



July 19, 2021

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

Dear Sirs,

**Sub: Notice of 14th Annual General Meeting along with Annual Report for FY 2020-21,
and Intimation of Book Closure Date and Cut-off date for e-voting**

Pursuant to Regulation 34 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to notify that the 14th Annual General Meeting of the Company is scheduled on Thursday, August 12, 2021 at 03.30 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

The soft copy of Annual Report for FY 2020-21 along with the Notice of 14th AGM of the Company is enclosed. The same can also be accessed from our website <https://www.equitas.in>.

Further, pursuant to Regulation 42 and other applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to notify that the Register of Members and share transfer books will remain closed from Friday, August 06, 2021 to Thursday, August 12, 2021 (both days inclusive). The cut-off date for ascertaining the eligibility of shareholders to participate in e-voting is Thursday, August 05, 2021.

The Company has commenced dispatch (by electronic means) of the Notice of AGM along with Annual Report for FY 2020-21 to all eligible shareholders, whose email IDs are registered with the Company/Depositories.

Kindly take the above information on record.

Thanking you,

Yours truly,

For Equitas Holdings Limited

Deepti R

Company Secretary

CC : NSDL, CDSL, KFin Technologies Private Limited(RTA)



EQUITAS HOLDINGS LIMITED

410A, 4th FLOOR, SPENCER PLAZA, PHASE -II, No.769, ANNA SALAI, MOUNT ROAD, CHENNAI, TAMILNADU - 600002

Ph : +91- 44-4299 5000 Fax : +91-44-4299 5050 Email : corporate@equitas.in Web: www.equitas.in

CIN: L65100TN2007PLC064069



EQUITAS HOLDINGS LIMITED

CIN: L65100TN2007PLC064069
 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>

Notice to Members

NOTICE is hereby given that the 14th Annual General Meeting of Equitas Holdings Limited will be held on Thursday, August 12, 2021 at 3.30 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, 2021 and the Balance Sheet as at that date, including the Consolidated Financial Statements, together with the Independent Auditors' Report(s) thereon be and are hereby considered, approved and adopted".

Item No. 2 To appoint a Director in place of Mr John Alex (DIN 08584415), 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 John Alex (DIN 08584415), 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 confirm and take note of the interim dividend(s) paid during the year as final dividend for FY 2020-21

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED that the interim dividend of ₹ 1/- per equity share of ₹ 10/- each fully paid up of the Company, as approved by the Board of Directors on August 10, 2021 and paid to those equity members whose names appeared

in the register of members as on August 19, 2020 being the record date fixed for the purpose and second interim dividend of ₹ 2/- per equity share of ₹ 10/- each fully paid up of the Company, as approved by the Board of Directors on February 5, 2021 and paid to those equity members whose names appeared in the register of members as on February 13, 2021 being the record date fixed for the purpose, be and are hereby confirmed as final dividend for FY 2020-21".

Special Business :

Item No. 4 To approve charitable contribution

"RESOLVED that in supersession of resolutions passed in this regard, with effect from the Financial Year 2021-22, and pursuant to the provisions of Section 181 of the Companies Act, 2013 and other applicable provisions, if any, consent of the members, be and is hereby accorded to donate or contribute to Equitas Development Initiatives Trust (EDIT), Equitas Healthcare Foundation (EHF), public charitable trusts or such other trusts, not-for-profit entities, NGOs etc., for carrying out one or more of the Corporate Social Responsibility activities listed in Schedule VII of the Companies Act, 2013 or such other charitable activities as the Board may deem fit, in each financial year up to the higher of the following:

- 5% of the net profits of the Company of the previous year; or
- 2% of the average net profits of the Company in the immediately preceding three financial years computed in accordance with the provisions of Section 197 of the Companies Act, 2013,

notwithstanding that the aggregate amount of such contribution during a financial year may exceed 5% of its average net profits for the three immediately preceding financial years".

**By Order of the Board of Directors
For Equitas Holdings Limited**

Place: Chennai
Date: May 13, 2021

Deepti R
Company Secretary
Membership No. A35488

Notes:

General Instructions for Accessing And participating in the 14th e-AGM through VC/OAVM Facility and Voting through Electronic means Including Remote E- Voting.

1. In view of the prevailing lock down 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 08, 2020, Circular No.17/2020 dated April 13, 2020 read with Circular No. 20/2020 dated May 05, 2020 and January 13, 2021, companies are permitted to hold their Annual General Meeting (AGM) through Video Conferencing (VC) /Other Visual Audio Means (OVAM) for the calendar year 2021. 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/ reappointment 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 Central Depository Services (India) Limited (CDSL), 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 August 05, 2021 ("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 Friday, August 06, 2021 to August 12, 2021 (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 and after 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, Remuneration & Governance 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 08, 2020, April 13, 2020, May 05, 2020 & January 13, 2021, the Company is providing facility of remote e-voting to its Members through its e-Voting agency, Central Depository Services (India) Limited (CDSL). 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 2020-21 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 Central Depository Services (India) Limited (CDSL) at www.evotingindia.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. SH13, 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 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 using e-voting credentials.
18. As the 14th AGM is being held through VC, Route map is not annexed to the notice.

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	63
Educational Qualification	Bachelors' in Agriculture and Rural development
Brief Profile including nature of expertise in specific functional areas	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 & transgenders. 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. 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.
Expertise in specific functional area	Banking Administration Social initiatives General Management
Date of first appointment on the Board	November 08, 2019
Number of shares held in the Company	41,615
Board Membership of other companies	Equitas Technologies Private Limited
Chairmanship/Membership of the Committees of other Boards	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 director, please refer to the Corporate Governance Report, forming part of Annual Report for FY 2020-21.

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. 4 To approve charitable contribution

The mission of Equitas Group is to improve the quality of life of those who are not effectively serviced by the formal financial sector

- a) by increasing total household asset value,
- b) by providing transparent and trustworthy access to financial and other relevant products and services and
- c) by deploying cutting edge technology and forming partnerships and alliances.

In line with this objective, Equitas has developed a wide range of ecosystem initiatives, covering health, skill training, job placements, education, food security, nutrition, entrepreneurial development, etc. and has been carrying on its Corporate Social Responsibility (CSR) activities through Equitas Development Initiatives Trust (EDIT) and Equitas Healthcare Foundation (EHF) both of which are registered public charitable trusts.

The shareholders of the Company in the Annual General Meeting held on June 22, 2016 has approved CSR contribution upto higher of

- i) 5% of its current year's net profits of the Company or
- ii) 2% of the average net profits of the Company in the immediately preceding three financial years computed in accordance with the provisions of Section 197 of the Companies Act, 2013

notwithstanding that the aggregate amount of such contribution during a financial year may exceed 5% of its average net profits for the three immediately preceding financial years.

Accordingly, the Company follows the practice of estimating the CSR contribution at the beginning of the year based on estimated profits and releasing the funds every quarter based on profits of the Company for the previous quarter. This results in considerable uncertainty on CSR contribution by the Company while the funds requirement for the implementing agencies is certain at the beginning of the year.

Hence, it is proposed to make CSR contribution based net profits of the previous financial year instead of the current financial year to have better predictability on the contribution. Since the aggregate annual contribution at 5% of the previous year's net profit may be in excess of the limits stipulated under Section 181 of the Companies Act, 2013 viz., 5% of the average net profits for the three immediately preceding financial years, the approval of the shareholders is sought under Section 181 of the Companies Act, 2013.

The Board of Directors recommend the resolution stated in Item No. 4 of the above notice for your approval.

Interest of Directors/KMP

None of the Directors or the Key Managerial Personnel of the Company and their relatives are interested financially or otherwise in the resolution stated in Item No. 4.

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 Bank 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 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 mail 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/clientservices/mobileereg/mobileemailreg.aspx> 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.
4. An advertisement informing the shareholders with regard to the Manner of Registration was published on Thursday, July 15, 2021 in Business Standard and Makkal Kural.

CDSL e-Voting System – For Remote e-voting and e-voting during AGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. 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 MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's

agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL. M/s B Ravi & Associates, Practising Company Secretaries represented by Dr B Ravi, has been appointed as the Scrutinizer for e-voting and e-ballot process.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination, Remuneration & Governance and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the 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. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020,

or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

9. The voting period begins on Monday, August 09, 2021 at 09.00 AM and ends on Wednesday, August 11, 2021 at 05.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 05, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
10. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
11. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.
12. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.
13. In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.
14. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

15. Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with NSDL	<p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

16. Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

17. Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders.

- i. The shareholders should log on to the e-voting website www.evotingindia.com.
- ii. Click on "Shareholders" module.
- iii. Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- iv. Next enter the Image Verification as displayed and Click on Login.
- v. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- vi. If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- vii. After entering these details appropriately, click on "SUBMIT" tab.
- viii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with

any other person and take utmost care to keep your password confidential.

- ix. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- xi. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvi. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

18. Facility for Non – Individual Shareholders and Custodians –Remote Voting

19. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
20. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
21. After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
22. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
23. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

24. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer at bravics@gmail.com and to the Company at the email address viz; secretarial@equitas.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

25. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
26. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
27. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
28. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
29. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
30. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
31. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast three days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial@equitas.in. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance two days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial@equitas.in. These queries will be replied to by the company suitably by email.

32. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

33. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

34. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.



