utilisation of paper to lessen the carbon footprint. Towards this end, the Bank has embarked its digital footprint over its products offerings and has been a consistent leader across Small Finance Banks. Our focus is to empower clients with ease of access and to transact efficiently and effectively using our variety of Digital offerings, along these lines lessening the dependence on paper-based banking activities. The operations of ETPL are carried out by utilising mobile and online applications. A number of new activities and products are through digital channels.

We have made extensive progress in this strategy by accomplishing about 56% digital penetration among our clients. We give an assortment of digital offerings - Internet and Mobile banking, Electronic toll collection, Digital Savings account opening, Virtual Debit card, Digital fund transfers etc.

Our efficient operational practices, digital banking and environment management practices help us reduce our environmental footprint and help us achieve environmentally sustainable business practices.

3. Does the company identify and assess potential environmental risks?

Equitas Group is aware of the potential environmental risks. We have also integrated environmental and social safeguards into the loan appraisal process.

4. Does the company have any project related to clean development Mechanism? If so, provide details thereof, in about 50 words or so. Also, whether any environmental compliance report is filed?

As detailed under Points 1-3 above, Equitas Group, through its initiatives, is aware of the importance of safeguarding the environment. As on date, the Group did not carry out any project related to the Clean Development Mechanism.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc.? If yes, please give hyperlink for web page etc.

As explained above, Equitas Group focuses on reducing the usage of paper and provides alternate banking channels like internet banking, mobile banking, ATMs, Tab-based account opening, online & mobile account opening etc.

Focus is placed on energy efficiency, through practices including installation of CFL & LED light fixtures and installation of similar energy efficient office equipment. We also aim to leverage digital

banking and digital business initiatives to reduce environmental impact related to usage of paper and reducing the need for travel by customers to bank branches.

The Group has also implemented paperless recruitment process from application by the candidate to offer letter generation. This has reduced the need for travel by recruitment executives and candidates. This also reduces paper and printer usage during the recruitment process. We have also introduced eco-friendly paper pads, pens & pencils at our boardroom.

6. Are the emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The operations of Equitas Group do not result in any significant environmental or pollution related issues.

7. Number of show cause/ legal notices received from CPCB/SPCB which is pending (i.e. not resolved to satisfaction) as on end of Financial Year.

The operations of Equitas Group do not result in any significant environmental or pollution related issues. No notices were received by the Group as on March 31, 2020.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:

Some of the key trade and industry associations where the Group is represented, include:

- i. Indian Banks' Association (IBA)
- ii. Fixed Income Money Market and Derivatives Association (FIMMDA)
- iii. SaDhan – The Association of Community Development Finance Institutions
- iv. Association of Mutual Funds in India (AMFI)
- v. Confederation of Indian Industry (CII)
- vi. The Indus Entrepreneurs (TiE)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? If yes, specify the broad areas (governance and administration, economic reforms, inclusive development policies, energy security, water, food security sustainable Business Principles, others)

Through various industry associations and in various forums, Equitas has promoted various social and welfare initiatives like responsible lending, financial literacy, creation of a more transparent financial system, ease of credit access to the underbanked/unbanked, operational ease of providing loans to economically excluded sections of the economy, etc.

Principle 8: Businesses should support inclusive growth and equitable development

The main focus of Equitas Group is inclusive growth and equitable development. The word "Equitas" is a Latin word meaning justice, fairness and equity. Towards this end, we wish to state that the very idea behind differentiated licensing of Small Finance Banks is to further the agenda of financial inclusion and bring about equitable development. Hence, the operations of ESFBL are primarily directed towards inclusive growth and equitable development.

The Bank through its Micro Finance loan programs supported about 18,134 persons with disabilities during FY 2019-20 and cumulatively over 50,489 persons. Of these, around 2,275 visually challenged persons were supported during the year and cumulatively 7,815. Encourged by this inclusive model we have mainstreamed 193 Transgender in women's group.

1. Does the company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.

The focus of Equitas Group is to improve the quality of life of customers by increasing their total household asset value. Customers, who have not been able to access formal financing, are provided transparent and trustworthy access to financing. The Group has also developed a wide range of social initiatives towards improving the quality of life of its client communities. As a Bank, we have been able to enhance our association with the financially excluded section of the society. We not only offer credit, which is typically of a short-term nature but also liabilities products like deposits, insurance etc.

Equitas Group also undertakes various activities through the Equitas Development Initiatives Trust (EDIT) which support inclusive growth and equitable development. These CSR initiatives include providing high quality affordable education to students belonging to economically weaker sections, providing vocational skills to the unemployed to include them in the formal economy, providing free healthcare etc. Details of such activities are explained in other sections of this report.

2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?

Inclusive growth and equitable development is provided to customers through our banking activities, especially through the financing activities of the Inclusive Banking division and Emerging Enterprise Banking division of the Bank.

CSR programmes are undertaken by Equitas Group, directly as well as through implementing agency, Equitas Development Initiatives Trust, a registered public charitable trust. CSR initiatives carried out by Equitas Group are detailed in the MD & A Report, which forms part of the Annual Report.

3. Have you done any impact assessment of your initiative?

Social Impact study was conducted for all social initiatives for the period from 2016-2018 by an external agency (Social Audit Network). The outcomes of CSR activities carried out through EDIT have been aligned to 8 of the Sustainable Developmental Goals (SDG's) thereby leading to social impact on the followings SDG's

1. Ending Poverty in slums using the Holistic Ecosystem
2. Extending Health Services
3. Quality Education through its Schools
4. Gender Equality
5. Decent work & Economic growth through its job Fairs and skill training
6. Reduced inequalities
7. Sustainable Cities & Community
8. Partnership for the Goals

4. What is your company's direct contribution to community development projects - amount in INR and the details of the projects undertaken?

The details of the contribution towards CSR initiatives are available in CSR Report forming part of Annual Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

CSR initiatives are reviewed by Board-level CSR Committee of the respective entities, on a periodic basis. The Group closely tracks not only the number of beneficiaries but also qualitative improvement in the lives of beneficiaries. The educational initiatives undertaken through implementing agency, EDIT creates enduring value for the beneficiaries by empowering people to rise above their existing socio-economic constraints. The Schools run by EDIT cater predominantly to people from the lower income group. The children studying in these schools develop English speaking skills apart from their academic pursuits, where they are continuing to do well. This apart, they also develop life skills and get their personality shaped which would go a long way in changing the future outlook of their life. The Bank is also involved in a pavement dwellers uplifting program, called Equitas Bird's Nest (EBN). Through this program, more than 308 homeless pavement dwelling families were provided formal housing in FY 2019-20. EBN also conducts health

care initiatives, vocational skills training programs, provides educational assistance & scholarships and micro-credit facilitation as required by the rehabilitated families for their holistic development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

2.7% of the customer complaints are pending as at the end of the Financial Year 2019-20. All the pending complaints have since been resolved within the prescribed timelines.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

The Group endeavors to provide transparent information on its products through its website which has detailed information on product features, service charges and fees applicable. In respect of the Bank, interest rates for various deposit schemes are published on the website. SMS alerts are sent to customers when charges or fees get triggered or levied in their deposit accounts.

As an NBFC-MFI, Equitas was the pioneer in disclosing the interest rates on reducing balance basis in the customer passbook, which later became a regulatory norm for the industry.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

Nil

4. Did your company carry out any consumer survey / consumer satisfaction trends?

The Bank has an active customer service department, which ensures that continuous steps are taken to ensure customer satisfaction in all their dealings with the Group. During the year, the Bank conducted a customer loyalty study. The study provided insights into the areas the Bank needed to focus for improving its "Truly Loyal" indicator.

For and on behalf of the **Board of Directors**

John Alex	Rangachary N
ED & CEO	Chairman
Chennai	Bengaluru

May 29, 2020

Independent Auditor's Report

To the Members of Equitas Holdings Limited Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Equitas Holdings Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as 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 Standalone 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key audit matters

Assessment of Impairment of Investment in Equitas Technologies India Private Limited, a subsidiary Company

As at March 31, 2020, the financial statements of Equitas Technologies India Private Limited ("ETPL"), a subsidiary company indicates risk of impairment.

The Company's investments are subject to assessment of impairment, which process involves significant judgements and assessments, including over determination of the amount of impairment provision, if any, that needs to be recognised.

Further, the economic and business consequences of the COVID-19 pandemic as described in Note 2.1 to the financial statements, significant social disruption and disturbance and slowdown of economic activity, can have possible implications on the judgements and estimates used in the valuation of the subsidiary.

Emphasis of Matter

We draw attention to the following matters:

- note no 2.1 to the accompanying financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Company's operations and financial metrics.
- note no 8c to the accompanying financial statements regarding management's plans relating to compliance by Equitas Small Finance Bank Limited, the Company's subsidiary, with the relevant licensing guidelines of the Reserve Bank of India.

Our opinion is not modified in respect of these above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the standalone financial statements' section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.

How our audit addressed the key audit matter

India Private Limited, a subsidiary Company

In respect of investments in ETPL, where the management determined that there were indicators of impairment, we performed the following procedures:

- We gained an understanding of the entity's process of assessing impairment of its investments.
- We tested controls over the value in use of the investment, including the significant assumptions, inputs, calculations, methodologies and judgements.
- We tested the key assumptions used in forecasting revenues and costs, having regard to supporting documentation, agreements, and past experience.

Key audit matters**Assessment of Impairment of Investment in Equitas Technologies India Private Limited, a subsidiary Company**

The Company has made investments of ₹ 2,200 lakhs (2019 ₹ 2,000 lakhs) in ETPL. In testing for impairment, the Company estimates the recoverable value based on:

The Company has made investments of ₹ 2,200 lakhs (2019 ₹ 2,000 lakhs) in ETPL. In testing for impairment, the Company estimates the recoverable value based on:

- Revenue and cost forecasts, which are affected by ETPL's expansion plans, business and strategic changes underway and the changing competitive environment, changes in business / operational models (including in response to COVID-19); and
- Key assumptions used in the recoverability and valuation assessments (discount rates, growth rates, macroeconomic assumptions, etc.)

Due to significance of judgements and estimate used in assessing the impairment provision, this audit area is considered a key audit matter.

How our audit addressed the key audit matter

- We assessed, understood, and tested where relevant, the methodology followed by EHL to determine realisable value for valuation of the investment in subsidiary, including method of valuations used to assess impairment, input data used, external market information on market valuation, comparable transactions in market space, etc.
- We read and assessed minutes of management internal meetings and presentations where key judgements were discussed, including those used to determine the recoverable value based on independent valuation by external experts.
- We analyzed and understood results of stress tests performed in the provisioning considering the overall impact on the estimates used for impairment assessment of investments on account of the COVID-19 pandemic through scenario analysis
- Assessed disclosures included in the standalone financial statements in respect of impairment provision.

Other Information

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

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing

so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors)

Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 35 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

UDIN: 20211107AAAABU3392

Place of Signature: Chennai

Date: May 29, 2020

Annexure 1 to the independent auditor's report of even date on the financial statements of Equitas Holdings Limited (the 'Company')

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|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.</p> <p>(b) Property, plant and equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.</p> <p>(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.</p> <p>(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.</p> <p>(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.</p> <p>(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.</p> <p>(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.</p> | <p>(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.</p> <p>(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and other statutory dues applicable to it. Dues with respect to service tax, value added tax, duty of custom, duty of excise and sales tax are not applicable to the Company.</p> <p>(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, value added tax, goods and services tax, cess and other material statutory dues applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.</p> <p>(c) According to the information and explanations given to us, there are no dues of sales-tax, service tax, customs duty, income tax, excise duty, value added tax, goods and services tax and cess which have not been deposited on account of any dispute.</p> <p>(viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or government or dues to debenture holders during the year</p> <p>(ix) According to the information and the explanation given by the management, the Company has not raised any money by way of initial public offer/ further public offer /debt instruments and term loans, hence reporting under (ix) of the Order is not applicable to the Company</p> |
|---|--|

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, we report that the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

UDIN: 20211107AAAABU3392

Place of Signature: Chennai

Date: May 29, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Equitas Holdings Limited

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

We have audited the internal financial controls over financial reporting of Equitas Holdings Limited (the "Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

UDIN: 20211107AAAABU3392

Place of Signature: Chennai

Date: May 29, 2020

Standalone Balance sheet

as at March 31, 2020

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

Particulars	Notes	As at 31-Mar-2020	As at 31-Mar-2019
Assets			
Financial assets			
Cash and cash equivalents	5	243.97	405.23
Bank balance other than cash and cash equivalents	6	18,162.03	17,403.44
Other Financial Assets	7	669.89	444.27
Investment in subsidiaries	8	149,120.56	156,187.00
Non-financial assets			
Current tax assets (Net)	24	803.96	690.66
Deferred tax assets	25	-	42.59
Property, plant and equipment	9a	13.64	2.04
Capital work in Progress	9a	9.60	-
Investment Properties	9b	5,436.19	5,449.93
Right-of-use (ROU) asset	28	23.11	-
Intangible assets	9a	0.04	0.09
Other non-financial assets	10	3.31	4.17
Total Assets		174,486.30	180,629.42
Liabilities and equity			
Financial liabilities			
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	11	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	11	41.42	6.00
Other financial liabilities	12	189.66	369.92
Non-financial liabilities			
Current tax liabilities (Net)	24	175.05	48.23
Deferred tax liabilities	25	94.18	-
Other Non-financial liabilities	13	5.45	5.27
Provisions	14	48.21	43.84
Total liabilities		553.97	473.26
Equity			
Equity Share capital	15	34,179.00	34,146.15
Other Equity	16	139,753.33	146,010.01
Total equity		173,932.33	180,156.16
Total liabilities and equity		174,486.30	180,629.42
Summary of significant accounting policies	3		

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

For and on behalf of Board of Directors of

Equitas Holdings Limited

per Aniruddh Sankaran

Partner

Membership No. 211107

Place: Chennai

Date: 29 May 2020

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 29 May 2020

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 29 May 2020

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 29 May 2020

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 29 May 2020

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 29 May 2020

Standalone Statement of Profit and Loss

for the year ended March 31, 2020

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

Particulars	Note No.	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Revenue from operations			
Interest income	17	1,482.97	1,389.02
Rental income	18	216.02	215.43
Guarantee Income	18	61.40	461.21
Total revenue from operations		1,760.39	2,065.66
Other income	19	146.48	186.20
Total income		1,906.87	2,251.86
Expenses			
Employee benefits expenses	20	117.48	113.34
Impairment of Financial Instruments	21	109.31	418.11
Finance costs	22	25.17	122.99
Depreciation and amortisation	9a	88.74	84.35
Others expenses	23	266.78	241.15
Total Expense		607.48	979.94
Profit before tax		1,299.39	1,271.92
Tax Expenses			
Current tax	24	295.62	350.67
Current tax relating to prior periods		97.35	-
Less: MAT credit entitlement		-	(84.67)
Net current tax expense		392.97	266.00
Deferred tax (Net)	25	137.04	72.68
Total tax expenses		530.01	338.68
Profit for the year (a)		769.38	933.24
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit obligations (net)		(0.93)	0.73
Income tax effect on the above		0.28	(0.21)
Total Other comprehensive Income (b)		(0.65)	0.52
Total comprehensive Income for the year, net of tax (a + b)		768.73	933.76
Earnings per equity share			
Basic earnings per equity share	26	0.23	0.27
Diluted earnings per equity share	26	0.23	0.27
Summary of significant accounting policies	3		

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

For and on behalf of Board of Directors of

Equitas Holdings Limited

per Aniruddh Sankaran

Partner

Membership No. 211107

Place: Chennai

Date: 29 May 2020

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

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John Alex

ED and CEO

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Srimathy R

Chief Financial Officer

Place: Chennai

Date: 29 May 2020

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 29 May 2020

Standalone Cash Flow Statement

for the year ended March 31, 2020

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash Flow From Operating Activities		
Profit before tax	1,299.39	1,271.92
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	88.74	84.35
Unwinding of interest cost on financial guarantee obligation	14.70	122.99
Guarantee income	(61.40)	(461.21)
Liabilities no longer required written back	(131.33)	(184.55)
Rental Income	(216.02)	(215.43)
Impairment on Financial Instruments	109.31	418.11
Re-measurement gains/(losses) on defined benefit obligations (net)	(0.93)	0.73
(Profit)/Loss on sale of property, plant and equipment	(0.90)	0.10
Interest cost on lease	0.84	-
Employee expenses on share based payments	0.28	0.49
Operating profit before working capital changes	1,102.68	1,037.50
(Increase)/decrease in loans and advances	-	12,170.00
(Increase)/decrease in other financial assets	(9.83)	(185.36)
(Increase)/decrease in other non-financial assets	0.86	(0.75)
Redemption / (Investment) in fixed deposits (net)	(758.59)	(12,508.44)
Increase/(decrease) in provisions	(4.94)	(5.46)
Increase/(decrease) in financial liabilities	9.61	11.80
Increase/(decrease) in non-financial liabilities	0.18	(0.73)
Cash used in operations	339.97	518.56
Direct taxes paid	(379.45)	(349.56)
Net Cash flow from/(used in) operating activities (A)	(39.48)	169.00
B. Cash Flow From Investing Activities		
Addition to property, plant and equipment	(91.05)	(666.45)
Investment in subsidiary	(200.00)	-
Investment in PPE/ROU Assets	(4.70)	-
Proceeds from sale of property, plant and equipment	0.90	3.89
Net Cash flow from/(used in) Investing Activities (B)	(294.85)	(662.56)
C. Cash Flow From Financing Activities		
Proceeds from fresh issue of equity share capital, including securities premium	173.84	518.12
Share application money received	-	28.84
Interest cost on lease Assets/ ROU Assets	(0.77)	-
Net Cash flow from/(used in) Financing Activities (C)	173.07	546.96
Net Increase/Decrease in cash and cash equivalent D = (A+B+C)	(161.26)	53.40
Cash and Cash Equivalents - Opening Balance (E)	405.23	351.83
Cash and Cash Equivalents - Closing Balance (D) + (E)	243.97	405.23
Net cash provided by / (used in) operating activities includes		
Interest received	1,473.19	1,215.49
Components of Cash and Cash Equivalents at the end of the year		
Current account with Banks	243.85	160.23
Short term deposits	-	245.00
Cash on Hand	0.12	-
Total Cash and Cash Equivalents	243.97	405.23

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place: Chennai

Date: 29 May 2020

For and on behalf of Board of Directors of

Equitas Holdings Limited

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 29 May 2020

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 29 May 2020

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 29 May 2020

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 29 May 2020

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 29 May 2020

Standalone Statement of Changes in Equity

for the year ended March 31, 2020

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

(a) Equity share capital

Particulars	No. of shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid		
Opening balance as on 1st April 2018	340,429,976	34,043.00
Add: Shares issued during 2018-19	1,031,522	103.15
Balance as on 31st March 2019	341,461,498	34,146.15
Add: Shares issued during 2019-20	328,497	32.85
Balance as on 31st March 2020	341,789,995	34,179.00

(b) Other equity

Particulars	Reserves and Surplus				Share application money	Items of Other Comprehensive Income (OCI)	Total other equity
	Securities premium	Statutory Reserves	Retained Earnings	Share Based Payment Reserve		FVTOCI Reserve	
As at March 31, 2018	129,587.06	1,409.09	7,804.60	4,489.09	66.67	13.42	143,369.93
Add: Profit for the year	-	-	933.24	-	-	-	933.24
Items of Other Comprehensive Income (OCI)	-	-	-	-	-	0.52	0.52
Sub Total	129,587.06	1,409.09	8,737.84	4,489.09	66.67	13.94	144,303.69
Transfer from retained earnings to Statutory Reserves	-	186.65	(186.65)	-	-	-	-
Premium on issue of share capital under ESOP scheme 2015	625.85	-	-	-	(584.79)	-	41.06
Share application money received	-	-	-	-	546.96	-	546.96
Addition on account of ESOP cost	-	-	-	1,262.51	-	-	1,262.51
Transfer of ESOP cost to retained earnings upon lapse of options	-	-	1,794.59	(1,794.59)	-	-	-
Transfer of ESOP cost to securities premium upon exercise	-	-	-	(144.21)	-	-	(144.21)
As at March 31, 2019	130,212.91	1,595.74	10,345.78	3,812.80	28.84	13.94	146,010.01
Add: Adjustment for lease liability	-	-	(0.25)	-	-	-	(0.25)
Add: Profit for the year	-	-	769.38	-	-	-	769.38
Items of Other Comprehensive Income (OCI)	-	-	-	-	-	(0.65)	(0.65)
Sub Total	130,212.91	1,595.74	11,114.91	3,812.80	28.84	13.29	146,778.49
Transfer from retained earnings to Statutory Reserves	-	153.88	(153.88)	-	-	-	-
Premium on issue of share capital under ESOP scheme 2015	224.91	-	-	-	(169.83)	-	55.08
Share capital	-	-	-	-	(32.85)	-	(32.85)
Share application money received	-	-	-	-	173.84	-	173.84
Addition on account of ESOP cost	-	-	-	443.40	-	-	443.40
Transfer of ESOP cost to retained earnings upon lapse / transfer of options	-	-	4,124.83	(4,124.83)	-	-	-
Adjustment on account of modification of ESOP scheme 2015	-	-	(7,609.55)	-	-	-	(7,609.55)
Transfer of ESOP cost to securities premium upon exercise	-	-	-	(55.08)	-	-	(55.08)
As at March 31, 2020	130,437.82	1,749.62	7,476.31	76.29	-	13.29	139,753.33

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place: Chennai

Date: 29 May 2020

For and on behalf of Board of Directors of

Equitas Holdings Limited

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 29 May 2020

John Alex

ED and CEO

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Place: Chennai

Date: 29 May 2020

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 29 May 2020

Smrithy R

Chief Financial Officer

Place: Chennai

Date: 29 May 2020

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 29 May 2020

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2020

1. Corporate information

Equitas Holdings Limited ("the Company" / "EHL") was incorporated on June 22, 2007. The Company is a public limited Company incorporated under the provisions of Companies Act 1956. The registered office of the Company is located at 410A, 4th Floor, Spencer Plaza, Phase II, Mount Road, Anna Salai, Chennai – 600 002. The Company received certificate of registration dated September 1, 2016 as a non-deposit taking Systemically Important Core Investment Company (CIC-ND-SI), from the Reserve Bank of India ("RBI") to carry on the business as a Non-Banking Financial Institution.

The Company is the holding Company of its subsidiaries Equitas Small Finance Bank Limited and Equitas Technologies Private Limited (collectively, the 'Group').

2. Basis of preparation

The standalone financial statements of the Company have been prepared on accrual basis in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended).

The Standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income ('FVTOCI') instruments, all of which have been measured at fair value.

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest Lakhs, except when otherwise indicated.

2.1 Impact of COVID-19 pandemic

The novel coronavirus (COVID-19) pandemic (as declared by WHO) is causing significant disturbance and slowdown of economic activity globally and in India. The Company has evaluated impact of COVID-19 on its business operations, assessed the Company's liquidity position and evaluated the recoverability and carrying value of its assets including property, plant and equipment, investment properties, right of use assets and investments as at March 31, 2020. Based on its review, consideration of internal and external information up to the date of approval of these financial statements current indicators of future economic conditions

relevant to the Company's operations and other market factors and information, management has concluded that no adjustments are required to the Company's financial results at this time. However, the full extent of impact of the COVID-19 pandemic on the operations, and financial metrics (including impact on provisioning on financial instruments) will depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time. (Also refer note 4.1)

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 29.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the Company and/or its counterparties.

3. Significant accounting policies

3.1 Financial instruments – initial recognition

3.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the transaction date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

3.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at fair value through profit and Loss ('FVTPL'), transaction costs are added to, or subtracted from, this amount.

3.1.3 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either Amortised Cost, FVOCI or FVTPL

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2020

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or FVTPL when fair value designation is applied.

3.2 Financial assets and liabilities

3.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

3.2.1.1 Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such

information when assessing newly originated or newly purchased financial assets going forward.

3.2.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

3.2.2 Financial assets or financial liabilities held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there evidence of a recent pattern of short-term profit is taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

3.2.3 Equity instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. Fair value changes on an equity instrument is recognised as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVTOCI. Fair value changes excluding

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dividends, on an equity instrument measured at FVTOCI are recognised in OCI. Amounts recognised in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognised as 'Other Income' in the Statement of Profit and Loss.

3.2.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

3.3 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3.4 Derecognition of financial assets and liabilities

3.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion
- If the modification does not result in cash flows that are substantially different, the modification does not result in de recognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

3.4.2 Derecognition of financial assets other than due to substantial modification

3.4.2.1 Financial assets

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either: the Company has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Control is considered to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case when transfer of a part of financial asset qualifies for derecognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is derecognised as a gain or loss on decrease of such financial asset previously under amortised cost category.

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3.4.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Impairment of financial assets

3.5.1 Overview of the ECL principles

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk

has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

3.5.2 The calculation of ECL

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD *The Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD *The Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD *The Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Impairment losses and releases are accounted for and disclosed separately from modification losses

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or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

3.5.3 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

3.6 Write-offs

Financial assets are written off either partially or in their entirety only when the Company has determined that recovery is remote. If the amount to be written off is greater than the accumulated loss allowance, the difference is recorded as an expense in the period of write off. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.7 Determination of fair value

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments**– Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments**– Those where the inputs that are used for valuation and are

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significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

- **Level 3 financial instruments**– Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 Recognition of interest income

3.8.1 The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The EIR is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

3.8.2 Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

3.9 Recognition of income and expenses

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

3.9.1 Dividend Income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

3.10 Cash and cash equivalents

Cash and cash equivalents comprises of Cash in Hand, demand deposits with other banks and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated 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.

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3.11 Investment Properties

Investment property represents property held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Depreciation on building classified as investment property has been provided on the straight-line method over a period of 50 years based on the Company's estimate of their useful lives taking into consideration technical factors, which is the same as the period prescribed in Schedule II to the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an external independent valuer applying valuation models.

Investment properties are derecognised either when they have been disposed of 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 the statement of profit and loss in the period of derecognition.

3.12 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method as per the useful life prescribed in Schedule II to Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as per the table below, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc.

Asset	Estimated useful life as assessed by the Company	Estimated useful life specified under Schedule II of the Companies Act 2013
Office Equipment	3 Years	5 Years
Computer Equipment	3 Years	3 years
Furniture and Fixtures	3 Years	10 years
Vehicles	4 Years	8 Years

The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.13 Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value

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less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.14 Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss in credit loss expense. The premium is recognised in the statement of profit and loss in net fees and commission income on a straight-line basis over the life of the guarantee.

3.15 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in

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the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

3.16 Share based payments

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India and IND AS 102. The Company measures compensation cost relating to the employee stock options (equity settled) using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options. The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred at the time of grant. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 41.

3.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.18 Taxes

3.18.1 Current taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.18.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Companies Act, 2013, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. Significant accounting judgements, estimates and assumptions

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

In the process of applying the Company's accounting policies, management has made the following judgements and estimates which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its judgements and estimates on parameters available when the standalone 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.

4.1 Estimation uncertainties relating to the global health pandemic from COVID-19 (COVID19)

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of its assets including property plant and equipment, investment properties, right of use assets and investments as at March 31, 2020. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, estimates from market sources on the expected future performance. The Company has performed sensitivity analysis on the assumptions used and based on current estimates expect the carrying amount of these assets will be recovered. Events

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occurring after the date of approval of these financial statements may require a change in the estimates adopted herein. (Refer note 2.1)

4.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

4.3 Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs

- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.4 Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

4.5 Changes in accounting policies and disclosures

New and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

The Company's leased asset consists of leases for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2020

arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company enters into operating leases as a lessee for renting of branch premises.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right-of-use assets

are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if the whether it will exercise an extension or a termination option.

ROU asset has been presented under Property, plant and equipment while lease liability is presented under Other Financial Liabilities in the Balance Sheet. Lease payments made by the Company are classified as financing cash flows.

The effect of adoption of Ind AS 116 is given in note 28.

Notes to standalone financial statements

for the year ended March 31, 2020

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

5 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	0.12	-
Balances with bank		
Current accounts	243.85	160.23
In deposits accounts - free of lien (original maturity less than 3 months)	-	245.00
Total	243.97	405.23

6 Bank Balances other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Fixed deposits with bank - free of lien (original maturity more than 3 months)	18,162.03	17,403.44
Total	18,162.03	17,403.44

Fixed deposits earn interest at fixed rate or floating rate based on daily bank deposit rates

7 Other financial assets (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Interest Accrued	212.95	203.17
Security deposits	12.66	12.84
Rent Receivable	431.44	215.43
Other assets	12.84	12.83
Total	669.89	444.27

8 Investment in subsidiaries (at cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Unquoted equity shares		
In India		
Investment in Equitas Small Finance Bank Limited	147,488.56	154,655.00
1,005,943,363 equity shares of Equitas Small Finance Bank Limited of ₹ 10 each fully paid up (As at 31 March 2019 - 1,005,943,363).		
Investment in Equitas Technologies Private Limited	2,200.00	2,000.00
22,000,000 equity shares of Equitas Technologies Private Limited of ₹ 10 each fully paid up (As at 31 March 2019 - 20,000,000)		
Total - Gross	149,688.56	156,655.00
Less: Impairment loss allowance	568.00	468.00
Total - Net	149,120.56	156,187.00

8a. The investments in subsidiaries include cost of share based payments amounting to ₹ 76.29 lakhs (March 31, 2019 – ₹ 7,242.73 lakhs), given to the employees of Equitas Small Finance Bank as part of the share based payments schemes. The investments also includes fair value of the corporate guarantee given to Equitas Small Finance Bank amounting to ₹ 2,726.38 lakhs (March 31, 2019 – ₹ 2,726.38 lakhs).

8b. Impairment loss allowance of ₹ 568 lakhs (March 31, 2019 - ₹ 468 lakhs) represents impairment on investments made in Equitas Technologies Private Limited.

8c. As a precondition to small finance bank licensing guidelines issued by the Reserve Bank of India, amongst other conditions, Equitas Small Finance Bank Limited (the "Bank"), a subsidiary of the Company, was required to be listed within 3 years from the date of commencement of operations (i.e from 5th September 2016). In the absence of Securities Exchange Board of India's ("SEBI") approval to a scheme of arrangement, which would have resulted in the listing of the Bank's shares, and the consequent non-compliance of the relevant listing condition, the Reserve Bank of India vide its letter dated September 06, 2019 has imposed regulatory action on the Bank, by way of restriction on opening of new branches and on the remuneration of the MD & CEO of the Bank frozen at current level, till further advice. (In December 2019, the Bank obtained specific approval of the RBI for opening 240 banking outlets). On September 10, 2019, the Board of Directors of the Bank approved an initial public offer

Notes to standalone financial statements

for the year ended March 31, 2020

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

and listing of the equity shares on stock exchanges in India, to comply with the licensing guidelines. Subsequently, the Bank filed a Draft Red Herring Prospectus with SEBI on December 16, 2019 and Stock Exchanges (National Stock Exchange of India Limited and BSE Limited). The Bank received in principle approval from stock exchanges and observations from the SEBI on its Draft Red Herring Prospectus ("DRHP"). In March 2020, the Bank filed a revised DRHP after addressing the SEBI's comments, and was in the process of completing the Initial Public Offer ("IPO") of shares. However, due to the COVID-19 global pandemic and consequent lockdowns across the country, the completion of the listing process and the IPO of shares has been delayed. Management and the Board of Directors remain committed to completing the IPO of shares in due course, once normalcy in business operations is restored. Read with the above, the Bank continues normal course of business and operates as a going concern, and no adjustments have been considered necessary in this regard.

9a Property, plant and equipment

Particulars	Computers	Office equipment	Vehicles	Sub total	Intangible assets - Software	Total	Capital Work in Progress
Gross carrying value:							
At 1st April 2018	1.14	0.26	16.30	17.70	1.55	19.25	106.77
Additions	-	-	-	-	-	-	141.17
Disposals	-	-	(7.77)	(7.77)	-	(7.77)	(247.94)
At 31 March 2019	1.14	0.26	8.53	9.93	1.55	11.48	-
Additions	0.10	-	14.31	14.41	-	14.41	76.64
Disposals	-	-	(8.53)	(8.53)	-	(8.53)	(67.04)
At 31 March 2020	1.24	0.26	14.31	15.81	1.55	17.37	9.60
Depreciation							
At 1st April 2018	0.72	0.22	5.16	6.10	0.89	6.99	-
Charge for the year	0.37	0.04	5.16	5.57	0.57	6.14	-
Disposals	-	-	(3.78)	(3.78)	-	(3.78)	-
Other adjustments	-	-	-	-	-	-	-
At 31 March 2019	1.09	0.26	6.54	7.89	1.46	9.35	-
Charge for the year	0.07	-	2.74	2.81	0.05	2.87	-
Disposals	-	-	(8.53)	(8.53)	-	(8.53)	-
Other adjustments	-	-	-	-	-	-	-
At 31 March 2020	1.16	0.26	0.74	2.18	1.51	3.69	-
Net Block							
At 31 March 2019	0.05	-	1.99	2.04	0.09	2.13	-
At 31 March 2020	0.08	-	13.57	13.64	0.04	13.68	9.60

9b Investment property

Particulars	Land - Freehold	Building	Total
Gross carrying value:			
At 1st April 2018	1,531.85	3,331.26	4,863.11
Additions	496.01	231.74	727.75
Disposals	-	-	-
At 31 March 2019	2,027.86	3,563.00	5,590.86
Additions	-	67.04	67.04
Disposals	-	-	-
At 31 March 2020	2,027.86	3,630.04	5,657.90
Depreciation			
At 1st April 2018	-	62.72	62.72
Charge for the year	-	78.21	78.21
Disposals	-	-	-
Other adjustments	-	-	-
At 31 March 2019	-	140.93	140.93
Charge for the year	-	80.78	80.78
Disposals	-	-	-
Other adjustments	-	-	-
At 31 March 2020	-	221.71	221.71
Net Block			
At 31 March 2019	2,027.86	3,422.07	5,449.93
At 31 March 2020	2,027.86	3,408.33	5,436.19

Notes to standalone financial statements

for the year ended March 31, 2020

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

Depreciation and amortisation expense for the year also includes amortisation of right of use asset of ₹ 5.10 lakhs (Previous year ₹ Nil). Also refer note 28.

Income earned and expenses incurred in connection with Investment properties

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rental income	216.02	215.43
Direct operating expenses from property that generate rental income	13.97	2.76
Direct operating expenses from property that did not generate rental income	-	-

Contractual obligations

There are contractual obligations to construct or develop investment properties. (Also refer note 34)

Fair value

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	6,424.66	6,140.21

Fair value is estimated on the basis of level - 2 inputs, in accordance with Ind AS 113.