Equitas Holdings Limited

14th Annual Report 2020-21



Contents

COMPANY OVERVIEW		FINANCIAL STATEMENTS	
Key Performance Indicators	01	Standalone	
Chairman’s Insights	02	Independent Auditors’ Report	49
		Balance Sheet	56
		Statement of Profit and Loss	57
		Cash Flow Statement	58
		Statement of Changes in Equity	60
		Notes to Accounts	61
STATUTORY REPORTS		Consolidated	
Directors’ Report	04	Independent Auditors’ Report	105
Management Discussion and Analysis	18	Balance Sheet	112
Report on Corporate Governance	26	Statement of Profit and Loss	113
Business Responsibility Report	40	Cash Flow Statement	114
		Statement of Changes in Equity	116
		Notes to Accounts	118

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 (FY21)

₹25,583.19 cr

Balance Sheet Size

₹3,076.28 cr

Net Worth

₹17,981.66 cr

Gross Advances

₹7,463.07 cr

Disbursements

₹16,260.27 cr

Total Deposits

₹5,868.84 cr

Retail Deposits

22,15,484

No. of Active Loan Accounts

18,00,100

No. of Deposit Accounts



Chairman's Message

Riding out the storm with compassion

Dear Shareholders,

I am happy to communicate with you once again through this Annual Report. Before I delve deeper into our performance for the year gone by, it is crucial to outline the external environment in which we currently operate in. India and the world faced an unprecedented health crisis in the form of COVID-19, which quickly turned into an economic one. As a nation, we prioritised life over everything else at the onset of the pandemic and focused on providing immediate relief to the economically vulnerable sections.

The willingness to take short-term pain for long-term gain was apparent in the government's counter measures. The pandemic also emphasised the importance of the healthcare sector and its inter-linkages with other sectors. However, more than a year into the crisis, India's economic prospects remain highly uncertain, as the recent surge in infections and the consequent localised lockdowns have dampened sentiments, thereby delaying the return to normalcy. That said, the vaccination drive has gathered momentum and is key to a sustained economic recovery.

I hope you and your loved ones are safe, healthy and vaccinated.

My prayers and good wishes are with you all. Stay safe and healthy at all times.

Business

The Bank's business was impacted due to the lockdown since the end of March 2020. We kept most of our branches and ATMs operational during this period to deliver uninterrupted services to our customers. We also believed that our customers should conserve cash to ensure that they had enough liquidity to tide over this pandemic and the lockdown, and to kick-start their business as the lockdown eased. In keeping with this belief, opting for a moratorium was a default mode that we rolled out. If anyone wanted to opt out of the moratorium, they could reach out to us. This made it convenient for our customer segments. The Bank extended the moratorium benefits to as much as 98% of its customers during the first phase and exited the moratorium period with only 35% of advances under moratorium as of August 2020.

"Equitas completed its four years as a Bank and 14 years as an institution. The Bank remains strong, charged with optimism amid the extraordinary challenges posed by the external environment. I remain confident about the Bank's ability to emerge out of the crisis stronger than ever."

"We emerged out of the first wave of the pandemic relatively unscathed because of our customers, who demonstrated incredible resilience in the face of supposedly insurmountable adversity."

We emerged out of the first wave of the pandemic relatively unscathed because of our customers, who demonstrated incredible resilience in the face of a supposedly insurmountable adversity. India's micro enterprises continue to show resilience, vigour and determination to bounce back from such situations. We thank them for their support and contribution in building our nation.

Since the end of the moratorium period in August 2020, our sustained prioritisation of collections over growth is ebbing forward flows, stabilising delinquent loan buckets and controlling new stress.

"The Bank's demonstrated track record across economic cycles and major events validate its unwavering focus on building a stable, scalable and sustainable Bank."

The Bank ended the year with a 17% YoY growth in advances and a 58% growth in deposits. The Bank's investments in branch banking, liabilities team and digital channels, coupled with attractive deposit pricing, are yielding results.

The Bank's focus on digitalisation continues and its Fintech collaborations have started off well. The Bank is seeing growing interest among Fintechs to collaborate and accordingly, has strengthened its API banking platform. The Bank continues its journey of revamping the technology stack for the asset businesses to make the Bank future proof and digitally ready in anticipation of the change in customer behaviour as smartphones and data become more affordable.

I am happy to inform you that our strategy of diversifying and offering a wide array of financing solutions to the segments that we operate in continue to progress well. The Bank's demonstrated track record across economic cycles and major events validates its unwavering focus on building a stable, scalable and sustainable Bank.

Human Capital

Our people philosophy rests on the pillars of Employee Care and Employee Connect. Equitas needed to create a safe environment for its employees to deliver their full potential. This two-pronged approach held us in good stead especially during the pandemic, giving confidence to the employees. The Bank launched a first-of-its-kind COVID package for its employees. The package attempts to provide holistic assistance to its employees and their immediate family.

Shareholders

As I had indicated in my last address, the Bank had to be listed separately by the end of the third year of starting its journey as an SFB. For us, the deadline was September 4, 2019. 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 COVID-19 outbreak. As normalcy in business operations resumed, the Bank initiated steps to complete the IPO and got listed on the NSE and the BSE on November 2, 2020. Consequent to the IPO process, Equitas Holdings Limited received cash as part of the offer for sale (OFS) proceeds and paid out dividend to shareholders.

Social Initiatives

Our social initiatives such as free health camps, livelihood skills training, and job placement fairs for unemployed youth continue to create a difference. Eight Equitas Gurukul schools (seven owned schools and one managed school belonging to VSKD Trust) are functioning well under the aegis of Equitas Development Initiatives Trust (EDIT). The schools provide high-quality, affordable education to 5,700 students from low-income households.

Since inception, we have believed that as more people gain access to formal tools to manage their money, their ability to build assets not only improves the welfare of their households but also sets in motion a virtuous cycle of societal progress. Today, we are witness to thousands of success stories of our customers who save and borrow small amounts of money while building financial assets, and creating a formal financial footprint. We remain committed more than ever to being a catalyst in the convergence of increasing income and evolving access and affordability of financial services.

The Board and I personally thank our investors and other stakeholders for their continued interest in us. I thank you all for being part of this exciting journey and for making Equitas what it is today. I also seek your continued support in staying true to our values of fairness and transparency.

God bless you.

Rangachary N
Chairman

Directors' Report

To,
The Members,
Equitas Holdings Limited

Your Directors have pleasure in presenting the Fourteenth Annual Report together with the audited accounts of the Company both on a Consolidated and Standalone basis for the Financial Year ended March 31, 2021 (FY 2020-21).

1. Financial Results

Particulars	Consolidated		Standalone	
	2020-21	2019-20	2020-21	2019-20
Total Revenue	3,82,069	2,92,336	17,773	1,907
Less: Total Expenditure	3,16,460	2,60,719	829	607
Profit before taxation	65,609	31,617	16,944	1300
Provision for taxation	14,230	11,017	2,249	530
Profit after taxation[A]	51,379	20,600	14,695	770
Other Comprehensive Income [B]	400	119	1	(1)
Total comprehensive Income for the year, net of tax [A+B]	51,779	20,719	14,696	769
Transfer to Statutory Reserve	12,545	6,245	2,939	154
Transfer to Special Reserve	742	483	-	-
Transfer to Investment Fluctuation Reserve	198	276	-	-
Transfer to capital Reserve	1,761	-	-	-

2. Dividend

Your Directors approved and paid an interim dividend of ₹ 1/- per equity share of ₹ 10/- each fully paid up of the Company to those equity shareholders whose names appeared in the register of members as on August 19, 2020 being the record date fixed for the purpose and second interim dividend of ₹ 2/- per equity share of ₹ 10/- each fully paid up of the Company to those equity shareholders whose names appeared in the register of members as on February 13, 2021 being the record date fixed for the purpose. Your Board recommends adoption of interim dividend(s) paid during the year as final dividend for FY 2020-21.

3. Transfer to Reserves

Your Company has transferred a sum of ₹ 2,939 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 99.85% as of March 31, 2021 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 2020-21 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, 120 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 ₹ 341,79,01,150 as at March 31, 2021 as compared to ₹ 341,78,99,950 as at March 31, 2020.

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. Core Investment Company

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 transporters and customers 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 to Equitas Development Initiatives Trust (EDIT) and Equitas Healthcare Foundation (EHF), registered

public charitable trust(s) for carrying out CSR activities on its behalf. A report on CSR activities is enclosed as Annexure – I.

13. Listing of shares of ESFBL

In compliance with the terms and conditions of the grant of Small Finance Bank (SFB) license, ESFBL (Bank) got its shares listed on BSE Limited and National Stock Exchange of India Limited on November 2, 2020 through Initial Public Offer (IPO).

Also, the Company had sold 7,20,00,000 of its shares held in the Bank under Offer for Sale route in the IPO of the Bank, in compliance with the dilution requirement stipulated by RBI while granting SFB license.

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 2020-21, the Board of Directors of the Company met four 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 Eight Directors out of which five are Independent Directors including a Women Independent Director. There were no changes in the Board of Directors of the Company during the year.

21.1 The Company has familiarised the Independent Directors of the Company on their roles and responsibilities, 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>.

21.2 Section 152 of the Act provides that two-thirds of the total number 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.

The Company has three Directors, viz., Mr. Rangachary N, Mr. Bhaskar S and Mr. John Alex, liable to retire by rotation. As per the criteria stipulated under Section 152 of the Act for retirement by rotation, Mr. John Alex shall retire in the ensuing AGM of the Company and being eligible for re-appointment, offer himself for re-appointment. The Board recommends his re-appointment and the same is being placed for approval of the shareholders at the ensuing Annual General Meeting.

21.3 There were no changes in KMPs during the year. As at March 31, 2021, the Company had the following 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 therein.

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 2020-21 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, 2021 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 Employees Remuneration and the percentage increase in remuneration	Name of the Director	Ratio of remuneration ⁵ to median remuneration of employees	% increase in remuneration in the financial year [#]
	Chairman	0.46:1	Please refer the note below
	Chairman, Audit Committee	0.34:1	
	Mr. Arun Ramanathan	Nil	
	Mr. John Alex, ED & CEO	7.34:1	
	Other Directors	0.23:1	
[#] Remuneration increased by 16.57% during FY 2020-21.			
⁵ 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	6%	
	CS	6%	
(iii) the percentage increase in the median remuneration of employees in the financial year;	6%		
(iv) the number of permanent employees on the rolls of the Company as on March 31, 2021	5 (five)		
(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 5.44%. Increase in remuneration of managerial personnel viz, ED & CEO during FY 2020-21 is 10%.		
(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>.

conclusion of the 18th Annual General Meeting (AGM) to be held in the year 2025.

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

There have been no frauds reported during the Financial Year ended March 31, 2021.

28. Auditors

M/s T R Chadha & Co LLP, Chartered Accountants, having Registration Number (Firm Registration No: 006711N/ N500028) were appointed as Statutory Auditors of the Company for five years till the

30. Secretarial Auditors

The Secretarial Audit Report of M/s B Ravi & Associates, Practising Company Secretaries for FY 2020-21 is enclosed as **Annexure-III**.

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.

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	Nil
2	Number of Options vested during the year	26,011
3	Number of Options exercised during the year	120
4	Number of shares arising as a result of exercise of Options	120
5	Number of Options forfeited/ lapsed during the year	61,768
6	Exercise Price (₹)	55
7	Money realized by exercise of Options (₹)	6,600
8	Total number of Options outstanding	1,10,420
9	Option Granted but not vested	5,617
10	Options Vested but not exercised	1,04,803
11	Total number of Options available for grant	3,68,30,746
12	Variation of terms of options	Nil

Note: Refer Note 43 to the Standalone Financial Statements and Note 57 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: - Nil
- 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>

34. Particulars of contracts or arrangements with related parties

All the Related Party Transactions that were entered into during the financial year 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

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

During the Financial Year, the Company had no activity relating to conservation of energy or technology absorption. Also, there were no foreign currency earnings or outgo.

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 34 forming part of Financial Statements.

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 Note 8 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 accordance with 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. Dividend Distribution Policy

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

40. 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.

41. Depository System

As the Members are aware, the Company's Equity Shares are tradable in electronic form. As on March 31, 2021, out of the Company's total equity paid-up share capital comprising of 34,17,90,115 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 dematerialization.

42. The Annual Return MGT-7 as required under the Act is available at the website of the Company, www.equitas.in.

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	Rangachary N
	ED & CEO	Chairman
May 13, 2021	Chennai	Bengaluru

Annexure I

Corporate Social Responsibility (CSR) Report

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

1. A brief outline on CSR Policy of the Company

CSR policy of the Company is available on our website <https://www.equitas.in/pdf/EHL-CSR-Policy.pdf>. As per the CSR Policy, the Company makes contribution upto higher of 5% of its net profits of the immediately preceding financial year or 2% of average profits of the Bank for the past three years for undertaking

such CSR projects or activities as specified by CSR Committee from time to time. The CSR Committee and the Board oversees the Projects undertaken by implementing agencies viz., Equitas Development Initiatives Trust (EDIT) and Equitas Healthcare Foundation (EHF).

2. The Composition of the CSR Committee is as follows:

S No	Name of director	Designation/ Nature of directorship	No of Meetings of CSR Committee held during the year	No of Meetings attended
1	Mr. Arun Ramanathan	Independent Director	2	2
2	Mr. Rajaraman P V	Independent Director	2	2
3	Ms. Jayshree Ashwinkumar Vyas	Independent Director	2	2
4	Mr. John Alex	ED & CEO	2	2

Apart from approving the budget, the CSR Committee reviews the progress of CSR projects and activities every half year.

3. The web-link where composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company

<https://www.equitas.in>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

No impact assessment was carried out during the financial year 2020-21. It is intended to carry out impact assessment of key projects once in three years. The last such study was conducted for the period 2016-18. A brief synopsis of the same is included in the annexure to this report. Similar such impact assessment would be conducted for the period 2019-2021 once the pandemic eases and life returns to normalcy.

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

S No	Financial Year	Amount available for set-off from preceding financial year (₹ in lakhs)	Amount required to be set-off for the financial year, if any (₹ in lakhs)
1	2019-20	Nil	Not applicable
2	2018-19	Nil	Not applicable
3	2017-18	Nil	Not applicable

6. Average net profit of the Company for last three financial years

Particulars	(₹ in lakhs)
Profit –2019-20	1,333.70
Profit –2018-19	1,302.14
Profit - 2017-18	979.43
Average PROFIT for CSR purpose	1,205.09

7. CSR Obligation for the financial year

Particulars	(₹ in lakhs)
a. 2% of average profits for the past three years	24.10
b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
c. Amount required to be set off for the financial year, if any	Nil
Total CSR obligation for the financial year (a + b - c).	24.10

8. CSR Expenditure during the year

a) CSR Amount spent or unspent for the financial year

Total Amount spent for the financial year (₹ in lakhs)	Amount Unspent (₹ in lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount	Date of Transfer	Name of fund	Amount	Date of Transfer
	Nil	NA	Nil	Nil	NA

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	
S No	Name of project	Item from list of activities in Sch VII	Local Area (Y/N)	Location of project	Project duration	Amount allocated (₹ lakhs)	Amount spent in current financial year (₹ lakhs)	Amount transferred to unspent CSR Account	Mode of Implementation (Direct or through implementing agency)			
				State	District					Direct	Name	CSR Number
1	Hospital construction	Health care	Y	TN	Kanchipuram	Three years (2020-21 to 2022-23)	25.76	25.76	NA	NA	Equitas Healthcare Foundation	CSR00002381

c) Details of CSR Amount spent against other than ongoing project for the Financial Year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S No	Name of project	Item from list of activities in Sch VII	Local Area (Y/N)	Location of project		Amount spent for the project (₹ lakhs)	Mode of Implementation (Direct or through implementing agency)	
				State	District		Name	CSR Number
1	Equitas Gurukul School - Salem	Education	Y	TN	Salem	54.06	Implementing agency Equitas Development Initiatives Trust	
2	Equitas Sugam clinic	Health care	Y	TN		1.16		CSR00001339
3	Job fair	Livelihood	Y	TN		6.32		
4	Birds nest	Livelihood	Y	TN		4.02		
5	Skill training	Livelihood	Y	TN		0.66		
Total						66.23		

d) Amount spent on administrative overheads

- Nil

e) Amount spent on impact assessment, if applicable

- Nil

f) Total Amount spent by implementing agencies for the financial year (b+c+d+e)

- ₹ 91.99 lakhs

(Total CSR contribution to the implementing agencies viz., EDIT and EHF during the year was ₹ 44.21 lakhs and the total utilisation shown above includes unutilized balance of CSR contribution at the beginning of the year)

9. a) Details of unspent CSR amount for the preceding three financial years

S. No	Preceding financial year	Amount transferred to Unspent CSR Account under section 135(6) (₹ in lakhs)	Amount spent in the reporting financial year (₹ in lakhs)	Amount transferred to any fund specified under Schedule VII as per section 135 (6), if applicable			Amount remaining to be spent in the succeeding financial year (₹ in lakhs)
				Name of fund	Amount (₹ in lakhs)	Date of transfer	
1	2019-20	Nil	NA	NA	NA	NA	Nil
2	2018-19	Nil	NA	NA	NA	NA	Nil
3	2017-18	Nil	NA	NA	NA	NA	Nil

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)
S No	Name of project	Financial year in which project was commenced	Project duration	Total amount allocated for the project (₹ in lakhs)	Amount spent on the project in the reporting financial year (₹ in lakhs)	Status of the project – Completed/ ongoing (₹ in lakhs)
1				NA		

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

There was no asset created or acquired through CSR spend during the financial year

(a)	Date of creation or acquisition of capital asset(s)	NA
(b)	Amount of CSR spent for creation or acquisition of capital asset	NA
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc	NA
(d)	details of the capital asset(s) created or acquired including complete address and location of the capital asset	NA

11. Specify the reason(s), if the company has failed to spend two percent of the average net profits as per section 135 (5)

Not applicable as the CSR spend of the Company has always been in excess of the minimum CSR obligation prescribed under the Act.

John Alex
ED & CEO

Place: Chennai
Date: May 13, 2021

Arun Ramanathan
(Chairman – CSR Committee)

Annexure II

Information as required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (forming part of Directors' Report for FY 2020-21)

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, 2021 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 2020-21 (₹ in lakhs)	Joining Date	% of Equity shares held	Previous employment and designation
1	Mr. John Alex	Executive Director & Chief Executive Officer	B. Sc (Agri)	64	38	74.25	08-Nov-19	0.01%	Executive Vice President, Equitas Small Finance Bank Limited
2	Ms. Srimathy R	Chief Financial Officer	ACA	38	11	19.79	01-Aug-17	0.00%	AVP - Finance & Accounts, Equitas Small Finance Bank Limited
3	Ms. Deepti R	Company Secretary	B.Com(CS), ACS	30	7	9.29	01-Jul-16	0.00%	Company Secretary, Tamilnadu Petroproducts Limited
4	Ms. Vidya B A	Deputy Manager - Finance & Accounts	B. Com, MBA	50	26	4.32	01-Dec-14	0.00%	Deputy Manager, Jain Jubilant Cars Pvt Ltd
6	Mr. Srinivasa Prasad C	Deputy Manager-Secretarial	B.Com.	37	14	7.57	14-Jul-16	0.00%	Senior Executive (Secretarial), BGR Energy Systems 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
Chairman
Bengaluru

May 13, 2021

Annexure III

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: 09.04.2021

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

[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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2021** according to the provisions of:

- (i) The Companies Act 2013 ("the Act") and the rules made there under issued by the Ministry of Corporate Affairs from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under to the extent applicable;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

- (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 (Registrars 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 (Buy-back 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.