Sensitivity Analysis

Particulars	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value (weighted average)	Fair value	Sensitivity
Investment properties As at March 31, 2020	Professional valuer	Price per sq. feet	₹ 1,868 - ₹ 2,747 per sq. feet	5% sensitivity on rate per sq. feet	6,424.66	321.23

10 Other non-financial assets (considered good) (unsecured)

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	3.31	4.17
Total	3.31	4.17

11 Trade payables (Refer note 29)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	41.42	6.00
	41.42	6.00

12 Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Financial Guarantee Obligations	138.83	307.49
Accrued expenses	14.03	49.21
Liability for capital expenditure	13.22	13.22
ROU leased liability	23.58	-
Total	189.66	369.92

13 Other Non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues	5.45	5.27
Total	5.45	5.27

Notes to standalone financial statements

for the year ended March 31, 2020

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

14 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Expected credit loss (ECL) allowance on receivables (Refer Note 14.1 below)	21.77	12.46
Employee benefits (refer Note 30.2)	26.44	31.38
Total	48.21	43.84

14.1 Movement of ECL allowance on receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Opening Balance	12.46	46.24
Provision on new exposures	9.31	12.46
Provision on exposures derecognised or matured (excluding write-offs)	-	(20.30)
Changes to models and inputs used for ECL calculations	-	(25.94)
ECL allowance - closing balance	21.77	12.46

14.2 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification

a) Loan to subsidiary

Internal rating grade	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Loan to subsidiary is as follows:

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure	-	-	-	-	12,170.00	-	-	12,170.00
Exposure derecognised or repaid	-	-	-	-	(12,170.00)	-	-	(12,170.00)
Closing balance of outstanding exposure	-	-	-	-	-	-	-	-

ECL on loan to subsidiary

Internal rating grade	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Reconciliation of ECL balance on loan to subsidiary is given below:

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	-	-	-	-	16.11	-	-	16.11
Provision on exposures derecognised or repaid	-	-	-	-	(16.11)	-	-	(16.11)
ECL allowance - closing balance	-	-	-	-	-	-	-	-

Notes to standalone financial statements

for the year ended March 31, 2020

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

b) Rent receivable

Internal rating grade	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	431.44	-	-	431.44	215.43	-	-	215.43
Total	431.44	-	-	431.44	215.43	-	-	215.43

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Rent receivable is as follows:

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	215.43	-	-	215.43				
Provision on new exposure	216.01	-	-	216.01	215.43	-	-	215.43
Provision on exposure derecognised or repaid	-	-	-	-	-	-	-	-
Closing balance of outstanding exposure	431.44	-	-	431.44	215.43	-	-	215.43

ECL on rent receivable

Internal rating grade	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	21.77	-	-	21.77	12.46	-	-	12.46
Total	21.77	-	-	21.77	12.46	-	-	12.46

Reconciliation of ECL balance on Rental Income is given below:

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	12.46	-	-	12.46	-	-	-	-
Provision on new exposure	9.31	-	-	9.31	12.46	-	-	12.46
Provision on exposure derecognised or repaid	-	-	-	-	-	-	-	-
ECL allowance - closing balance	21.77	-	-	21.77	12.46	-	-	12.46

c) Other commitments - Financial guarantee

Internal rating grade	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	138.83	-	-	138.83	307.49	-	-	307.49
Total	138.83	-	-	138.83	307.49	-	-	307.49

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Other commitments is as follows:

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance of outstanding exposure	307.49	-	-	307.49	829.77	-	-	829.77
Exposure derecognised or repaid	168.66	-	-	168.66	522.28	-	-	522.28
Closing balance of outstanding exposure	138.83	-	-	138.83	307.49	-	-	307.49

Notes to standalone financial statements

for the year ended March 31, 2020

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

ECL on Financial guarantee

Internal rating grade	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Reconciliation of ECL balance on Financial Guarantee is given below:

Particulars	FY 2019-20				FY 2018-19			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	-	-	-	-	46.24	-	-	46.24
Provision on exposures derecognised or matured (excluding write-offs)	-	-	-	-	(20.30)	-	-	(20.30)
Changes to models/ inputs used for ECL calculations	-	-	-	-	(25.94)	-	-	(25.94)
ECL allowance - closing balance	-	-	-	-	-	-	-	-

15 Share Capital

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 10 each	440,000,000	44,000.00	440,000,000	44,000.00
Compulsorily convertible preference shares of ₹ 10 each	10,000,000	1,000.00	10,000,000	1,000.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each	341,789,995	34,179.00	341,461,498	34,146.15

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	341,461,498	34,146.15	340,429,976	34,043.00
Exercise of options under ESOP scheme	328,497	32.85	1,031,522	103.15
Outstanding at the end of the year	341,789,995	34,179.00	341,461,498	34,146.15

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held.

During the year, the company allotted 3,28,497 (Previous Year 1,031,522) Equity Shares of ₹ 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums.

Details of Shareholding more than 5% shares in the company

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	No of Shares	% holding	No of Shares	% holding
Equity Shares of ₹ 10 each fully paid				
CDC Group Plc	26,791,230	7.84%	26,791,230	7.85%
	26,791,230	7.84%	26,791,230	7.85%

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for the year ended March 31, 2020

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

15.1 Shares reserved for issuance

Refer Note 41 with respect to ESOP Scheme.

16 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium reserve	130,437.82	130,212.91
Statutory reserves	1,749.62	1,595.74
Retained earnings	7,476.31	10,345.78
Share based payment reserve	76.29	3,812.80
FVTOCI reserve	13.29	13.94
Share application money	-	28.84
Total	139,753.33	146,010.01

a. Securities premium reserve

The Securities premium received during the year represents the premium received towards allotment of 3,28,497 shares under ESOP Scheme. This balance in the reserve shall be utilised in accordance with the provisions of Section 52 of the Companies Act towards issuance of fully paid bonus shares, write-off of preliminary expenses, commission / discount expenses on issue of shares / debentures, premium payable on redemption of redeemable preference shares / debentures and buy back of its own shares / securities under Section 68 of the Companies Act.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	130,212.91	129,587.06
Premium on issue of share capital under ESOP Scheme	224.91	625.85
Balance at the end of the year	130,437.82	130,212.91

b. Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax as per statutory GAAP.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	1,595.74	1,409.09
Transfer from retained earnings to Statutory Reserves	153.88	186.65
Balance at the end of the year	1,749.62	1,595.74

c. Retained Earnings

The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported below are not distributable in entirety and includes non distributable items including unrealised gains, notional gains and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value, etc.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	10,345.78	7,804.60
Profit for the year	769.38	933.24
Transfer from retained earnings to Statutory Reserves	(153.88)	(186.65)
Adjustment for ROU asset (refer note 16g)	(0.25)	-
Transfer of ESOP cost to retained earnings upon lapse of options	4,124.83	1,794.59
Adjustment on account of modification of ESOP Scheme 2015 (refer note 16h)	(7,609.55)	-
Balance at the end of the year	7,476.31	10,345.78

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for the year ended March 31, 2020

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

d. Share Based Payment Reserve

The balance represents reserves created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	3,812.80	4,489.09
Addition on account of ESOP cost	443.40	1,262.51
Transfer of ESOP cost to retained earnings upon lapse of options	(4,124.83)	(1,794.59)
Transfer of ESOP cost to securities premium upon exercise	(55.08)	(144.21)
Balance at the end of the year	76.29	3,812.80

e. FVTOCI Reserve

This reserve represents the cumulative gains and losses arising on the remeasurement on defined benefit obligations.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	13.94	13.42
Addition during the year	(0.65)	0.52
Balance at the end of the year	13.29	13.94

f. Impairment reserve

The Reserve Bank of India, on March 13, 2020 notified Circular no: RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 Implementation of Indian Accounting Standards requiring the Company to create an impairment reserve to the extent of shortfall in ECL provision as compared to the provision as required by Income Recognition and Asset Classification and Provisioning norms. The Company has performed this assessment as at March 31, 2020, and the provision required as per Income Recognition and Asset Classification and Provisioning norms is found to be ₹ NIL. Accordingly, no impairment reserve is created. Refer Note 43 for further details.

g. Impact of adoption of Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 3.00 Lakhs, and a lease liability of ₹ 3.25 Lakhs. The cumulative effect of applying the standard resulted in ₹ 0.25 Lakhs being debited to retained earnings. Please refer to note 28 for further details.

h. Adjustment on account of modification of ESOP Scheme 2015

During the year ended March 31, 2020, 98,86,251 number of options issued under the ESOP Scheme 2015 were replaced with 3,34,87,873 options issued, under the Equitas ESOP Scheme 2019 issued by its subsidiary (Equitas Small Finance Bank Limited), to employees of Equitas Small Finance Bank and also Equitas Holdings Limited. Accordingly, there has been a reversal of retained earnings and securities premium reserve of ₹ 3,484.72 lakhs and ₹ 4,124.83 lakhs respectively, and a cumulative reversal of investment in subsidiary (Equitas Small Finance Bank Limited) of ₹ 7,609.55 lakhs.

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for the year ended March 31, 2020

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

17 Interest income (On Financial Instruments measured at Amortised Cost)

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Interest on deposit with Banks	-	19.10
Interest on deposit with Related Parties	1,482.97	1,105.25
Interest Income on Loans to Related Parties	-	264.67
Total	1,482.97	1,389.02

18 Revenue from Contracts with Customers (also refer note 32.2)

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Rental Income	216.02	215.43
Guarantee Income	61.40	461.21
Total	277.42	676.64

19 Other income

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Other Miscellaneous Income	-	1.65
Dividend income	5.50	-
Profit from sale of assets	0.90	-
Bad Debts recovered	8.75	-
Liabilities no longer required written back	131.33	184.55
Total	146.48	186.20

20 Employee benefit expenses

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Salaries and wages (Including bonus)	92.80	103.72
Contribution to provident and other funds	4.43	5.28
Gratuity expense (Refer Note 30.2)	13.88	3.03
Share based payment to employees	5.78	0.49
Staff welfare expenses	0.59	0.82
Total	117.48	113.34

21 Impairment of financial instruments

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Corporate Loan Exposure (net)	-	(16.11)
Financial Guarantee Exposure (net)	-	(46.24)
Rental Income Receivable	9.31	12.46
Investment in Subsidiary	100.00	468.00
Total	109.31	418.11

22 Finance Cost

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Interest Cost - lease	0.84	-
Interest Cost - financial guarantee obligation	14.70	122.93
Interest Cost - others	9.63	0.06
	25.17	122.99

Notes to standalone financial statements

for the year ended March 31, 2020

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

23 Other expenses

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Advertisement & business promotion	3.87	3.61
Communication expenses	1.09	7.42
Professional & consultancy fee	28.86	25.26
Payments to auditors (Refer Note A below)	50.26	46.56
Directors' remuneration & sitting fees	47.28	44.89
Registrar fee and general meeting expenses	41.40	27.59
Miscellaneous expenses	0.95	3.94
Insurance expenses	6.27	5.84
Printing and stationery	0.04	2.03
Rates and taxes	48.89	29.99
Rent	-	6.35
Repairs & maintenance - others	2.12	4.63
Travelling & conveyance	2.34	2.56
Contributions towards CSR activities (Refer note B below)	33.41	30.32
Guarantee expenses	-	0.06
Loss assets written-off	-	0.10
Total	266.78	241.15

A. Payment to auditors (excluding taxes)

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
As auditors		
Statutory audit (including consolidation)	26.00	21.80
Limited review (including consolidation)	9.00	6.00
Certification fees	2.75	2.50
In other capacity		
Tax audit	2.20	2.00
Other reporting services	1.81	7.20
Others		
Reimbursement of expenses	0.07	0.14
Total	41.83	39.64

B. Details of CSR expenditure:

Particulars	March 31, 2020	March 31, 2019
(a) Gross amount required to be spent by the Company during the year	20.00	14.00
	In cash	Yet to be paid in cash
b) Amount spent during the year ending on March 31, 2020:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	33.41	-
	In cash	Yet to be paid in cash
b) Amount spent during the year ending on March 31, 2019:		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	30.32	-

The Company in accordance with its CSR Policy has implemented CSR activities, through the Equitas Development Initiatives Trust, a public charitable trust established by the Company.

Notes to standalone financial statements

for the year ended March 31, 2020

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

The Board of Directors have approved a donation of ₹ 33.41 lakh (Previous Year ₹ 30.32 lakh) to Equitas Development Initiatives Trust for the year ended March 31, 2020 (Refer Note 32.2)

C. Disclosure in accordance with Section 182 of the Companies Act, 2013

The Company incurred ₹ Nil (March 31, 2019: ₹ Nil) as contribution to political parties, etc.

D. Disclosure in accordance with Section 183 of the Companies Act, 2013

The Company incurred ₹ Nil (March 31, 2019: ₹ Nil) as contribution to nation defence fund or any other Fund approved by the Central Government for the purpose of national defence.

24 Income Tax

The effective income tax rate for 31 March 2020 is 25.17% (31 March 2019: 29.12%)

Statement of profit and loss

Particulars	March 31, 2020	March 31, 2019
The components of income tax expense for the years ended 31 March 2020 and 2019 are:		
Current tax	295.62	350.67
Current tax towards prior periods	97.35	-
MAT credit entitlement	-	(84.67)
Deferred tax relating to origination and reversal of temporary differences	137.04	72.68
Total tax charge reported in the statement of profit and loss	530.01	338.68

Balance sheet

Particulars	March 31, 2020	March 31, 2019
Current tax asset	803.96	690.66
Current tax liability	175.05	48.23

Other Comprehensive Income (OCI)

Particulars	March 31, 2020	March 31, 2019
Tax effect on		
Re-measurement gains/(losses) on defined benefit obligations (net)	0.28	(0.21)
Income tax charged to OCI	0.28	(0.21)

24.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

Particulars	March 31, 2020	March 31, 2019
Accounting profit before tax	1,299.39	1,271.92
At India's statutory income tax rate of 25.17% (2019: 29.12%)	327.03	370.38
Income not subject to tax		
Financial guarantee income	(46.15)	(205.83)
Non-deductible expenses		
Impairment allowance for financial assets	25.17	136.29
Interest expenses on financial guarantee	3.70	35.80
Difference in tax base for donations and CSR expenses	4.20	2.04
Current tax towards prior periods	97.35	-
Other disallowances	118.71	-
Income tax expense reported in the statement of profit and loss	530.01	338.68

Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (the "Ordinance") issued on September 20, 2019, the Income tax rates have been changed with effect from April 1, 2019. The Company has elected to exercise the option permitted by the Ordinance and has accordingly recognised provision for income taxes for the year ended March 31, 2020, and remeasured the balance of net deferred tax assets, at the rates prescribed by the Ordinance; and the tax expenses include ₹ 84.67 lakhs of write off of MAT credit available and are net off ₹ 5.72 lakhs, resulting from write back of deferred tax liability pertaining to earlier years

Notes to standalone financial statements

for the year ended March 31, 2020

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

25 Deferred tax

Particulars	March 31, 2020	March 31, 2020	2019-20	2019-20
	Deferred tax assets	Deferred tax liabilities	Income statement	OCI
Depreciation	2.27	-	0.67	-
Impairment allowance for financial assets	5.48	-	(1.85)	-
Provision for employee benefits	6.66	-	4.29	0.28
Rent receivable	-	108.59	45.86	-
Other temporary differences	-	-	3.40	-
Reversal of MAT credit entitlement	-	-	84.67	-
Total	14.41	108.59	137.04	0.28
Deferred tax liabilities (net)	94.18			

Also refer note 24.1 for change in statutory income tax rate

Particulars	March 31, 2019	March 31, 2019	2018-19	2018-19
	Deferred tax assets	Deferred tax liabilities	Income statement	OCI
Depreciation	2.94	-	(1.02)	-
Impairment allowance for financial assets	3.63	-	14.53	-
Provision for employee benefits	10.68	-	(0.16)	(0.21)
Rent receivable	-	62.73	62.73	-
Other temporary differences	3.40	-	(3.40)	-
MAT credit entitlement	84.67	-	-	-
Total	105.32	62.73	72.68	(0.21)
Deferred tax Asset (net)	42.59			

26 Earnings per equity share

The following reflects the profit and share data used in the basic and diluted EPS computations:

Total operations for the year

Particulars	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Profit after tax - Basic earnings per equity share	769.38	933.24
Weighted average number of equity shares in calculating basic EPS	341,689,290	341,029,144
Basic earnings per equity share	0.23	0.27
Profit after tax - Diluted earnings per equity share	775.16	933.73
Weighted average number of equity shares in calculating basic EPS	341,689,290	341,029,144
Effect of dilution:		
Add: Dilutive impact of ESOPs	64,566	81,811
Weighted average number of equity shares in calculating Diluted EPS	341,753,856	341,110,956
Diluted earnings per equity share	0.23	0.27

27 Expenditure and income in foreign currency: NIL

28 Lease - as lessee

Lease disclosure under Ind-AS 116 for the current year ended 31 March 2020

A. Implementation of Ind-AS 116

This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements

Under the erstwhile standard, Ind-AS 17 - Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases. Under Ind-AS 116, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at 1 April 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate of 8%. This change is in accordance with the transitional provisions of Ind-AS 116.

Notes to standalone financial statements

for the year ended March 31, 2020

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

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 3.00 Lakhs, and a lease liability of ₹ 3.25 Lakhs. The cumulative effect of applying the standard resulted in ₹ 0.25 Lakhs being debited to retained earnings.

- B. The company has taken premises on operating leases for office. The lease generally are for a term of 33 months with a renewal option for 22 months.

The carrying amount of Right-of-Use assets recognised and the movement during the year is as given below:

Particulars	As at March 31, 2020
Opening balance (as at April 1, 2019)	3.00
Additions	25.21
Depreciation expenses	(5.10)
As at 31st March 2020	23.11
The company has not sub-leased any of the properties taken on lease.	

Below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	As at March 31, 2020
Opening balance (as at 1st April 2019)	3.25
Additions	25.21
Interest	0.84
Payments	(5.73)
As at 31st March 2020	23.58
Current	6.24
Non-Current	17.34

The following are the amounts recognised in profit and loss account :

Particulars	Year Ended 31-Mar-2020
Depreciation charge for Right-of-Use assets	5.10
Interest expense on lease liabilities	0.84
Total amount recognised in profit and loss account	5.94

28.1 Lease - as lessor

The company has provided premises on operating leases for running schools. The details of maturity profile of future operating lease receivable are given below:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Future lease rentals payable at the end of the year		
- Not later than one year	215.43	215.43
- Later than one year but not later than five years	862.29	861.70
- Later than five years	4,001.57	4,218.17
Total minimum lease rent recognised in the Profit and loss account	216.02	215.43
Total of future minimum sub lease payments expected to be received under non-cancellable sub-lease	-	-

The company has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent. Also Refer note 4.5

Notes to standalone financial statements

for the year ended March 31, 2020

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

29 Micro, Small and Medium Enterprises

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') and relied upon by the auditors, there are no amounts due to MSME as at March 31, 2020. The relevant particulars are furnished below:

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed date, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

30 Retirement benefit plan

30.1 Defined contribution plan

The Company makes Provident Fund contributions to State administered fund for qualifying employees. The Company is required to contribute a specified percentage of the payroll costs to the Fund. The Company recognised ₹ 4.43 lakh (For the year ended March 31, 2019: ₹ 5.28 lakh) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Company is at rates specified in the rules of the scheme.

30.2 Defined benefit plans

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	15.17	16.35
Current service cost	13.32	1.99
Interest cost	0.56	1.04
Benefits paid	(13.80)	(3.48)
Remeasurement effect of experience adjustments	0.93	(0.73)
Present value of defined benefit obligation at end of the year	16.18	15.17
Change in fair value of assets during the year		
Plan assets at beginning of the year	-	-
Expected return on plan assets	-	-
Actual company contributions	-	-
Actuarial loss	-	-
Plan assets at end of the year	-	-
Liability recognised in the balance sheet		
Present value of defined benefit obligation	16.18	15.17
Fair value of plan assets	-	-
Net liability recognised in the balance sheet	16.18	15.17
Cost of defined benefit plan for the year		
Current service cost	13.32	1.99
Interest cost	0.56	1.04
Expected return on plan assets	-	-
Net cost recognised in the statement of profit and loss and OCI	13.88	3.03
Remeasurement		
Effect of experience adjustments	(0.93)	0.73
Total remeasurement gain recognised in OCI	(0.93)	0.73
Return on plan assets	-	-
Actuarial assumptions		
Discount rate (Refer note (a))	5.81%	6.86%
Interest rate (Rate of return on assets)	NA	NA
Future salary increase (Refer note (b))	10.00%	10.00%
Mortality table	Indian Assured Lives (2012-14)	Indian Assured Lives (2006 -08)
Attrition rate (Refer note (b))	20.00%	20.00%

Notes to standalone financial statements

for the year ended March 31, 2020

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

Notes:

- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the balance sheet date for the estimated term of the obligation.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.
- Experience Adjustments:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Projected Benefit Obligation	16.18	15.17
Fair Value of Plan Assets	-	-
(Deficit)/ Surplus	(16.18)	(15.17)
Experience Adjustments on Plan Liabilities - Gains	-	0.73
Experience Adjustments on Plan Assets - Loss	(0.93)	-
		Amount
Expected Contribution in the following years to the fund		NA
Expected Maturity Profile of Benefit Payments		19.38 lakhs
Within the next 12 months (next annual reporting period)		12.20
Between 2 and 5 years		7.18
Between 5 and 10 years		-
Beyond 10 years		-

As is to be expected, an increase in the discount rate reduces the DBO and vice versa

Discount Rate: An increase in Discount Rate would reduce the DBO and a decrease in discount rate would increase the DBO.

In this case, an increase of 0.5% of Discount rate would decrease DBO by:	-0.62%
Similarly, a decrease by 0.5% will increase DBO by:	0.64%
Salary Escalation Rate: An increase in Salary Escalation Rate increases the DBO, and vice versa	
In this case, an increase of 0.5% of salary escalation rate would increase DBO by:	0.64%
Similarly, a decrease by 0.5% will decrease DBO by:	-0.62%
Staff Exit Rate: The direction of movement of DBO for changes in the Exit Rate would depend on the relative values of the Discount Rate and the Salary Escalation Rate.	
In this case, an increase of 0.5% of Staff Exit rate would change DBO by:	-0.12%
Similarly, a decrease by 0.5% will change DBO by:	0.13%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	(0.10)	0.10	0.10	(0.10)

30.3 Compensated Absences

The key assumptions used in the computation of provision for compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Assumptions	Year Ended March 31, 2020	Year Ended March 31, 2019
Discount Rate	5.81%	6.86%
Future Salary Increase	10.00%	10.00%
Mortality Rate	Indian Assured Lives (2012-14)	Indian Assured Lives (2006 -08)
Attrition rate	20%	20%

Notes to standalone financial statements

for the year ended March 31, 2020

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

Sensitivity

The Defined Benefit Obligation (DBO) is sensitive to changes in the Discount Rate, the Salary Escalation Rate and the Staff Exit Rate.

Discount Rate: An increase in the Discount rate reduces the DBO, and vice versa	
In this case, an increase of 0.5% of Discount rate would decrease DBO by:	-0.95%
Similarly, a decrease by 0.5% will increase D.B.O by:	0.98%
Salary Escalation Rate: An increase in Salary Escalation Rate increases the DBO, and vice versa	0.98%
In this case, an increase of 0.5% of salary escalation rate would increase DBO by:	-0.95%
Similarly, a decrease by 0.5% will decrease DBO by:	
Staff Exit Rate: The direction of movement of DBO for changes in the Exit Rate would depend on the relative values of the Discount Rate and the Salary Escalation Rate.	
In this case, an increase of 0.5% of Staff Exit rate would change DBO by:	-0.19%
Similarly, a decrease by 0.5% will change DBO by:	0.20%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	(0.02)	0.02	0.10	(0.10)

31 Maturity analysis of assets and liabilities

Assets	March 31, 2020			March 31, 2019		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Cash and cash equivalents	243.97	-	243.97	405.23	-	405.23
Bank Balance other than cash and cash equivalents	8,379.32	9,782.71	18,162.03	5,113.59	12,289.85	17,403.44
Other financial assets	268.31	401.58	669.89	80.40	363.87	444.27
Investments	-	149,120.56	149,120.56	-	156,187.00	156,187.00
Non-financial Assets						
Current tax asset (Net)	-	803.96	803.96	-	690.66	690.66
Deferred tax asset (Net)	-	-	-	-	42.59	42.59
Other non-financial assets	3.31	-	3.31	4.17	-	4.17
Property, plant and equipment	-	13.64	13.64	-	2.04	2.04
Capital work in progress	-	9.60	9.60	-	-	-
Intangible assets	-	0.04	0.04	-	0.09	0.09
ROU asset	-	23.11	23.11	-	-	-
Investment property	-	5,436.19	5,436.19	-	5,449.93	5,449.93
Total assets	8,894.91	165,591.39	174,486.30	5,603.39	175,026.03	180,629.42
Financial Liabilities						
Total outstanding dues of creditors other than micro enterprises and small enterprises	41.42	-	41.42	6.00	-	6.00
Other financial liabilities	84.06	105.60	189.66	71.37	298.55	369.92
Non-Financial Liabilities						
Current tax liability	175.05	-	175.05	48.23	-	48.23
Other non-financial liabilities	5.45	-	5.45	5.27	-	5.27
Provisions	5.23	42.98	48.21	8.07	35.77	43.84
Deferred tax liabilities (Net)	-	94.18	94.18	-	-	-
Total liabilities	311.21	242.76	553.97	138.94	334.32	473.26
Net	8,583.70	165,348.63	173,932.33	5,464.45	174,691.71	180,156.16

Notes to standalone financial statements

for the year ended March 31, 2020

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

32 Related party disclosures

32.1 List of related parties and nature of relationship

Relationship	Name of the party
Subsidiary	Equitas Small Finance Bank Limited
	Equitas Technologies Private Limited
Key Management Personnel	S Bhaskar, Executive Director and CEO (till October 20, 2019)
	John Alex, Executive Director and CEO (w.e.f November 8, 2019)
	R Srimathy, Chief Financial Officer
	Jayashree S Iyer, Company Secretary (till November 2, 2018)
	Deepti R, Company Secretary (w.e.f November 3, 2018)
Independent/ Non Executive Directors	Mr Rangachary N, Chairman
	Mr Arun Ramanathan
	Ms Jayshree Ashwinkumar Vyas
	Mr Rajaraman P V
	Mr Viswanatha Prasad S
	Mr. Jayaraman Chandrasekaran (w.e.f August 2, 2019)
	Mr. S Bhaskar (w.e.f October 21, 2019)
	Mr Yogesh Chand Nanda (Ceased w.e.f. March 28, 2019)
	Mr. Raghavan M S - (Resigned w.e.f April 27, 2018)
Enterprises over which the Company or its Key management personnel is able to exercise significant influence	Equitas Development Initiatives Trust
	Equitas Dhanyakosha India
	Equitas Healthcare Foundation (w.e.f. March 13, 2018)

32.2 Transactions with the Related Parties

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Income		
Guarantee Income		
Equitas Small Finance Bank Limited	183.36	645.76
Rental Income		
Equitas Development Initiatives Trust	216.02	215.43
Interest on loans to related parties		
Equitas Small Finance Bank Limited	-	264.67
Interest on deposits placed with related parties		
Equitas Small Finance Bank Limited	1,482.97	1,105.25
Expenses		
Reimbursement of expenses		
Equitas Small Finance Bank Limited	-	0.34
Interest cost on Financial Guarantee		
Equitas Small Finance Bank Limited	14.70	122.93
Donation		
Equitas Development Initiatives Trust	33.41	30.32
Share based payment to employees		
Key Managerial Personnel	3.10	0.30
Dividend income		
Key Managerial Personnel	2.99	-
Loss on sale of vehicle		
Key Managerial Personnel	-	0.10
Profit on sale of vehicle		
Key Managerial Personnel	0.90	-
Remuneration to Key Managerial Personnel *		
S Bhaskar, Executive Director and CEO (till October 20, 2019)	59.20	63.26
John Alex (from November 8, 2019)	23.29	-
R Srimathy, Chief Financial Officer (from August 1, 2017)	19.56	16.20
Jayashree Iyer , Company Secretary (till November 2, 2018)	-	30.76
Deepti R, Company Secretary (from November 3, 2018)	8.78	3.17

*excludes employer's contribution to various funds, non-monetary perquisites and provisions made for gratuity and leave benefits, as these are determined for the Company as a whole

Notes to standalone financial statements

for the year ended March 31, 2020

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

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Remuneration and Sitting Fees to Non-Executive Directors	42.10	40.25
Other Transactions		
Deposits placed		
Equitas Small Finance Bank Limited	6,033.68	20,759.09
Deposits matured		
Equitas Small Finance Bank Limited	5,520.09	7,655.65
Withdrawals and funds transfer		
Equitas Small Finance Bank Limited	7,151.38	22,522.82
Receipts and interest credits		
Equitas Small Finance Bank Limited	7,235.51	22,341.66
Loans recovered		
Equitas Small Finance Bank Limited	-	12,170.00
Investment in Equity Shares of Subsidiaries, including premium		
Equitas Technologies Private Limited	200.00	-
Guarantees revoked		
Equitas Small Finance Bank Limited	-	15,000.00
Balance as at Year End		
Deposits		
Equitas Small Finance Bank Limited	18,162.03	17,648.44
Interest Receivable on Deposits		
Equitas Small Finance Bank Limited	212.95	203.17
Balances with Current Accounts		
Equitas Small Finance Bank Limited	235.01	150.88
Corporate Guarantees		
Equitas Small Finance Bank Limited	5,200.00	5,200.00
Financial Guarantee Obligation		
Equitas Small Finance Bank Limited	138.83	307.49
Investment in Equity Shares of Subsidiaries, including premium		
Equitas Small Finance Bank Limited	147,488.56	154,655.00
Equitas Technologies Private Limited	2,200.00	2,000.00
Maximum Outstanding during the year		
Deposits		
Equitas Small Finance Bank Limited	18,272.03	17,748.14
Balances with Current Accounts		
Equitas Small Finance Bank Limited	1,149.78	999.49
Corporate Guarantees		
Equitas Small Finance Bank Limited	5,200.00	20,200.00
Financial Guarantee Obligation		
Equitas Small Finance Bank Limited	307.49	670.10
Investment in Equity Shares of Subsidiaries, including premium		
Equitas Small Finance Bank Limited	155,098.11	154,655.00
Equitas Technologies Private Limited	2,200.00	2,000.00

Under the ESOP Scheme 2015, 126 shares (previous year - 6,858) were allotted to Key Managerial Personnel.

During the year, ESFB, the subsidiary of the Company established a employee stock option scheme titled ESFB Employees Stock Option Scheme, 2019 (ESFB ESOP 2019) effective from November 22, 2019. Under the plan, the Bank was authorised to issue a replacement option for the Scheme under the Holding Company to eligible employees of the Bank and the Company. Each option entitles for application and allotment of one fully paid share on payment of exercise price during the exercise period.

The options granted to the key managerial personnel as of 31st March 2020 is as provided below:

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

As at March 31, 2020 - Options from ESFB

Name of the KMP	Grant Date	Expiry date	Exercise Price in rupees	No of options
John Alex	22-Nov-19	30-Nov-23	27.00	154,050
John Alex	22-Nov-19	30-Nov-23	27.00	40,000
John Alex	29-Jan-20	29-Jan-24	38.00	53,664
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27.00	7,524
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27.00	1,290
Srimathy Raghunathan	29-Jan-20	29-Jan-24	38.00	4,048
Srimathy Raghunathan	29-Jan-20	29-Jan-25	38.00	4,048
Deepti R	22-Nov-19	30-Nov-23	27.00	2,550
Deepti R	22-Nov-19	30-Nov-23	27.00	810
				267,984

The options vested and outstanding for the key managerial personnel as of 31st March 2019 is as provided below:

As at March 31, 2019 - Options from EHL

Name of the KMP	Grant Date	Expiry date	Exercise Price in rupees	No of options
Bhaskar S	05-Jul-16	01-Aug-20	184.00	24,300
Srimathy Raghunathan	09-May-14	30-Jun-21	43.34	798
Srimathy Raghunathan	01-Jul-16	01-Jul-21	178.00	1,225
Deepti R	05-Aug-16	01-Sep-21	173.00	607
				26,930

33 Segment information

For management purposes, the Company's operations are organised into only one segment - Core investment operations in India. The Management Committee comprises of ED & CEO and CFO, (ED & CEO being the head of the Management Committee). It reviews and monitors the operating results of the operating segment for the purpose of making decisions about resource allocation and performance assessment using profit or loss and return on capital employed.

34 Commitments and contingencies

To meet the financial needs of its subsidiary, the Company enters into various irrevocable commitments, which primarily consist of guarantee on loan availed by the subsidiary. Further the Company is also exposed to contingent liabilities arising from legal claims.

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Claims against the company not acknowledged as debts		
- Income tax matters	-	1,067.37
- Guarantees for loans taken by subsidiaries	5,200.00	5,200.00
Commitments		
- Estimated amount of contracts remaining to be executed on capital account and not provided for	28.09	15.03

35 Legal claims

The Company operates in a regulatory and legal environment by nature, there are various litigation, arbitration and regulatory proceedings in the ordinary course of its business. The Company has formal controls and policies for managing legal claims.

- Matters wherein management has concluded the Company's liability to be probable have accordingly been provided for in the books (included under Note 14).
- Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed in Note 34.

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- iii. Matters wherein management is confident of succeeding in these litigations and have concluded the Company's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process.

36 Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI) of India. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

Company has complied in full with all its externally imposed capital requirements over the reported period.

36.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its core investment activity and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are reviewed by the Board.

36.2 Regulatory capital

Particulars	2020	2019
Common Equity Tier1 (CET1) capital	171,318.32	180,151.90
Other Tier 2 capital instruments	-	-
Total capital	171,318.32	180,151.90
Risk weighted assets	176,273.42	185,616.23
CET1 capital ratio	97.19%	97.06%
Tier 2 capital ratio	0.00%	0.00%

Regulatory capital consists of CET 1 capital, which comprises share capital, share premium, retained earnings including current year profit and non-controlling interests less accrued dividends and goodwill.

Refer note 42 for basis of preparation. As per note 42, the regulatory capital as at March 31, 2019 has been restated under Ind AS. Accordingly the total capital - 1,70,559.08 lakhs, risk weighted assets - 1,76,122.60 lakhs and CET 1 capital ratio -96.84% as at March 31, 2019 is restated as given above.

37 Fair value measurement

37.1 Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

37.2 Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial officer.