During the period under review, the Company has reported lapses under SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Company’s Internal Code of Conduct for Prohibition of Insider Trading and has taken necessary disciplinary actions against the erring employees and reported the same to SEBI/Stock Exchanges. We were informed that there has been no response from SEBI for

the intimations made and also none of the designated persons were in possession of Un-published price sensitive information at the time of the transaction.

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 all its meeting of the Committees and Board meeting through Video Conferencing Facility by complying with the requirements of the Act.

All decisions were taken unanimously at the Board meeting and the committee 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: -

- In the Annual General meeting held on 10.08.2020, M/s T R Chadha & Co LLP, Chartered Accountants were appointed as Statutory Auditors of the Company (arising due to resignation of M/s S R Batliboi & Associates LLP) for a period of 5 years from the conclusion of the 13th Annual General Meeting until the conclusion of the 18th Annual General Meeting
- Had declared Interim dividend
 - at the rate of ₹ 1/-per equity share of ₹ 10/-each fully paid up of the Company to be paid out of the retained earnings of the Company as on March 31, 2020.
 - at the rate of ₹ 2/-per equity share of ₹ 10/-each fully paid up of the Company to be paid out of the retained earnings of the Company as on December 31, 2020.
- Effective from 02.11.2020, the equity shares of the subsidiary Equitas Small Finance Bank Limited (Scrip Code: 543243) (ESFBL) was listed and admitted to dealings on the exchanges BSE Limited and National Stock Exchange of India Limited thereby satisfying one of the licensing conditions imposed by Reserve Bank of India (“RBI”) while granting SFB license to ESFBL.

- Another licensing condition imposed by RBI was that the Company, being the promoter of ESFBL is required to reduce its stake to 40% (“forty percentage”) by September 4, 2021 for which, Company is contemplating a scheme of arrangement with its shareholders which involves reduction of share capital of the Company by half and transfer of half its’ shares held in ESFBL to public shareholders.
- The Company has made an application to the SEBI on 04.11.2020 seeking exemption under Regulation 300 of the ICDR Regulations to relax the one year promoter lock-in requirements under Regulation 16(b) to enable Equitas Holdings Limited to sell/ transfer the shares held

in the Bank to the extent required to meet the 40% dilution requirement prescribed by the RBI.

Place: Chennai
Date: 09.04.2021

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: F001810C000032764

Management Discussion & Analysis

Business Environment

Global Economic Overview

Global prospects remain extremely unclear one year into the pandemic. New virus mutations and therefore the accumulating human toll raises worries, while increasing vaccine coverage lifts sentiment. The outlook depends not simply on the outcome of the impact of virus and the effectiveness of vaccines, it additionally centres on how effectively economic policies are deployed under such uncertain times.

Global growth is projected at 6 percent in 2021, moderating to 4.4 percent in 2022. The projections for 2021 and 2022 are stronger than in the October 2020 World Economic Outlook which pegged global growth at 5.2 percent for 2021. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds the economic outlook and the path to recovery hinges on the effectiveness of the policies adopted and the speed of vaccination rolls outs.

Source – IMF - World Economic Outlook, Managing Divergent Recoveries, April 2021

Indian Economic Overview

India focused on saving lives and livelihoods by its willingness to taking on short-term pain for long-term gain, at the onset of the COVID-19 pandemic. An early, intense lockdown was imposed with the objective of containing the infection and saving lives. COVID-19 pandemic emphasized the importance of healthcare sector and its inter-linkages with other sectors.

India remained a preferred investment destination in FY21 with FDI pouring in as global asset shifted towards equities as prospects of a quicker recovery in emerging economies looked likely. Net FPI inflows recorded an all-time monthly high of US\$ 9.8 billion in November 2020, as investors' risk appetite returned. India was the only country among emerging markets to receive equity FII inflows in 2020.

Government expenditures in FY21 were initially directed towards providing immediate relief to the vulnerable sections, and were then re-oriented to boost overall demand and capital spending once the lockdown was unwound. India's forex reserves reached an all-time high of US\$ 586.1 billion as on January 8, 2021. The RBI's interventions in forex markets ensured financial stability and orderly conditions, controlling the volatility and one-sided appreciation of the Indian rupee. Accommodative

monetary policy in 2020 soothed the financial markets, with repo rate cut by 115 basis points since March 2020. The RBI undertook various conventional and unconventional measures like Open Market Operations (OMO), Long Term Repo Operations (LTRO) and Targeted Long Term Repo Operations (TLTRO) during the year.

Headline inflation at 5.0% in February 2021 remained within the tolerance band of the RBI. The projection for CPI inflation was revised to 5.0% in Q4FY21. On March 31, 2021, the RBI retained the inflation target at 4% with the lower and upper tolerance levels at 2% and 6%, respectively.

The National Statistical Office (NSO) in its update on February 26, 2021 placed the contraction in real GDP at 8.0% for FY21, with forecasts for FY22 also revised up based on the progress of vaccination. The recent surge in infections along with localised and regional lockdowns is likely to dampen consumer sentiments and delay the return to normalcy.

Source – RBI, The National Statistical Office, India Brand Equity Foundation

Banking Sector overview

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).

The advances and deposits in the SFB industry has increased with the CAGR of 75.3% and 155.3% respectively during the period FY16-FY20. SFBs' share in total banking industry has increased from 0.3% in FY19 to 0.5% in FY20 in case of credit, and deposits share has increased from 0.6% in FY19 to 0.9% in FY20.

For FY21, aggregate deposits for SFBs grew by 40.3% while advances increased 19.7%, despite a slowdown in the overall banking credit growth.

Source – Crisil, CMIE, IRR Advisory

Factors driving growth of the SFB Industry

- Availability of sizeable market opportunity and large target audience
- Customized products aided by technology and information availability
- Shift from unorganised financing sector to organised banking
- Access to low-cost funds and opportunity to cross sell

Business Overview

The consolidated financial results for FY 2020-21 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 ₹ 514.05 crore versus ₹ 206.00 crore for the previous year.

Financial performance – FY 2020-21

Consolidated

	₹ crores	
Particulars	FY 2020-21	FY 2019-20
Revenue from Operations	3,734.99	2,877.57
Other Income	85.70	45.79
Total Revenue	3,820.69	2,923.36
Finance costs	1,444.85	1,190.93
Other expenses	1,719.75	1,416.26
Total Expenses	3,164.60	2,607.19
Profit before tax	656.09	316.17
Provision for tax	142.30	110.17
Profit after tax	513.79	206.00
Other Comprehensive Income	4.00	1.19
Total Comprehensive Income, Net of tax	517.79	207.19

Standalone

	₹ crores	
Particulars	FY 2020-21	FY 2019-20
Total Income	177.73	19.07
Total Expenses	8.29	6.07
Profit before tax	169.44	13.00
Provision for tax	22.49	5.30
Profit after tax	146.95	7.70
Other Comprehensive Income	0.01	(0.01)
Total Comprehensive Income, Net of tax	146.96	7.69

Overview of Subsidiaries

Equitas Small Finance Bank Limited (ESFB)

We are one of the largest SFBs in India. As a new-age bank in one of the fastest growing economies, we offer a bouquet of products and services tailored to meet the needs of our customers – individuals with limited access to formal financing channels, as well as affluent and mass-affluent individuals, Small & Medium Enterprises and corporates. We have a firmly entrenched strategy that focuses on providing credit to the unbanked and underbanked micro and small entrepreneurs, developing products that address the growing aspirations of the 'bottom of the pyramid' fuelled by granular deposits and a 'value for money' banking relationship for our customers and stakeholders.

Our asset products are suited to a range of customers with varying profiles. These include provision of small business loans comprising loan against property, housing loans, and agriculture loans to micro-entrepreneurs, microfinance to

joint liability groups predominantly comprising women, used and new commercial vehicle loans to drivers and micro-entrepreneurs, MSE loans to proprietorships, and loans to non-banking financial companies (NBFCs). On the liability side, our target customers comprise mass and mass-affluent individuals to whom we offer current accounts, salary accounts, savings accounts, and a variety of deposit accounts. In addition, we also provide non-credit offerings comprising ATM-cum-debit cards, third party insurance, mutual fund products, and issuance of FASTag.

Besides being technologically agile, we have gained a pan-India presence, impacting the lives of our customers through diversified loan portfolios, comprehensive banking services and non-credit offerings. While our business model has transitioned over the years, providing sustainable credit to the unserved and underserved segments continues to be our core focus.