37.3 Assets and liabilities by fair value hierarchy

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

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31-Mar-20	Carrying amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis					
Financial Assets					
Cash and cash equivalents	243.97	243.97	-	-	243.97
Bank balance other than cash and cash equivalents	18,162.03	18,162.03	-	-	18,162.03
Other Financial Assets	669.89	-	-	669.89	669.89
Investment in subsidiaries	149,120.56		531,562.96		531,562.96
Total financial assets	168,196.45	18,406.00	531,562.96	669.89	550,638.85
Financial liabilities					
Trade Payables					
Total outstanding dues of creditors other than micro enterprises and small enterprises	41.42	-	-	41.42	41.42
Other financial liabilities	189.66	-	-	189.66	189.66
Total financial liabilities	231.08	-	-	231.08	231.08

31-Mar-19	Carrying amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis					
Financial Assets					
Cash and cash equivalents	405.23	405.23	-	-	405.23
Bank balance other than cash and cash equivalents	17,403.44	17,403.44	-	-	17,403.44
Other Financial Assets	444.27	-	-	444.27	444.27
Investment in subsidiaries	156,187.00	-	466,094.94	-	466,094.94
Total financial assets	174,439.94	17,808.67	466,094.94	444.27	484,347.88
Financial liabilities					
Trade Payables					
Total outstanding dues of creditors other than micro enterprises and small enterprises	6.00	-	-	6.00	6.00
Other financial liabilities	369.92	-	-	369.92	369.92
Total financial liabilities	375.92	-	-	375.92	375.92

37.4 Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only.

37.4.1 Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Credit risk is derived from market observable data. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

37.4.2 Off balance sheet items

Estimated fair values of off-balance sheet positions are based on market prices for similar instruments

or on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

37.4.3 Investment in subsidiary

The company being a core investment company has no separate business operations on a standalone basis. The equity shares of the Company are listed in stock exchanges in India and it is estimated that the value of the shares of the Company are derived from the operations in its investments in subsidiary. Accordingly, the management has considered the value of its shares in active market as the value of investment in its subsidiary having operations.

38 Risk Management Framework

The Company is a Core Investment Company (CIC) and its operations are limited to being a CIC. The risks therefore relate to investments made in its Subsidiaries and other investments. The operations of each of the subsidiaries, the risks faced by them and the risk mitigation tools followed by them to

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manage these risks are reviewed periodically by the Audit Committees and the Boards of the respective Subsidiaries and other investments.

The Company always regard that managing the risks that affect its business as a fundamental activity, as they influence performance, reputation and future success. Effective risk management involves taking an integrated and balanced approach to risk and reward, and assists in achieving objectives of mitigating potential loss or damage and optimising financial growth opportunities. Risk management framework of the Company is aimed at aligning capital to investment strategy, to protect Company's financial strength, reputation and to ensure support to various investment activities while enhancing shareholder value. The company has a well-established risk reporting and monitoring framework. This provides the level and direction of the risks, which are arrived at based on the two level risk thresholds for the identified Key Risk Indicators and are aligned to the overall company's risk appetite framework approved by the board. The company also developed such risk reporting and monitoring mechanism. The company identifies and monitors risks periodically. This process enables the company to reassess the top critical risks in a changing environment that need to be focused on.

38.1 Risk Management Governance

Risk management is the responsibility of the Board of Directors, which approves risk policies and the delegation matrix. The Board is supported by various management committees as part of the Risk Governance framework. The Company operates within overall limits set by the Board and Committees to whom powers are delegated by the Board.

The Audit Committee of the Board assists the Board in carrying out its oversight responsibilities as they relate to the company's financial and other reporting practices, internal control, and compliance with laws, regulations, and ethics. From risk management perspective, it review the adequacy of Company's risk management policies, processes and report the matter to the Board of Directors.

38.2 Liquidity and Fund Management

Liquidity risk is defined as the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not

available to the company on acceptable terms. The company has developed internal control processes and contingency plans for managing liquidity risk. This incorporates an assessment of expected cash flows and the availability of unencumbered receivables which could be used to secure funding by way of assignment if required. Refer Note 39 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

38.3 Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations jess uniformly affected by changes in economic, political or other conditions. The Company's investments consist of investment in equity shares of subsidiaries and the management believes that it will not be affected by changes in regulatory, economic, political or other conditions.

38.4 Market Risk Management

Market Risk may be defined as the possibility of loss to a Company caused by changes in the market variables such as interest rates, credit spreads, equity prices, etc. The market risk for the Company is governed by 'Market Risk Policy' and 'Treasury & Investment Policy', which are approved by the Board. These policies ensure that transactions in debt and capital markets are conducted in accordance with acceptable business practices and are as per the extant regulatory guidelines. Also refer note 40.

38.5 Credit risk and impairment assessment

Impairment risk of investment refers to the deterioration in value of investments in subsidiaries / group companies through operational and credit risks. The Company being a CIC company is exposure to credit risk and impairment risk of investments and loans to counter parties. Counter party exposures are reviewed periodically by the management for credit risk / impairment risk and are approved by the management.

As per Indian Accounting standard Ind AS 109 Non-banking financial institutions are required to move from a standardised and regulatory approach to Expected Credit Loss model for recognising an impairment allowance on their financials assets. The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109. The ECL allowance is based on the credit losses

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expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECLs.

38.6 Computation of ECL

The Company calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that expected to be received.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a) Probability to Default

Probability of default (PD) is defined as the probability of whether the borrower will

default on their obligations in the future. It is an unbiased estimate on the likelihood of the loan not being repaid by the borrower within a particular time. The Probability of Default is computed based on Company's assessment of the credit history of the borrower/ investment. The accounts / investments which are more than 90 DPD or have a significant rating downgrade are considered as default.

Probability of Default (both 12m and LTECL) is computed based on rating migration and is assessed considering the Company's past experience and also inputs / benchmarks from external credit rating agencies.

b) Exposure at Default

The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdown on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

c) Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the Exposure at Default (EAD). The Company computes Loss Given Default based on the historical recovery experience.

38.7 Forward Looking Information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as Gross Domestic Product (GDP) and Index of Industrial Production.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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39 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as on the reporting year end date.

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 March 2020						
Financial assets						
Cash and cash equivalent and other bank balances	243.97	3,565.00	4,814.32	9,782.71		18,406.00
Investment in Subsidiaries					149,120.56	149,120.56
Trade receivables	-	216.07	52.24	401.58	-	669.89
Total undiscounted financial assets	243.97	3,781.07	4,866.56	10,184.29	149,120.56	168,196.45
Financial liabilities						
Other financial liabilities		42.09	41.96	99.07	6.54	189.66
Total undiscounted financial liabilities	-	42.09	41.96	99.07	6.54	189.66
Net undiscounted financial assets/ (liabilities)	243.97	3,738.98	4,824.60	10,085.22	149,114.02	168,006.79

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
As at 31 March 2019						
Financial assets						
Cash and cash equivalent and other bank balances	160.23	245.00	4,868.59	12,534.85	-	17,808.67
Investment in Subsidiaries	-	-	-	-	156,187.00	156,187.00
Trade receivables	3.23	64.34	135.60	101.34	139.76	444.27
Total undiscounted financial assets	163.46	309.34	5,004.19	12,636.19	156,326.76	174,439.94
Financial liabilities						
Other financial liabilities	-	70.66	6.71	298.55	-	375.92
Total undiscounted financial liabilities	-	70.66	6.71	298.55	-	375.92
Net undiscounted financial assets/ (liabilities)	163.46	238.68	4,997.48	12,337.64	156,326.76	174,064.02

40 Total market risk exposure

Particulars	31-Mar-20			31-Mar-19		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent and other bank balances	18,406.00	-	18,406.00	17,808.67	-	17,808.67
Other Financial Assets	669.89	-	669.89	444.27	-	444.27
Financial investments–amortised cost	149,120.56	-	149,120.56	156,187.00	-	156,187.00
Total	168,196.45	-	168,196.45	174,439.94	-	174,439.94
Liabilities						
Trade payables	41.42	-	41.42	6.00	-	6.00
Other liabilities	189.66	-	189.66	369.92	-	369.92
Total	231.08	-	231.08	375.92	-	375.92

41 Share based payments

On December 17, 2007, the Company established an Employees Stock Option Scheme 2007 (ESOP Scheme 2007). Under the plan, the Company is authorised to issue upto 5,620,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Employees covered by the plan are granted an option to purchase shares of the Company subject to the requirements of vesting. A Remuneration and Nomination Committee constituted by the Board of Directors of the Company administers the plan.

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During the year ended March 31, 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from November 10, 2012. Under the plan, the Company was authorised to issue upto 1,000,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

During the year ended March 31, 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from July 18, 2014. Under the plan, the Company was authorised to issue upto 10,500,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme.

During the year ended March 31, 2015, pursuant to the issue of bonus shares for the existing shareholders, the Company granted 2 additional options for every 1 option outstanding to be exercised as on the date of bonus issue. Further, the exercise price for each option was been reduced to

one-third of the original exercise price determined at the grant date.

During the year ended March 31, 2016, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 2015. Under the plan, the Company was authorised to issue up to 22,200,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2014 has been transferred and made available for grant under the new scheme.

During the year the Company has granted 4,70,060 stock options to its eligible employees under Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) at an exercise price of ₹ 115 per option. The aforesaid grant was approved by Nomination Remuneration & Governance committee at its Meeting held on August 02, 2019.

During the year ended March 31, 2020, 98,86,251 number of options issued under the ESOP Scheme 2015 were replaced with 3,34,87,873 options issued, under the ESFB ESOP 2019 issued by its subsidiary (Equitas Small Finance Bank Limited), to employees of Equitas Small Finance Bank and also Equitas Holdings Limited. (also refer note 16h)

As at March 31, 2020, 172,308 (As at March 31, 2019 - 1,26,44,449) options were outstanding, which were granted at various exercise prices. The following are the outstanding grants as at March 31, 2020:

ESOP Scheme after transfer	Vesting Period	Particulars	Date of Grant	Date of Board Approval	Exercise Price	Options granted	Method of settlement
ESOP Scheme 2012	30-Jun-14 to 30-Jun-17	Grant 12	04-May-13	04-May-13	40.00	633,150	Equity
ESOP Scheme 2012	31-Dec-14 to 31-Dec-17	Grant 13	15-Nov-13	15-Nov-13	40.00	2,202,225	Equity
ESOP Scheme 2012	30-Jun-15 to 30-Jun-18	Grant 14	09-May-14	09-May-14	43.34	2,934,600	Equity
ESOP Scheme 2014	31-Dec-15 to 31-Dec-18	Grant 15	12-Nov-14	12-Nov-14	55.00	4,051,650	Equity
ESOP Scheme 2014	30-Jun-16 to 30-Jun-19	Grant 16	07-May-15	07-May-15	65.00	2,268,400	Equity
ESOP Scheme 2015	31-Dec-16 to 31-Dec-19	Grant 18	06-Nov-15	06-Nov-15	70.00	4,382,650	Equity
ESOP Scheme 2015	01-Jul-17 to 01-Jul-20	Grant 19	01-Jul-16	01-Jul-16	178.00	7,597,900	Equity
ESOP Scheme 2015	01-Sep-17 to 01-Sep-20	Grant 21	05-Aug-16	05-Aug-16	173.00	1,840,150	Equity
ESOP Scheme 2015	01-Oct-17 to 01-Oct-20	Grant 22	10-Sep-16	10-Sep-16	182.00	2,007,200	Equity
ESOP Scheme 2015	01-Nov-17 to 01-Nov-20	Grant 23	21-Oct-16	21-Oct-16	183.00	2,038,500	Equity
ESOP Scheme 2015	01-Feb-18 to 01-Feb-21	Grant 24	01-Feb-17	01-Feb-17	165.00	5,063,450	Equity
ESOP Scheme 2015	05-May-18 to 05-May-21	Grant 25	05-May-17	05-May-17	164.00	2,610,600	Equity
ESOP Scheme 2015	31-Jan-19 to 31-Jan-22	Grant 27	31-Jan-18	31-Jan-18	151.00	137,150	Equity
ESOP Scheme 2015	02-Aug-2019 to 01 Sep 20	Grant 33	02-Aug-19	02-Aug-19	115.00	330,060	Equity

* The outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 2015 approved by the shareholders on June 22, 2016.

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Exercise Period: Eligible to exercise the options during the next three years from the date of vesting.

Manner of vesting: Service condition:

In a graded manner over four years and one year period with 30%, 30%, 20% and 20% of the grants vesting in each year commencing from the start date of the first tranche for four year options and full options vesting in a year for one year options.

Performance condition:

Subject to eligible employees meeting the specified performance conditions.

Movement of options outstanding under ESOP

Particulars	March 31, 2020		March 31, 2019	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	12,644,449	142.74	17,981,734	141.15
Granted During the period	470,060	115.00	1,692,115	140.25
Exercised during the year	328,497	61.70	1,031,522	56.69
Expired during the year	2,727,453	155.82	5,997,878	152.06
Transferred during the year	9,886,251	140.45	-	-
Outstanding at the end of the year	172,308	153.61	12,644,449	142.74
Options exercisable at the end of the year	129,808	148.73	6,321,259	136.36

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Range of exercise price (₹)	40 to 183	40 to 184
Weighted average remaining contractual life (in years)	2.02	2.98
Weighted average fair value of options granted	19.50	36.66
Weighted average market price of shares on the date of exercise(₹)	117.33	141.45

Fair value methodology

The fair value of options is computed on the date of the grant, using Black-Scholes options pricing model with the following inputs.

Grant	Grant Date	Risk Free Interest Rate	Expected Life(In years)	Expected Volatility	Fair Value of the Option (₹)			
					1st Stage	2nd Stage	3rd Stage	4th Stage
Grant 12	04-May-13	7.12% to 7.23%	2.67 to 5.67	33% to 37%	2.92	5.07	6.31	7.99
Grant 13	15-Nov-13	8.50% to 8.68%	2.64 to 5.67	34% to 39%	4.34	7.08	8.53	9.93
Grant 14	09-May-14	8.38% to 8.60%	2.64 to 5.67	33% to 38%	8.56	11.59	13.38	15.68
Grant 15	12-Nov-14	8.50% to 8.68%	2.64 to 5.67	35% to 39%	7.80	11.66	14.41	16.50
Grant 16	07-May-15	7.74% to 7.79%	2.67 to 5.67	33% to 37%	10.46	14.58	18.40	20.67
Grant 18	06-Nov-15	7.43% to 7.64%	2.67 to 5.67	33.80% to 37%	16.00	18.79	23.55	26.87
Grant 19	01-Jul-16	7.03% to 7.34%	2.50 to 5.50	23.60% to 26%	40.66	53.39	61.83	70.45
Grant 21	05-Aug-16	6.78% to 7.04%	2.58 to 5.58	22.80% to 26%	38.63	51.40	59.26	67.35
Grant 22	10-Sep-16	6.71% to 6.91%	2.58 to 5.58	22% to 25%	40.22	53.26	62.47	70.88
Grant 23	21-Oct-16	6.70% to 7.00%	2.50 to 5.50	23.10% to 39.20%	40.45	52.49	61.08	87.23
Grant 24	01-Feb-17	6.45% to 6.84%	2.58 to 5.58	22.20% to 24.70 %	35.88	47.18	55.01	63.46
Grant 25	05-May-17	6.24% to 6.59%	2.56 to 5.66	19.48% to 22.55%	31.50	40.25	50.31	57.50
Grant 27	31-Jan-18	6.87% to 7.45%	2.50 to 5.51	18.00% to 21.62%	28.39	37.69	48.24	55.83
Grant 33	02-Aug-19	5.89%	2.5	14.23%	19.05	NA	NA	NA

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for the year ended March 31, 2020

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

42 Additional Information as required by Reserve Bank of India, Master Direction - Core Investment Companies (Reserve Bank) Directions, RBI/DNBR/2016-17/39, Master Direction DNBR. PD. 003/03.10.119/2016-17, August 25, 2016

As mentioned in the basis of preparation detailed in Note 2 to these standalone financial statements, the Company has adopted Indian Accounting Standards ('Ind AS') notified under Section 133 of the Companies Act 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 as amended, from April 1, 2018 and consequently these standalone financial statements for the year ended March 31, 2020 has been prepared under Ind AS.

The regulatory disclosures contained in Note 36.2 and Note 42 are required to be disclosed in the financial statements by the Company in accordance with the requirements of the Master Directions for Non-Banking Financial Company - Systemically Important Non-Deposit taking Company Directions, 2016 dated September 1, 2016 read with the applicable guidance / regulations issued by the RBI in this regard.

As at March 13, 2020, pursuant to the clarifications issued by the RBI vide Circular no: RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 Implementation of Indian Accounting Standards, the disclosures in note 36.2 and 42 have been prepared in accordance with Ind AS. These disclosures as at 31st March 2019 has been restated as per IndAS.

Sl. No.	Particulars	As at March 31, 2020	
		Amount Outstanding	Amount overdue
	Liabilities side:		
1	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:		
	(a) Debentures:	Nil	Nil
	Secured		
	Unsecured		
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits		
	(c) Term Loans		
	(d) Inter-corporate loans and borrowing		
	(e) Commercial Paper		
	(f) Other Loans (specify nature)		

Sl. No.	Particulars	As at March 31, 2020
		Amount overdue
	Assets side:	
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
	(a) Secured	-
	(b) Unsecured	-
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities	
	(i) Lease assets including lease rentals under sundry debtors:	Nil
	(a) Financial lease	
	(b) Operating lease	
	(ii) Stock on hire including hire charges under sundry debtors:	Nil
	(a) Assets on hire	
	(b) Repossessed Assets	
	(iii) Other loans counting towards AFC activities	Nil
	(a) Loans where assets have been repossessed	
	(b) Loans other than (a) above	
4	Break-up of Investments:	
	Current Investments:	
	1. Quoted:	Nil
	(i) Shares: (a) Equity	
	(b) Preference	

Notes to standalone financial statements

for the year ended March 31, 2020

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

Sl. No.	Particulars	As at March 31, 2020
		Amount overdue
	(ii) Debentures and Bonds	
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
2.	Unquoted:	Nil
	(i) Shares:	
	(a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
	Long Term investments:	
1.	Quoted:	Nil
	(i) Shares: (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
2.	Unquoted:	
	(i) Shares: (a) Equity	146,885.89
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Category	Amount net of provisions		
	Secured	Unsecured	Total
5 Borrower group-wise classification of assets financed as in (2) and (3) above:			
1. Related Parties **			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
other than related parties			
Total	-	-	-

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
1. Related Parties **		
(a) Subsidiaries	146,885.89	146,885.89
(b) Companies in the same group		
(c) Other related parties		
Other than related parties		
Total	146,885.89	146,885.89

Notes to standalone financial statements

for the year ended March 31, 2020

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

Sl. No.	Particulars	Amount Outstanding
7	Other information	
i)	Gross Non-Performing Assets	
(a)	Related parties	Nil
(b)	Other than related parties	
(ii)	Net Non-Performing Assets	
(a)	Related parties	Nil
(b)	Other than related parties	
(iii)	Assets acquired in satisfaction of debt	Nil

Notes:

- As defined in Core Investment Companies (Reserve Bank) Directions, 2016.
- Provisioning norms shall be applicable as prescribed in these Directions.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (4) above.

Additional Information as required by Reserve Bank of India, Master Direction - Core Investment Companies (Reserve Bank) Directions, RBI/DNBR/2016-17/39, Master Direction DNBR. PD. 003/03.10.119/2016-17, August 25, 2016

Sl. No.	Particulars	As at March 31, 2019	
		Amount Outstanding	Amount overdue
	Liabilities side:		
1	Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:		
(a)	Debentures:		
	Secured		
	Unsecured		
	(other than falling within the meaning of public deposits*)		
(b)	Deferred Credits	Nil	Nil
(c)	Term Loans		
(d)	Inter-corporate loans and borrowing		
(e)	Commercial Paper		
(f)	Other Loans (specify nature)		

Sl. No.	Particulars	As at March 31, 2020	
		Amount overdue	
	Assets side:		
2	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a)	Secured		-
(b)	Unsecured		-
3	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i)	Lease assets including lease rentals under sundry debtors:		Nil
(a)	Financial lease		
(b)	Operating lease		
(ii)	Stock on hire including hire charges under sundry debtors:		Nil
(a)	Assets on hire		
(b)	Repossessed Assets		
(iii)	Other loans counting towards AFC activities		Nil
(a)	Loans where assets have been repossessed		
(b)	Loans other than (a) above		

Notes to standalone financial statements

for the year ended March 31, 2020

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

Sl. No.	Particulars	As at March 31, 2020
		Amount overdue
4	Break-up of Investments:	
	Current Investments:	
1.	Quoted:	Nil
	(i) Shares: (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
2.	Unquoted:	Nil
	(i) Shares:	
	(a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
	Long Term investments:	
1.	Quoted:	Nil
	(i) Shares: (a) Equity	
	(b) Preference	
	(ii) Debentures and Bonds	
	(iii) Units of mutual funds	
	(iv) Government Securities	
	(v) Others (please specify)	
2.	Unquoted:	
	(i) Shares: (a) Equity	146,685.89
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others (please specify)	-

Category	Amount net of provisions		
	Secured	Unsecured	Total
5 Borrower group-wise classification of assets financed as in (2) and (3) above:			
1. Related Parties **			
(a) Subsidiaries *	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
other than related parties			
Total	-	-	-

* No specific provisions are made against these exposures.

Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
1. Related Parties **		
(a) Subsidiaries	146,685.89	146,685.89
(b) Companies in the same group	-	-
(c) Other related parties	-	-
Other than related parties	-	-
Total	146,685.89	146,685.89

Notes to standalone financial statements

for the year ended March 31, 2020

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

Sl. No.	Particulars	Amount Outstanding
7	Other information	
i)	Gross Non-Performing Assets	
(a)	Related parties	Nil
(b)	Other than related parties	
(ii)	Net Non-Performing Assets	
(a)	Related parties	Nil
(b)	Other than related parties	
(iii)	Assets acquired in satisfaction of debt	Nil

As per Master Directions, no specific non-performing asset provision is required to be made on these disclosures under Previous GAAP.

Notes:

1. As defined in Core Investment Companies (Reserve Bank) Directions, 2016.
2. Provisioning norms shall be applicable as prescribed in these Directions.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (4) above.

43 Additional Information as required by Reserve Bank of India, Implementation of Indian Accounting Standards ,Circular no: RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as at 31st March 2020

	Asset classification as per Ind AS 109 (1)	Gross Carrying amount as per Ind AS (2)	Loss allowances (Provisions) as required under Ind AS 109 (3)	Net Carrying amount (4)	Provisions required as per IRACP norms (5)	Difference between Ind AS 109 provisions and IRACP norms (6) = (5) - (3)
Asset Classification as per RBI norms						
Performing Assets						
Standard	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
Subtotal						
Non-Performing Assets (NPA)						
Substandard	Stage 3	-	-	-	-	-
Doubtful - up to 1 year	Stage 3	-	-	-	-	-
1 to 3 years	Stage 3	-	-	-	-	-
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		-	-	-	-	-
Loss		-	-	-	-	-
Subtotal for NPA		-	-	-	-	-
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1 (refer note A below)	431.44	21.77	409.67	-	(21.77)
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		431.44	21.77	409.67	-	(21.77)
Total	Stage 1	431.44	21.77	409.67	-	(21.77)
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	431.44	21.77	409.67	0	(21.77)

Note A

The ECL provision recorded is on financial instruments in the nature of rent receivables which fall within the scope of Ind AS 109 but are not covered by the Income Recognition and Asset Classification and Provisioning

Notes to standalone financial statements

for the year ended March 31, 2020

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

norms. Hence, column 5 for such items is given as nil. There are no assets in the nature of loans which fall within the scope of Income Recognition Asset Classification and Provisioning norms which require disclosure under this note. As the requirement for this disclosure is only from the year ended March 31, 2020, no comparatives as at March 31, 2019 are provided.

44 Exposures to Real Estate Sector

- i) The Company does not have any direct exposure to the real estate sector.
- ii) The Company has the following indirect exposures to the real estate sector, through its subsidiary Equitas Small Finance Bank Limited.

Sl No	Particulars	As at March 31, 2020	As at March 31, 2019
(a) Direct Exposures			
(i) Residential Mortgages - Lending fully secured by Mortgages on residential property that is or will be occupied by the borrower or that is rented		Nil	Nil
- of which housing loans eligible for inclusion in priority sector advances are rendered		Nil	Nil
(ii) Commercial Real Estate			
Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limit		Nil	Nil
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –			
a. Residential		Nil	Nil
b. Commercial Real Estate		Nil	Nil
(b) Indirect Exposures			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).		Nil	Nil
Total exposure to Real Estate Sector		Nil	Nil

45 Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements. The financial statements have been approved for issue on May 29, 2020 by the Board of Directors of the Company.

46 Prior period figures have been regrouped/ reclassified wherever necessary.

As per our report of even date
For S.R. Batliboi & Associates LLP
 Chartered Accountants
 ICAI Firm Registration Number: 101049W/E300004

For and on behalf of Board of Directors of
Equitas Holdings Limited

per Aniruddh Sankaran
 Partner
 Membership No. 211107
 Place: Chennai
 Date: 29 May 2020

N Rangachary
 Chairman
 DIN:00054437
 Place: Bangalore
 Date: 29 May 2020

John Alex
 ED and CEO
 DIN: 08584415
 Place: Chennai
 Date: 29 May 2020

S Viswanatha Prasad
 Director
 DIN:00574928
 Place: Hyderabad
 Date: 29 May 2020

Srimathy R
 Chief Financial Officer
 Place: Chennai
 Date: 29 May 2020

Deepti R
 Company Secretary
 Membership no: A35488
 Place: Chennai
 Date: 29 May 2020

Independent Auditor's Report

To the Members of Equitas Holdings Limited Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Equitas Holdings Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at March 31, 2020, the consolidated Statement of Profit and Loss, including Statement of other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of a subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2020, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs), as 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 Consolidated Financial Statements' section of our report. We are independent of the Group in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe

that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to the following matters:

- note no 2.1 to the accompanying consolidated financial statements, which describes the economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Company's operations and financial metrics.
- note no 39.1 to the accompanying consolidated financial statements regarding management's plans relating to compliance by Equitas Small Finance Bank Limited, the Company's subsidiary, with the relevant licensing guidelines of the Reserve Bank of India.

Our opinion is not modified in respect of above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters

Provision for Financial Instruments based on expected credit loss model

Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Bank. The Bank has advances (net) aggregating ₹ 15,105.79 crores as at March 31, 2020.

How our audit addressed the key audit matter

- We read and assessed the Bank's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements.

Key audit matters**How our audit addressed the key audit matter****Provision for Financial Instruments based on expected credit loss model**

As per the expected credit loss model of the bank developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Bank estimates the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward looking factors, micro- and macro-economic factors, in estimating the expected credit losses. Additionally, the economic and business consequences of the COVID-19 pandemic as described in Note 2.1 to the financial statements, significant social disruption and disturbance and slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect expected credit loss under the ECL approach.

Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.

- For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Group's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management.
- We performed tests of controls and details on a sample basis in respect of the staging of outstanding exposures, implementation of Group policy in response to COVID-19 and other relevant data used in impairment computations.
- We obtained an understanding of the basis and methodology adopted by management to determine 12 month and life-time probability of defaults and the loss given defaults for various homogenous segments in retail loans, and on an individual basis for corporate loans, and tested the same on a sample basis.
- We tested on a sample basis, the Exposure at Default used in the ECL calculation
- We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.
- We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets
- Assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.

(b) IT Systems and Controls

There has been a major enhancement in the information technology (IT) infrastructure of the Equitas Small Finance Bank's (a subsidiary company) (the 'Bank'), in the current year. During the current year, as the IT systems and processes continue to mature in view of the evolving business and regulatory landscape, frequent changes in the technology environment have been carried out by the Bank.

The IT infrastructure is critical for effective and efficient functioning of the Bank's business operations as well as for timely and accurate financial reporting. Accordingly, the Bank has continued to invest in its IT infrastructure in the current year as well.

Due to the pervasive nature and complexity of the IT environment and considering that several systems and process have been implemented in recent past, and as a result the IT control environment may not have matured, it is considered a key audit matter.

- We included specialized IT auditors as part of our audit team for testing IT general controls, application controls and IT dependent manual controls implemented by the Bank, and testing the information produced by the Bank's IT systems.
- We tested the design and operating effectiveness of the Bank's IT access controls over the key information systems that are related to financial reporting.
- We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls. These included testing that requests for access to systems were reviewed and authorized.
- We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit.
- In addition, we tested the key application controls with respect to financial reporting to evaluate their operating effectiveness.
- If deficiencies were identified, we tested compensating controls or performed alternate procedures

Other Information

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

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the relevant entities.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ 3.10 crores as at March 31, 2020, and total revenues of ₹ 4.71 crores and net cash outflows of ₹ 0.44 crores for the year ended on that date. Those financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and

disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of such other auditor.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary companies, refer to our separate Report in "Annexure 1" to this report;
- (g) The provisions of section 197 read with Schedule V of the Act are not applicable to the Holding Company, its subsidiaries, associates and jointly controlled companies/joint ventures and joint operations incorporated in India for the year ended March 31, 2020;
- (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 and based on the consideration of the report of the other auditor on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:
- i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements
 - Refer Note 43.1 to the consolidated financial statements;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer (a) Note 8.1 to the consolidated financial statements in respect of such items as it relates to the Group,
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries during the year ended March 31, 2020.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership Number: 211107

UDIN: 20211107AAAABV9678

Place of Signature: Chennai

Date: May 29, 2020

Annexure 1 to the Independent Auditor's Report of date on the Consolidated Financial Statements Of Equitas Holdings Limited

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

In conjunction with our audit of the consolidated financial statements of Equitas Holdings Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Equitas Holdings Limited (hereinafter referred to as the "Holding Company" or "EHL") and Equitas Small Finance bank Limited, a subsidiary company of EHL, (together referred to as "Applicable Companies"). EHL's other subsidiary Equitas Technologies Private Limited is exempted from reporting on internal control over financial reporting vide MCA notification no G.S.R 583 (E) dated June 13, 2017, read with corrigendum dated July 13, 2017.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Applicable Companies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding 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. These responsibilities

include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective companies' policies, the safeguarding of their 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

Our responsibility is to express an opinion on the Applicable Companies' internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial

controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

Opinion

In our opinion, the Applicable Companies have maintained, in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to one subsidiary, which is a company incorporated in India, is based on the report of the auditor of such subsidiary.