Operating Performance

Deposits

			₹ crores
Particulars	FY 2020-21	FY 2019-20	YoY %
Demand Deposits	518.73	347.29	49.37%
Savings Bank Deposits	5,111.87	1,861.16	174.66%
Term Deposits	10,629.67	8,470.20	25.50%
Retail Deposits	5,868.84	3,849.04	52.48%
Bulk Deposits	4,760.83	4,621.16	3.02%
Total Deposits	16,260.27	10,678.65	52.27%

Advances

			₹ crores
Particulars	March 31, 2021	March 31, 2020	YoY %
Small Business Loans (incl. Housing Finance)	7,956.54	6,278.52	26.73%
Vehicle Finance	4,581.30	3,795.76	20.70%
Micro Finance	3,239.42	3,628.30	-10.72%
MSE Finance (Working Capital)	1,089.36	798.88	36.36%
Corporate Loans	842.61	743.75	13.29%
Others*	272.43	195.26	39.52%
Total	17,981.66	15,440.47	16.46%

*Others includes loan-against-gold, unsecured business loans, overdrafts against fixed deposits and staff loans.

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.

Wow Truck also launched intercity operations from April, 2019 and has been rendering its services to clients like, HUL, Amazon, Hitachi, Centuryply, Apollo Pharmacy, Flipkart, JSW Paints, Indigo Paints, Godrej, Waycool, Linfox (HUL), Nippon Express, etc., Wow Truck distinguishes itself from others by providing more tech based services.

Business Update

- The platform has on boarded 39,425 vehicles
- The platform has delivered 10,331 loads
- Offering vehicles on fixed contract basis as well to clients

Other Functions – a brief overview

Information Technology [IT]

ESFB continues to make significant investments in technology, aligned with our 'Digital First' approach. In FY20, we re-launched Selfe platform to provide customers with an even faster digital on-boarding option from the comfort of their homes. In FY21, we opened 2,65,829 accounts through the digital channel. We plan to further elevate customer experience with digitally enabled customer life cycle management featuring Video KYC fulfilment Video Banking 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.

Further, we are gearing up to a world of possibilities by opening up our API kit enabling Banking as a Service (BAAS), that makes it possible for us to partner with Fintech talent for innovation-led co-creation. We entered our first partnership with an emerging Fintech (BankOpen) to drive new corporate 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.

We are also live on various NPCI payment products, offering services like Micro ATM (AePS/Card+PIN enabled), and UPI /IMPS/e-NACH, prepaid cards and ETC-enabled transactions 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.

We have successfully set up our 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. Our strong technology backbone enabled us to immediately move most of our staff to Work From Home, when the need arose towards the end of March 2020.

Treasury Operations

Treasury primarily focuses on funds management and managing statutory reserve ratios comprising of Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR) and Liquidity Coverage Ratio (LCR). Treasury manages liquidity risk by maintaining sufficient liquidity under the LCR framework set out by ALCO. Investments in SLR securities and Non-SLR securities are maintained in compliance with regulatory norms as well as Bank's Treasury and Investment Policy.

Treasury is active in SLR trading and investments generating incremental revenue in addition to interest income earned with focus on maximising portfolio yield. Treasury also participates selectively in the equity primary market, focusing on additional revenue generation and diversification. 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.

Treasury functions as the Bank's interface with 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. Treasury function has raised borrowings of ₹ 3,460 crores at an average rate of 5.56% as against the average funding cost of 7.34% for the year.

Risk Management

Managing risk is fundamental to the 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 vertical whose functions include credit risk, market risk, assets liabilities management (ALM), operational risk and information security risk functions. The risk function is headed by the 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. During the year, the Risk Management function performed creditably taking on board the new issues arising from the effects of COVID-19. Assessment of liquidity & other risks was carried out daily, fortnightly & monthly basis and reported to the Board, as a monitoring and decision support information base.

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 policies and products rolled out by the Bank and has in place the required framework for transaction monitoring and testing the implementation of regulations. It also oversees Governance structures and handles regulatory relationships, including proactively engaging with the regulators for industry-level initiatives.

During the year, the Bank met with RBI & SEBI compliance requirements with respect to listing of its shares on the stock exchanges.

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. The Internal Audit Department undertakes various audits such as 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. Despite the restricted mobility during the year, Internal Audit was carried out diligently and the reports were reviewed at appropriate levels and remedial actions taken.

Human Resources

The Human Resources (HR) function at Equitas aims to equip the Business and Functional Leaders with products, processes and services which enable them to achieve relevant objectives through appropriately skilled manpower. Equitas' people philosophy rests on the pillars of Employee Care and Employee Connect. The HR function is at the forefront of developing and nurturing the organisation culture.

Equitas needed to create a safe environment for employees to deliver to their full potential. The two-pronged approach of Employee Care and Employee Connect stood us in good stead especially during the pandemic, giving confidence to the employees. Our practices and processes

are well geared to make significant impact in our business deliverables. The financial industry, the contract between the customer and the Bank is based on trust. Being a retail-oriented organisation, where the customer base is largely singular individual or family, each of our employees are true brand ambassadors of our Bank, delivering trust at the remotest corners of Tamil Nadu and across 16 other states of India.

The Bank ended the year with a manpower strength of 16,556. Women employees constitute 10% of the total workforce of the Bank. In line with our mission of creating the most valuable bank for all our stakeholders, we focussed on balancing growth and profitability while improving efficiency across all our channels. We are focused to become a digital-led Bank and towards this end we have hired people in Technology and Digital channels from premier Banks. The Leadership team was strengthened with the appointment of Retail Assets & Mortgages Head and Operations Head. A great part of the story is that we have had over 3,800+ new hires this year of which about 48.5% are through employee referrals, a testimony to the pride our employees have in our Bank.

Our people, their diverse skill sets, proven expertise, and deep industry knowledge constitute our human capital. We have created a culture of continuous learning and improvement, which further augments our ability to acquire, retain and better serve our diverse customer base. Some of the key talent development interventions are Partnership with SkillSoft (Percipio), a global leader in Corporate Learning for Leadership & Business Skills Training. We engaged with reputed institutes like the Manipal Institute of Banking and Disseminare Consulting to conduct specialised training for our employees. Custom in-house programmes such as effective team handling skills, e-mail etiquette, interviewing skills, conducting effective daily huddles, grooming and communication awareness are provided to target groups. The Senior Leadership team also underwent specialised courses conducted by premier institutes like MIT, INSEAD, Kellogg, Moody's, among others.

Initiatives during FY21

- Byte-sized learning through Mobile Learning Platform
- Leveraged Learning Management System (LMS) through SAP SuccessFactors
- Created a library of customised content for various functions and made it available online
- Introduced Professional Development Programme (PDP) to encourage employees to build capabilities and competence (technical and functional), in line with their role requirements

We clocked a total of 4,22,000+ man-hours through VC learning and 80+ e-Learning modules in the functional, technical and behavioural space covering all our employees during FY21. Providing effective training to geographically dispersed staff, especially during these challenging

times, served the dual purpose of skill enhancement and engagement. The Learning team actively worked with Business leaders to ensure that training initiatives continue smoothly.

Employees undergoing skill upgradation training	FY21
Permanent Employees	11,485
Permanent Women Employees	1,235
Employees with Disabilities	119

* 1,235 is included in 11,485

Our Performance and Reward Management system is based on the values of Fair and Transparent and Pride of Performance. Our High Achiever's Club (HAC) had 661 employees with consistently high performance ratings for three years. During FY21, we also showcased these employees through Limelite. Going forward, the focus of our HR team will be on onboarding and retaining a talent pool that delivers consistent performance in line with organisational expectations. Equitas Bank is built on the bedrock of a values-based culture. The Culture team conducted 166 workshops covering over 2,543 employees in FY21 to institutionalise and internalise our mission and core values.

Response to COVID-19

The COVID-19 crisis was not only disruptive but also created a "Big Reset" in the way we work, as quick and responsive action was necessary to keep the crisis from escalating into a disaster. The special Task Force comprising of Chief People Officer, Chief Technology Officer and Chief Risk Officer along with the Senior Leadership Team swung into action to ensure Business Continuity. The team focused on the following 4 key levers to help leaders and teams navigate through the pandemic and recovery. It may be pertinent to note that we are classified as essential services.

1. Gearing up for the new normal and Business Continuity
2. Re-imagining business strategy and business model
3. Timely and regular communication with the team
4. Leading with Compassion / Demonstrating Empathy

Corporate Social Responsibility

The Mission of Equitas Group is 'Empowering through Financial Inclusion'. In line with this Mission, besides providing finance on reasonable terms 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 2020-21	Cumulative
No. of eye-camp participants [A]	34,345	25,33,937
No. of spectacles [free of cost]	599	1,17,163
No. of cataract operations [free of cost]	134	32,654
People covered in other Medical camps [B]	2,17,541	38,25,880
Total [Eye camps + Med. Camps] [A]+[B]	2,51,886	63,59,817
Participants in skill training programs	12,617	5,62,570
No. of people accessing Health Helpline	139	32,195
Placements for Unemployed youth – no's placed	11,638	1,98,725
Swasth Mahila Health Education - No of women covered	12,360	2,80,580
Equitas Birds Nest [Pavement Dwellers Rehabilitation program] – No families rehabilitated	110	2,101

In addition, the Bank through its Micro Finance loan programs supported about 22,305 persons with disabilities during FY 2020-21 and cumulatively 73,154 persons. Of these, around 13,502 visually challenged persons were supported during the year and cumulatively 21,317. Encouraged by this inclusive model we have recognised 208 Transgender in women's group.

Outlook and challenges

Economic prospects remain highly uncertain one year into the pandemic. Economic revival and sustained growth will depend on an effective control over the pandemic that would permit economic activities. The recent surge in infections along with localised and regional lockdowns could dampen the recent improvement in demand situation and delay the return to normalcy.