For S.R. Batliboi & Associates LLP

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner
Membership Number: 211107
UDIN: 20211107AAAABV9678

Place of Signature: Chennai
Date: May 29, 2020

Consolidated Balance sheet

as at March 31, 2020

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

Particulars	Notes	As at 31-Mar-2020	As at 31-Mar-2019
Assets			
Financial assets			
Cash and cash equivalents	6	253,179	125,479
Bank balance other than cash and cash equivalents	7	536	530
Loans and advances	8	1,510,579	1,157,437
Trade receivable	9	53	2
Investment	10	234,442	234,590
Other Financial Asset	11	13,141	8,810
Non-financial assets			
Current tax asset (Net)	32	1,798	1,577
Deferred tax asset	33	15,394	12,428
Property, plant and equipment	13	13,164	16,782
Capital work in Progress	13	237	162
Investment Property	13	5,436	5,450
Right of Use (ROU) Asset	44	26,582	-
Other non-financial assets	12	1,068	1,431
Other intangible assets	13	7,913	6,815
Total Assets		2,083,522	1,571,493
Liabilities and equity			
Financial liabilities			
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	14	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	14	13,570	8,449
Debt securities	15	21,976	52,633
Borrowings (other than debt securities)	16	641,697	354,036
Deposits	17	1,067,865	887,987
Other financial liabilities	18	38,037	16,315
Non-financial liabilities			
Current tax liabilities (Net)	32	488	362
Deferred tax liabilities	33	94	-
Provisions	19	8,526	6,448
Other Non-financial liabilities	20	955	893
Total liabilities		1,793,208	1,327,123
Equity			
Equity share capital	21	34,179	34,146
Other equity	22	244,185	210,224
Equity attributable to owners of the company		278,364	244,370
Non controlling interest		11,950	-
Total Liability and Equity		2,083,522	1,571,493
Summary of significant accounting policies			

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

For and on behalf of Board of Directors of

Equitas Holdings Limited

per Aniruddh Sankaran

Partner

Membership No. 211107

Place: Chennai

Date: 29 May 2020

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 29 May 2020

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 29 May 2020

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 29 May 2020

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 29 May 2020

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 29 May 2020

Consolidated Statement of Profit and Loss

for the year ended March 31, 2020

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

Particulars	Note No.	Year Ended 31-Mar-2020	Year Ended 31-Mar-2019
Revenue from operations			
Interest income	23	277,520	219,464
Revenue from contract with customers	24	10,937	8,811
Net gain on fair value changes	25	338	327
Rental income	26	216	215
Total revenue from operations		289,011	228,817
Other income	27	4,579	7,036
Total income		293,590	235,853
Expenses			
Finance costs	28	119,093	96,642
Impairment on Financial assets	29	25,055	10,129
Employee benefits expenses	30	72,557	56,765
Depreciation and amortisation	13	14,547	9,276
Others expenses	31	30,721	35,910
Total Expense		261,973	208,722
Profit before tax		31,617	27,131
Tax Expenses			
Current tax	32	13,604	14,052
Current tax towards prior periods		97	-
Deferred tax (Net)	33	(2,684)	(4,578)
Total tax expenses		11,017	9,474
Profit for the year		20,600	17,657
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit obligations (net)		103	55
Debt instruments measured at FVOCI		55	6
Income tax impact		(39)	(21)
Total Other comprehensive Income for the year, net of tax		119	40
Total comprehensive Income for the year, net of tax		20,719	17,697
Net profit for the year attributable to			
Owners of the company		20,461	17,659
Non-controlling interest		139	(2)
Total comprehensive income for the year attributable to			
Owners of the company		20,577	17,699
Non-controlling interest		142	(2)
Earnings per equity share			
Basic earnings per equity share	34	6.03	5.18
Diluted earnings per equity share	34	6.03	5.18
Summary of significant accounting policies			

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No. 211107
Place: Chennai
Date: 29 May 2020

N Rangachary
Chairman
DIN:00054437
Place: Bangalore
Date: 29 May 2020

Srimathy R
Chief Financial Officer
Place: Chennai
Date: 29 May 2020

For and on behalf of Board of Directors of
Equitas Holdings Limited

John Alex
ED and CEO
DIN: 08584415
Place: Chennai
Date: 29 May 2020

S Viswanatha Prasad
Director
DIN:00574928
Place: Hyderabad
Date: 29 May 2020

Deepti R
Company Secretary
Membership no: A35488
Place: Chennai
Date: 29 May 2020

Consolidated Cash Flow Statement

for the year ended March 31, 2020

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A. Cash Flow From Operating Activities		
Profit before tax	31,617	27,131
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	14,547	9,276
Net gain on fair value change	(338)	(327)
Impairment on Financial assets	25,055	10,129
Re-measurement gains/(losses) on defined benefit obligations (net)	103	55
Impact on Effective interest rate (EIR) on financial assets	4,605	5,671
Fair valuation impact on financial assets	(1,794)	(961)
Impairment impact on financial instruments	402	(111)
Rental income	(216)	(215)
Loss on sale of property, plant and equipment	26	11
Interest expenses on borrowings	43,617	45,919
Interest expenses on lease	2,283	-
Employee expenses on share based payments	1,113	1,263
Operating profit before working capital changes	121,020	97,841
(Increase)/decrease in loans and advances	(381,193)	(386,565)
(Increase)/decrease in trade receivables	(51)	(2)
(Increase)/Decrease in investments	533	151,569
(Increase)/decrease in other financial assets	(5,005)	800
(Increase)/decrease in other non-financial assets	157	(197)
Increase/(decrease) in deposits	179,892	332,862
Increase/(decrease) in trade payables	5,121	1,275
Increase/(decrease) in provisions	4,002	(851)
Increase/(decrease) in financial liabilities	(7,906)	(12,509)
Increase/(decrease) in financial liabilities	62	(137)
Cash used in operations	(83,368)	184,086
Direct taxes paid	(13,796)	(14,763)
Net Cash flow used in from/(used in) operating activities (A)	(97,164)	169,323
B. Cash Flow From Investing Activities		
Addition to fixed assets	(7,490)	(5,417)
Addition to investment property	(67)	(728)
Interest paid on ROU lease liability	(2,283)	-
Payment of lease liability	(3,656)	-
Proceeds from sale of property, plant and equipment	248	693
(Increase)/decrease in bank balance other than cash and cash equivalents	(6)	5,902
Net Cash flow used in from/(used in) Investing Activities (B)	(13,254)	450
C. Cash Flow From Financing Activities		
Increase/(decrease) in borrowings (net)	263,301	(109,465)
Interest paid on borrowings	(49,976)	(50,207)
Proceeds from fresh issue of equity share capital, including securities premium	24,793	585
Share application money received	-	(38)
Net Cash flow used in from/(used in) Financing Activities (C)	238,118	(159,125)
Net Increase/Decrease in cash and cash equivalent D = (A+B+C)	127,700	10,648

Consolidated Cash Flow Statement

for the year ended March 31, 2020

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

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Cash and Cash Equivalents - Opening Balance (E)	125,479	114,831
Cash and Cash Equivalents - Closing Balance (D) + (E)	253,179	125,479
Net cash provided by / (used in) operating and financing activities		
Interest received	275,754	219,705
Interest paid	(49,976)	(50,207)
Components of Cash and Cash Equivalents at the end of the year		
Cash and cash equivalents 6	253,179	125,479
Total Cash and Cash Equivalents	253,179	125,479

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date
For **S.R. Batliboi & Associates LLP**

For and on behalf of Board of Directors of
Equitas Holdings Limited

Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran
Partner
Membership No. 211107
Place: Chennai
Date: 29 May 2020

N Rangachary
Chairman
DIN:00054437
Place: Bangalore
Date: 29 May 2020

John Alex
ED and CEO
DIN: 08584415
Place: Chennai
Date: 29 May 2020

S Viswanatha Prasad
Director
DIN:00574928
Place: Hyderabad
Date: 29 May 2020

Srimathy R
Chief Financial Officer
Place: Chennai
Date: 29 May 2020

Deepti R
Company Secretary
Membership no: A35488
Place: Chennai
Date: 29 May 2020

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

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

(a) Equity share capital

Particulars	No. of shares	Amount
Balance as on March 31, 2018	340,429,976	34,043
Add: Shares issued during the year	1,031,522	103
Balance as on March 31, 2019	341,461,498	34,146
Add: Shares issued during the year	328,497	33
Balance as on March 31, 2020	341,789,995	34,179

(b) Other equity

Particulars	Reserves and Surplus							Share application money	Items of Other Comprehensive Income (OCI)	Total	Non controlling interest	
	Statutory Reserve	Capital reserve	Securities premium	Special Reserve	Investment reserve	Investment Fluctuation Reserve	Share based payment reserve					Retained Earnings
As at March 31, 2018	13,820	1,328	140,322	326	230	-	4,488	30,374	24	190,979	2	
Profit for the year	-	-	-	-	-	-	-	17,659	-	17,659	(2)	
Other Comprehensive Income	-	-	-	-	-	-	-	-	40	40	-	
Sub total	13,820	1,328	140,322	326	230	-	4,488	48,033	64	208,678	-	
Transfer from retained earnings to Statutory Reserves	5,451	-	-	-	-	-	-	(5,451)	-	-	-	
Transfer from retained earnings to Special reserve	-	-	-	264	-	-	-	(264)	-	-	-	
Transfer from retained earnings to Investment Fluctuation reserve	-	-	-	-	-	843	-	(843)	-	-	-	
Addition on account of ESOP cost	-	-	-	-	-	-	1,102	-	-	1,102	-	
Premium on issue of share capital under ESOP Scheme 2015	-	-	626	-	-	-	-	(585)	-	41	-	
Share application money received	-	-	-	-	-	-	-	-	-	547	-	
Transfer of ESOP cost to retained earnings upon lapse of options	-	-	-	-	-	-	(1,635)	1,635	-	-	-	
Transfer of ESOP cost to securities premium upon exercise	-	-	-	-	-	-	(144)	-	-	(144)	-	
As at March 31, 2019	19,271	1,328	140,948	590	230	843	3,811	43,110	64	210,224	-	
Profit for the year	-	-	-	-	-	-	-	20,461	-	20,461	139	
Other Comprehensive Income	-	-	-	-	-	-	-	-	116	116	3	
Minority interest created	-	-	-	-	-	-	-	(7,062)	-	(7,062)	11,808	
Sub total	19,271	1,328	140,948	590	230	843	3,811	56,509	180	223,739	11,950	

Consolidated Statement of Changes in Equity

for the year ended March 31, 2020

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

Particulars	Reserves and Surplus							Share application money	Items of Other Comprehensive Income (OCI)	Total	Non controlling interest
	Statutory Reserve	Capital reserve	Securities premium	Special Reserve	Investment reserve	Investment Fluctuation Reserve	Share based payment reserve				
Effect of adoption of Ind AS 116 Leases	-	-	-	-	-	-	-	(910)	-	(910)	-
Deferred tax on Effect of adoption of Ind AS 116 Leases	-	-	-	-	-	-	-	227	-	227	-
Transfer from retained earnings to Statutory Reserves	6,245	-	-	-	-	-	-	(6,245)	-	-	-
Transfer from retained earnings to Special reserve	-	-	-	483	-	-	-	(483)	-	-	-
Transfer from retained earnings to Investment Fluctuation reserve	-	-	-	-	-	276	-	(276)	-	-	-
Addition on account of ESOP cost	-	-	-	-	-	-	1,114	-	-	1,114	-
Minority interest created	-	-	-	-	-	-	-	-	-	-	-
Premium on issue of share capital under ESOP Scheme 2015	-	-	20,099	-	-	-	-	-	(203)	19,896	-
Share application money received	-	-	-	-	-	-	-	-	174	174	-
Transfer of ESOP cost to retained earnings upon lapse of options	-	-	-	-	-	-	(4,266)	4,266	-	-	-
Adjustment on account of modification of ESOP scheme 2015	-	-	-	-	-	-	7,609	(7,609)	-	-	-
Transfer of ESOP cost to securities premium upon exercise	-	-	-	-	-	-	(55)	-	-	(55)	-
As at March 31, 2020	25,516	1,328	161,047	1,073	230	1,119	8,213	45,479	180	244,185	11,950

The accompanying notes form an integral part of the Financial Statements.

As per our report of even date
For S.R. Batliboi & Associates LLP

Chartered Accountants
 ICAI Firm Registration Number: 101049W/E3000004

per Aniruddh Sankaran
 Partner
 Membership No. 211107
 Place: Chennai
 Date: 29 May 2020

For and on behalf of Board of Directors of
Equitas Holdings Limited

N Rangachary
 Chairman
 DIN: 00054437
 Place: Bangalore
 Date: 29 May 2020

S Viswanatha Prasad
 Director
 DIN: 00574928
 Place: Hyderabad
 Date: 29 May 2020

Srimathy R
 Chief Financial Officer
 Place: Chennai
 Date: 29 May 2020

Deepti R
 Company Secretary
 Membership no: A35488
 Place: Chennai
 Date: 29 May 2020

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

1 Corporate information

Equitas Holdings Limited ("the Company" / "EHL") was incorporated on June 22, 2007. The Company is a public limited Company incorporated under the provisions of Companies Act 1956. The registered office of the Company is located at 410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai – 600 002. The Company received certificate of registration dated September 1, 2016 from the Reserve Bank of India ("RBI") to commence / carry on the business as a Non-Banking Financial Institution .

The Company is a non-deposit taking Systemically Important Core Investment Group (CIC-ND-SI) registered with Reserve Bank of India vide certificate no. N-07.00822. The Company is the holding Company of its subsidiaries Equitas Small Finance Bank Limited and Equitas Technologies Private Limited (collectively, the 'Group').

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVTOCI) instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest Lakhs, except when otherwise indicated.

Principles of Consolidation

The Consolidated Financial Statements relating to the Group, have been prepared on the following basis:

- a The Financial Statements of the Group have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating material intra-group balances and intra-group transactions resulting in unrealised profits or losses unless cost cannot be recovered, as per Ind-AS 110 – Consolidated Financial Statements.
- b The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2020

- c The excess of Cost to the Company of its Investment in the Subsidiaries over the Company's portion of the Equity is recognised in the Financial Statements as Goodwill, being an asset in the Consolidated Financial Statement. The carrying value of Goodwill is tested for impairment as at the end of each reporting year. The goodwill is determined separately for each subsidiary Company and such amounts are not set off between different entities.
- d The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

The financial statements of the following subsidiary companies have been considered for consolidation:

Name of Entity	Relationship	Country of Incorporation	% of holding
Equitas Small Finance Bank Limited	Subsidiary	India	95.49%
Equitas Technologies Pvt Ltd	Subsidiary	India	99.57%

2.1 Impact of COVID -19 pandemic

The COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict 40-day lockdown in India to contain the spread of the virus till May 3, 2020, which was further extended till May 31, 2020 with some relaxations in specific areas. This has led to significant disruptions and dislocations for individuals and businesses, impacting regular banking operations including lending, fund-mobilisation, and collection activities. In respect of the Equitas Small Finance Bank's loan book, Management has made provisions as more fully explained in note 4.1. However, the full extent of impact of the COVID-19 pandemic on the operations, and financial metrics (including impact on provisioning on advances) will further depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time.

2.2 Presentation of financial statements

The Group presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Note 41.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Group and/or its counterparties

3. Significant accounting policies

3.1 Financial instruments – initial recognition

3.1.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the transaction date, i.e., the date that the Group becomes a party to the contractual provisions of the instrument. Loans are recognised when funds are transferred to the customers' account. The Group recognises debt securities, deposits and borrowings when funds reach the Group.

3.1.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount.

3.1.3 Measurement categories of financial assets and liabilities

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost,
- FVTOCI,
- FVTPL

Financial liabilities, other than loan commitments and financial guarantees, are measured at amortised cost or FVTPL when fair value designation is applied.

3.2 Financial assets and liabilities

3.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group measures Bank balances, Loans, Trade receivables and other financial investments

at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- The details of these conditions are outlined below.

3.2.1.1 Business model assessment

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.-

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

3.2.1.2 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition

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and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

3.2.2 Financial assets or financial liabilities held for trading

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

3.2.3 Debt instruments at FVTOCI

Debt instruments are measured at FVTOCI when both of the following conditions are met:

The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets

The contractual terms of the financial asset meet the SPPI test

FVTOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Where the Group holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

3.2.4 Equity instruments at FVTOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVTOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVTOCI are not subject to an impairment assessment.

3.2.5 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the Effective Interest Rate ('EIR').

3.2.6 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

3.2.7 Undrawn loan commitments

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Undrawn loan

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commitments are in the scope of the Expected Credit Loss ('ECL') requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

3.3 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in FY 2019-20 and FY 2018-19.

3.4 Derecognition of financial assets and liabilities

3.4.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes

When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors:

- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

3.4.2 Derecognition of financial assets other than due to substantial modification

3.4.2.1 Financial assets

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

The Group has transferred its contractual rights to receive cash flows from the financial asset

Or

It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

The Group cannot sell or pledge the original asset other than as security to the eventual recipients

The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

The Group has transferred substantially all the risks and rewards of the asset

Or

The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of

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the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

3.4.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

3.5 Impairment of financial assets

3.5.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3 Loans considered credit-impaired. The Group records an allowance for the LTECLs.

3.5.2 The calculation of ECL

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

PD The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value

The mechanics of the ECL method are summarised below:

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Loan commitment For an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognised along with advances

3.5.3 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as

- GDP growth

- Unemployment rates
- House price indices

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.6 Collateral valuation

To mitigate its credit risks on financial assets, the Group seeks to use collateral, where possible. The collateral comes in the form of real estate. Collateral, unless repossessed, is not recorded on the Group's balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a regular basis. However, some collateral, for example, cash or securities relating to margining requirements, is valued daily.

Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

3.7 Collateral repossessed

The Group's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in line with the Group's policy.

3.8 Write-offs

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.9 Forborne and modified loans

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Group considers a loan forborne when such concessions

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or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forbore loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forbore asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forbore, it will remain forbore for a minimum 24-month probation period. In order for the loan to be reclassified out of the forbore category, the customer has to meet all of the following criteria.

- All of its facilities has to be considered performing
- The probation period of two years has passed from the date the forbore contract was considered performing
- Regular payments of more than an insignificant amount of principal or interest have been made during at least half of the probation period

The customer does not have any contract that is more than 30 days past due. If modifications are substantial, the loan is derecognised.

3.9.1 Debt instruments measured at fair value through OCI

The ECLs for debt instruments measured at FVTOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

3.10 Determination of fair value

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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 Group.

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 Group 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.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** –Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Group has access to at the measurement date. The Group considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments** –Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets

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or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.

- **Level 3 financial instruments** –Those that include one or more unobservable input that is significant to the measurement as whole.

3.11 Recognition of interest income

3.11.1 The effective interest rate method

Under Ind AS 109 interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVTOCI and debt instruments designated at FVTPL. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

3.11.2 Interest income

The Group calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

3.12 Recognition of income and expenses

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

The Group recognises revenue from contracts with customers based on a five step model as set out in Ind 115:

- Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement

between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

- Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

- Step 3:** Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

- Step 4:** Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

- Step 5:** Recognise revenue when (or as) the Group satisfies a performance obligation

3.12.1 Dividend Income

Dividend income (including from FVTOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

3.12.2 Leasing

The Group's lease asset consists of leases for buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. Refer note 5

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3.13.1 Group as a lessee

Leases that do not transfer to the entities of the Group substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms. Contingent rental payable is recognised as an expense in the period in which they it is incurred.

3.14 Cash and cash equivalents

Cash and cash equivalents comprises of Cash in Hand, demand deposits with other banks and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the consolidated 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 Group's cash management.

3.15 Property, plant and equipment

Property plant and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated.

The estimated useful lives are, as follows:

Asset	Estimated useful life as assessed by the Company	Estimated useful life specified under Schedule II of the Companies Act 2013
Office Equipment	3 Years	5 Years
Computer Equipment	3 Years	3 years
Furniture and Fixtures	3 Years	10 years
Vehicles	4 Years	8 Years

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate

Property plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

3.16 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss. For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

3.17 Financial guarantees

Financial guarantees are initially recognised in the financial statements (within 'other liabilities') at fair value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss in credit loss expense. The premium received is recognised in the statement of profit and loss in net fees and commission income on a straight line basis over the life of the guarantee.

3.18 Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognises contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

3.19 Share based payments

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India and IND AS 102. The Group measures compensation cost relating to the employee stock options using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options. The Group initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred at the time of grant. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 53.

3.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

3.21 Taxes

3.21.1 Current taxes

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

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

evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.21.2 Deferred taxes

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, except

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.21.3 Goods and services tax /value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.22 Dividends on ordinary shares

The Group recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and

the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated 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 Group. Such changes are reflected in the assumptions when they occur.

4.1 Estimation of uncertainties relating to the global health pandemic from COVID-19 (COVID19)

In terms of the COVID-19 Regulatory Package of the RBI, Bank (Subsidiary of the Company) has granted a moratorium as permitted under the relevant guidelines of the RBI and as approved by the Board of Directors of the Bank. Estimates and associated assumptions applied in preparing the financial Statements, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Bank has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans and has recognised an expected credit loss

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

of Rs 17,924 lakhs, including a management overlay of Rs 10,899 lakhs. The provision held by the bank is higher than the minimum as per RBI norms, having regard to the RBI circular dated March 13, 2020.

4.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

4.3 Effective Interest Rate (EIR) method

The Group's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given/taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

4.4 Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their

interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models
- It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

4.5 Provisions and other contingent liabilities

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

5 Changes in accounting policies and disclosures

The Group applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2020

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group enters into operating leases as a lessee for renting of branch premises.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

Right-of-Use assets are depreciated from the commencement date on a straight-line basis over

the shorter of the lease term. Right-of-use assets are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right-of-use asset if the Group changes its assessment if the whether it will exercise an extension or a termination option.

ROU asset has been presented under Property, plant and equipment while lease liability is presented under Other Financial Liabilities in the Balance Sheet. Lease payments made by the Group are classified as financing cash flows.

The effect of adoption of Ind AS 116 is given in note 44.

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

6 Cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	13,849	11,586
Balances with Reserve Bank of India (In current account)	24,237	28,684
Balances with bank (in current account)	7,093	6,838
Money at call and short notice		
With Banks	208,000	-
With other institutions	-	22,983
Lending under Reverse Repo	-	55,388
Total	253,179	125,479

7 Bank balance other than cash and cash equivalents

Particulars	As at March 31, 2020	As at March 31, 2019
Balances with bank		
In Other deposits account	353	-
In Other deposits account - Lien	183	530
Total	536	530

Fixed deposits and other balances with banks earns interest at fixed rate or floating rates based on bank deposit rates

8 Loans and advances

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans at amortised cost		
Micro and small enterprises loan	568,447	419,143
Vehicle Finance loan	379,576	296,138
Housing loan	59,385	37,868
Micro finance loan	362,830	307,327
Business loan -Unsecured	15,703	35,151
MSE & Financial Intermediaries	154,274	74,117
Other loans	3,824	3,239
Total - Gross	1,544,039	1,172,983
Less: ECL Impairment allowance (Refer Note 8b below)	33,460	15,546
Total - Net	1,510,579	1,157,437
(a) Secured by tangible assets (property, plant and equipment including land and building)	1,009,799	755,203
(b) Secured by book debts, inventories, fixed deposit and other working capital items	154,274	74,117
(c) Unsecured	379,966	343,663
Total - Gross	1,544,039	1,172,983
Less: ECL Impairment allowance (Refer Note 8b below)	33,460	15,546
Total - Net	1,510,579	1,157,437
A) Loans and Advances		
Loans repayable on Demand	57,766	27,900
Term Loans	1,486,273	1,145,083
Total - Gross	1,544,039	1,172,983
B) Loans and Advances		
Loans in India	1,544,039	1,172,983
Loans outside India	-	-
Total - Gross	1,544,039	1,172,983
8b. Movement ECL impairment allowance		
ECL impairment allowance - Opening Balance	15,546	11,791
New assets originated or purchased	8,976	6,462
Assets derecognised or repaid (excluding write offs)	(1,722)	(2,859)
Impact on year end ECLs of exposures transferred between stages during the year	12,747	2,278
Amounts written off	(2,087)	(2,126)
ECL impairment allowance - Closing Balance	33,460	15,546
(Also refer Note 8.1)		

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

Note 8.1 Micro and small enterprises loan

8.1.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Internal rating grade								
High	475,960	-	-	475,960	397,803	-	-	397,803
Standard	58,253	5,342	-	63,595	5,659	984	-	6,643
Potential Sub-Standard	-	9,073	-	9,073	-	3,339	-	3,339
Defaulted but Not impaired	-	-	1,884	1,884	-	-	755	755
Defaulted And Impaired	-	-	17,506	17,506	-	-	10,281	10,281
Individually impaired	-	-	429	429	-	-	322	322
Total	534,213	14,415	19,819	568,447	403,462	4,323	11,358	419,143

8.1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Micro and small enterprises loan is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Gross Carrying amount opening balance	403,462	4,323	11,358	419,143	227,879	4,018	7,676	239,573
New assets originated or purchased	248,453	1,099	1,071	250,623	233,318	531	333	234,182
Assets derecognised or repaid (excluding write offs)	(99,846)	(658)	(711)	(101,215)	(53,478)	(628)	(463)	(54,569)
Transfers to Stage 1	602	(447)	(155)	-	549	(294)	(255)	-
Transfers to Stage 2	(12,128)	12,322	(194)	-	(2,541)	2,715	(174)	-
Transfers to Stage 3	(6,264)	(2,220)	8,484	-	(2,232)	(2,018)	4,250	-
Amounts written off	(66)	(4)	(34)	(104)	(33)	(1)	(9)	(43)
Gross carrying amount closing balance	534,213	14,415	19,819	568,447	403,462	4,323	11,358	419,143

8.1.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
ECL allowance - opening balance	231	14	399	644	138	15	282	435
New assets originated or purchased	40	53	38	131	51	1	13	65
Assets derecognised or repaid (excluding write offs)	(31)	(2)	(36)	(69)	(17)	(1)	(28)	(46)
Transfers to Stage 1	-	-	-	-	1	(1)	-	-
Transfers to Stage 2	(805)	814	(9)	-	(7)	8	(1)	-
Transfers to Stage 3	(210)	(70)	280	-	(86)	(78)	164	-
Impact on year end ECLs of exposures transferred between stages during the year	1,013	116	(83)	1,046	157	70	(25)	202
Amounts written off	(3)	-	(8)	(11)	(6)	-	(6)	(12)
ECL allowance - closing balance	235	925	581	1,741	231	14	399	644

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for the year ended March 31, 2020

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

8.2 Vehicle Finance loan

8.2.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Internal rating grade								
High	241,493	-	-	241,493	224,457	-	-	224,457
Standard	50,605	26,982	-	77,587	35,313	8,550	-	43,863
Potential Sub-Standard	-	41,728	-	41,278	3,380	10,712	-	14,092
Defaulted but Not impaired	-	-	1,234	1,234	-	-	1,453	1,453
Defaulted And Impaired	-	-	15,294	15,294	-	-	11,819	11,819
Individually impaired	-	-	2,240	2,240	-	-	454	454
Total	292,098	68,710	18,768	379,576	263,150	19,262	13,726	296,138

8.2.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Vehicle Finance loan is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Gross Carrying amount opening balance	263,150	19,262	13,726	296,138	191,844	21,491	13,148	226,483
New assets originated or purchased	202,690	20,359	1,609	224,658	191,708	5,108	1,326	198,142
Assets derecognised or repaid (excluding write offs)	(119,739)	(11,367)	(3,648)	(134,754)	(104,437)	(14,678)	(3,518)	(122,633)
Transfers to Stage 1	747	(667)	(80)	-	1,200	(1,150)	(50)	-
Transfers to Stage 2	(44,877)	45,047	(170)	-	(12,107)	12,156	(49)	-
Transfers to Stage 3	(7,362)	(2,936)	10,298	-	(4,092)	(2,935)	7,027	-
Amounts written off	(2,511)	(988)	(2,967)	(6,466)	(966)	(730)	(4,158)	(5,854)
Gross carrying amount closing balance	292,098	68,710	18,768	379,576	263,150	19,262	13,726	296,138

8.2.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
ECL allowance - opening balance	3,922	830	3,974	8,726	3,194	1,066	3,789	8,049
New assets originated or purchased	2,668	2,349	465	5,482	2,883	193	388	3,464
Assets derecognised or repaid (excluding write offs)	(723)	(195)	(273)	(1,191)	(827)	(365)	(270)	(1,462)
Transfers to Stage 1	8	(7)	(1)	-	14	(13)	(1)	-
Transfers to Stage 2	(5,314)	5,335	(21)	-	(525)	528	(3)	-
Transfers to Stage 3	(2,211)	(880)	3,091	-	(1,196)	(884)	2,080	-
Impact on year end ECLs of exposures transferred between stages during the year	5,743	864	(214)	6,393	470	436	(141)	765
Amounts written off	(174)	(161)	(1,535)	(1,870)	(91)	(131)	(1,868)	(2,090)
ECL allowance - closing balance	3,919	8,135	5,486	17,540	3,922	830	3,974	8,726

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for the year ended March 31, 2020

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

8.3 Housing loan

8.3.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Internal rating grade								
High	50,255	-	-	50,255	33,552	-	-	33,552
Standard	3,959	887	-	4,846	717	279	-	996
Potential Sub-Standard	-	1,123	-	1,123	-	707	-	707
Defaulted but Not impaired	-	-	414	414	-	-	211	211
Defaulted And Impaired	-	-	2,679	2,679	-	-	2,337	2,337
Individually impaired	-	-	68	68	-	-	65	65
Total	54,214	2,010	3,161	59,385	34,269	986	2,613	37,868

8.3.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Housing loan is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Gross Carrying amount opening balance	34,269	986	2,613	37,868	23,961	1,287	1,929	27,177
New assets originated or purchased	26,404	281	34	26,719	14,554	32	14	14,600
Assets derecognised or repaid (excluding write offs)	(4,913)	(165)	(111)	(5,189)	(3,614)	(118)	(167)	(3,899)
Transfers to Stage 1	123	(94)	(29)	-	155	(109)	(46)	-
Transfers to Stage 2	(1,235)	1,337	(102)	-	(424)	445	(21)	-
Transfers to Stage 3	(430)	(335)	765	-	(354)	(551)	905	-
Amounts written off	(4)	-	(9)	(13)	(9)	-	(1)	(10)
Gross carrying amount closing balance	54,214	2,010	3,161	59,385	34,269	986	2,613	37,868

8.3.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
ECL allowance - opening balance	73	8	307	388	56	8	232	296
New assets originated or purchased	13	28	4	45	7	-	2	9
Assets derecognised or repaid (excluding write offs)	(7)	(1)	(18)	(26)	(4)	-	(30)	(34)
Transfers to Stage 1	-	-	-	-	1	(1)	-	-
Transfers to Stage 2	(145)	148	(3)	-	(3)	3	-	-
Transfers to Stage 3	(49)	(37)	86	-	(48)	(71)	119	-
Impact on year end ECLs of exposures transferred between stages during the year	183	59	(58)	184	67	69	(13)	123
Amounts written off	(2)	-	(6)	(8)	(3)	-	(3)	(6)
ECL allowance - closing balance	66	205	312	583	73	8	307	388

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for the year ended March 31, 2020

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

8.4 Micro finance loan

8.4.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Internal rating grade								
High	264,410	-	-	264,410	297,826	-	-	297,826
Standard	91,521	805	-	92,326	4,508	320	-	4,828
Potential Sub-Standard	-	1,325	-	1,325	-	1,927	-	1,927
Defaulted but Not impaired	-	-	45	45	-	-	14	14
Defaulted And Impaired	-	-	4,724	4,724	-	-	2,732	2,732
Individually impaired	-	-	-	-	-	-	-	-
Total	355,931	2,130	4,769	362,830	302,334	2,247	2,746	307,327

8.4.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Micro finance loan is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Gross Carrying amount opening balance	302,334	2,247	2,746	307,327	223,562	760	1,602	225,924
New assets originated or purchased	261,708	504	407	262,619	238,615	1,298	350	240,263
Assets derecognised or repaid (excluding write offs)	(202,830)	(2,855)	(1,428)	(207,113)	(156,818)	(1,121)	(921)	(158,860)
Transfers to Stage 1	277	(257)	(20)	-	(3,028)	1,835	1,193	-
Transfers to Stage 2	(2,835)	2,879	(44)	-	3	(525)	522	-
Transfers to Stage 3	(2,720)	(388)	3,108	-	-	-	-	-
Amounts written off	(3)	-	-	(3)	-	-	-	-
Gross carrying amount closing balance	355,931	2,130	4,769	362,830	302,334	2,247	2,746	307,327

8.4.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
ECL allowance - opening balance	1,173	18	1,868	3,059	830	6	1,090	1,926
New assets originated or purchased	263	802	1,579	2,644	1,771	361	238	2,370
Assets derecognised or repaid (excluding write offs)	(446)	(28)	137	(337)	(602)	(9)	(625)	(1,236)
Transfers to Stage 1	15	(2)	(13)	-	(826)	15	811	-
Transfers to Stage 2	(11)	41	(30)	-	-	(355)	355	-
Transfers to Stage 3	(11)	(3)	14	-	-	-	-	-
Impact on year end ECLs of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	(1)	(1)
ECL allowance - closing balance	983	828	3,555	5,366	1,173	18	1,868	3,059

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

8.5 Business loan -Unsecured

8.5.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Internal rating grade								
High	9,696	-	-	9,696	30,972	-	-	30,972
Standard	671	146	-	817	659	112	-	771
Potential Sub-Standard	-	431	-	431	19	872	-	891
Defaulted but Not impaired	-	-	61	61	-	-	29	29
Defaulted And Impaired	-	-	4,698	4,698	-	-	2,488	2,488
Individually impaired	-	-	-	-	-	-	-	-
Total	10,367	577	4,759	15,703	31,650	984	2,517	35,151

8.5.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Business loan is, as follows

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Gross Carrying amount opening balance	31,650	984	2,517	35,151	40,697	421	462	41,580
New assets originated or purchased	19	-	-	19	12,181	100	136	12,417
Assets derecognised or repaid (excluding write offs)	(18,819)	(253)	(161)	(19,233)	(18,686)	(115)	(24)	(18,825)
Transfers to Stage 1	8	(8)	-	-	-	-	-	-
Transfers to Stage 2	(551)	554	(3)	-	(872)	872	-	-
Transfers to Stage 3	(1,851)	(661)	2,512	-	(1,655)	(288)	1,943	-
Amounts written off	(89)	(39)	(106)	(234)	(15)	(6)	-	(21)
Gross carrying amount closing balance	10,367	577	4,759	15,703	31,650	984	2,517	35,151

8.5.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
ECL allowance - opening balance	541	35	1,571	2,147	653	14	292	959
New assets originated or purchased	-	-	-	-	196	3	86	285
Assets derecognised or repaid (excluding write offs)	(93)	(1)	-	(94)	(47)	-	-	(47)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(150)	150	-	-	(31)	31	-	-
Transfers to Stage 3	(1,015)	(356)	1,371	-	(1,041)	(178)	1,219	-
Impact on year end ECLs of exposures transferred between stages during the year	1,148	331	(201)	1,278	814	167	(14)	967
Amounts written off	(6)	(6)	(186)	(198)	(3)	(2)	(12)	(17)
ECL allowance - closing balance	425	153	2,555	3,133	541	35	1,571	2,147

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8.6 MSE & Financial Intermediaries

8.6.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Internal rating grade								
High	145,485	-	-	145,485	71,307	-	-	71,307
Standard	379	4,982	-	5,361	626	7	-	633
Potential Sub-Standard	-	2,574	-	2,574	664	1,186	-	1,850
Defaulted but Not impaired	-	-	-	-	-	-	-	-
Defaulted And Impaired	-	-	854	854	-	-	327	327
Individually impaired	-	-	-	-	-	-	-	-
Total	145,864	7,556	854	154,274	72,597	1,193	327	74,117

8.6.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Other Loan is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Gross Carrying amount opening balance	72,597	1,193	327	74,117	32,625	-	1	32,626
New assets originated or purchased	104,876	498	197	105,571	59,048	1,193	5	60,246
Assets derecognised or repaid (excluding write offs)	(24,953)	(471)	10	(25,414)	(18,755)	-	-	(18,755)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(6,336)	6,336	-	-	-	-	-	-
Transfers to Stage 3	(320)	-	320	-	(321)	-	321	-
Amounts written off	-	-	-	-	-	-	-	-
Gross Carrying amount closing balance	145,864	7,556	854	154,274	72,597	1,193	327	74,117

8.6.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
ECL allowance - opening balance	275	21	196	492	67	-	-	67
New assets originated or purchased	313	225	116	654	245	21	3	269
Assets derecognised or repaid (excluding write offs)	(15)	(1)	(5)	(21)	(34)	-	-	(34)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(3,607)	3,607	-	-	-	-	-	-
Transfers to Stage 3	(181)	-	181	-	(193)	-	193	-
Impact on year end ECLs of exposures transferred between stages during the year	3,720	135	(9)	3,846	190	-	-	190
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	505	3,987	479	4,971	275	21	196	492

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8.7 Other Loans

8.7.1 Credit quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Internal rating grade								
High	2,830	-	-	2,830	2,498	-	-	2,498
Standard	146	202	-	348	167	77	-	244
Potential Sub-Standard	-	206	-	206	-	208	-	208
Defaulted but Not impaired	-	-	86	86	-	-	68	68
Defaulted And Impaired	-	-	354	354	-	-	221	221
Individually impaired	-	-	-	-	-	-	-	-
Total	2,976	408	440	3,824	2,665	285	289	3,239

8.7.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Other Loan is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Gross Carrying amount opening balance	2,665	285	289	3,239	2,787	753	397	3,937
New assets originated or purchased	1,692	384	215	2,291	1,490	259	131	1,880
Assets derecognised or repaid (excluding write offs)	(1,321)	(279)	(105)	(1,705)	(1,570)	(730)	(278)	(2,578)
Transfers to Stage 1	-	-	-	-	2	(2)	-	-
Transfers to Stage 2	(23)	23	-	-	(19)	19	-	-
Transfers to Stage 3	(36)	(5)	41	-	(25)	(14)	39	-
Amounts written off	(1)	-	-	(1)	-	-	-	-
Gross Carrying amount closing balance	2,976	408	440	3,824	2,665	285	289	3,239

8.7.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
ECL allowance - opening balance	6	-	84	90	5	-	54	59
New assets originated or purchased	1	-	35	36	-	-	-	-
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	(1)	-	1	-	(6)	-	6	-
Impact on year end ECLs of exposures transferred between stages during the year	-	-	-	-	7	-	24	31
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	6	-	120	126	6	-	84	90

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9 Trade Receivables

Particulars	As at March 31, 2020	As at March 31, 2019
Considered good		
Outstanding for a period not exceeding six months from the date they were due for payment	53	2
	53	2

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member

10 Investment

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised cost		
A) In India		
Government Securities	178,478	108,269
Total - Gross	178,478	108,269
Less: Impairment loss allowance	-	-
Total - Net	178,478	108,269
Fair value through other comprehensive income		
A) In India		
Treasury bills and Commercial papers	55,449	126,301
Equity instruments*	20	20
2,00,000 Equity shares (As at March 31, 2020 & March 31, 2019 2,00,000 Shares) of ₹10 each fully paid up in Alpha Micro Finance Consultants Private Limited		
Total - Gross	55,469	126,321
Less: Impairment loss allowance	-	-
Total - Net	55,469	126,321
* The Group has designated certain unquoted instruments as FVTOCI on the basis that these are not held for trading.		
Fair value through profit and loss account		
A) In India		
Government securities	495	-
Total - Gross	495	-
Less: Impairment loss allowance	-	-
Total - Net	495	-
Total - Net Investments	234,442	234,590

10.1 Impairment losses on financial investments subject to impairment assessment

10.1.1 Investments measured at amortised cost

Credit quality of assets

The table below shows the gross carrying amount of the Group's debt instruments measured at amortised cost by credit risk, based on the Group's internal credit rating system and year-end stage classification.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Internal rating grade								
High grade	178,478	-	-	178,478	108,269	-	-	108,269
Total	178,478	-	-	178,478	108,269	-	-	108,269

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10.1.2 Investments measured at fair valuation through other comprehensive income

Credit quality of assets

The table below shows the fair value of the Group's debt instruments measured at Fair valuation through other comprehensive income by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Internal rating grade								
High grade	55,449	-	-	55,449	126,301	-	-	126,301
Standard grade	20	-	-	20	20	-	-	20
Total	55,469	-	-	55,469	126,321	-	-	126,321

An analysis of changes in the fair value is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Fair value - Opening balance	126,321	-	-	126,321	289,931	-	-	289,931
New assets originated or purchased	322,125	-	-	322,125	606,396	-	-	606,396
Assets derecognised or repaid (excluding write offs)	(393,032)	-	-	(393,032)	(770,012)	-	-	(770,012)
Change in fair value	55	-	-	55	6	-	-	6
Fair value - Closing balance	55,469	-	-	55,469	126,321	-	-	126,321

10.1.3 Investments measured at Fair valuation through profit and loss account

Credit quality of assets

The table below shows the fair value of the Group's debt instruments measured at fair value through profit and loss account by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Internal rating grade								
High grade	495	-	-	495	-	-	-	-
Total	495	-	-	495	-	-	-	-

An analysis of changes in the fair value is, as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Fair value - Opening balance	-	-	-	-	-	-	-	-
New assets originated or purchased	623,948	-	-	623,948	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(623,453)	-	-	(623,453)	-	-	-	-
Change in fair value	-	-	-	-	-	-	-	-
Fair value - Closing balance	495	-	-	495	-	-	-	-

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

11 Other financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Security deposit	2,095	1,846
Rent receivable	431	215
Other assets*	10,615	6,749
Total Other financial assets	13,141	8,810

*Includes expense amounting to ₹ 868 lakhs relating to listing of shares under Initial Public Offer ("IPO") of ESFB, the subsidiary. These expense will be drawn down from the Securities Premium Reserve upon completion of the IPO in accordance with the provision of Companies Act 2013 and the Banking Regulation Act 1949.