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 and also during the pandemic. These customer segments were the quickest to recover post lifting of lockdowns. 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.

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, regulatory changes, investment income, cash flow projections, our exposure to market risks, uncertainties arising out of COVID-19 pandemic or other risks.

For and on behalf of the Board of Directors

	John Alex	Rangachary N
	ED & CEO	Chairman
May 13, 2021	Chennai	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 (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, 2021 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, 2021 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 10, 2020;
- v. Obtained and read the minutes of the following meetings of the Board of Directors / Committees held between April 1, 2020 and March 31, 2021:
 - (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 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, 2021, 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 **TR CHADHA & CO LLP**

Chartered Accountants
ICAI Firm registration number: 006711N/N500028

per Sheshu Samudrala

Partner
Membership Number: 235031
UDIN: 21235031AAAABD9220

Place: Chennai
Date: 21.06.2021

Report on Corporate Governance

1. Corporate Governance Philosophy

The philosophy of Equitas Group 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.

Corporate Governance Rating

Equitas Group has always been recognized 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

- As on March 31, 2021, the Company's Board comprised of eight experts drawn from diverse fields / professions.
- 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").

- The Board of Directors met Four (4) times during the year 2020-21 viz. May 29, 2020, August 10, 2020, November 13, 2020 and February 05, 2021. The gap between two Meetings did not exceed one hundred and twenty days.
- 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, 2021 are given below.
- 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.
- There is no relationship between Directors inter-se.
- 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 2020-21	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
			Member-ship	Chairman-ship	Member-ship	Chairman-ship		
Mr. Rangachary N (Chairman / Non-Executive Non Independent Director)	4	Yes	4	3	5	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)	4	Yes	2	1	2	1	Independent Director in 1. Thirumalai Chemicals Limited 2. Equitas Small Finance Bank Limited	Nil
Ms. Jayshree Ashwinkumar Vyas (Non-Executive Independent Director)	4	Yes	2	Nil	2	Nil	Independent Director in BSE Limited	Nil
Mr. Rajaraman P V (Non-Executive Independent Director)	4	Yes	Nil	Nil	Nil	Nil	Nil	Nil

Name of the Director	No. of Board Meetings attended during FY 2020-21	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
			Member-ship	Chairman-ship	Member-ship	Chairman-ship		
Mr. Jayaraman Chandrasekaran (Non-Executive Independent Director)	4	Yes	2	Nil	1	Nil	Nil	Nil
Mr. Viswanatha Prasad S (Non-Executive Independent Director)	4	Yes	Nil	Nil	Nil	Nil	Managing Director, Caspian Impact Investments Private Limited (Debt listed)	Nil
Mr. Bhaskar S (Non-Executive Non-Independent Director)	4	Yes	Nil	Nil	Nil	Nil	Nil	14,05,000
Mr. John Alex (Executive Director & Chief Executive Officer)	4	Yes	Nil	Nil	Nil	Nil	Nil	41,615

[§]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.

Familiarization programme for Directors

All Independent Directors inducted on the Board undergo an orientation programme. Presentations are made by Chief Executives and Senior Management of Subsidiaries giving an overview of the group structure, performance of Subsidiaries, the environment in which it operates, Board constitution etc.. The details of the familiarization 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. N Rangachary	Chairman & Non-Executive Non-Independent Director	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. P V Rajaraman	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 the functional heads of the Company & the Subsidiaries 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 June 23, 2020

Meetings & Attendance:

Name of the Committee	Audit Committee (ACB)	Nomination, Remuneration & Governance Committee (NRGC)	Stakeholders' Relationship Committee (SRC)	Corporate Social Responsibility Committee (CSRC)	Risk Management Committee (RMC)	IT Strategy Committee (ITSC)
No. of Meetings held	4	2	4	2	2	2
Date of Meetings	May 29, 2020, August 10, 2020, November 13, 2020 & February 5, 2021	May 28, 2020 & August 10, 2020	May 27, 2020, July 30, 2020, November 6, 2020 & January 30, 2021	May 27, 2020 & November 6, 2020	May 28, 2020 & February 4, 2021	July 30, 2020 & January 30, 2021
Mr. Rangachary N	-	-	-	-	-	-
Mr. Arun Ramanathan (Chairman of SRC & CSRC and Member of NRGC)	-	2	4	2	-	-
Ms. Jayshree Ashwinkumar Vyas (Member of NRGC & CSRC)	-	2	-	2	-	-
Mr. Jayaraman Chandrasekaran (Member of ACB, RMC & ITSC)	4	-	-	-	2	2
Mr. Rajaraman P V (Chairman of NRGC and Member of ACB, RMC, CSRC & SRC)	4	2	4	2	2	-
Mr. Viswanatha Prasad S (Chairman of ACB, RMC & ITSC and Member of NRGC)	4	2	-	-	2	2
Mr. Bhaskar S (Member of SRC, RMC, ACB and ITSC)	4	-	4	-	2	2
Mr. John Alex, ED & CEO (Member of SRC, CSRC & ITSC)	-	-	4	2	-	2

TERMS OF REFERENCE OF AUDIT COMMITTEE

The role of Audit Committee, among others includes:

- 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;
- Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory auditors and internal auditors of the Company;

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.

- Approval of payment to statutory auditors for any other services rendered by statutory auditors;
- Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's 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;
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by Management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with accounting and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions;
 - Modified opinion(s) in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- 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 utilized 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;
- Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of Internal Financial Controls and Risk Management Systems;
- Reviewing, with the management, the performance of statutory and internal auditors and the adequacy of the internal control systems;
- 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;
- Discussion with internal auditors on any significant findings and follow up thereon;

- 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;
 - 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;
 - 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;
 - To review the functioning of the whistle blower mechanism;
 - 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;
 - Review the financial statements, in particular the investments made by the Subsidiary Company;
 - Laying down and review of procedures relating to risk assessment and risk minimization to ensure that executive management control risk through means of a properly defined framework;
 - Review and monitoring of implementation and functioning of the Policy for Prevention of Sexual harassment at work place;
 - To periodically review and monitor implementation of Internal Code of Conduct for Prevention of Insider Trading;
 - 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
 - Carrying out any other function prescribed under the law.

The Audit Committee shall mandatorily review the following information:

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

(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 utilized 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

Name	Commission (in ₹)	Sitting Fees* (in ₹)	
		Board	Committee
Mr Rangachary N	3,48,480	1,95,000	Nil
Mr Arun Ramanathan	Nil	1,95,000	2,15,000
Ms Jayshree Ashwinkumar Vyas	1,74,230	1,95,000	1,17,500
Mr Jayaraman Chandrasekaran	1,74,230	1,95,000	2,17,500
Mr Rajaraman P V	1,74,230	1,95,000	3,60,000
Mr Viswanatha Prasad S	2,61,350	1,95,000	2,65,000
Mr Bhaskar S	1,74,230	1,95,000	2,92,500

*Considering the COVID pandemic situation and the possible impact on the performance of the Group, the Board approved reduction in sitting fees payable to Independent / Non –Executive Directors for attending the Meetings of the Board & Committees by 10% during the quarter ended June 30, 2020, on the recommendation of Nomination, Remuneration & Governance Committee.

Remuneration of Executive Director & Chief Executive Officer (ED & CEO) for FY 2020-21:

Sl. No.	Particulars	Mr. John Alex Amount (₹ in lakh)
1	Salary	54.49
2	Perquisites	16.85
3	Stock Option	-
4	Sweat Equity	-
5	Commission -as % of profit -others	-
	Others – Employer's Contribution to Provident Fund etc.	2.91
7	Medical reimbursement	-
	Total	74.25

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, 2021 are as follows:

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

TERMS OF REFERENCE OF STAKEHOLDERS' RELATIONSHIP COMMITTEE

- (a) 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;
- (b) Review of measures taken for effective exercise of voting rights by shareholders;

- (c) Review of adherence to the service standards adopted by the Company in respect of various services rendered by the Registrar & Share Transfer Agent;
- (d) 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;
- (e) Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- (f) 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
- (g) 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 2020-21 are as follows:

Particulars	No. of complaints
Pending at the beginning of the year	0
Received during the year	2
Resolved during the year	2
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 minimization 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
2020	August 10, 2020	03.00 P.M.	Through Video-Conferencing	Four
2019	August 2, 2019	04.30 P.M	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T Nagar, Chennai – 600 017.	One
2018	July 27, 2018	02.45 P.M	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T Nagar, Chennai – 600 017.	One

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 2020-21.

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., *Financial Express* 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 *Financials and Presentation* Section under Investors Menu.

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.

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).