11.1 Rent Receivable

11.1.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Rent receivable is as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
High	431	-	-	431	215	-	-	215
Total	431	-	-	431	215	-	-	215

11.1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Rent receivable is as follows:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross Carrying amount opening balance	215	-	-	215	-	-	-	-
New exposures	216	-	-	216	215	-	-	215
Exposure derecognised or repaid	-	-	-	-	-	-	-	-
Gross Carrying amount closing balance	431	-	-	431	215	-	-	215

11.1.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	12	-	-	12				
New exposure	9	-	-	9	12	-	-	12
ECL allowance - closing balance	21	-	-	21	12	-	-	12

12 Other non financial assets

Particulars	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	1,068	1,431
Total	1,068	1,431

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13 Property, plant and equipment

Particulars	Improvement on lease hold premises	Office equipment	Computers	Furniture and fittings	Vehicles	Servers, Printers and network equipment	Electrical fittings	ATM	Intangible assets - Software	Total	Capital Work in Progress
Gross carrying value:											
At 1st April 2018	9,673	6,862	2,778	1,621	1,540	3,088	191	2,346	8,617	36,716	222
Additions	845	382	448	186	564	455	31	-	2,205	5,116	301
Disposals	(24)	(32)	(3)	(21)	(797)	-	-	-	-	(877)	(361)
At 31 March 2019	10,494	7,212	3,223	1,786	1,307	3,543	222	2,346	10,822	40,955	162
Additions	691	293	539	132	681	877	33	4	4,151	7,401	990
Disposals	(19)	(41)	(168)	(15)	(535)	-	-	-	(294)	(1,072)	(915)
At 31 March 2020	11,166	7,464	3,594	1,903	1,453	4,420	255	2,350	14,679	47,284	237
Depreciation											
At 1st April 2018	1,378	2,336	1,334	558	240	629	43	330	1,845	8,693	-
Charge for the year	1,431	2,489	1,020	611	383	721	40	342	2,161	9,198	-
Disposals	(24)	(31)	(2)	(22)	(454)	-	-	-	-	(533)	-
At 31 March 2019	2,785	4,794	2,352	1,147	169	1,350	83	672	4,006	17,358	-
Charge for the year	1,432	2,071	840	534	441	891	52	347	3,052	9,660	-
Disposals	(19)	(40)	(165)	(15)	(278)	-	-	-	(294)	(811)	-
At 31 March 2020	4,198	6,825	3,027	1,666	332	2,241	135	1,019	6,764	26,207	-
Net Block											
At 31 March 2019	7,709	2,418	871	639	1,138	2,193	139	1,674	6,816	23,597	162
At 31 March 2020	6,968	639	567	237	1,121	2,179	120	1,331	7,915	21,077	237
Depreciation charge for the year											
At 31 March 2019	1,431	2,489	1,020	611	383	721	40	342	2,161	9,198	-
At 31 March 2020	1,432	2,071	840	534	441	891	52	347	3,052	9,660	-

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Investment property

Particulars	Land - Freehold	Building	Total
Gross carrying value:			
At 1st April 2018	1,532	3,331	4,863
Additions	496	232	728
Disposals	-	-	-
At 31 March 2019	2,028	3,563	5,591
Additions	-	67	67
Disposals	-	-	-
At 31 March 2020	2,028	3,630	5,658
Depreciation			
At 1 April 2018	-	63	63
Charge for the year	-	78	78
Disposals	-	-	-
At 31 March 2019	-	141	141
Charge for the year	-	81	81
Disposals	-	-	-
At 31 March 2020	-	222	222
Net Block			
At 31 March 2019	2,028	3,422	5,450
At 31 March 2020	2,028	3,408	5,436
Depreciation charge for the year			
At 31 March 2019	-	78	78
At 31 March 2020	-	81	81

Depreciation and amortisation expense for the year also includes amortisation of right of use asset of ₹ 4,806 lakhs (Previous year ₹ Nil). Also refer note 44.

Income earned and expenses incurred in connection with Investment properties

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rental income	216	215
Direct operating expenses from property that generate rental income	14	3
Direct operating expenses from property that did not generate rental income	-	-

Contractual obligation

There are contractual obligations to construct or develop investment properties. (Also refer note 43)

Fair value

Particulars	As at March 31, 2020	As at March 31, 2019
Investment properties	6,425	6,140

Sensitivity Analysis

Particulars	Valuation technique	Significant unobservable input	Range	Sensitivity of the input to fair value (weighted average)	Fair value	Sensitivity
Investment properties As at March 31, 2020	Professional valuer	Price per sq. feet	₹ 1,868 - ₹ 2,747 per sq. feet	5% sensitivity on rate per sq. feet	6,425	321

14 Trade Payables (Refer note 44.2)

Particulars	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,570	8,449
	13,570	8,449

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15 Debt Securities (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Debentures		
- Secured	-	5,993
- Unsecured	21,976	46,640
	21,976	52,633

Details of Debentures - secured

The Secured Redeemable Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing activities

The Group has not defaulted in the repayment of dues to Debenture holders.

The rate of interest for Secured Redeemable Non-Convertible Debentures is Nil (PY 12.67% p.a.)

Details of Debentures - unsecured

The rate of interest for Unsecured Redeemable Non-Convertible Debentures range from 13.80% to 16.00% p.a. (PY 10.15% to 16% p.a) with maturity tenor from 395 days to 911 days and have a bullet repayment schedule.

EIR on debentures ranges from 14.15% to 16.13%, (PY 10.29% to 16.13%) having a maturity period from 2021 to 2022.

As at March 2020

EIR Range	Maturity within 1 year	Maturity more than 1 year
13%-15%	27	14,952
15%-17%	6	6,991

As at March 2019

EIR Range	Maturity within 1 year	Maturity more than 1 year
10%-13%	19,186	-
13%-15%	11,522	17,930
15%-17%	3	3,992

16 Borrowing other than debt securities (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans		
From Banks		
- Secured	23,366	-
- Unsecured	152,064	1,014
From others		
- Secured	3,645	9,048
- Unsecured	462,622	343,974
Total	641,697	354,036

Details of term loans from banks and others - secured

The loans are secured by hypothecation of specified receivables under financing activities and lien on specified fixed deposits with banks.

The Group has not defaulted in the repayment of dues to banks and other parties.

The rate of interest range from 4.40% to 11.50% p.a (PY 8.40% to 11.50% p.a) with maturity tenor from 486 days to 2192 days.

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

Details of term loans from banks and others - unsecured

The rate of interest range from 3% to 10.90% p.a (4.93% to 11.40% p.a) with maturity tenor from 22 days to 1286 days.

EIR on borrowings ranges from 3% to 11.89% (9.48% to 11.89% p.a) and having a maturity period 2020 to 2025

As at March 2020

From Banks

EIR Range	Maturity within 1 year	Maturity more than 1 year
3%-8%	152,130	23,300

From Others

EIR Range	Maturity within 1 year	Maturity more than 1 year
3%-8%	20,094	24,456
8%-10%	160,928	246,623
10%-12%	8,046	6,120

As at March 31, 2019

From Banks

EIR Range	Maturity within 1 year	Maturity more than 1 year
4%-8%	1,014	-

From Others

EIR Range	Maturity within 1 year	Maturity more than 1 year
4%-8%	7,096	12,260
8%-10%	111,836	189,876
10%-12%	17,934	14,020

17 Deposits (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Demand deposit	34,729	48,056
Savings bank deposit	186,116	179,313
Term deposit	843,245	658,720
Total	1,064,090	886,089

Deposits (at fair value)

Term deposit from Staff	3,775	1,898
Total	1,067,865	887,987

18 Other financial liabilities (at amortised cost)

Particulars	As at March 31, 2020	As at March 31, 2019
Bills payable	5,144	6,262
Other financial liabilities	3,252	10,040
Liability for capital expenditure	13	13
ROU-Leased Liability	29,628	-
Total	38,037	16,315

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19 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019
Loan commitment (Refer note 19.1.3)	24	17
Employee benefits		
Gratuity (Refer Note 40)	1,080	306
Others (Refer Note 43.1.iv)	7,422	6,125
Total	8,526	6,448

19.1 Loan Commitment

19.1.1 Credit quality of assets / exposure

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Group's internal grading system are explained in Note 47 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 47.

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade								
High	12,707	-	-	12,707	11,403	-	-	11,403
Standard	-	-	-	-	-	-	-	-
Potential Sub-Standard	-	31	-	31	-	6	-	6
Defaulted but Not impaired	-	-	-	-	-	-	-	-
Defaulted And Impaired	-	-	-	-	-	12	-	12
Individually impaired	-	-	-	-	-	-	-	-
Total	12,707	31	-	12,738	11,403	18	-	11,421

19.1.2 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to other undrawn commitments is as follows:

Gross exposure reconciliation

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross Carrying amount opening balance	11,403	18	-	11,421				
New assets originated or purchased	12,529	25	-	12,554	18,838	14	-	18,852
Exposure derecognised or closed (excluding write offs)	(11,219)	(18)	-	(11,237)	11,228	4	-	11,232
Transfers to Stage 1	-	-	-	-	(18,649)	(14)	-	(18,663)
Transfers to Stage 2	(6)	6	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	(2)	2	-	-
Amounts written off	-	-	-	-	(12)	12	-	-
Gross Carrying amount closing balance	12,707	31	-	12,738	11,403	18	-	11,421

19.1.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECL allowance - opening balance	17	-	-	17	69	-	-	69
New assets originated or purchased	24	-	-	24	13	-	-	13
Exposure derecognised or closed (excluding write offs)	(17)	-	-	(17)	(65)	-	-	(65)
Transfers to Stage 1	-	-	-	-	-	-	-	-

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

Particulars	March 31, 2020				March 31, 2019			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	24	-	-	24	17	-	-	17

20 Other Non-financial liabilities

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory Dues	955	893
Total	955	893

21 Share capital

Particulars	As at March 31, 2020	As at March 31, 2019
Authorised		
440,000,000 (FY20: 440,000,000 & FY19: 440,000,000) Equity Shares of ₹ 10/- each	44,000	44,000
10,000,000 (FY20: 10,000,000 & FY19: 10,000,000) compulsorily convertible preference shares of ₹ 10/- each	1,000	1,000
Issued, subscribed and paid up		
341,789,995 (FY19: 341,461,498) Equity Shares of ₹10/- each	34,179	34,146

a) Reconciliation of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	341,461,498	34,146	340,429,976	34,043
Add: Shares issued during the year	328,497	33	1,031,522	103
Outstanding at the end of the year	341,789,995	34,179	341,461,498	34,146

Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs 10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend. Repayment of capital will be in proportion to the number of equity shares held.

During the year, the company allotted 328,497 (Previous Year 1,031,522) Equity Shares of Rs 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums.

Details of Shareholders holding more than 5% shares in the company

Particulars	As at Mar 31, 2020		As at Mar 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Equity Shares of ₹ 10 each fully paid				
CDC Group Plc	26,791,230	7.84%	26,791,230	7.85%
	26,791,230	7.84%	26,791,230	7.85%

Shares reserved for issuance

Refer Note 53 with respect to ESOP Scheme.

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

22 Other Equity

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium reserve	161,047	140,948
Statutory reserve	25,516	19,271
Capital reserve	1,328	1,328
Special reserve	1,073	590
Investment reserve	230	230
Investment fluctuation reserve	1,119	843
Share based payment reserve	8,213	3,811
Retained earnings	45,479	43,110
FVTOCI reserve	180	64
Share application money	-	29
Total	244,185	210,224

a. Securities premium reserve

The Securities premium received during the year represents the premium received towards allotment of 3,28,497 shares under ESOP Scheme of the Company and 47,786,736 shares allotted by the Bank. This balance in the reserve shall be utilised in accordance with the provisions of Section 52 of the Companies Act towards issuance of fully paid bonus shares, write-off of preliminary expenses, commission / discount expenses on issue of shares / debentures, premium payable on redemption of redeemable preference shares / debentures and buy back of its own shares / securities under Section 68 of the Companies Act.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	140,948	140,322
Premium on issue of share capital	19,874	-
Premium on issue of share capital under ESOP Scheme	225	626
Balance at the end of the year	161,047	140,948

b. Statutory reserve

The Company and its banking subsidiary are required to create a statutory reserve fund every year as per Banking Regulation Act and RBI Regulations. Accordingly, for the year ended March 31, 2020 ₹ 6,245 lakhs (Previous year ₹ 5,451 lakhs) had been transferred by these entities to statutory reserve.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	19,271	13,820
Transfer from retained earnings to Statutory Reserves	6,245	5,451
Balance at the end of the year	25,516	19,271

c. Capital reserve

Capital reserve consist of the excess of the company's portion of equity of the subsidiaries on the acquisition date over its cost of investment.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	1,328	1,328
Adjustments	-	-
Balance at the end of the year	1,328	1,328

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for the year ended March 31, 2020

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

d. Special reserve

The banking subsidiary of the company is required to transfer an amount as required by Section 36(1)(viii) of Income Tax Act, 1961. Accordingly, for the year ended March 31, 2020 ₹ 483 lakhs (Previous year ₹ 264 lakhs) had been transferred to special reserve.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	590	326
Transfer from retained earnings to Special reserve	483	264
Balance at the end of the year	1,073	590

e. Investment reserve

The banking subsidiary is required to create an investment reserve for reversal of excess depreciation on investments in accordance with the Reserve Bank of India guidelines.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	230	230
Transfer from retained earnings to Investment reserve	-	-
Balance at the end of the year	230	230

f. Investment fluctuation reserve

The banking subsidiary is required to create an investment fluctuation reserve in accordance with the Reserve Bank of India guidelines. Accordingly, for the year ended March 31, 2020 ₹ 276 lakhs (Previous year ₹ 843 lakhs) had been transferred to the reserve.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	843	-
Transfer from retained earnings to Investment Fluctuation reserve	276	843
Balance at the end of the year	1,119	843

g. Retained Earnings

The amount that can be distributed by the Company as dividends to its Equity Shareholders is determined based on the financial statements of the Company and also considering the requirements of the Companies Act, 2013. Thus, the amounts reported below are not distributable in entirety and includes non distributable items including unrealised gains, notional gains and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value, etc.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	43,110	30,374
Profit for the year	20,461	17,659
Transfer from retained earnings to Statutory Reserves	(6,245)	(5,451)
Transfer from retained earnings to Special reserve	(483)	(264)
Transfer from retained earnings to Investment fluctuation reserve	(276)	(843)
Minority interest created	(7,062)	-
Adjustment for ROU asset	(683)	-
Adjustment on account of modification of ESOP scheme 2015	(7,609)	-
Transfer of ESOP cost to retained earnings upon lapse of options	4,266	1,635
Balance at the end of the year	45,479	43,110

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applicable to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 25,096 Lakhs, and a lease liability of ₹ 27,942 Lakhs. The cumulative effect of applying the standard resulted in ₹ 910 Lakhs being debited to retained earnings. Please refer to note 44 for further details.

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

h. Share Based Payment Reserve

The balance represents reserves created to the extent of granted options based on the Employees Stock Option Schemes. Under Ind AS 102, fair value of the options granted is to be expensed out over the life of the vesting period as employee compensation costs reflecting period of receipt of service.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	3,811	4,488
Addition on account of ESOP cost	1,114	1,102
Transfer of ESOP cost to retained earnings upon lapse of options	(4,266)	(1,635)
Adjustment on account of modification of ESOP scheme 2015	7,609	-
Transfer of ESOP cost to securities premium upon exercise	(55)	(144)
Balance at the end of the year	8,213	3,811

i. FVTOCI Reserve

This reserve represents the cumulative gains and losses arising on the remeasurement on defined benefit obligations and debt instruments remeasured at FVTOCI.

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	64	24
Addition during the year	116	40
Balance at the end of the year	180	64

j. Impairment reserve

The Reserve Bank of India, on March 13, 2020 notified Circular no: RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20 Implementation of Indian Accounting Standards requiring the Company to create an impairment reserve to the extent of shortfall in ECL provision as compared to the provision as required by IRACP norms. The Company has performed this assessment as at March 31, 2020, and the provision required as per IRACP norms is found to be adequate. Accordingly, no impairment reserve is created. Refer note 52.

23 Interest Income

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
On Financial Assets measured at Amortised Cost		
Interest income from financial investments	10,135	8,189
Interest income on loans to customers	254,179	189,763
On Financial Assets measured at fair value through OCI		
Interest income from investments in debt instruments	5,694	18,208
On Financial Assets classified at fair value through profit or loss		
Interest income from investments in debt instruments	528	-
Interest on deposit with banks	6,779	3,051
Other interest Income	205	253
Total Interest income	277,520	219,464

24 Revenue from contract with customers

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Fee income that are recognised over a period of time	1,472	1,189
Fee income that are recognised at point in time	8,998	7,451
Fees and commission income	53	24
Income from advertisement	300	147
Freight income	114	-
Total	10,937	8,811

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25 Net gain on fair value change

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Others		
Gain/(loss) on sale of debt FVOCI instrument	338	327
Total Net gain/(loss) on fair value changes	338	327
Fair value changes:		
Realised	338	327
Unrealised	-	-
Total Net gain/(loss) on fair value changes	338	327

26 Rental Income

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Rental Income from investment properties	216	215
Total	216	215

27 Other income

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Income from sale of Priority Sector Lending Certificate	2,234	2,815
Others	2,345	4,221
Total	4,579	7,036

28 Finance Cost

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Interest cost on Financial liabilities measured at amortised cost		
Debt securities	6,527	14,969
Deposits	72,315	49,859
Borrowings (other than debt securities)	37,172	31,065
Interest on Government securities	600	516
Interest Expenses - Rent	186	233
Interest Expenses - Lease	2,283	-
Interest Expenses - others	10	-
Total	119,093	96,642

29 Impairment on financial assets

The below table show impairment loss on financial assets charge to statement of profit and loss based on category of financial assets.

On Financial assets measured at amortised cost

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Loans	25,039	10,181
Loan commitment	7	(52)
Provision for Standard receivables	9	-
Total	25,055	10,129

Particulars	2019-20				
	Stage 1	Stage 2	Stage 3	Others	Total
Loans and advances to customers	(82)	13,307	4,688	7,126	25,039
Loan commitments	7	-	-	-	7
Provision for Standard receivables	9	-	-	-	9
Total impairment loss	(66)	13,307	4,688	7,126	25,055

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

Particulars	2018-19				
	Stage 1	Stage 2	Stage 3	Others	Total
Loans and advances to customers	1,278	(185)	2,659	6,429	10,181
Loan commitments	(52)	-	-	-	(52)
Total impairment loss	1,226	(185)	2,659	6,429	10,129

30 Employee benefit expenses

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Salaries and wages	64,112	50,198
Contribution to provident and other funds	3,700	2,928
Gratuity expense (Refer Note 40)	1,096	783
Share based payment to employees	1,118	1,263
Staff Welfare	2,531	1,593
Total	72,557	56,765

31 Other expenses

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Advertisement & business promotion	1,866	1,811
Communication expenses	2,126	2,095
Professional & consultancy fee	2,950	2,196
Payments to auditor (Refer Note A below)	148	135
Electricity expenses	1,331	1,256
Directors' sitting fee	241	133
Miscellaneous expenses	2,228	6,030
Insurance expenses	831	636
Printing and stationery	1,033	972
Rates and taxes	2,266	2,170
Rent	202	5,935
Brokerage fees	1,275	1,292
Repairs & maintenance - others	2,111	1,943
Travelling & conveyance	5,035	4,056
Information technology expenses	4,767	3,789
Cash handling charges	773	517
Contributions towards CSR activities (Refer Note B below)	1,360	905
Registrar fee and general meeting expenses	41	28
Freight Payments	111	-
Loss on sale of assets	26	11
Total	30,721	35,910

A. Payment to auditors (excluding taxes)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
As auditors		
Statutory audit	86	92
Certification	45	21
In other capacity		
Tax audit	6	5
Other reporting services	2	7
Others		
Reimbursement of expenses	1	2
Total	140	127

The above amount is excluding ₹ 158 lakhs (previous year – Nil) for services in relation to listing of shares under Initial Public offer (IPO) for ESFB, the subsidiary which have been recorded under other assets. Also refer Schedule 11.

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B. Details of CSR expenditure:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	
a) Gross amount required to be spent by the Group during the year	388	249	
	In cash	Yet to be paid	Total
b) Amount spent during the year on 31st March 2020			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1,360	-	1,360
	In cash	Yet to be paid	Total
b) Amount spent during the year on 31st March 2019			
i) Construction/acquisition of any asset			
ii) On purposes other than (i) above	905	-	905

The Company in accordance with its CSR Policy has implemented CSR activities, through the Equitas Development Initiatives Trust, a public charitable trust established by the Group.

C. Disclosure in accordance with Section 182 of the Companies Act, 2013

The Group incurred ₹ Nil (March 31, 2019: ₹ Nil) as contribution to political parties, etc.

D. Disclosure in accordance with Section 183 of the Companies Act, 2013

The Group incurred ₹ Nil (March 31, 2019: ₹ Nil) as contribution to nation defence fund or any other Fund approved by the Central Government for the purpose of national defence.

32 Income Tax

Statement of profit and loss

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
The components of income tax expense for the years ended 31 March 2020 and 2019 are:		
Current tax (net)	13,701	14,052
Deferred tax	(2,684)	(4,578)
Total	11,017	9,474

Other Comprehensive Income (OCI)

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Tax effect on		
Re-measurement gains/(losses) on defined benefit obligations (net)	(26)	(19)
Debt instruments measured at FVOCI	(13)	(2)
Income tax charged to OCI	(39)	(21)
Balance sheet		
Current tax asset	1,798	1,577
Current tax liabilities	488	362

- 32.1** Pursuant to The Taxation Laws (Amendment) Ordinance, 2019 (the "Ordinance") issued on September 20, 2019, the Company and its subsidiaries has elected to exercise the option for a lower tax rate at 25.17%, as permitted by the Ordinance. Accordingly, the Group has recognised provision for income taxes for the year ended March 31, 2020, and remeasured the balance of net deferred tax assets, at the new rates as indicated above; and the tax expense for the year includes ₹ 85 lakhs of write off of MAT credit previously available and ₹ 3,466 lakhs resulting from write down of deferred tax assets as at March 31, 2019, and is net of ₹ 6 lakhs resulting from write back of deferred tax liability as at March 31, 2019, pertaining to earlier years.

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32.2 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended March 31, 2020 and 2019 is, as follows:

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
Accounting profit before tax	31,617	27,131
At India's statutory income tax rate	7,957	9,402
Adjustment in respect of current income tax		
Deduction under Section 80JJAA	(124)	(312)
Impact of difference in tax base for donation & CSR expense	176	174
Others	61	210
Current tax towards prior periods	(525)	-
Impact of rate change in deferred tax	3,472	-
Income tax expense reported in the statement of profit and loss	11,017	9,474

33 Deferred tax

Particulars	As at March 31, 2020	As at March 31, 2020	Year Ended March 31, 2020	Year Ended March 31, 2020
	Deferred tax assets	Deferred tax liabilities	Income statement	OCI
Impact of expected credit losses	8,627	1,483	(2,451)	-
Provision for employee benefits	2,220	-	215	-
Depreciation	1,666	-	(619)	-
EIR impact on financial instruments	4,485	24	126	-
Fair valuation impact on financial instruments and others	-	816	(51)	-
Rent receivable	-	109	46	-
MAT credit entitlement	-	-	85	-
Other temporary differences	1,004	-	(99)	(39)
Others (statutory reserve)	-	270	64	-
Total	18,002	2,702	(2,684)	(39)
Deferred tax assets (net)	15,300	-	-	-

Also refer note 32.1 for change in statutory income tax rate

Particulars	As at March 31, 2019	As at March 31, 2019	Year Ended March 31, 2019	Year Ended March 31, 2019
	Deferred tax assets	Deferred tax liabilities	Income statement	OCI
Impact of expected credit losses	5,715	1,022	(1,136)	-
Provision for employee benefits	2,435	-	100	-
Depreciation	1,047	-	(1,274)	-
EIR impact on financial instruments	4,643	56	(2,012)	-
Fair valuation impact on financial instruments and others	3	831	(213)	-
Rent receivable	-	63	63	-
MAT credit entitlement	85	-	-	-
Other temporary differences	678	-	(198)	(21)
Others (statutory reserve)	-	206	92	-
Total	14,606	2,178	(4,578)	(21)
Deferred tax assets (net)	12,428	-	-	-

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34 Earnings per equity share

Particulars	Year Ended March 31, 2020	Year Ended March 31, 2019
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Total operations for the year		
Profit after tax	20,600	17,657
Weighted average number of equity shares in calculating basic	341,689,290	341,029,144
Basic earnings per equity share	6.03	5.18
Total operations for the year		
Profit after tax	20,600	17,657
Add: Share based payment to employees	1,118	1,263
Adjusted Profit after tax	21,718	18,920
Weighted average number of equity shares in calculating basic	341,689,290	341,029,144
Effect of dilution:		
Add: Effect of ESOPs which are Dilutive	64,566	81,811
Weighted average number of equity shares in calculating Diluted	341,753,856	341,110,956
Diluted earnings per equity share	6.03	5.18
Total operations for the year		
Profit after tax (excluding minority interest)	20,461	17,659
Weighted average number of equity shares in calculating basic	341,689,290	341,029,144
Basic earnings per equity share	5.99	5.18
Total operations for the year		
Profit after tax (excluding minority interest)	20,461	17,659
Add: Share based payment to employees	1,118	1,263
Adjusted Profit after tax	21,579	18,922
Weighted average number of equity shares in calculating basic	341,689,290	341,029,144
Effect of dilution:		
Add: Effect of ESOPs which are Dilutive	64,566	81,811
Weighted average number of equity shares in calculating Diluted	341,753,856	341,110,956
Diluted earnings per equity share	5.99	5.18

35 Transferred financial assets that are derecognised in their entirety

The Group transfers its loan receivables through securitisation route. The group has availed the exemption under Ind AS 101 to derecognise such assets. The Group continues to retain Minimum Retention Requirement (MRR) as per RBI guidelines. The exposure to such financial assets are summarised below.

Particulars	As at March 31, 2020	As at March 31, 2019
No of SPVs sponsored by the Group for securitisation transactions	2	5
Total amount of securitised assets as per books of the SPVs sponsored by the Group	23,345	48,728
Carrying amount of transferred asset	2,777	12,421
Total amount of exposures retained by the Group to comply with Minimum Retention requirement	-	-
Minimum Retention Requirement (MRR) as on the Date of Balance Sheet	-	-
a) Off-balance sheet exposures	-	-
First loss (Corporate Guarantee)	2,179	2,889
Others (fixed deposits)	-	-
b) On-balance sheet exposures	-	-
First loss (Cash Collateral & Retained Assets)	428	3,019
Others	-	-

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

Particulars	As at March 31, 2020	As at March 31, 2019
Amount of exposure to securitisation transactions other than MRR	-	-
a) Off-balance sheet exposures	-	-
i) Exposure to own securitisation	-	-
First loss	-	-
Others	-	-
ii) Exposure to third party securitisation	-	-
First loss	-	-
Others	-	-
b) On-balance sheet exposures	-	-
i) Exposure to own securitisation	-	-
First loss	21	128
Others	-	-
ii) Exposure to third party securitisation	-	-
First loss	-	-
Others	-	-

The maturity of the carrying amount is as given below:

Particulars	As at March 31, 2020	As at March 31, 2019
Within 1 month	960	1,505
1 to 3 months	682	1,545
3 to 6 months	811	2,320
6 months to 1 year	324	4,127
1 to 2 years	-	2,924
2 to 3 years	-	-
More than 3 years	-	-

Assignment

Particulars	As at March 31, 2020	As at March 31, 2019
Number of Direct Assignments	1	1
Total amount of Loans directly transferred / Assigned	11,111	11,111
Carrying amount of transferred asset	240	1,353
Total amount of exposures retained by the Group to comply with Minimum Retention Requirement (MRR) as on the Date of Balance Sheet	-	-
a) Off-balance sheet exposures	-	-
First loss	-	-
Others	-	-
b) On-balance sheet exposures	-	-
First loss	-	-
Others	-	112
Amount of exposure to Assignment transactions other than MRR	-	-
a) Off-balance sheet exposures	-	-
i) Exposure to own Assignment	-	-
First loss	-	-
Others	-	-
ii) Exposure to third party Assignment	-	-
First loss	-	-
Others	-	-

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for the year ended March 31, 2020

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

Particulars	As at March 31, 2020	As at March 31, 2019
b) On-balance sheet exposures	-	-
i) Exposure to own Assignment	-	-
First loss	-	-
Others	-	-
ii) Exposure to third party Assignment	-	-
First loss	-	-
Others	-	-

The maturity of the carrying amount is as given below:

Particulars	As at March 31, 2020	As at March 31, 2019
Within 1 month	240	400
1 to 3 months	-	317
3 to 6 months	-	371
6 months to 1 year	-	264
1 to 2 years	-	-
2 to 3 years	-	-
More than 3 years	-	-

As per the agreement, the Group has an option to re-purchase the financial asset derecognised when the carrying value of such assets is less than or equal to 10% of the original amount sold to the SPV.

36 Related party disclosures

36.1 List of related parties and nature of relationship

Relationship	Name of the party
Key Management Personnel	S Bhaskar, Executive Director and CEO (till October 20, 2019)
	John Alex, Director and CEO (w.e.f November 8, 2019)
	R Srimathy, Chief Financial Officer
	Jayashree S Iyer, Company Secretary (till November 2, 2018)
	Deepti R, Company Secretary (w.e.f November 3, 2018)
Independent / Non Executive Directors	Mr Rangachary N, Chairman
	Mr Arun Ramanathan
	Ms Jayshree Ashwinkumar Vyas
	Mr Rajaraman P V
	Mr Viswanatha Prasad S
	Mr. Jayaraman Chandrasekaran (w.e.f August 2, 2019)
	Mr. S Bhaskar (w.e.f October 21, 2019)
	Mr Yogesh Chand Nanda (Ceased w.e.f. March 28, 2019)
	Mr. Raghavan M S - (Resigned w.e.f April 27, 2018)
Enterprises over which the Group or its Key management personnel is able to exercise significant influence	Equitas Development Initiatives Trust
	Equitas Dhanyakosha India
	Equitas Healthcare Foundation (w.e.f. March 13, 2018)

36.2 Transactions with the Related Parties

Particulars	As at March 31, 2020	As at March 31, 2019
Income		
<u>Rental Income</u>		
Equitas Development Initiatives Trust	216	215
<u>Interest on term deposits</u>		
Equitas Development Initiatives Trust	30	0

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

Particulars	As at March 31, 2020	As at March 31, 2019
Donation		
Equitas Development Initiatives Trust	1,123	895
Equitas Healthcare Foundation	237	30
Remuneration to Key Managerial Personnel *		
S Bhaskar, Executive Director and CEO (till October 20, 2019)	59	63
John Alex (from November 8, 2019)	23	-
R Srimathy, Chief Financial Officer (from August 1, 2017)	20	16
Jayashree Iyer, Company Secretary (till 2nd Nov 18)	-	31
Deepti R, Company Secretary (from 3rd Nov 18)	9	3
Remuneration / Sitting Fees to Non-Executive Directors	42	40
* excludes employer's contribution to various funds, non-monetary perquisites and provisions made for gratuity and leave benefits, as these are determined for the Company as a whole		
Other Transactions		
Deposits received		
Equitas Development Initiatives Trust	1,075	4
Deposits matured		
Equitas Development Initiatives Trust	670	-
Saving Deposits and Interest		
Equitas Healthcare Foundation	282	0
Equitas Development Initiatives Trust	3,992	2,330
Demand Deposits		
Equitas Dhanyakosha India	-	0
Profit/(Loss) on sale of vehicle		
Key Managerial personnel - Jayashree S Iyer*	-	0
Profit/(Loss) on sale of vehicle		
Key Managerial personnel - S Bhaskar	1	-

* Loss during previous year less than 1 lakh

Particulars	As at March 31, 2020	As at March 31, 2019
Withdrawals and fund transfers from Savings Deposits		
Equitas Development Initiatives Trust	3,838	1,978
Equitas Healthcare Foundation	1	-
Withdrawals and fund transfers from Demand Deposits		
Equitas Dhanyakosha India	2	-
Reimbursement of Expenses		
Equitas Development Initiatives Trust	-	22
Share based payment to employees		
Key Managerial Personnel	5	1
Balances outstanding at the end of the year		
Term Deposit outstanding		
Equitas Development Initiatives Trust	414	8
Key Managerial Personnel	268	100
Interest Payable on term deposits		
Equitas Development Initiatives Trust	4	-
Key Managerial Personnel	5	1
Demand Deposits		
Equitas Dhanyakosha India	-	2
Savings Deposit		
Equitas Development Initiatives Trust	538	383
Equitas Healthcare Foundation	282	1
Key Managerial Personnel	53	212
Maximum Outstanding during the year		
Term Deposit outstanding		
Equitas Development Initiatives Trust	660	8

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

Particulars	As at March 31, 2020	As at March 31, 2019
Key Managerial Personnel	270	158
Demand Deposits		
Equitas Dhanyakosha India	2	2
Savings Deposit		
Equitas Development Initiatives Trust	1,004	405
Equitas Healthcare Foundation	282	1
Key Managerial Personnel	193	250

Under the ESOP Scheme 2015, 126 shares (previous year - 6,858) were allotted to Key Managerial Personnel.

During the year, ESFB, the subsidiary of the Company established a employee stock option scheme titled ESFB Employees Stock Option Scheme, 2019 (ESFB ESOP 2019) effective from November 22, 2019. Under the plan, the Bank was authorised to issue a replacement option for the Scheme under the Holding Company to eligible employees of the Bank and the Company. Each option entitles for application and allotment of one fully paid share on payment of exercise price during the exercise period.

The options granted for the key managerial personnel as of March 31, 2020 is as provided below:

As at March 31, 2020 - Options from ESFB

Name of the KMP	Grant Date	Expiry date	Exercise Price	No of options
John Alex	22-Nov-19	30-Nov-23	27	154,050
John Alex	22-Nov-19	30-Nov-23	27	40,000
John Alex	29-Jan-20	29-Jan-24	38	53,664
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27	7,524
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27	1,290
Srimathy Raghunathan	29-Jan-20	29-Jan-24	38	4,048
Srimathy Raghunathan	29-Jan-20	29-Jan-25	38	4,048
Deepti R	22-Nov-19	30-Nov-23	27	2,550
Deepti R	22-Nov-19	30-Nov-23	27	810
				267,984

The options vested and outstanding for the key managerial personnel as of March 31, 2019 is as provided below:

As at March 31, 2019 - Options from EHL

Name of the KMP	Grant Date	Expiry date	Exercise Price	No of options
Bhaskar S	05-Jul-16	01-Aug-20	184	24,300
Srimathy Raghunathan	09-May-14	30-Jun-21	43	798
Srimathy Raghunathan	01-Jul-16	01-Jul-21	178	1,225
Deepti R	05-Aug-16	01-Sep-21	173	607
				26,930

37 Key Management Personnel of the material subsidiary

Relationship	Name of the party
Key Management Personnel	Vasudevan PN, MD & CEO
	N Sridharan, Chief Financial Officer
	Sampathkumar KR, Company Secretary
Independent / Non Executive Directors	Arun Ramanathan
	Arun Kumar Verma
	N Balakrishnan
	Lalitha Lakshmanan
	Nagarajan Srinivasan
	Sridhar Ganesh
	Srinivasan N
	Tabassum Inamdar
	Vinod Kumar Sharma
	Navin Puri (from 1st Aug 19)

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

Transactions with the Key Management Personnel of the material subsidiary

Particulars	For the Year March 31, 2020	For the Year March 31, 2019
Remuneration paid to Key Management Personnel (excludes employer's share of contribution to various funds and non-monetary perquisites)		
Vasudevan PN, MD & CEO	165	111
N Sridharan, Chief Financial Officer	94	79
Sampathkumar KR, Company Secretary	24	18
Term Deposits received	335	473
Term Deposits closed	69	288
Interest on Term Deposits	36	8
Savings Deposits and Interest	525	659
Withdrawals and fund transfers from Savings Deposits	541	653

Balances outstanding at the end of the year

Particulars	As at March 31, 2020	As at March 31, 2019
Term Deposits outstanding	552	267
Interest Payable on term deposits	5	3
Saving Deposit outstanding	85	100

Maximum Outstanding during the year

Particulars	As at March 31, 2020	As at March 31, 2019
Term Deposits	578	268
Savings Deposits	448	282

38 Segment reporting

During the year ending 31st March 2020, the Group was organised into business segments as disclosed below. The Management Committee comprises of ED & CEO and CFO, (ED & CEO being the head of the Management Committee). It reviews and monitors the operating results of the operating segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the consolidated financial statements.

Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. The Group has its business only in India; hence, there are no Geographical segments.

For the year ended March 31, 2020

Particulars	Banking and finance	Others	Total
I Segment revenue			
Revenue from operations			
Interest income	277,520	-	277,520
Revenue from contract with customers	10,470	467	10,937
Net gain on fair value changes	338	-	338
Rental income	-	216	216
Total revenue from operations	288,328	683	289,011
Other income	4,551	28	4,579
Total Income	292,879	711	293,590

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

Particulars	Banking and finance	Others	Total
II Segment Expenses			
Finance costs	119,079	14	119,093
Impairment on Financial Instruments	25,046	9	25,055
Employee benefits expenses	72,214	343	72,557
Depreciation, amortisation and impairment	14,430	117	14,547
Others expenses	30,221	500	30,721
Total Expense	260,990	983	261,973
III Segment results (Profit before tax)	31,889	(272)	31,617
Tax expenses	11,017	-	11,017
Profit after tax	20,872	(272)	20,600
V Segment Assets	2,076,457	7,065	2,083,522
VI Segment Liabilities	1,792,731	477	1,793,208
VII Capital employed (Segment Assets - Segment Liabilities)	283,726	6,588	290,314

For the year ended March 31, 2019

Particulars	Banking and finance	Others	Total
I Segment revenue			
Revenue from operations			
Interest income	219,445	19	219,464
Revenue from contract with customers	8,640	171	8,811
Net gain on fair value changes	327	-	327
Rental income	-	215	215
Total revenue from operations	228,412	405	228,817
Other income	7,029	7	7,036
Total Income	235,441	412	235,853
II Segment Expenses			
Finance costs	96,642	-	96,642
Impairment on Financial Instruments	10,129	-	10,129
Employee benefits expenses	56,414	351	56,765
Depreciation, amortisation and impairment	9,177	99	9,276
Others expenses	35,388	522	35,910
Total Expense	207,750	972	208,722
III Segment results (Profit before tax)	27,691	(560)	27,131
Tax expenses	9,474	-	9,474
Profit after tax	18,217	(560)	17,657
V Segment Assets	1,565,441	6,052	1,571,493
VI Segment Liabilities	1,326,935	188	1,327,123
VII Capital employed (Segment Assets - Segment Liabilities)	238,506	5,864	244,370

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

39 Investment in subsidiaries and structured entities

Consolidated Subsidiaries

The consolidated financial statements include the financial statements of Group and its subsidiaries. Group does not have any joint ventures or associates. Equitas Holdings Limited is the ultimate parent of the Group.

Significant subsidiaries of Group are:

Name of subsidiary	Country of incorporation	% equity interest	% equity interest
		31-Mar-20	31-Mar-19
Equitas Small Finance Bank Limited	India	95.49%	100%
Equitas Technologies Private Limited	India	99.57%	99.50%

The Bank issued 47,458,239 equity shares of face value of ₹10 each on preferential basis at a premium of ₹ 42.68 each for total cash consideration of ₹ 25001 lakhs on December 11, 2019.

39.1 Compliance with licensing condition

As a precondition to small finance bank licensing guidelines issued by the Reserve Bank of India, amongst other conditions, Equitas Small Finance Bank (the "Bank"), a subsidiary of the Company, was required to be listed within 3 years from the date of commencement of operations (i.e from 5th September 2016). In the absence of Securities Exchange Board of India's ("SEBI") approval to a scheme of arrangement, which would have resulted in the listing of the Bank's shares, and the consequent non-compliance of the relevant listing condition, the Reserve Bank of India vide its letter dated September 06, 2019 has imposed regulatory action on the Bank, by way of restriction on opening of new branches and on the remuneration of the MD & CEO of the Bank frozen at current level, till further advice. (In December 2019, the Bank obtained specific approval of the RBI for opening 240 banking outlets). On September 10, 2019, the Board of Directors of the Bank approved an initial public offer and listing of the equity shares on stock exchanges in India, to comply with the licensing guidelines. Subsequently, the Bank filed a Draft Red Herring Prospectus with SEBI on December 16, 2019 and Stock Exchanges (National Stock Exchange of India Limited and BSE Limited). The Bank received in principle approval from stock exchanges and observations from the SEBI on its Draft Red Herring Prospectus ("DRHP"). In March 2020, the Bank filed a revised DRHP after addressing the SEBI's comments, and was in the process of completing the Initial Public Offer ("IPO") of shares. However, due to the COVID-19 global pandemic and consequent lockdowns across the country, the completion of the listing process and the IPO of shares has been delayed. Management and the Board of Directors remain committed to completing the IPO of shares in due course, once normalcy in business operations is restored. Read with the above, the Bank continues normal course of business and operates as a going concern, and no adjustments have been considered necessary in this regard in the Group's financial statements.

40 Retirement benefit plan

40.1 Defined contribution plan

Provident Fund

The group makes Provident Fund contributions to State administered fund for qualifying employees. The group is required to contribute a specified percentage of the payroll costs to the Fund. The Company recognised Rs 3,543 lakhs (Previous Year: ₹ 2,875 lakhs) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the group is at rates specified in the rules of the scheme.

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

40.2 Defined Benefit Plans

Gratuity

The Group has a funded gratuity scheme for its employees and the Gratuity liability has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary is as follows:

Particulars	March 31, 2020	March 31, 2019
Change in defined benefit obligations during the Year		
Present value of defined benefit obligation at beginning of the year	2,370	1,806
Current service cost	1,083	743
Interest cost	158	157
Benefits paid	(220)	(164)
Remeasurement effect of experience adjustments	(103)	(173)
Present value of Defined Benefit Obligation at End of the Year	3,288	2,370
Change in Fair Value of Assets during the Year		
Plan Assets at beginning of the year	2,063	1,185
Add: Adjustments to the opening balance	-	-
Expected return on plan assets	145	118
Actual company contributions	-	878
Benefits paid out of the asset	-	-
Return on plan assets excluding expected income	-	(118)
Plan Assets at End of the Year	2,208	2,063
Liability Recognised in the Balance Sheet		
Present value of defined benefit obligation	3,288	2,370
Fair value of plan assets	2,208	2,063
Unrecognised actuarial (gain) / loss	-	-
Net Liability Recognised in the Balance Sheet	1,080	306
Cost of Defined Benefit Plan for the Year		
Current service cost	1,083	743
Net interest cost	158	157
Expected return on plan assets	(145)	(118)
Remeasurements (recognised in OCI)		
a. Effect of experience adjustments	103	173
b. (Return) on plan assets	-	(118)
Net Cost Recognised in statement of profit and loss and OCI	1,199	837
Employer expense (P&L)		
Current service cost	1,083	743
Net interest cost	158	157
Expected return on plan assets	(145)	(118)
Total expenses recognised in statement of profit and loss	1,096	783
Remeasurement		
Effect of experience adjustments	103	173
(Return) on plan assets	-	(118)
Total remeasurement loss / (gain) recognised in OCI	103	55

Particulars	March 31, 2020	March 31, 2019
Acturial Assumptions		
Discount rate (Refer Note (b))	6.06%	7.01%
Interest rate (Estimated rate of return on assets)	7.00%	8.05%
Future salary increase (Refer Note (a))	10.00%	10.00%
Attrition rate (Refer Note (a))	20.00%	20.00%

Notes:

- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions based on external and internal factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

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for the year ended March 31, 2020

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

Experience Adjustments:

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
Projected benefit obligation	3,288	2,370	1,806	1,353	219
Fair value of plan assets	2,208	2,063	1,185	1,049	299
Surplus/ (Deficit)	(1,080)	(306)	(621)	(304)	80
Experience adjustments on plan liabilities - gains	103	173	158	(664)	4
Experience adjustments on plan assets - gains / (losses)	-	(118)	(80)	(104)	(25)

	Amount
Expected Contribution in the following years to the fund	900
Expected Maturity Profile of Benefit Payments	
Within the next 12 months (next annual reporting period)	75
Between 2 and 5 years	1,339
Between 5 and 10 years	9,289
Beyond 10 years	-

Sensitivity

The Defined Benefit Obligation (D.B.O) is sensitive to changes in the Discount Rate, the Salary Escalation Rate and the Staff Exit Rate.

Discount Rate: An increase in Discount Rate reduces the D.B.O. and vice versa

In this case, an increase of 0.5% of Discount rate would decrease D.B.O by:	-2.38%
Similarly, a decrease by 0.5% will increase D.B.O by:	2.47%

Salary Escalation Rate: An increase in Salary Escalation Rate increases the D.B.O, and vice versa

In this case, an increase of 0.5% of salary escalation rate would increase D.B.O by:	2.47%
Similarly, a decrease by 0.5% will decrease D.B.O by:	-2.38%

Staff Exit Rate: The direction of movement of D.B.O for changes in the Exit Rate would depend on the relative values of the Discount Rate and the Salary Escalation Rate.

In this case, an increase of 0.5% of Staff Exit rate would change D.B.O by:	-0.43%
Similarly, a decrease by 0.5% will change D.B.O by:	0.46%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on D.B.O	(78)	81	81	(78)

Compensated Absences

The key assumptions used in the computation of provision for compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Assumptions	Year Ended March 31, 2020	Year Ended March 31, 2019
Discount Rate	6.06%	7.01%
Future Salary Increase	10.00%	10.00%
Mortality Rate	Indian Assured Lives (2012 -14)	Indian Assured Lives (2006 -08)
Attrition rate	20.00%	20.00%

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

Sensitivity

The Defined Benefit Obligation (D.B.O) is sensitive to changes in the Discount Rate, the Salary Escalation Rate and the Staff Exit Rate.

In this case, an increase of 0.5% of Discount rate would decrease DBO by:	-2.43%
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Similarly, a decrease by 0.5% will increase D.B.O by:	2.53%
---	-------

Salary Escalation Rate: An increase in Salary Escalation Rate increases the DBO, and vice versa

In this case, an increase of 0.5% of salary escalation rate would increase DBO by:	2.53%
--	-------

Similarly, a decrease by 0.5% will decrease DBO by:	-2.43%
---	--------

Staff Exit Rate: The direction of movement of DBO for changes in the Exit Rate would depend on the relative values of the Discount Rate and the Salary Escalation Rate.

In this case, an increase of 0.5% of Staff Exit rate would change DBO by:	-0.45%
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Similarly, a decrease by 0.5% will change DBO by:	0.48%
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Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	(121)	126	126	(121)

Notes to Consolidated financial statements

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

41 Maturity analysis of assets and liabilities

Assets	31 March 2020			31 March, 2019		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Financial assets						
Cash and cash equivalents	244,117	9,062	253,179	114,674	10,805	125,479
Bank balance other than cash and cash equivalents	354	182	536	87	443	530
Loans and advances	448,611	1,061,968	1,510,579	444,363	713,074	1,157,437
Trade Receivable	53	-	53	2	-	2
Investment	138,649	95,793	234,442	165,594	68,996	234,590
Other Financial Asset	10,650	2,491	13,141	5,901	2,909	8,810
Non-financial assets						
Current tax asset	-	1,798	1,798	-	1,577	1,577
Deferred tax asset	-	15,394	15,394	-	12,428	12,428
PPE	-	21,314	21,314	-	23,759	23,759
Investment property	-	5,436	5,436	-	5,450	5,450
ROU Asset	-	26,582	26,582	-	-	-
Other non-financial assets	1,068	-	1,068	1,431	-	1,431
Total assets	843,502	1,240,020	2,083,522	732,052	839,441	1,571,493
Liabilities						
Financial liabilities						
Current tax liabilities	488	-	488	362	-	362
Deferred tax liabilities	-	94	94	-	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,570	-	13,570	8,449	-	8,449
Debt securities	23	21,953	21,976	30,711	21,922	52,633
Borrowings	341,097	300,600	641,697	138,575	215,461	354,036
Deposits	665,091	402,774	1,067,865	545,621	342,366	887,987
Other financial liabilities	12,909	25,128	38,037	16,279	36	16,315
Non-financial liabilities						
Other Non-financial liabilities	955	-	955	893	-	893
Provisions	2,207	6,319	8,526	2,005	4,443	6,448
Total liabilities	1,036,340	756,868	1,793,208	742,895	584,228	1,327,123

In computing the above information, certain assumptions have been made by management. The actual outflows may be lower than the above estimates as deposits rollover assumptions are not considered in the maturity profile on a conservative basis.

42 Change in liabilities arising from financing activities

Particulars	As at 1 April 2019	Cash flows	Other	As at 31 March 2020
Debt securities	52,633	(30,729)	72	21,976
Borrowings other than debt securities	354,036	282,388	5,273	641,697
Deposits	887,987	171,453	8,425	1,067,865
ROU lease liability	27,942	1,686	-	29,628
Total liabilities from financing activities	1,322,598	424,798	13,770	1,761,166
Particulars	As at 1 April 2018	Cash flows	Other	As at 31 March 2019
Debt securities	211,598	(161,452)	2,487	52,633
Borrowings other than debt securities	334,977	14,209	4,850	354,036
Deposits	557,702	324,362	5,923	887,987
Total liabilities from financing activities	1,104,277	177,119	13,260	1,294,656

Other Column includes the effect of accrued but not paid interest on borrowings, amortisation of processing fees.

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43 Contingent liabilities, commitments and leasing arrangements

To meet the financial needs of customers, the Group enters into various irrevocable commitments, which primarily consist of undrawn commitment to lend. Further the Group is also exposed to contingent liabilities arising from legal claims.

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the company not acknowledged as debts		
- Service Tax Matters	125	87
- Income Tax	-	1,079
- Others	170	105
Guarantees given on behalf of constituents in India	2,401	3,070
Guarantees for loans taken	5,200	5,200
Loan commitment	12,738	11,421
Estimated amount of contracts remaining to be executed on capital account and not provided for	28	15
Total	20,662	20,977

Claims against the Group not acknowledged as debts includes liability on account of Service tax, and other legal cases filed against the group. The Group is a party to various legal proceedings in the ordinary course of business which are contested by the Group and are therefore subjudice. The Group does not expect the outcome of these proceedings to have a material adverse impact on the Group's financial position.

Guarantees represent irrevocable assurances given by the Group on securitised assets, to make payments in the event of customers failing to fulfil their financial obligations.

43.1 Legal claims

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Group is involved in various litigation, arbitration and regulatory proceedings in the ordinary course of its business. The Group has formal controls and policies for managing legal claims.

- Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books
- Matters wherein management has concluded the Group's liability to be possible have accordingly been disclosed in Note 43
- Matters wherein management is confident of succeeding in these litigations and have concluded the Group's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process.
- There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund dated 28th February, 2019. As a matter of caution, the Group has made a provision on a retrospective basis from the date of inception of the company. Accordingly, based on internal computation, the Group has provided ₹ 550 lakhs towards provident fund and interest thereon @ simple rate of interest in terms of the provisions of section 7Q of the The Employees' Provident Funds and Miscellaneous provisions Act, 1952. The Group will update its provision, on receiving further clarity on the subject.

44 Operating Lease - as lessee

Lease disclosure under Ind-AS 116 for the current year ended 31 March 2020

A. Implementation of Ind-AS 116

This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements

Under the erstwhile standard, Ind-AS 17 - Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases. Under Ind-AS 116, the Group recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at 01 April 2019 were measured at the present value of the remaining lease payments,

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discounted using the lessee's incremental borrowing rate of 7%. This change is in accordance with the transitional provisions of Ind-AS 116.

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases", applicable to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 25,096 Lakhs, and a lease liability of ₹ 27,942 Lakhs. The cumulative effect of applying the standard resulted in ₹ 910 Lakhs being debited to retained earnings.

B. The Company and its subsidiaries has taken premises on operating leases for office. The lease generally are for a term of 3 to 9 years with a renewal options.

i) Amount recognised in Balance sheet

Particulars	March 31, 2020
a) Right-of-use assets	
Opening balance	25,095
Additions	5,342
Depreciation expenses	(4,806)
As at 31st March 2020	25,631
The company has not sub-leased any of the properties taken on lease.	
b) Lease liabilities	
As at 1st April 2019	27,942
Additions	5,342
Interest	2,283
Payments	(5,939)
As at 31st March 2020	29,628
Current	4,502
Non current	25,126

ii) Amount recognised in the Statement of Profit and Loss

Particulars	March 31, 2020
a) Depreciation charge for Right-of-use assets	4,806
b) Interest expense on lease liabilities (included in finance cost)	2,283
Total amount recognised in profit and loss account	7,089

44.1 Operating Lease - as lessor

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Future lease rentals payable at the end of the year		
- Not later than one year	215	215
- Later than one year but not later than five years	862	862
- Later than five years	4,002	4,218
Total minimum lease payments recognised in the Profit and loss account	216	215
Total of future minimum sub lease payments expected to be received under non-cancellable sub-lease	-	-

The Group has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

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44.2 Micro, Small and Medium Enterprises

Based on and to the extent of the information received by the Group from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') and relied upon by the auditors, there are no amounts due to MSME as at March 31, 2020. The relevant particulars are furnished below:

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount due to suppliers under MSMED Act, as at the year end	-	-
Interest accrued and due to suppliers under MSMED Act, on the above amount as at the year end	-	-
Payment made to suppliers (other than interest) beyond the appointed date, during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest due and payable to suppliers under MSMED Act, for payments already made	-	-
Interest accrued and remaining unpaid at the year end to suppliers under MSMED Act	-	-

45 Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, Reserve Bank of India (RBI) of India. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI.

The Group has complied in full with all its externally imposed capital requirements over the reported period.

45.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

46 Fair value measurement

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 3.2

Valuation governance

The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. The independent price verification process for financial reporting is ultimately the responsibility of the independent price verification team within Finance which reports to the Chief Financial officer.

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Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Mar-20	Level 1	Level 2	Level 3	Total
Asset measured at fair value on recurring basis				
Debt securities	55,449	-	-	55,449
Equity instruments	-	-	20	20
Total financial investments at FVOCI	55,449	-	20	55,469
Staff loan	-	-	92	92
Security deposit	-	-	2,095	2,095
Total financial assets measured at fair value on recurring basis	55,449	-	2,207	57,656
Liabilities measured at fair value on recurring basis				
Staff deposit	-	-	3,775	3,775
Total financial assets measured at fair value on recurring basis	-	-	3,775	3,775

Mar-19	Level 1	Level 2	Level 3	Total
Asset measured at fair value on recurring basis				
Debt securities	126,301	-	-	126,301
Equity instruments	-	-	20	20
Total financial investments at FVOCI	126,301	-	20	126,321
Staff loan	-	-	1,094	1,094
Security deposit	-	-	1,692	1,692
Total financial assets measured at fair value on recurring basis	126,301	-	2,806	129,107
Liabilities measured at fair value on recurring basis				
Staff deposit	-	-	1,898	1,898
Total financial assets measured at fair value on recurring basis	-	-	1,898	1,898

Fair value of financial instruments not measured at fair value

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and balances, Trade receivables, Contract assets, balances other than cash and cash equivalents, trade payables and contract liability without a specific maturity. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Loans to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for delinquencies, interest rate risk, remaining tenor, etc. Credit risk for large corporate and a subset of the small business lending, when appropriate, is derived from market observable data. Fair values of consumer lending and mortgage portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Group then calculates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.

Financial asset at amortised cost

The fair values financial of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties' credit risk.

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Debt securities

The fair value of issued debt is estimated by a discounted cash flow model incorporating the Group's own credit risk. The Group estimates and builds its own credit spread from market-observable data such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debt of itself.

Off-balance sheet positions

Estimated fair values of off-balance sheet positions are based on market prices for similar instruments or on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

31-Mar-20	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	253,179	253,179	-	-	253,179
Bank balance other than cash and cash equivalents	536	536	-	-	536
Loans and advances	1,510,487	-	-	1,591,112	1,591,112
Financial assets Amortised Cost					
Government debt securities	178,478	184,378	-	-	184,378
Other Financial Asset	11,046	-	-	11,046	11,046
Total financial assets	1,953,726	438,093	-	1,602,158	2,040,251
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,570	-	-	13,570	13,570
Debt securities	21,976	21,976	-	-	21,976
Borrowings (other than debt securities)	641,697	641,697	-	-	641,697
Deposits	1,064,090	-	-	1,064,090	1,064,090
Other financial liabilities	38,037	-	-	38,037	38,037
Total financial liabilities	1,779,370	663,673	-	1,115,697	1,779,370

31-Mar-19	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	125,479	125,479	-	-	125,479
Bank balance other than cash and cash equivalents	530	530	-	-	530
Loans and advances	1,156,343	-	-	1,164,532	1,164,532
Financial assets Amortised Cost					-
Government debt securities	108,269	109,186	-	-	109,186
Other Financial Asset	7,118	-	-	7,118	7,118
Total financial assets	1,397,739	235,195	-	1,171,650	1,406,845
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,449	-	-	8,449	8,449
Debt securities	52,633	52,633	-	-	52,633
Borrowings (other than debt securities)	354,036	354,036	-	-	354,036
Deposits	886,089	-	-	886,089	886,089
Other financial liabilities	16,315	-	-	16,315	16,315
Total financial liabilities	1,317,522	406,669	-	910,853	1,317,522

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47 Risk Management Framework

The Group always regard that managing the risks that affect its business as a fundamental activity, as they influence performance, reputation and future success. Effective risk management involves taking an integrated and balanced approach to risk and reward, and assists in achieving objectives of mitigating potential loss or damage and optimising financial growth opportunities.

Risk management framework of the Group is aimed at aligning capital to business strategy, to protect Group's financial strength, reputation and to ensure support to various business activities while enhancing shareholder value.

The Group's risk structure has a "three lines of defense" concept, which ensures that risk management is part of the culture, and effectively cascaded throughout the Group. Responsibilities for risk management at each line of defense are defined, thereby providing clarity in the roles and responsibilities.

The Group has adopted the following "Three Lines of Defense" approach for risk management.

- At the first line of defense are the various business lines that the Group operates. The business lines assume risk-taking positions on a day-to-day basis within the approved framework and boundaries. There are executives or risk control units who manages and monitors the risk on an ongoing basis as per the laid out policies and processes.
- The second line of defense is made up of Risk Management Department, Finance and Compliance functions. This line provides assurance, challenge and oversight of the activities conducted by the first line and provides periodic reporting to the Board. The Risk management department is structured independent of the business units.
- The third line of defense is the audit function that provides an independent assessment of the first and second line of defense and reports to the audit committee of the Board

The Group has designed this multi-layered risk structure that augments the risk evaluation and management capabilities, whilst also allows for the nimbleness required to adapt to the changing business and regulatory environment in an efficient and effective manner.

Risk Management Governance

Risk management is the responsibility of the Board of Directors, which approves risk policies and the

delegation matrix. The Board is supported by various management committees as part of the Risk Governance framework. The Group operates within overall limits set by the Board and Committees to whom powers are delegated by the Board.

Risk Management Committee (RMC) is a Board level Sub committee, which decides risk policies and strategy for integrated risk management containing various risk exposures of the Group.

The Group has management level committees to address various risks viz. Credit Risk Management Committee for Credit Risk, Asset Liability Management Committee (ALCO) for ALM and Market Risk, Operational Risk Management Committee for Operational Risk, Information & Cyber Risk Committee for information security and management level Risk Management Committee for integrated risk management.

The Audit Committee of the Board assists the Board in carrying out its oversight responsibilities as they relate to the company's financial and other reporting practices, internal control, and compliance with laws, regulations, and ethics. From risk management perspective, it review the adequacy of Group's risk management policies, processes and report the matter to the Board of Directors.

Risk Management Department

The Risk management department is vested with responsibility of risk management in the Group as per the guidelines of SFB by the regulator. The department is headed by Chief Risk Officer (CRO) who reports directly to the Managing Director of the Group. The department primarily addresses Credit risk, Operational risk, ALM & Market Risk and Information Security Risk.

The department has built risk management framework for each of the key risk areas as per the approaches and guidelines laid by the regulator (RBI). The department is responsible for the identification, measurement, monitoring and management of risks. The department has built internal capital adequacy assessment abilities and initiate preparation of risk profile and risk appetite requirements for the short-term goals and long term goals of the Group.

Credit Risk Management

Credit risk is defined as the possibility of losses due to credit rating downgrade, inability or unwillingness of a customer or counterparty to meet commitments (both principal and interest) in relation to lending, trading, settlement and

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other financial transactions. Accordingly, credit risk losses result from reduction in portfolio value arising from actual or perceived deterioration in credit quality.

Credit risk management system is required to identify, measure, monitor and control credit risks as well as to determine that Group holds adequate capital against credit risk and there is adequate compensation in risk reward trade off.

The Credit Risk Management Committee (CRMC), a Management Committee, shall review and monitor the adequacy and effectiveness of credit risk management framework. The Credit Risk Management function is responsible to lay down the credit risk management policy, monitor the risks and provide all required information to the committee, establish scoring and rating framework, assess capital for credit risk etc.

ALM & Market Risk Management

Market Risk may be defined as the possibility of loss to Group caused by changes in the market variables such as interest rates, credit spreads, equity prices, etc. The market risk for the Group is governed by 'Market Risk Policy' and 'Treasury & Investment Policy', which are approved by the Board. These policies ensure that transactions in debt and capital markets are conducted in accordance with acceptable business practices and are as per the extant regulatory guidelines.

Market Risk Management unit is independent of the dealing function and the settlements function. The unit is responsible for identifying and escalating any risk, limit excesses on a timely basis. The unit is also responsible to establish comprehensive risk management policy to identify, measure and manage liquidity and interest rate risk. The other responsibilities include a) to establish linkages between ALM system and other risk management systems in the Group in order to monitor the risks on an integrated basis b) To identify ALM risks associated with the Group's portfolio, develop appropriate risk measurement methodology for managing and mitigating the ALM Risk. c) To provide inputs for capital planning in order to meet the future funding requirements, with the set goal of profit planning / business growth. d) To conduct ALCO atleast on monthly basis to appraise the management for enabling informed decision making

Operational Risk Management

Operational Risk is defined as the risk of losses resulting from inadequate or failed internal processes, people and systems or from external

events, which includes but is not limited to legal risk. It is inherent in all activities arising out of a Group's business and operations and could result in financial losses, litigation, regulatory fines or other damage to the Group. The severity of impact on the Group, its employee and customers is dependent on the efficacy with which operational risk is managed by the Group. The goal is to keep operational risk at appropriate levels, in light of the Group's financial strength, the characteristics of its businesses, the markets in which it operates, and the competitive and regulatory environment in which it operates. The objective of operational risk management function is to create robust policy to identify the inherent operational risk across all products & processes, measure monitor and control operational risk inherent in all such products / activities / processes, establish Key Risk Indicators through Risk Control Self-Assessment, and identify operational loss events. The Group's operational risk management committee (ORMC) is responsible for overseeing all material operational risks, responds to risk issues and ensures adequacy and effectiveness of operational risk controls.

Information & Cyber Security

The Group has an independent information security department, which addresses information and cyber security related risks. The Group has a defined governance structure in place under the Information Security & Cyber Risk Committee, which includes representatives from Business, Operations, IT, HR and other Risk Management functions that is responsible for overall IT Risks. Group Information and Cyber Risk Committee provides direction for mitigating the operational risk in IT security. This unit has put in place a risk-based Cyber-security framework to manage the threats arising from cyber security. The key responsibilities include a) to create mechanisms to identify and review the risk and impact of incidents b) to establish a suitable Cyber Crisis Management Plan (CCMP), c) to ensure robust data security measures to protect and preserve customer and transaction data d) to establish and manage a Cyber Security Operations Centre (Cyber SOC) with capacity to monitor various logs / incidents in real time / near real time.

Enterprise Risk Management (ERM) Function

The key responsibilities of this ERM include:

- Assess and measure the Group risk profile, risk appetite, strategic plans and overall capital adequacy.
- Keep the Board, RMC and Senior Management informed of the ICAAP process, capital adequacy

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and major changes in capital assessments and risk management guidelines and ensure ICAAP is carried out at-least annually.

- Build and review stress-testing framework considering the inter-linkages of various risk factors.

Impairment Assessment

With the implementation of Indian Accounting Standard IndAS 109, the non-banking financial institutions are required to move from a standardised and regulatory approach to Expected Credit Loss model for recognising an impairment allowance on their financial assets.

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Group performs an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Group recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Group records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The Group records an allowance for the LTECLs.

For the purpose of ECL, the Group classify the Advances portfolio basis the product groups and assess increase in credit risk at each reporting period based on days past due (DPD)

Exposure	Stage I	Stage II	Stage III
Retail	0-30 dpd	31-90 dpd	Above 90 dpd
Corporate	0-60 dpd	61-90 dpd	Above 90 dpd

For the purpose of staging, the Group also considers various other factors such as External Rating downgrade, last 6 month behaviour of the account etc. The below mentioned factors are also considered which might impair the credit quality in the near future though the exposure falls under Stage I based on DPD (Days Past Due) date status as of reporting period. The Group carefully evaluate the impact of below factors on those financial assets and accordingly categorise such assets under "Stage II" or "Stage III" as appropriate

- legal disputes
- Fraudulent incidents
- Breach of critical loan covenants, not waived by the Group
- Borrower filing bankruptcy
- Significant rating downgrade
- Dispute on title of the collateral securities

The Group also considers other qualitative factors and repayment history and considers guidances from ICAI for staging of advances to which moratorium has been extended under the COVID regulatory package issued by RBI and approved by Board

Computation of ECL

The Group calculates ECLs to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due in accordance with

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the contract and the cash flows that expected to be received.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

a) Probability to Default

Probability of default (PD) is defined as the probability of whether the borrower will default on their obligations in the future. It is an unbiased estimate on the likelihood of the loan not being repaid by the borrower within a particular time. The Probability of Default is computed based on Group's assessment of the credit history of the borrower. Basis the default history, the 12mECL and LTECL are estimated.

For retail loan portfolio, the Group uses Vintage model to compute PD. In Vintage model, for each financial year wise originated portfolio, the no of loans turned default during the entire loan tenure is mapped for every 12 month bucket ie no of loans went into default in first 12m, no of loan went into default in next 12 month ie 13 to 24 months and

so on. The marginal PD is arrived for each bucket as a % of total no of loans originated during each financial year. The Lifetime PD for each financial year wise portfolio is arrived by sing cumulative PD which gives an idea about a borrower's chance of default over a longer time horizon. This is obtained using survival rates

The overall marginal PD for each bucket is computed based on weighted average of the default rate of the entire portfolio originated across all previous financial years since inception. Similarly, the overall Lifetime PD is also computed based on weighted average method.