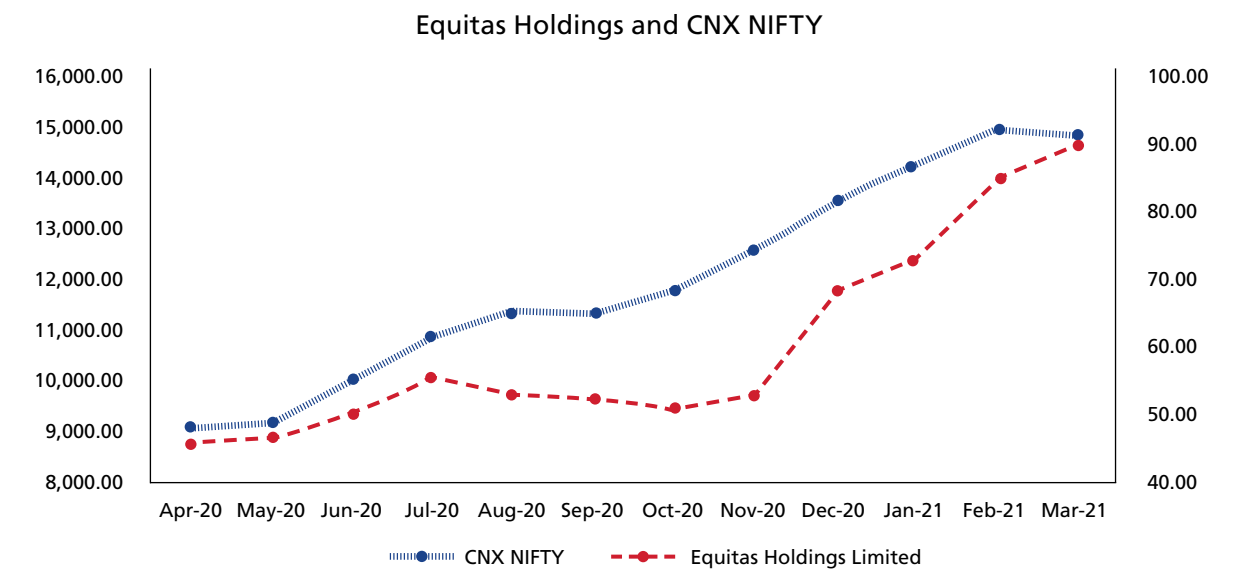
6. General Shareholder Information

Day, Date & Mode of AGM	Thursday, August 12, 2021 at 3.30 P.M. IST through Video Conferencing/Other Audio Visual Means (VC/OAVM).
Financial year	April 1, 2020 to March 31, 2021
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 2021-22 have been paid in full.
Stock Code	BSE – 539844 NSE – EQUITAS
ISIN	INE988K01017
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 (“KFin Tech”) Selenium Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500032 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 in electronic form. 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 RTA 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 31.03.2021)	Details are provided in the table below
Dematerialization of shares and liquidity (as on 31.03.2021)	The total shares held in dematerialized form : 99.97%
Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity 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, 4 th 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

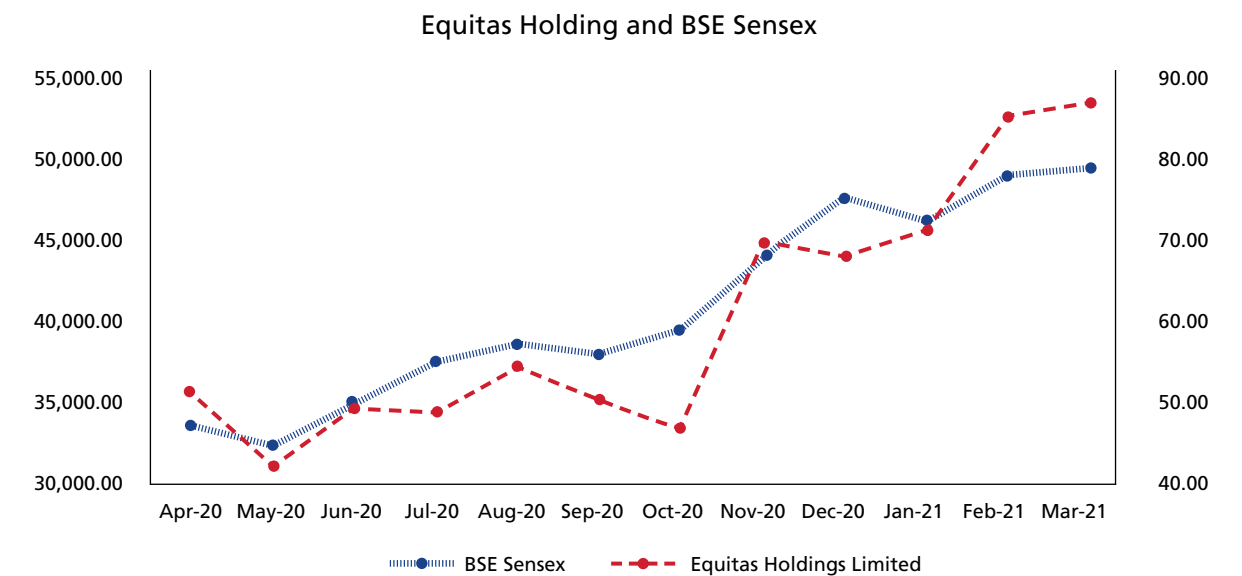
Market price data - High, Low during each month in last Financial Year:

Month	BSE		NSE	
	High	Low	High	Low
Mar-21	101.90	80.10	101.90	80.20
Feb-21	94.65	70.45	94.70	70.55
Jan-21	80.45	66.80	80.40	66.60
Dec-20	73.25	58.50	73.50	58.35
Nov-20	73.90	40.35	72.85	40.20
Oct-20	55.35	46.55	55.35	46.55
Sep-20	57.40	48.30	57.50	48.25
Aug-20	60.90	47.00	60.90	47.00
Jul-20	61.45	48.70	61.50	48.70
Jun-20	57.65	43.00	57.60	42.90
May-20	56.20	40.85	56.25	40.80
Apr-20	58.25	36.00	56.85	36.00

Equitas Holdings Ltd. and CNX Nifty



Equitas Holdings Ltd. and S&P BSE Sensex



Shareholding pattern as on March 31, 2021:

Description	No. of holders	No. of Shares	% Equity
Mutual Funds	13	10,47,44,951	30.65
Alternative Investment Fund	6	48,96,950	1.43
Foreign Portfolio Investors	73	9,69,85,242	28.38
Qualified Institutional Buyers	3	39,10,921	1.14
Resident Individuals	2,66,820	8,83,48,606	25.85
NBFC	4	18,400	0.01
Foreign Corporate Bodies	3	3,60,58,395	10.55
Bodies Corporates	618	44,70,770	1.31
Others (Trusts, NRI, NRN, Clearing Members)	1,245	23,55,880	0.68
Total	2,68,785	34,17,90,115	100.00

Distribution of equity shareholding as on March 31, 2021:

Category (Shares)	No. of shareholders	% of shareholders	No. of shares	% of shares
1-500	2,51,601	93.61	1,59,87,566	4.68
501- 1000	8,811	3.28	69,47,222	2.03
1001- 2000	4,413	1.64	65,33,485	1.91
2001- 3000	1,429	0.53	36,14,009	1.06
3001- 4000	599	0.22	21,39,174	0.63
4001- 5000	433	0.16	20,31,245	0.59
5001- 10000	810	0.30	59,32,388	1.74
10001& Above	689	0.26	29,86,05,026	87.36
Total	2,68,785	100	34,17,90,115	100

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 2020-21.

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 issued 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 is enclosed as **Annexure – I** to 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 2020-21 is given below:

Particulars	Company (₹ in lakhs)	ESFBL (₹ in lakhs)
(i) In capacity as auditors		
Audit fees (includes fee for limited review)	27.10	59.00
Statutory Certificates	2.50	13.00
Other Reporting services	Nil	Nil
Reimbursement of expenses	-	1.00
(ii) Other capacity		
IPO Related	-	68.00

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

Particulars	Details
No. of complaints filed during FY 2020-21	Nil
No. of complaints disposed of during FY 2020-21	
No. of complaints pending as at the end of FY 2020-21	

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, 2020.	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, 2021	Nil	Nil

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

During the year, the company declared Interim dividend of ₹1 per equity share to shareholders as on August 19, 2020 and ₹2 per equity to shareholders as on February 13, 2021 being the respective record dates. There were no unclaimed dividend relating to the previous financial year, 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 13, 2021

I confirm that for the Financial Year ended March 31, 2021, Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them.

May 13, 2021

John Alex
ED & CEO
Chennai

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 Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and amendments thereto, as applicable, with regard to Corporate Governance.

T R Chadha & Co LLP, Statutory Auditors have certified that the Company has complied with the mandatory requirements as stipulated under SEBI Listing Regulations. The said Certificate is annexed to this Report.

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 is enclosed as **Annexure-II** to this 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 dematerialized form pursuant to the public issue of the Company.

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 31.03.2021, 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: 03.05.2021

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: F001810C000232469

ED & CEO and CFO Certification

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, 2021 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 Raghunathan
CFO

Place: Chennai
Date: May 13, 2021

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 (NVG-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, 4 th 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	2020-21
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 861 locations across 17 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)	34,179.01
2	Total turnover (₹ in lakhs)	17,772.88
3	Total profit after taxes (₹ in lakhs)	14,695.60
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	5.47%
5	List of activities in which expenditure in 4 above has been incurred	Equitas Group undertakes various CSR activities in accordance with the ‘Policy on Corporate Social Responsibility’, which includes: <ol style="list-style-type: none"> Educational Initiatives – Running schools in 7 locations across Tamil Nadu Imparting of skill training to Joint Liability Group (JLG) women members to improve their income levels Health care initiatives – Health care and medical camps, Equitas Sugam Clinics for the underprivileged Holding job fairs for placement of unemployed youth in suitable jobs Additional information on the CSR initiatives undertaken by the Group are discussed under MD&A report forming 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)

- DIN: 08584415
- Name: Mr. John Alex
- Designation: ED & CEO

(b) Details of the BR head

- DIN (if applicable): 08584415
- Name: Mr. John Alex
- Designation: ED & CEO
- Telephone number: + 91 44 4299 5000
- 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 customized 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 organization 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 lifestyle 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

- 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 organization. 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.
- 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 2020-21	% of complaints resolved
Customer complaints	2,649	97.7%*
Investor complaints	2	100%

*Complaints pending resolution as on March 31, 2021 have subsequently been resolved within the stipulated timelines

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

- 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.