For Corporate exposures and MSE portfolio wherein no sufficient historic default data is available, the PD is computed based on External / Internal rating migration. For exposure, where external rating is not available, the internal rating is mapped to equivalent external rating and the relevant default rate as per CRISIL Rating migration matrix is applied.

The internal rating Grades are

Product	Grade	PD range across all stages
Micro and small enterprises loan	High	0.52% - 3.08%
	Standard	0.52% - 10.87%
	Potential Sub-standard	0.1087
	Defaulted and impaired / Not Impaired / individually impaired	1
Vehicle Finance Loan	High	0.13% - 10.88%
	Standard	0.13% - 23.36%
	Potential Sub-standard	3.85% - 23.36%
	Defaulted and impaired / Not Impaired / individually impaired	1
Housing Loan	High	0.42% - 3.08%
	Standard	0.42% - 9.14%
	Potential Sub-standard	0.0914
	Defaulted and impaired / Not Impaired / individually impaired	1
Micro Finance Loan	High	0.16% - 1.23%
	Standard	0.16% - 2.28%
	Potential Sub-standard	0.0228
	Defaulted and impaired / Not Impaired / individually impaired	1
Business Loan - Unsec	High	2.85% - 8.57%
	Standard	2.85% - 18.75%
	Potential Sub-standard	0.1875
	Defaulted and impaired / Not Impaired / individually impaired	1
MSE & Financial Intermediaries	High	0.002
	Standard	0.86% - 3.83%
	Potential Sub-standard	0.0383
	Defaulted and impaired / Not Impaired / individually impaired	1

Note: For VF, the overall PD range is provided considering the lowest PD and highest PD applicable at each portfolio segment level. Accordingly, the PD range will be different for each portfolio segment viz., New CV, Used CV, Strategic funding, etc

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

b) Exposure at Default

The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. In case of Stage 3 loans EAD represents exposure when the default occurred

c) Loss Given Default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the Exposure at Default (EAD).

The Group computes Loss Given Default based on the historical recovery experience. The Group considers all components of collections / recovery of cash flows / collateral realisation and the timing of the receipt. For Vehicle Finance and Micro Finance portfolio, the Group computes LGD based on historical recovery experience. In case of other retail portfolio viz., Housing Loan and Loan against property portfolio, where there is no enough recovery experience primarily by way of collateral realisation is available, the Group computes the LGD based on net exposure which is equal to current exposure at default less discounted collateral value post applying appropriate haircut.

For Corporate and MSE portfolio where the portfolio vintage is not more than 2 years, the Group currently applies LGD rates as prescribed under FIRB vide RBI ref DBOD.No.BP.BC.67/21.06.202/2011-12 dt. 22.12.2011.

The PD, LGD thus computed are applied to the portfolio of the Group at the end of each reporting period as under

Stage 1: The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Group calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to the EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination,

the Group records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Group recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan Commitment: When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn commitment, ECLs are calculated together with the loan. For loan commitments, the ECL is recognised and shown under undrawn commitment"

Portfolio Segmentation

While computing ECL, the Group segments the Portfolio based on the common risk drivers. The Group has bifurcated the Loan book as small ticket loan (Retail) and Large ticket loan. The Retail book is further segmented into homogeneous pools based attributes such as the type of product viz Micro finance, Housing finance etc. and type of vehicle such as Heavy commercial vehicle, Light Commercial vehicle etc.

Forward Looking Information

Under IndAS109, the allowance for credit losses is based on reasonable and supportable forward looking information obtainable without undue cost or effort which takes into consideration of current conditions and forecast of future economic conditions.

The Group shall rely on a broad range of forward looking information as economic inputs. The Group shall use the relevant macroeconomic inputs such as Gross Domestic Product (GDP), Consumer Price Index (CPI), Index of Industrial production (IIP), etc. to measure the uncertainty and sensitivity of ECL estimates by reckoning the forward looking macro-economic conditions. The Group also considers other forward looking inputs arising out of any unforeseen events. In case where no correlation is obtained forward looking estimates are factored through management overlay

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are made as temporary adjustments.

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The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed to 12mECL measurement during the period:

The following tables provide a summary of the Group's forborne assets at March 31, 2020. Accounting policies for forbearance are described in Note 3.9

Note 1: Represents Total forborne loans/Gross Carrying amount

Particulars	31-Mar-20									Total
	Gross amount of forborne loans			ECLs of forborne loans						
	Stage 1	Stage 2	Stage 3	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	
Loans										
Micro Finance Loans	227	6	165		1	-	-		38	39
Total	227	6	24	398	1	-	-	38	39	

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Particulars	As at 31st March 2019			
	Post modification		Pre-modification	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
Facilities that have cured since modification and are now measured using 12mECLs (Stage 1)	75	-	75	51
Facilities that reverted to (Stage 2/3) LTECLs having once cured	-	-	-	-

The following tables provide a summary of the Group's forborne assets at March 31, 2019. Accounting policies for forbearance are described in Note 3.9

Particulars	31-Mar-19					
	Stage 1			Stage 3		
	Gross carrying amount	Temporary modification to T&Cs	Permanent modification to terms & conditions	Refinancing	Permanent modification to T&Cs	Total non-performing forborne loans
Loans						
Micro Finance Loans	543	-	519	-	24	543
Total	543	-	519	-	24	543

Note 1: Represents Total forborne loans/Gross Carrying amount

Particulars	31-Mar-19							
	Gross amount of forborne loans				ECLs of forborne loans			
	Stage 1	Stage 2	Stage 3	Total	Stage 1 Individual	Stage 2 Collective	Stage 3 Individual	Total
Loans								
Micro Finance Loans	519	-	24	543	1	-	-	16
Total	519	-	24	543	1	-	-	17

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49 Total Market Risk exposure

	31-Mar-20			31-Mar-19		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Financial assets						
Cash and cash equivalents	253,179	-	253,179	125,479	-	125,479
Bank balance other than cash and cash equivalents	536	-	536	530	-	530
Loans and advances	1,510,579	-	1,510,579	1,157,437	-	1,157,437
Trade receivables	53	-	53	2	-	2
Investment						
At Amortised cost	178,478	-	178,478	108,269	-	108,269
Fair value through other comprehensive income	55,469	5,046	50,423	126,321	10,040	116,281
Fair value through profit and loss account	495	-	495	-	-	-
Other Financial Asset	13,141	-	13,141	8,810	-	8,810
Total	2,011,930	5,046	2,006,884	1,526,848	10,040	1,516,808
Financial liabilities						
Financial liabilities						
Trade Payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,570	-	13,570	8,449	-	8,449
Debt securities	21,976	-	21,976	52,633	-	52,633
Borrowings (other than debt securities)	641,697	-	641,697	354,036	-	354,036
Deposits	1,067,865	-	1,067,865	887,987	-	887,987
Other financial liabilities	38,037	-	38,037	16,315	-	16,315
Total	1,783,145	-	1,783,145	1,319,420	-	1,319,420

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49.1 Analysis of Risk Concentration

The Group aims to maintain a diversified portfolio in terms of geography, industry, credit products, borrowers, groups, pricing and tenor. The concentration risks are managed through setting up a limit on exposure viz. limit on single counterparty exposure, group borrower exposure, Industry, sensitive sector exposure etc.

Sector-wise Analysis

31-Mar-20	Financial services	Government	Micro and small enterprises	Vehicle	Housing	Micro finance	Business Loan	MSE	Others	Total
Financial Assets										
Cash and cash equivalents	253,179	-	-	-	-	-	-	-	-	253,179
Bank balance other than cash and cash equivalents	536	-	-	-	-	-	-	-	-	536
Loans and advances	70,567	-	568,447	379,576	59,385	362,830	15,703	83,707	3,824	1,544,039
Debt instruments at amortised cost	-	178,478	-	-	-	-	-	-	-	178,478
Debt securities at fair value through OCI	-	55,449	-	-	-	-	-	-	20	55,469
Other Financial Asset	13,141	-	-	-	-	-	-	-	-	13,141
	337,423	233,927	568,447	379,576	59,385	362,830	15,703	83,707	3,844	2,044,842

Sector-wise Analysis

31-Mar-19	Financial services	Government	Micro and small enterprises	Vehicle	Housing	Micro finance	Business Loan	MSE	Others	Total
Financial Assets										
Cash and cash equivalents	125,479	-	-	-	-	-	-	-	-	125,479
Bank balance other than cash and cash equivalents	530	-	-	-	-	-	-	-	-	530
Loans and advances	35,577	-	419,143	296,138	37,868	307,327	35,151	38,539	3,240	1,172,983
Debt instruments at amortised cost	-	108,269	-	-	-	-	-	-	-	108,269
Debt securities at fair value through OCI	-	126,301	-	-	-	-	-	-	20	126,321
Other Financial Asset	8,810	-	-	-	-	-	-	-	-	8,810
	170,396	234,570	419,143	296,138	37,868	307,327	35,151	38,539	3,260	1,542,392

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50 Fair value of collateral and credit enhancements held

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources rather than placing primary reliance on collateral and other credit risk enhancements. Based on the risk perception, the Group shall obtain sufficient and suitable tangible collateral securities, wherever required.

The Group's loans are secured by way of first and exclusive charge on all collaterals. In case of Vehicle loans, the Group values the vehicle through proforma/tax invoice for new vehicles and valuation by registered valuer for Used Vehicles. Hypothecation endorsement is obtained in favour of the Bank in the Registration Certificate of the Vehicle funded under the vehicle loans.

In case of Loan against property and Housing loan, the value of the property at the time of origination will be arrived by obtaining valuation reports from the Group's empanelled valuer. Security interest is created by Mortgage through deposit of title deeds, which is registered wherever required by law, with the Sub-Registrar having jurisdiction over the immovable property.

For working capital loans, apart from the charge on the immovable property, hypothecation on current assets are created. 70% of the Company's loans are secured by way of collateral.

In case of recovery from customer through realisation of collateral, any surplus remaining after settlement of debt by way of sale of collateral is refunded to the customer / borrower.

51 Liquidity risk and funding management

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that

the Bank might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

Liquidity refers to the Bank's ability to fund increase in assets or withdrawals of liabilities and meet both expected and unexpected cash and collateral obligations at reasonable cost without adversely affecting its financial condition and liquidity risk arises where the Group is unable to meet such obligations. The Bank's Asset Liability Management Committee (ALCO) is responsible for overseeing the management and governance of liquidity risk.

Liquidity risk management in the Group is governed by Board approved Asset Liability Management (ALM) Policy which provides the framework for its monitoring & management. The Bank actively manages its liquidity risk covering both market funding risk and market liquidity risk. The Bank maintains a diversified funding profile with emphasis on building retail franchise to increase customer deposits. The Bank ensures that there is sufficient liquidity headroom available, including liquid assets, at all times to manage any contingency.

Liquidity risk is assessed from both structural and dynamic perspective and the Bank uses various approaches like stock approach, cash flow approach & stress test approach to assess liquidity risk. The Bank uses liquidity gap analysis to measure cash flow mismatches at different time bands. The cash flows are bucketed based on the residual maturity or expected behaviour of assets, liabilities and off-balance sheet items. Bank also manages its liquidity on a dynamic basis to supplement the liquidity gap analysis by estimating net cash outflow or inflows for business units considering their business projection for the next 3 months. The Bank also employs stock approach to assess various aspects of liquidity risk such as stability of funds, liquid assets cover, funding concentration, etc.

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51.1 Maturity Pattern

Analysis of Maturity pattern of Assets and Liabilities by remaining residual maturities as at 31 March 2020:

PARTICULARS	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and cash equivalent and other bank balances	234,716	9,401	8,850	212	253,179
Bank balance other than cash and cash equivalents	-	355	181	-	536
Loans and Advances (including receivables)	51,295	397,372	797,345	264,620	1,510,632
Investments	62,660	75,989	94,172	1,621	234,442
Other financial assets	9,506	1,144	419	2,072	13,141
Debt Securities	33	-	21,943	-	21,976
Borrowings (other than debt securities)	114,835	226,262	300,408	192	641,697
Deposits	216,145	448,946	402,670	104	1,067,865
Other Financial liabilities	8,415	4,494	19,313	5,815	38,037

Analysis of Maturity pattern of Assets and Liabilities by remaining residual maturities as at 31 March 2019:

PARTICULARS	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Cash and cash equivalent and other bank balances	105,055	9,619	10,573	232	125,479
Bank balance other than cash and cash equivalents	-	87	443	-	530
Advances (including receivables)	141,253	303,114	559,689	153,383	1,157,439
Investments	105,428	60,166	67,644	1,352	234,590
Other Financial asset	3,830	2,071	1,085	1,824	8,810
Debt Securities	11,525	19,186	21,922	-	52,633
Borrowings (other than debt securities)	23,301	115,274	215,154	307	354,036
Deposits	233,471	312,150	342,298	68	887,987
Other Financial liabilities	16,262	17	36	-	16,315

51.2 Liquidity Coverage Ratio

The Group is adhering to the global minimum standard for liquidity ratio i.e Liquidity Coverage Ratio (LCR). It aims to ensure that a bank has a adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day liquidity under stress scenario.

High quality liquid assets (HQLA) under LCR are divided into two parts i.e. Level 1 HQLA which comprises of primarily cash, excess CRR, excess SLR securities and a portion of mandatory SLR as permitted by RBI (under MSF and FALLCR) and Level 2 HQLA which comprises of investments in highly rated non-financial corporate bonds and listed equity investments considered at prescribed haircuts. Cash outflows are calculated by multiplying the outstanding balances of various categories or types of liabilities by the outflow run-off rates and cash inflows are calculated by multiplying the outstanding balances of various categories of contractual receivables by the rates at which they are expected to flow in under stress conditions.

The table below sets out the average LCR for FY 2019-20 and 2018-19:

Particulars	FY 2019-20	FY 2018-19
High quality liquid Assets(HQLA)	349,003	2,401
Net outflow	272,993	1600
LCR	127.84%	150.10%

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51.3 Market risk

Market Risk may be defined as the possibility of loss to the Group caused by changes in the market variables such as interest rates, credit spreads, equity prices, etc. The market risk for the Group is governed by 'Market Risk Management Policy' and 'Treasury & Investment Policy', which are approved by the Board. These policies ensure that transactions in debt and capital markets are conducted in accordance with acceptable business practices and are as per the extant regulatory guidelines.

Market Risk Management unit is independent of the dealing function and the settlements function and reports directly to the Chief Risk Officer. The unit is responsible for identifying and escalating any risk, limit excesses on a timely basis. This unit ensures that market risks are identified, assessed, monitored and reported for management decision making.

The Group is having position in the trading book largely as liquidity buffer and not with the intent of any active trading. Group is therefore, largely keeping low duration money market instrument to keep the market risk very low. The Group has also deployed market risk measurement tools like VaR, however considering the intent and type of portfolio maintained, it is only used to assess the quantum and direction of the risk rather using it for trading or loss limits.

51.4 Market risk (non-trading) – Interest Rate Risk

Adverse movements in interest rates can affect both interest earnings and fair or economic value of the financial instruments. The very nature of the financial intermediation business makes the Group susceptible to interest rate risk and unmanaged risk could potentially pose a significant threat to

the Group's earnings and capital. Interest rate risk results from both trading book and banking book. The impact of interest rate risk on trading book is actively measured using trading book risk metrics like PV01, duration, etc. For banking book, interest rate risk arises through mismatches in re-pricing of interest rate sensitive assets (RSA), rate sensitive liabilities (RSL) and rate sensitive off-balance sheet items.

As interest rate risk can impact both net interest income (NII) and value of capital, it is assessed and managed from both earning and economic perspective. Assets Liabilities Management Committee (ALCO) is the guiding body for management of IRRBB in the Banking subsidiary and ensure adherence sets the overall policy and risk limits as approved by the Board. Earning at Risk (EaR) is a short term interest rate risk measure which assesses the change in NII by estimating the impact on interest income from rate sensitive assets and interest expense on rate sensitive liabilities including off-balance sheet items. The Group has set limit for change in NII for given change in interest rates to manage the re-pricing gaps. The Group also uses Economic Value of Equity (EVE), which is a long term risk measure to assess the change in value of equity due to change in economic value of asset and liabilities. The duration gap approach is used to determine the sensitivity of EVE. Modified duration is computed for all assets, liabilities (excluding equity capital) and rate sensitive derivatives to assess the Leveraged Duration Gap / Duration of Equity. Leveraged Duration gap is computed and is subject to interest rate shocks to assess the impact on EVE. The Group has defined a threshold for change in EVE as percentage of net-worth for a given change in interest rate.

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52 Additional Information as required by Reserve Bank of India, Implementation of Indian Accounting Standards, Circular no: RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as at 31st March 2020

	Asset classification as per Ind AS 109 (1)	Gross Carrying amount as per Ind AS (2)	Loss allowances (Provisions) as required under Ind AS 109(3)	Net Carrying amount (4)	Provisions required as per IRACP norms (5)	Difference between Ind AS 109 provisions and IRACP norms (6)
Asset Classification as per RBI norms						
Performing Assets						
Standard	Stage 1	1,395,663	6,139	1,389,512	6,233	(94)
	Stage 2	95,806	14,233	81,577	10,366	3,867
Subtotal						
Non-Performing Assets (NPA)						
Substandard	Stage 3	26,216	7,086	19,130	3,294	3,792
Doubtful - up to 1 year	Stage 3	10,795	2,470	8,325	4,455	(1,985)
1 to 3 years	Stage 3	11,255	1,712	9,543	5,408	(3,696)
More than 3 years	Stage 3	3,294	1,773	1,521	2,884	(1,111)
Subtotal for doubtful		25,344	5,955	19,389	12,747	(6,792)
Loss		1,010	47	963	803	(756)
Subtotal for NPA		52,570	13,088	39,482	16,844	(3,756)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	12,707	24	12,683	-	-
	Stage 2	31	-	31	-	-
	Stage 3	-	-	-	-	-
Subtotal		12,738	24	12,714	-	-
Total	Stage 1	1,395,663	6,139	1,389,524	-	-
	Stage 2	95,806	14,233	81,573	-	-
	Stage 3	52,570	13,088	39,482	-	-
Total	Total	1,544,039	33,460	1,510,579	33,443	17

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53 Share based payments

On December 17, 2007, the Company established an Employees Stock Option Scheme 2007 (ESOP Scheme 2007). Under the plan, the Company is authorised to issue upto 5,620,000 Equity Shares of ₹10 each to eligible employees of the Company and its Subsidiaries. Employees covered by the plan are granted an option to purchase shares of the Company subject to the requirements of vesting. A Remuneration and Nomination Committee constituted by the Board of Directors of the Company administers the plan.

During the year ended March 31, 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from November 10, 2012. Under the plan, the Company was authorised to issue upto 1,000,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

During the year ended March 31, 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from July 18, 2014. Under the plan, the Company was authorised to issue upto 10,500,000 Equity Shares of ₹10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme.

During the year ended March 31, 2015, pursuant to the issue of bonus shares for the existing shareholders, the Company granted 2 additional

options for every 1 option outstanding to be exercised as on the date of bonus issue. Further, the exercise price for each option was been reduced to one-third of the original exercise price determined at the grant date.

During the year ended March 31, 2016, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 2015. Under the plan, the Company was authorised to issue up to 22,200,000 Equity Shares of ₹10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2014 has been transferred and made available for grant under the new scheme.

During the year the Company has granted 470,060 stock options to its eligible employees under Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) at an exercise price of ₹115 per option. The aforesaid grant was approved by Nomination Remuneration & Governance committee at its Meeting held on August 02, 2019.

During the year ended March 31, 2020, 9,886,251 number of options issued under the ESOP Scheme 2015 were replaced with 33,487,873 options issued, under the ESFB ESOP 2019 issued by its subsidiary (Equitas Small Finance Bank Limited), to employees of Equitas Small Finance Bank and also Equitas Holdings Limited.

As at March 31, 2020, 172,308 (As at March 31, 2019 - 12,644,449) options were outstanding, which were granted at various exercise prices. The following are the outstanding grants as at March 31, 2020:

ESOP Scheme after transfer	Vesting Period	Particulars	Date of Grant	Date of Board Approval	Exercise Price	Options granted	Method of settlement
ESOP Scheme 2012	30-Jun-14 to 30-Jun-17	Grant 12	04-May-13	04-May-13	40.00	633,150	Equity
ESOP Scheme 2012	31-Dec-14 to 31-Dec-17	Grant 13	15-Nov-13	15-Nov-13	40.00	2,202,225	Equity
ESOP Scheme 2012	30-Jun-15 to 30-Jun-18	Grant 14	09-May-14	09-May-14	43.34	2,934,600	Equity
ESOP Scheme 2014	31-Dec-15 to 31-Dec-18	Grant 15	12-Nov-14	12-Nov-14	55.00	4,051,650	Equity
ESOP Scheme 2014	30-Jun-16 to 30-Jun-19	Grant 16	07-May-15	07-May-15	65.00	2,268,400	Equity
ESOP Scheme 2015	31-Dec-16 to 31-Dec-19	Grant 18	06-Nov-15	06-Nov-15	70.00	4,382,650	Equity
ESOP Scheme 2015	01-Jul-17 to 01-Jul-20	Grant 19	01-Jul-16	01-Jul-16	178.00	7,597,900	Equity
ESOP Scheme 2015	01-Sep-17 to 01-Sep-20	Grant 21	05-Aug-16	05-Aug-16	173.00	1,840,150	Equity
ESOP Scheme 2015	01-Oct-17 to 01-Oct-20	Grant 22	10-Sep-16	10-Sep-16	182.00	2,007,200	Equity
ESOP Scheme 2015	01-Nov-17 to 01-Nov-20	Grant 23	21-Oct-16	21-Oct-16	183.00	2,038,500	Equity
ESOP Scheme 2015	01-Feb-18 to 01-Feb-21	Grant 24	01-Feb-17	01-Feb-17	165.00	5,063,450	Equity
ESOP Scheme 2015	05-May-18 to 05-May-21	Grant 25	05-May-17	05-May-17	164.00	2,610,600	Equity
ESOP Scheme 2015	31-Jan-19 to 31-Jan-22	Grant 27	31-Jan-18	31-Jan-18	151.00	137,150	Equity
ESOP Scheme 2015	02-Aug-2019 to 01 Sep 20	Grant 33	02-Aug-19	02-Aug-19	115.00	330,060	Equity

* The outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from September 7, 2015 approved by the shareholders on June 22, 2016.

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Exercise Period: Eligible to exercise the options during the next three years from the date of vesting.

Manner of vesting: Service condition:

In a graded manner over four years and one year period with 30%, 30%, 20% and 20% of the grants vesting in each year commencing from the start date of the first tranche for four year options and full options vesting in a year for one year options.

Performance condition:

Subject to eligible employees meeting the specified performance conditions.

Movement of options outstanding under ESOP

Particulars	March 31, 2020		March 31, 2019	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	12,644,449	143	17,981,734	141
Granted During the period	470,060	115	1,692,115	140
Exercised during the year	328,497	62	1,031,522	57
Expired during the year	2,727,453	156	5,997,878	152
Transferred during the year	9,886,251	140	-	-
Outstanding at the end of the year	172,308	154	12,644,449	143
Options exercisable at the end of the year	129,808	149	6,321,259	136

Particulars	March 31, 2020	March 31, 2019
Range of exercise price (₹)	40 to 183	40 to 184
Weighted average remaining contractual life (in years)	2.02	2.98
Weighted average fair value of options granted	19.50	36.66
Weighted average market price of shares on the date of exercise(₹)	117.33	141.45

Fair value methodology

The fair value of options is computed on the date of the grant, using Black-Scholes options pricing model with the following inputs.

Grant	Grant Date	Risk Free Interest Rate	Expected Life(In years)	Expected Volatility	Fair Value of the Option (₹)			
					1st Stage	2nd Stage	3rd Stage	4th Stage
Grant 12	04-May-13	7.12% to 7.23%	2.67 to 5.67	33% to 37%	2.92	5.07	6.31	7.99
Grant 13	15-Nov-13	8.50% to 8.68%	2.64 to 5.67	34% to 39%	4.34	7.08	8.53	9.93
Grant 14	09-May-14	8.38% to 8.60%	2.64 to 5.67	33% to 38%	8.56	11.59	13.38	15.68
Grant 15	12-Nov-14	8.50% to 8.68%	2.64 to 5.67	35% to 39%	7.80	11.66	14.41	16.50
Grant 16	07-May-15	7.74% to 7.79%	2.67 to 5.67	33% to 37%	10.46	14.58	18.40	20.67
Grant 18	06-Nov-15	7.43% to 7.64%	2.67 to 5.67	33.80% to 37%	16.00	18.79	23.55	26.87
Grant 19	01-Jul-16	7.03% to 7.34%	2.50 to 5.50	23.60% to 26%	40.66	53.39	61.83	70.45
Grant 21	05-Aug-16	6.78% to 7.04%	2.58 to 5.58	22.80% to 26%	38.63	51.40	59.26	67.35
Grant 22	10-Sep-16	6.71% to 6.91%	2.58 to 5.58	22% to 25%	40.22	53.26	62.47	70.88
Grant 23	21-Oct-16	6.70% to 7.00%	2.50 to 5.50	23.10% to 39.20%	40.45	52.49	61.08	87.23
Grant 24	01-Feb-17	6.45% to 6.84%	2.58 to 5.58	22.20% to 24.70 %	35.88	47.18	55.01	63.46
Grant 25	05-May-17	6.24% to 6.59%	2.56 to 5.66	19.48% to 22.55%	31.50	40.25	50.31	57.50
Grant 27	31-Jan-18	6.87% to 7.45%	2.50 to 5.51	18.00% to 21.62%	28.39	37.69	48.24	55.83
Grant 33	02-Aug-19	5.89%	2.5	14.23%	19.05	NA	NA	NA

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

54 Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements. The financial statements have been approved for issue on May 29, 2020 by the Board of Directors of the Company.

55 Previous year figures

Previous year's figures have been regrouped wherever necessary to conform to current year classification.

As per our report of even date

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per Aniruddh Sankaran

Partner

Membership No. 211107

Place: Chennai

Date: 29 May 2020

For and on behalf of Board of Directors of

Equitas Holdings Limited

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 29 May 2020

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 29 May 2020

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 29 May 2020

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 29 May 2020

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 29 May 2020

Notes to Consolidated financial statements

for the year ended March 31, 2020

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

Form AOC-1 - Financial Position of Subsidiaries

[Statement as required under Section 129 of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Part "A" : Subsidiaries

Sl.No. Particulars	1	2
1 Name of the Subsidiary	ESFBL	ETPL
2 Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A	N.A
3 Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A	N.A
4 Share capital	105,340.16	2,209.60
5 Reserves and Surplus (Other Equity)	159,911.75	-1,961.44
6 Total assets	2,076,595.36	310.36
7 Total liabilities	2,076,595.36	310.36
8 Investments in shares/Mutual funds	20.00	-
9 Turnover (Revenue from operations)	288,328.06	467.34
10 Profit before taxation	30,091.14	-20.56
11 Provision for taxation	10,487.13	-
12 Profit after taxation	19,604.01	-20.56
13 Total comprehensive income	19,721.70	-18.94
14 Proposed Dividend	Nil	-
15 % of shareholding	95.49%	99.57%

Part "B": Associates and Joint Ventures - NIL

For and on behalf of Board of Directors of
Equitas Holdings Limited

N Rangachary
Chairman
DIN:00054437
Place: Bangalore
Date: 29 May 2020

John Alex
ED and CEO
DIN: 08584415
Place: Chennai
Date: 29 May 2020

S Viswanatha Prasad
Director
DIN:00574928
Place: Hyderabad
Date: 29 May 2020

Srimathy R
Chief Financial Officer
Place: Chennai
Date: 29 May 2020

Deepti R
Company Secretary
Membership no: A35488
Place: Chennai
Date: 29 May 2020

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]

CORPORATE INFORMATION

BOARD OF DIRECTORS

MR. RANGACHARY N

Chairman, Non-Executive Non-Independent Director
DIN 00054437

MR. ARUN RAMANATHAN

Independent Director
DIN 00308848

MS. JAYSHREE ASHWINKUMAR VYAS

Independent Director
DIN 00584392

MR. JAYARAMAN CHANDRASEKARAN

Independent Director
DIN 01118392

MR. RAJARAMAN P V

Independent Director
DIN 01658641

MR. VISWANATHA PRASAD S

Independent Director
DIN 00574928

MR. BHASKAR S

Non-Executive Director
(ED & CEO till October 20, 2019 and
as Non-Executive Non-Independent Director
w.e.f October 21, 2019)
DIN 00010000

MR. JOHN ALEX

Executive Director and Chief Executive Officer
(Appointed w.e.f November 8, 2019)
DIN 08584415

KEY MANAGERIAL PERSONNEL

MS. SRIMATHY R

Chief Financial Officer

MS. DEEPTI R

Company Secretary

Registered Office

410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai
Chennai – 600002
Tel : +91 44 4299 5000
Fax : +91 44 4299 5050
Email : corporate@equitas.in
Website: <https://www.equitas.in>
CIN: L65100TN2007PLC064069

Statutory Auditors

M/s. S R Batliboi & Associates LLP
6th Floor, 'A' Block
Tidel Park,
No.4, Rajiv Gandhi Salai, Taramani
Chennai – 600 113
Tel : +91 44 6117 9000

Bankers

EQUITAS SMALL FINANCE BANK LIMITED

ICICI BANK LIMITED

STATE BANK OF INDIA

Registrar and Share Transfer Agent

KFin Technologies Private Limited
Selenium Tower B
Plot No. 31-32 Gachibowli Financial District
Nanakramguda
Hyderabad – 500 032
Tel: +91 40 6716 2222
Email: einward.ris@kfintech.com
Website: <https://karisma.kfintech.com>



Equitas Holdings Limited

410A, 4th Floor, Spencer Plaza, Phase II,
No. 769, Anna Salai, Chennai – 600 002



EQUITAS HOLDINGS LIMITED

Regd. Office: 410A, 4th Floor, Spencer Plaza, Phase II,
No.769, Mount Road, Anna Salai, Chennai - 600 002
Tel: +91-44-4299 5000 / 5027, Fax: +91-44-4299 5050,
Email: secretarial@equitas.in, Website: <https://www.equitas.in>
CIN: L65100TN2007PLC064069

Dear Members,

Invitation to attend the 13th Annual General Meeting on Monday, August 10, 2020

You are cordially invited to attend the 13th Annual General Meeting (AGM) of the Company to be held on Monday, August 10, 2020 at 03.00 PM IST through video conferencing. The Notice convening the Annual General Meeting is attached herewith. For ease of participation of the Members, the key details with respect to the AGM are provided below:

Sl. No.	Particulars	Details
1	Link for live webcast of the Annual General Meeting and for participation through Video Conferencing (VC)	https://emeetings.kfintech.com
2	Link for remote e-voting	https://evoting.kfintech.com
3	Username and password for VC	Members may attend the AGM through VC/OAVM by accessing the link https://emeetings.kfintech.com by using the remote e-voting credentials.
4	Cut-off date for e-voting	Monday, August 3, 2020
5	Time period for remote e-voting	Commences at 9.00 AM IST on Friday, August 7, 2020 and ends at 5.00 PM IST on Sunday, August 9, 2020
6	Book closure dates	Tuesday, August 4, 2020 to Monday, August 10, 2020 (both days inclusive)
7	Link for Members to temporarily update e-mail address	https://ris.kfintech.com/email_registration/
8	Last date for publishing results of the e-voting	Wednesday, August 12, 2020
9	Helpline number for VC participation and e-voting and contact details of Registrar and Share Transfer Agent	Mr. Sri Sai Karthik Tikkisetty, Manager-Corporate Registry KFin Technologies Private Limited E-mail: einward.ris@kfintech.com emeetings@kfintech.com evoting@kfintech.com Contact No.: 1800-3454-001
10	Company's contact details	secretarial@equitas.in Contact No.: 044 4299 5000

Yours sincerely,

Deepti R
Company Secretary



EQUITAS HOLDINGS LIMITED

Regd. Office: 410A, 4th Floor, Spencer Plaza, Phase II,
No.769, Mount Road, Anna Salai, Chennai - 600 002
Tel: +91-44-4299 5000 / 5027, Fax: +91-44-4299 5050,
Email: secretarial@equitas.in, Website: <https://www.equitas.in>
CIN: L65100TN2007PLC064069

NOTICE TO MEMBERS

NOTICE is hereby given that the 13th Annual General Meeting of Equitas Holdings Limited will be held on Monday, August 10, 2020 at 3.00 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

Item No. 1 Adoption of Financial Statements

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that the Board's Report, the Statement of Profit and Loss and the Cash Flow Statement for the Financial Year ended March 31, 2020 and the Balance Sheet as at that date, including the Consolidated Financial Statements, together with the Independent Auditors' Report thereon be and are hereby considered, approved and adopted".

Item No. 2 To appoint a Director in place of Mr Bhaskar S (DIN 00010000), who retires by rotation and being eligible, offers himself for re-appointment

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to Section 152 of the Companies Act 2013 and other applicable provisions, if any, Mr Bhaskar S (DIN 00010000), who retires by rotation and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company liable to retire by rotation".

Item No. 3 To appoint M/s T R Chadha & Co LLP, Chartered Accountants as Statutory Auditors of the Company

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 139 and all other applicable provisions of the Companies Act, 2013, read with the relevant rules made thereunder, from time to time, and any other applicable laws (including any statutory amendment(s), modification(s), variation or re-enactment thereof, for the time being in force),

approval of the shareholders of the company be and is hereby accorded to the appointment of M/s T R Chadha & Co LLP, Chartered Accountants, having Registration Number (Firm Registration No: 006711N/N500028), issued by the Institute of Chartered Accountants of India, as the Statutory Auditors of the Company (arising due to resignation of M/s S R Batliboi & Associates LLP) and to hold office as such from the conclusion of the Thirteenth Annual General Meeting until the conclusion of the Eighteenth Annual General Meeting and the Board be and is hereby authorized to finalise the terms and conditions of appointment, including remuneration of Statutory Auditors".

SPECIAL BUSINESS

Item No. 4 Appointment of Mr John Alex (DIN 08584415) as Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Articles of Association of the Company, consent of the Company be and is hereby accorded to the appointment of Mr John Alex (DIN 08584415) as a Director of the Company, liable to retire by rotation".

Item No. 5 Appointment of Mr John Alex (DIN 08584415) as Whole-Time Director (ED & CEO)

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Sections 196, 197 & 203 of the Companies Act, 2013, ("the Act"), Schedule V thereto and other applicable provisions, if any and such other approvals as may be required, consent of the Company be and is hereby accorded to the appointment of Mr John Alex (DIN: 08584415) as a Whole-Time Director of the Company designated as Executive Director & Chief Executive Officer (ED & CEO), for a period of three years with effect from November 8, 2019 on the following terms & conditions:

Remuneration:**Fixed Pay:**

In the range of ₹ 450,000 to ₹ 900,000 per month, with the present remuneration being ₹ 480,382 per month.

Variable Pay: Nil**Perquisites:**

Perquisites such as benefit of provident fund, club fees, reimbursement of mobile charges, conveyance and medical expenses for domiciliary treatment of self and dependent family members, at actuals, subject to a ceiling as may be fixed by the Board from time to time, eligibility for Company owned car as applicable under the Car Scheme of the Company, as may be in force, from time to time, coverage for self and dependent family members under the Company's Group Mediclaim Insurance cover, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable from time to time to employees of the Company and stock options as per his eligibility under the Equitas Employees Stock Option Scheme, 2015 or such other Scheme in force from time to time.

RESOLVED FURTHER that the Board (also deemed to include Nomination, Remuneration & Governance Committee of the Board) be and is hereby authorised to decide the remuneration payable to Mr John Alex during his tenure as ED & CEO of the Company, within the range mentioned above.

RESOLVED FURTHER that in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr John Alex shall be governed by Section II of Part II of Schedule V of the Act and rules made thereunder, as amended from time to time.

RESOLVED FURTHER that the Board (also deemed to include Nomination, Remuneration & Governance Committee of the Board) be and is hereby authorised to do all such acts, deeds, matters and things including the power to settle all questions or difficulties that may arise with regard to the said appointment as it may deem fit and to execute any agreements, documents, instructions, etc. as may be necessary or desirable in connection with or incidental to give effect to the aforesaid resolution.

RESOLVED FURTHER that the remuneration paid to Mr John Alex during the period from November 8, 2019 till date on the above terms & conditions be and is hereby ratified".

Item No. 6 Appointment of Mr Jayaraman Chandrasekaran (DIN 01118392) as Independent Director

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152, 161 of the Companies Act, 2013 ("the Act") and the Rules made thereunder read with Schedule IV to the Act and other applicable provisions, if any and the Articles of Association of the Company, Mr Jayaraman Chandrasekaran (DIN: 01118392), who was appointed as

an Additional Director by the Board of Directors of the Company on August 2, 2019, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, for a period of five years with effect from closing hours on August 2, 2019".

Item No. 7 Re-appointment of Mr Rangachary N (DIN 00054437) as Non-Executive Non- Independent Director

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Section 152 of the Companies Act, 2013 ("the Act") and the Rules made thereunder and other applicable provisions, if any, Articles of Association of the Company and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Mr Rangachary N (DIN 00054437), be and is hereby re-appointed as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, at such remuneration (including commission) as may be determined by the Company from time to time".

Item No. 8 Re-appointment of Mr Rajaraman P V (DIN 01658641) as Independent Director

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED that, pursuant to the provisions of Sections 149, 152 of the Companies Act, 2013 ("the Act") and the Rules made thereunder read with Schedule IV to the Act and other applicable provisions, if any, Articles of Association of the Company and applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Mr Rajaraman P V (DIN 01658641), who was appointed as an Independent Director at the eighth Annual General Meeting of the Company for a period of five years with effect from May 7, 2015 and who is eligible for re-appointment and meets the criteria for independence as provided under Section 149 of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of five years with effect from May 7, 2020 at such remuneration (including commission) as may be determined by the Company from time to time".

Item No. 9 Re-appointment of Mr Arun Ramanathan (DIN 00308848) as Independent Director

To consider and if thought fit, to pass with or without modification, the following resolution as a **Special Resolution**:

"RESOLVED that pursuant to the provisions of Sections 149, 152 of the Companies Act, 2013 ("the Act") and the Rules made thereunder read with Schedule IV to the Act and other applicable provisions, if any, Articles of Association of the Company and applicable provisions of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), Mr Arun Ramanathan (DIN 00308848), who was appointed as an Independent Director at the eighth Annual General Meeting of the Company for a period of five years with effect from May 7, 2015 and who is eligible for re-appointment and meets the criteria for independence as provided under Section 149 of the Act along with the rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of five years with effect from May 7, 2020 at such remuneration (including

commission) as may be determined by the Company from time to time".

**By Order of the Board of Directors
For Equitas Holdings Limited**

Place: Chennai
Date: May 29, 2020

Deepti R
Company Secretary
Membership No. A35488

Notes:**General Instructions for Accessing and participating in the 13th e-AGM through VC/OAVM Facility and Voting through Electronic means including Remote E- Voting.**

1. In view of the prevailing lockdown situation across the country due to outbreak of the COVID-19 pandemic and restrictions on the movements apart from social distancing, MCA (Ministry of Corporate Affairs) vide circular Nos. Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 5, 2020, companies are permitted to hold their Annual General Meeting (AGM) through Video Conferencing (VC)/Other Audio Visual Means (OAVM) for the calendar year 2020. In compliance with the applicable provisions of the Companies Act, 2013 ("Act") read with aforesaid MCA circulars and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) the AGM of the Company is being conducted through Video Conferencing (VC) hereinafter called as "e-AGM".
2. Information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations") and Secretarial Standards in respect of Directors seeking appointment/re-appointment at the AGM is furnished in the Explanatory Statement & Material facts as annexure thereto and forms part of the Notice.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since, this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Body Corporates are entitled to appoint authorized representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
5. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the e-AGM.
6. The Company has appointed M/s KFin Technologies Private Limited, Registrars and Transfer Agents (RTA), to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the e-AGM.
7. The Members whose names appear on the Company's Register of Members as on Monday August 3, 2020 ("cut-off date") will be eligible to attend and e-vote during the Meeting. The Register of Members and Share Transfer Books of the Company would remain closed from Tuesday, August 4, 2020 to Monday, August 10, 2020 (both days inclusive) for this purpose.
8. Upto 1000 members can join the e-AGM on a "first-come first-served" basis. The Members can join 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
9. No restrictions on account of "first-come first-served" entry into e-AGM in respect of large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
10. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
11. **Remote e-Voting:** Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 8, 2020, April 13, 2020 and May 5, 2020 the Company is providing facility of remote e-voting to its Members through its e-Voting agency, M/s KFin Technologies Private Limited (RTA). A facility to cast vote during the e-AGM is also available for the members.
12. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. In line with the MCA Circular No. 17/2020 dated April 13, 2020. The Notice calling the e-AGM has been uploaded on the website of the Company at www.equitas.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and also from the website of e-voting agency M/s KFin Technologies Private Limited at <https://evoting.kfintech.com>
13. **The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number ("PAN") by every participant in securities market. Members holding shares in physical form shall submit their PAN details to the Company/RTA.**
14. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from, April 1, 2019, except in case of request received for transmission or transposition of

securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members may contact the Company or Company's Registrars and Transfer Agents, M/s KFin Technologies Private Limited ("RTA") for assistance in this regard.

15. Members can avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form No. SH-13 duly filled in to the Company/RTA/DP. The prescribed form can be obtained from the RTA/DPs as well as downloaded from the Company's website <https://www.equitas.in>.
16. **As an eco-friendly measure intending to benefit the society at large, Members who have not yet registered their email addresses are requested to register the same with their Depository Participants ("DPs"), in case the shares are held by them in electronic mode and with RTA in case the shares are held by them in physical form.**
17. All relevant documents will be available for inspection electronically during the e-AGM hours, which can be accessed through the link <https://emeetings.kfintech.com> using e-voting credentials.
18. As the 13th AGM is being held through VC, Route map is not annexed to the notice.

ANNEXURE - EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No. 3 To appoint M/s T R Chadha & Co LLP, Chartered Accountants as Statutory Auditors of the Company

M/s S R Batliboi & Associates LLP ("SRB"), Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of five years from the conclusion of 10th AGM held in 2017 till the conclusion of 15th AGM to be held in 2022.

SRB's term of appointment in the Company's Subsidiary, Equitas Small Finance Bank Limited (ESFBL) would end after the conclusion of ensuing AGM of ESFBL in terms of the extant regulations of Reserve Bank of India in this regard.

In this connection, SRB has expressed that they would not be in a position to obtain sufficient participation in the audit of the Consolidated Financial Statements of the Company after ceasing to be auditors of ESFBL and accordingly have communicated their intent to resign as auditors of the Company upon issuing review report on results of the Company for the quarter ending June 30, 2020.

Consequent to the above, the Board of Directors of the Company, on May 29, 2020 has recommended appointment of M/s T R Chadha & Co LLP, Chartered Accountants (Firm Registration No: 006711N/ N500028) as Statutory Auditors of the Company in view of having a common network of Auditors for the Company & ESFBL and for smooth consolidation of financials, for a period of five years from the conclusion of this 13th Annual General Meeting till the conclusion of 18th Annual General Meeting of the Company to be held in the year 2025 subject to resignation of SRB taking effect.

Credentials of TRC

T R Chadha & Co LLP ("TRC") is a Chartered Accountancy Firm registered with Institute of Chartered Accountants of India with Firm Registration No. 006711N/N500028. The firm is in practice since May 1946 with presence in 10 cities in India viz. New Delhi, Mumbai, Gurugram, Chennai, Ahmedabad, Bengaluru, Hyderabad, Pune, Tirupati and Vadodara. The firm provides a range of services which includes Audit & Assurance, Taxation, Risk Advisory, etc.

In accordance with the disclosure requirements under Regulation 36(5) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, the fee payable to TRC, if appointed by the shareholders, shall be upto a ceiling of ₹ 12 lakh per annum for carrying out statutory audit for FY 2020-21. This fee might have an annual escalation based on mutual discussions and approval of the Audit Committee and the Board. The Fee payable to TRC, appointee Statutory Auditors for FY 2020-21 for performing the statutory audit function will be lower than that of fee paid to SRB, outgoing Statutory Auditors and the change in fee is not material.

Interest of Directors and KMP:

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the passing of the resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 3 above for approval of the shareholders.

Item No. 4 & 5: Appointment of Mr John Alex (DIN: 08584415) as Whole-time Director (ED & CEO)

The Board of Directors of the Company, at its Meeting held on November 8, 2019 appointed Mr John Alex as Whole-Time Director of the Company, designated as Executive Director & Chief Executive Officer for a period of three years, subject to the approval of shareholders. As per Section 161 of the Companies Act, 2013 ("the Act"), he holds office till the ensuing AGM. It is proposed to appoint Mr John Alex as a Director under Section 152 of the Act. Approval of the Members is sought for appointment of Mr John Alex as a Whole-Time Director (ED & CEO). His brief profile along with the information as required to be furnished under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards is annexed.

Considering the qualification and experience, appointment of Mr John Alex as Whole-time Director (ED & CEO) would immensely benefit the Company.

Interest of Directors and KMP:

Mr John Alex and his relatives may be deemed to be concerned or interested in the Resolution set out at Item No. 4 and 5.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the passing of the resolution.

The Board recommends the Ordinary Resolution and Special Resolution set forth in Item No. 4 and 5 above for approval of the shareholders.

Item No. 6: Appointment of Mr Jayaraman Chandrasekaran (DIN 01118392) as Independent Director

The Board of Directors, at its Meeting held on August 2, 2019 appointed Mr Jayaraman Chandrasekaran as Independent Director (Additional Director) of the Company subject to the approval of shareholders for a period of five years with effect from August 2, 2019. He attended two (2) Board Meetings during the FY 2019-20 after his appointment into the Board. As per Section 161 of the Companies Act, 2013 ("the Act"), Mr Jayaraman Chandrasekaran holds office upto the date of the ensuing Annual General Meeting of the Company.

The Company has received declaration of independence from the above Director as required under sub-section (6) of Section 149 of the Act. Mr Jayaraman Chandrasekaran is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Also under Section 149 (13) of the Act, he will not be liable to retire by rotation. He has also confirmed that he is not aware of any circumstance or situation which exists

or may be reasonably anticipated that could impair or impact his ability to discharge the duties as stipulated under Regulation 25(8) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). His brief profile along with the information as required to be furnished under Regulation 36 of SEBI Listing Regulations and Secretarial Standards is annexed.

In the opinion of the Board, Mr Jayaraman Chandrasekaran fulfills the criteria for being appointed as Independent Director in accordance with Section 149 of the Act, Rules framed thereunder, Regulation 16(1)(b) of SEBI Listing Regulations and fit and proper criteria as mentioned in the Policy for ascertaining "fit and proper" status of Directors. Considering the qualification, experience, stature and standing, his appointment as an Independent Director would immensely benefit the Company.

Interest of Directors and KMP:

Mr Jayaraman Chandrasekaran and his relatives may be deemed to be concerned or interested in the Resolution set out at Item No. 6.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in passing of the resolution.

The Board recommends the Resolution set forth in Item No. 6 above for approval of the shareholders.

Item No. 7 Re-appointment of Mr Rangachary N (DIN 00054437), as Non-Executive Non-Independent Director

Mr Rangachary N was appointed as an Independent Director of the Company for a period of five years i.e. upto May 6, 2020. As per the provisions of Section 149 of the Companies Act, 2013 ("the Act") and other applicable provisions, if any, an Independent Director shall hold office for a term of five consecutive years on the Board of the Company and is eligible for re-appointment for a term of another five consecutive years on passing of Special Resolution by the Company.

The Company has received a declaration from Mr Rangachary N to the effect that he continues to meet the criteria of independence as provided in Section 149(6) of the Act, Rules framed thereunder and Regulation 16(1)(b) of SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). He has also confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge the duties as stipulated under Regulation 25(8) of SEBI Listing Regulations. In the opinion of the Board, Mr Rangachary N continues to satisfy the criteria of independence as provided in Section 149(6) of the Act, Rules framed thereunder and Regulation 16(1)(b) of SEBI Listing Regulations. However, the Board recommends re-appointment of Mr Rangachary N as a Non-Executive Non-Independent Director as a good governance practice, considering the fact that he has been associated with the Company for more than ten years with the Company.

The Board, based on the performance evaluation and recommendation of Nomination, Remuneration & Governance Committee, considers that given his background, experience and contribution, the continued association of Mr Rangachary N as a Non-Executive Non-Independent Director of the Company would be of immense benefit to the Company and the Group.

In the opinion of the Board, Mr Rangachary N satisfies all the criteria applicable for re-appointment including fit and proper criteria as mentioned in the Policy for ascertaining "fit and proper" status of Directors. His brief profile along with the information as required to be furnished under Regulation 36 of SEBI Listing Regulations and Secretarial Standards is annexed.

Interest of Directors and KMP:

Mr Rangachary N and his relatives may be deemed to be concerned or interested in the Resolution set out at Item No. 7.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in passing of the resolution.

The Board recommends the Special Resolution set forth in Item No. 7 above for approval of the shareholders.

Item No. 8 Re-appointment of Mr Rajaraman P V (DIN 01658641) as Independent Director

Mr Rajaraman P V was appointed as an Independent Director of the Company for a period of five years i.e. upto May 6, 2020. As per the provisions of Section 149 of the Companies Act, 2013 ("the Act") and other applicable provisions, if any, an Independent Director shall hold office for a term of five consecutive years on the Board of the Company and is eligible for re-appointment for a term of another five consecutive years on passing of Special Resolution by the Company.

The Board, based on the performance evaluation and recommendation of Nomination, Remuneration & Governance Committee, considers that given his background, experience and contribution, the continued association of Mr Rajaraman P V as an Independent Director of the Company and as a Member of various Committees would be of immense benefit to the Company.

The Company has received a declaration from Mr Rajaraman P V to the effect that he continues to meet the criteria of independence as provided in Section 149(6) of the Act, Rules framed thereunder and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). He has also confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge the duties as stipulated under Regulation 25(8) of SEBI Listing Regulations.

In the opinion of the Board, Mr Rajaraman P V satisfies all the criteria applicable for re-appointment including fit and proper criteria as mentioned in the Policy for ascertaining "fit and proper" status of Directors. His brief profile along with the information as required to be furnished under Regulation 36 of SEBI Listing Regulations and Secretarial Standards is annexed.

Interest of Directors and KMP:

Mr Rajaraman P V and his relatives may be deemed to be concerned or interested in the Resolution set out at Item No. 8.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in passing of the resolution.

The Board recommends the Special Resolution set forth in Item No. 8 above for approval of the shareholders.

Item No. 9 Re-appointment of Mr Arun Ramanathan (DIN 00308848), Independent Director

Mr Arun Ramanathan was appointed as an Independent Director of the Company for a period of five years i.e. upto May 6, 2020. As per the provisions of Section 149 of the Companies Act, 2013 ("the Act") and other applicable provisions, if any, an Independent Director shall hold office for a term of five consecutive years on the Board of the Company and is eligible for re-appointment for a term of another five consecutive years on passing of special resolution by the Company.

The Board, based on the performance evaluation and recommendation of Nomination, Remuneration & Governance Committee, considers that given his background, experience and contribution, the continued association of Mr Arun Ramanathan as an Independent Director of the Company and as a Member of various Committees would be of immense benefit to the Company.

The Company has received a declaration from Mr Arun Ramanathan to the effect that he continues to meet the criteria of independence as provided in Section 149(6) of the Act, Rules framed thereunder and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). He has also confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge the duties as stipulated under Regulation 25(8) of SEBI Listing Regulations.

In the opinion of the Board, Mr Arun Ramanathan satisfies all the criteria applicable for re-appointment including fit and proper criteria as mentioned in the Policy for ascertaining "fit and proper" status of Directors. His brief profile along with the information as required to be furnished under Regulation 36 of SEBI Listing Regulations and Secretarial Standards is annexed.

Interest of Directors and KMP:

Mr Arun Ramanathan and his relatives may be deemed to be concerned or interested in the Resolution set out at Item No. 9.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in passing of the resolution.

The Board recommends the Special Resolution set forth in Item No. 9 above for approval of the shareholders.

**By Order of the Board of Directors
For Equitas Holdings Limited**

Place: Chennai
Date: May 29, 2020

Deepti R
Company Secretary
Membership No. A35488

Details of Directors seeking appointment at the Annual General Meeting (Information under Regulation 36 of SEBI Listing Regulations read with Secretarial Standards)

Name	John Alex
DIN	08584415
Age	62
Educational Qualification	Bachelors' in Agriculture and Rural development
Brief Profile including nature of expertise in specific functional areas	<p>Mr John Alex joined the Management Team of Equitas in 2008 and conceptualized and set up the team for Social Initiatives with a clear focus to address a larger spectrum of requirements of small clients in the field of Health, Education, Skill Development, Food Security, and Placement for unemployed Youth, Inclusive model for persons with disability & trans genders. Mr John Alex started his career as a Group II Gazetted Officer in Tamil Nadu State Government and served as Extension Officer (Agri) & Block Development Officer in the State Government from 1979 to 1983.</p> <p>Further, he joined Indian Overseas Bank, a Public Sector Bank as a Probationary Officer and served as Agricultural Field Officer, Branch Manager, Regional Assistant Chief Officer, Senior Manager & Chief Manager in various Branches in Tamil Nadu & Andhra Pradesh from 1983 to 2008.</p>
Terms and conditions of appointment	Provided in Resolution No.5
Remuneration Last Drawn	Provided in Resolution No.5
Number of shares held in the Company	41,615
Board Membership in other companies	Nil
Details of Membership / Chairmanship of Committees of other Boards (membership of Audit Committee and Stakeholders Relationship Committee only)	Nil

Name	Jayaraman Chandrasekaran
DIN	01118392
Age	68
Qualification	Bachelors' degree in Technology specialising in Chemical Engineering
Brief Profile & expertise	<p>Mr Jayaraman Chandrasekaran joined SBI as a probationary officer in 1975 and after an illustrious career spanning over three and a half decades retired as Chief General Manager in September 2011. Key areas of specialised experience in SBI include:</p> <p>Technical Consultancy for SME and Mid corporate clients which involved, besides project evaluation, building systems for customers in inventory and receivables management, production line balancing, costing, pricing and product mix studies, etc.</p> <p>Head of Bank's Rupee Treasury from 2000 to 2003, running it as an independent profit centre. Responsible for maximizing yields in money market and securities trading operations, et al. He was a member of various RBI technical committees on the money and bond markets.</p> <p>Following major restructuring of business, he headed and ran the Bank's new SME Business Unit from 2004 to 2007, positioning SBI as a thought leader in SME business. He was responsible for identifying new growth opportunities and achieving business and market share goals. He served on the Board for SMERA. He was deputed for a 3 week course on MSME at the Kennedy School Of Government, Harvard. He was a member of the RBI appointed Chakravarty Committee on restructuring and rehabilitation of distressed SME units, the recommendations of which were accepted and implemented by RBI.</p> <p>From Nov 2007 till superannuation, he was Chief General Manager, heading SBI Chennai Circle, covering TN and Pondicherry during which there was significant growth in retail and cross selling business. He was part of the Chairman's core team in implementing Citizen SBI, a major HR initiative.</p>

	Post retirement, he was engaged for about 5 years in training officers in various banks in SME and delivering guest lectures in various institutions including ASCI, Hyderabad. He was SBI's nominee director on the Board of SIDBI for 6 years, from June 2012 till June 2018. Presently, he is an Independent Director of Mahaveer Finance India Ltd, a small, growing NBFC and SBICAP's nominee director in SBICAP Trustee Co. Ltd., its step down subsidiary.
Number of shares held in the Company	Nil
Board Membership in other companies	1. Mahaveer Finance India Limited 2. SBICAP Trustee Company Limited
Chairmanship/Membership of the Committees of other Boards	Nil

For other details such as number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report, forming part of Annual Report for FY 2019-20.

Details of Directors seeking re-appointment at the Annual General Meeting (Information under Regulation 36 of SEBI Listing Regulations read with Secretarial Standards)

Name of the Director	Mr Rangachary N	Mr Rajaraman P V
DIN	00054437	01658641
Age	81 Years	76 Years
Qualification	He is a fellow member of the Institute of Chartered Accountants of India, the Institute of Cost Accountants of India and Institute of Company Secretaries of India.	Master's degree in Science (Physics) from the University of Madras and Master's Degree in Management Studies (Developing Countries) from the University of Leeds.
Brief Profile	Mr Rangachary N has been associated with the Company since July 2007. He has served as the Chairman of Central Board of Direct Taxes and as the first Chairman of Insurance Regulatory and Development Authority. He has also served as Advisor to the Finance Department of Government of Andhra Pradesh. He was a member of the Expert Committee on General Anti-Avoidance Rules (GAAR), a high level Committee set up by the Prime Minister in the year 2012. He headed the Committee to review taxation of Development Centres and IT Sector.	Mr Rajaraman P V has been associated with the Company since November 2011. He was a member of the Indian Administrative Service from 1967 to 2004. He has more than three decades of experience in the Indian Administrative Service and has served in various capacities including Collector, Erode district, Managing Director of India Cements, Chairman and Managing Director of Tamil Nadu Housing Board, Secretary to the Government of Tamil Nadu in the Commercial Taxes, Home and Finance departments, Chairman of Tamil Nadu Industrial Investment Corporation. He has also served as a Director on the Boards of Small Industries Development Bank of India, Hindustan Petroleum Corporation Limited and Indbank Merchant Banking Services Limited. He is a recipient of Padma Shri Award from the President of India in 2015 for distinguished service.
Expertise in specific functional area	Taxation Insurance Finance Accountancy Business Administration Governance General Management	Public Administration Finance Corporate Governance Business Management
Date of first appointment on the Board	July 26, 2007	November 2, 2011
Number of shares held in the Company	Nil	Nil
Board Membership in other companies	1. Orient Green Power Company Limited 2. CDSL Insurance Repository Limited 3. Pegasus Assets Reconstruction Private Limited 4. Salzer Electronics Limited 5. CIS Access data eServices Limited 6. Kaycee Industries Limited 7. Srinidhi Trustee Services Private Limited	Nil

Chairmanship/Membership of the Committees of other Boards	<p>Audit Committee</p> <ol style="list-style-type: none"> 1. Member – Orient Green Power Company Limited 2. Member – Salzer Electronics Limited 3. Member – CDSL Insurance Repository Limited <p>Stakeholders Relationship Committee</p> <ol style="list-style-type: none"> 1. Member - Kaycee Industries Limited 	Nil
Name of the Director	Mr Arun Ramanathan	Mr Bhaskar S
DIN	00308848	00010000
Age	71 Years	62 Years
Qualification	M.Sc, M.Phil, MBA, CMA	B.Sc., ACA
Brief Profile	<p>Mr Arun Ramanathan was a member of the Indian Administrative Service (Tamil Nadu Cadre, 1973). In his stint of more than 34 years of service in the Indian Administrative Service, he held several postings in the Government of India at the level of Secretary in various ministries, including Secretary in the department of Chemicals and Petrochemicals (Ministry of Chemicals and Fertilizers), Secretary in the department of Financial Services (Ministry of Finance) and at superannuation in 2009, the Union Finance Secretary. He has served as a director on the boards of several companies including State Bank of India, IDBI Bank Limited, ICICI Bank Limited, India Infrastructure Finance Company Limited, IDFC Limited, Oil and Natural Gas Corporation Limited, Shipping Corporation of India Limited, Tamil Nadu Petroproducts Limited, National Textile Corporation Limited, ONGC Videsh Limited, Titan Industries Limited, United Stock Exchange of India Limited, Indian Clearing Corporation Limited, Jenson and Nicholson (India) Limited, JCT Electronics Limited, Religare Enterprises Limited and L&T Infra Debt Fund Limited. He was a member of the Life Insurance Corporation of India. He has served as chairman of the audit committees of Oil and Natural Gas Corporation Limited and Shipping Corporation of India Limited. He has also served on the Indian advisory council of Daimler (India) Commercial Vehicles Private Limited between 2010 and 2016. He is a serving member on the investment committee of the Tamil Nadu Infrastructure Fund Management Corporation Limited and has been included in the panel of outside experts of Oil and Natural Gas Corporation Limited in the finance/commercial category.</p>	<p>Mr. Bhaskar joined the Equitas Group on October 15, 2007. He was appointed as the Chief Financial Officer of the Company on November 1, 2014 and continued so till his appointment as Executive Director & Chief Executive Officer on October 21, 2016.</p> <p>He started his career with Pricewaterhouse & Co., where he worked for one and a half years and later moved to Cholamandalam Investment and Finance Company Limited where he worked for two decades. Prior to joining Equitas Group, he was the Group Treasurer and Senior Vice President – Audit for the Murugappa Group, Chennai.</p>
Expertise in specific functional area	Business Administration Finance Economics Accountancy Public Administration Corporate Governance General Management	Accountancy Finance Taxation Auditing Corporate law & Governance Treasury operations General Management
Date of first appointment on the Board	November 2, 2011	October 21, 2016
Number of shares held in the Company	Nil	14,05,000

Board Membership of other companies	1. Equitas Small Finance Bank Limited 2. Thirumalai Chemicals Limited	Equitas Technologies Private Limited
Chairmanship/Membership of the Committees of other Boards	Audit Committee 1. Member - Thirumalai Chemicals Limited Stakeholders Relationship Committee 1. Chairman - Thirumalai Chemicals Limited	Nil

For other details such as the number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report, forming part of Annual Report for FY 2019-20.

Other Instructions for e-AGM

Procedure for obtaining the Annual Report, e-AGM Notice and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios:

On account of threat posed by COVID-19 and in terms of the MCA and SEBI Circulars, the Company has sent the Annual Report, Notice of e-AGM and e-Voting instructions only in electronic mode to the registered email addresses of the shareholders. Therefore, those shareholders who have not yet registered their email address are requested to get their email addresses registered by following the procedure given below:

1. Those shareholders who have registered/not registered their e-mail address and mobile numbers including address and bank details may please contact and validate/update their details with the Depository Participant in case of shares held in electronic form and with the Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited in case the shares held in physical form.
2. If a shareholder has not registered his / her email address, the Annual Report, Notice of e-AGM and e-voting notice could not be serviced. We request the shareholders to register their email address and mobile number with the Company's RTA, by clicking the link: https://ris.kfintech.com/email_registration/ for sending the same. Shareholders are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to einward.ris@kfintech.com.
3. Alternatively, member may send an e-mail request to einward.ris@kfintech.com for receiving the Annual report, Notice of e-AGM and the e-voting instructions, by providing the scan copy of the signed request letter along with the email address, mobile number, self-attested PAN copy. Additionally Client Master report in case of demat holding and a copy of share certificate in case of physical holding is to be provided.
4. An advertisement informing the shareholders with regard to the Manner of Registration was published on July 7, 2020 in Business Standard and Makkal Kural.

Instructions for the Members for attending the e-AGM through Video Conference.

1. Members may access the platform to attend the AGM through video conferencing platform provided by M/s KFin Technologies Private Limited at <https://emeetings.kfintech.com> by using their remote e-voting credentials. Members can join the Video Conference of the company by following the steps below:

- i. Click the Video conference tab
- ii. Select the EVEN of the company
- iii. Click on the video symbol
- iv. Accept the etiquettes of the meeting and join the meeting.

Please note that the members who do not have the User ID and Password or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice.

2. The facility for joining the AGM shall be open for 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such scheduled time.
3. Members are encouraged to join the Meeting using Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge or Mozilla Firefox 22.
4. Members are recommended to use Stable Wi-Fi or LAN Connection to participate at the AGM through VC without any disturbance during the Meeting. Participants connecting through Mobile Devices or Tablets or Laptops through Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network.
5. Shareholders who would like to express their views/ask questions during the Meeting may log into <https://emeetings.kfintech.com> and click on the tab "Post your Queries" to post their queries/views in the window provided by KFINTECH with their remote e-voting credentials. Such window shall be kept open during the remote e-voting period i.e., from August 7, 2020 to August 9, 2020. Please note that, members' queries will be answered only when the shareholder continue to hold the shares as of cut-off date.
6. In addition to the above, the Members may register themselves as speakers for the AGM to post their queries. Accordingly, the Members may visit <https://emeetings.kfintech.com> and click on 'Speaker Registration'. Only those Members who have registered themselves will be allowed to express their views/ask questions at the e-AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM. However, responses to their queries will be provided in due course.
7. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1800-3454-001 or write to them at emeetings@kfintech.com

Instructions for members for remote e-voting VOTING THROUGH ELECTRONIC MEANS – INSTRUCTIONS

I. Remote e-voting:

Remote e-voting period :

From 9:00 A.M. IST on Friday, August 7, 2020 To 5:00 P.M. IST on Sunday, August 9, 2020

Pursuant to the provisions of Section 108 of the Companies Act, 2013 ("the Act") read with Rule 2 of the Companies (Management and Administration) Rules, 2014 and SEBI Listing Regulations as amended from time to time, the Company is pleased to offer e-voting facility to Members to exercise their votes electronically on all resolutions set forth in the Notice convening the 13th Annual General Meeting (AGM) scheduled on Monday, August 10, 2020 at 3.00 P.M. The Company has engaged the services of M/s KFin Technologies Private Limited ("KFINTech") to provide Remote e-voting facility to enable Members to provide their votes in a secure manner. Ms Jayshree S Iyer, Practising Company Secretary has been appointed as the scrutiniser to scrutinize the voting during the e-AGM and the Remote e-voting process in a fair and transparent manner. In terms of the requirements of the Act and the rules made thereunder, the Company has fixed Monday, August 3, 2020 as the cut-off date. The Remote e-voting /voting rights of the Members/beneficial owners shall be reckoned on the equity shares held by them as on cut-off date, i.e. August 03, 2020. During the Remote e-voting period, the Members of the Company, holding shares either in physical form or in electronic form, as on the cut-off date, are entitled to avail the facility to cast their vote through Remote e-voting. The Remote e-voting will not be allowed beyond the aforesaid date and time and the e-voting module shall be disabled by KFINTech upon expiry of the aforesaid period. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently or cast the vote again.

The instructions for Members voting electronically are as mentioned below:

(A) For Members receiving email from KFINTech (for Members whose email IDs are registered with the Company / Depository Participants which includes details of E-Voting Event Number (EVEN), User ID and Password):

- i. Launch internet browser and type the URL: <https://emeetings.kfintech.com>
- ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) 5389 followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFINTech for e-voting, you can use your existing User ID and password for casting your vote.
- iii. After entering the appropriate details, click on "LOGIN".
- iv. You will now reach Password Change menu wherein you are required to mandatorily change your password. The new password shall comprise

minimum of 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT" i.e., "Equitas Holdings Limited".
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/ AGAINST" taken together shall not exceed your total shareholding as mentioned hereinabove. You may also choose the option "ABSTAIN". If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either option.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit".
- xi. A confirmation box will be displayed. Click "OK" to confirm; else, "CANCEL" to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUFs, NRIs etc.,) are also required to send certified true scanned copies of the Board Resolution/Authority Letter etc., in 'pdf' format together with attested specimen signature(s) of the duly authorised representative(s) to the Scrutiniser at email id, jayashree2505@gmail.com with a copy marked to emeetings@kfintech.com. The scanned image of the above mentioned documents should be in the naming format:

EQUITASHOLDINGSLIMITED_5389

- (B) In case of Members who have not registered their email address (including members holding shares in physical form) are requested to follow the instructions provided in "Procedure for obtaining the Annual Report, e-AGM notice and e-voting

instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios" mentioned earlier in the Notice for registration of email id and obtain User ID and password for evoting.

- II. Voting at e-AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the time of e-AGM from their screen by clicking on the Vote icon. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however, these Members are not entitled to cast their vote again in the Meeting. If a Member casts votes by both modes, then voting done through Remote e-voting shall prevail and vote at the e-AGM shall be treated as invalid.
- III. Other Instructions:
 - a. In case of queries and / or grievances, if any, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and e-voting user manual available at the "download" section of KFINTECH website <https://evoting.kfintech.com> or send email to KFINTECH at inward.ris@kfintech.com or call Mr Sri Sai Karthik Tikkiseti, Manager, KFINTECH at +91 40 - 6716 1509 or Toll free No. 1800-3454-001.
 - b. You can also update your mobile number and e-mail ID in the user profile details of the folio which can be used by the Company/RTA for sending communications in future.
 - c. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
 - d. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the cut-off date i.e., Monday, August 3, 2020.
 - e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for e-voting i.e., Monday, August 3, 2020, he/she may obtain

the User ID and Password in the manner as mentioned below:

- i. If the mobile number of the member is registered against Folio No./DP ID Client ID, the member may send SMS:

MYEPWD <space> E-Voting Event Number 5389 + Folio No. or DP ID Client ID to +91 92129 93399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> 53891234567890

- ii. If e-mail ID or mobile number of the member is registered against Folio No./DPID ClientID, then on the home page of <https://evoting.kfintech.com> the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call toll free number of KFINTECH 1800-3454-001.
- iv. Members may send an e-mail request to emeetings@kfintech.com RTA shall endeavour to send User IDs and Passwords to those new Members whose e-mail IDs are available.
- v. The Scrutinizer will submit her report to the Chairman after the completion of scrutiny, and the result of the voting will be announced by the Chairman or the person authorised by him on or before Wednesday, August 12, 2020 and will also be displayed on the website of the Company (www.equitas.in), besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agent.