Affordable 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.

MSE and Financial Intermediaries: The Bank provides capital in the form of term & working capital 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.

- 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 utilization.

- 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.
- 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 businesses of Equitas Group are 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 utilized 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.

- 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 utilization 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.

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

1	Total number of Employees	16,629
2	Total number of employees hired on contractual basis	25
3	Number of permanent women employees	1,715
4	Number of permanent employees with disabilities	219
5	Is there an employee association that is recognized 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	6	1*
3	Discriminatory Employment	Nil	Nil

*the pending complaint as on March 31, 2021, stands closed

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

Our people, their diverse skill sets, proven expertise, and deep industry knowledge constitute our human capital. We have created a culture of continuous learning and improvement, which further augments our ability to acquire, retain and better serve our diverse customer base. Some of the key Talent Development interventions are listed below:

Partnership with SkillSoft: We partnered with SkillSoft (Percipio) a Global Leader in Corporate Learning for Leadership & Business Skills Training. It is an intelligent learning experience platform that has a modern, simple and intuitive design that delivers an immersive learning experience. The platform provides learners with a personalized homepage, the ability to create playlists, pick up learning where they left off and receive assignments, extensive library of courses.

Helps drive engagement by motivating and rewarding learners across the organization with digital badges. These visuals, shareable and portable records of

accomplishment can inspire learners to continue their professional journey.

Specialized Training (External): We engaged with reputed institutes like Manipal Institute of Banking and Disseminare consulting to conduct specialized training for our employees.

- **Training on Credit, Risk & Treasury:** This workshop on credit, risk and treasury provided the requisite knowledge to the Senior Management of the Branch Banking division on the concept of credit, risk and treasury operations.
- **Training on Relationship management and cross selling:** Imparted training to the top performing Business Development Officers (BDOs) & Personal Bankers (PBs) to groom and upskill them and thereby create a bench strength for the next role.
- **Training on Wealth Management:** Imparted training on Wealth Management to Relationship Managers to enable them to acquire the required knowledge and skills to become Investment Counsellors.
- **Training on Operations and Regulatory Compliance:** Imparted training to Branch Managers, Service & Operations Manager and Customer Service Officers on regulatory aspects.

Specialized Training (In-house): As part of our continued focus on talent optimization, we engaged in varied initiatives that focused on building capacity and better interpersonal skills. Some of them are as follows:

- Effective Team Handling for Managers
- E-Mail Etiquette
- Interviewing Skills for Managers
- Conducting Effective Daily Huddles
- Grooming and Communication Awareness.

Leadership Development: The Senior Leadership team underwent specialised courses conducted by premier institutes like MIT, INSEAD, KELLOG, MOODYS etc.

Byte Sized Learning: We tied up with Navitus Education for a Mobile Learning Platform and provided access to all our 16000+ employees to promote Anywhere, Anytime 'On the Go' learning.

E-Learning: Leveraged usage of Learning Management System (LMS) through SAP SuccessFactors. Created a library of customized content for various functions and made available on the online platform for self-learning.

Self-Development: Introduced the Professional Development Program (PDP) as a benefit in order to encourage and enable employees to build capabilities and competence (Technical & Functional) that are relevant and in line with their role requirement. Under this program employee are reimbursed their development cost ranging from ₹ 25,000 to ₹ 2,00,000 based on their grades.

We have clocked a total of over 4,22,000+ man-hours through VC learning and 80+ e-Learning modules in the Functional, Technical & Behavioral space covering all our employees during the financial year.

Provided effective training to a geographically dispersed staff, especially during this period of strife served the dual purpose of Skill Enhancement as well as Engagement. The Learning team actively worked with Business leaders to ensure that training initiatives continue smoothly.

The details of employees who underwent skill up-gradation training during FY 2020-21 are as follows:

Permanent Employees	11,485
Permanent Women Employees	1,235*
Contractual Employees	4
Employees with Disabilities	119

*Note: 1,235 employees are included in 11,485

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

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
- Society and Community

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

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

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 1,98,725 unemployed youth from lower income segment. The recruitment and employment practices of Equitas Group are also attuned towards talent spotting and acquisition from among marginalized sections of the society.

EDIT also provides access to affordable healthcare through various medical initiatives and medical camps which has benefitted over 6.35 million people cumulatively.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized 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 marginalized 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

- 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 recognizes 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 utilization 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 utilizing mobile and online applications. A number of new activities and products are through digital channels.

We give an assortment of digital offerings - Internet and Mobile banking, Electronic toll collection, Digital Savings account opening, Virtual Debit card, Digital fund transfers, Video KYC, 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, 2021.

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.

Right since inception, the Bank consciously focusses on including differently abled women among its microfinance borrowers. When sales officer forms joint liability group, differently abled women are consciously identified and included in group and provided microfinance loans. Through this model, Equitas is able to reach out to more than 72,000 differently abled persons since inception. Out of these, over 21,000 are visually impaired.

Encouraged by this model, Equitas has recently started including transgender persons in the joint liability groups. So far, Equitas has reached out to 252 such transgender persons and brought them into the mainstream.

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 organization?

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?

During the year, the Company has contributed ₹44.21 lakhs to implementing agencies – Equitas Development Initiatives Trust (EDIT) (₹18.45 lakhs) and Equitas Healthcare Foundation (EHF) (₹25.76 lakhs). The details of the said activities have been provided in the CSR Report, forming part of the 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.

EDIT, through Equitas Gurukul schools provides to children from its client community

- quality education to the poor
- necessary financial support to needy students
- counselling services to students through alumni services

Besides, EDIT is rendering the following complementary services among the client community of Equitas:

- Placement through job fairs
- Skill development training and financial support to indigent women for commencing entrepreneurship journey
- Assisting hospital to conduct medical camps and spreading messages on community health through the client network
- Comprehensive assistance towards rehabilitating pavement dwellers through Equitas Birds Nest program viz., rental assistance for six months, teaching of livelihood skills, enabling linkages to markets, enabling obtention of ration cards, counselling on financial literacy and providing them microfinance loans in deserving cases, thereby enabling their economic empowerment.

By offering the comprehensive bouquet of services as enumerated above, Equitas ensures successful adoption of its community development initiatives.

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

- What percentage of customer complaints/consumer cases are pending as on the end of financial year.
2.3% of the customer complaints are pending as at the end of the Financial Year 2020-21. All the pending complaints have since been resolved within the prescribed timelines.

- 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 the respective websites having 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.

- 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

- 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

May 13, 2021

John Alex ED & CEO Chennai

Rangachary N Chairman Bengaluru

Independent Auditor's Report

To the Members of Equitas Holdings Limited

Report on the Audit of the Standalone Financial Statements

1. Opinion

We have audited the accompanying Standalone Ind AS Financial Statements of Equitas Holdings Limited (the "Company"), which comprise the standalone Balance Sheet as at March 31 2021, the standalone statement of Profit and Loss (including Other Comprehensive Income), the standalone statement of Changes in Equity and the standalone statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Financial Statements").

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 31 March 2021, and its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the 'Auditor's Responsibilities for the Audit of 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, 2021, the financial statements of Equitas Technologies Private Limited ("ETPL"), a subsidiary Company indicates risk of impairment. The Company's investments are subject to assessment of impairment, which involves significant judgements and assessments, including over determination of the amount of impairment provision, if any, that needs to be recognized.

The Company has made investments of ₹ 2,400 lakhs (Previous year ₹ 2,200 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.)

section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules there under, 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.

3. Emphasis of Matter

We draw attention to Note 2.1 to the accompanying Standalone Financial Statement, which describes the extent to which the Covid -19 pandemic will continue to impact the Company's operations and financial statements will depend on ongoing and future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements for the financial year ended March 31, 2021. 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 key matter given 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.

How our audit addressed the key audit matter

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

- We reviewed 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 and agreements



Key Audit Matters

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

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.

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 analyzed and understood the stress in the provisioning considering the overall impact on the estimates used for impairment assessment of investments and on account of the impact of COVID-19 pandemic.

Assessed disclosures included in the standalone financial statements in respect of impairment provision.

5. Other Information

The Company's Management and Board of Directors are 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 when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the Standalone 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.

6. Responsibilities of Management for the Financial Statements

The Company's Management and Board of Directors are 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, changes in equity and cash flows 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

7. 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 judgment 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 Standalone 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 in the Standalone Financial Statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone 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 of the current period 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.

8. Other Matters

The Standalone Financial Statements of the Company for the year ended March 31, 2020, have been

audited by the predecessor auditors who expressed their unmodified opinion on those financial statement on 29th May 2020. We did not audit the Standalone Financial Statements for the year ended March 31, 2020, included in the Standalone Financial Statements.

Our opinion is not modified in respect of this matter.

9. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- As required by Section 143(3) of the Act, based on our audit we report that:
 - 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;
 - 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;
 - The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flow dealt with by this Report are in agreement with the books of account;
 - In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under section 133 of the Act.
 - On the basis of the representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
 - With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
 - With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act, as amended:

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

viii. 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:

- a. The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its Standalone Financial Statements – Refer to Note 37 to the Standalone Financial Statements;
- b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For T R CHADHA & CO LLP

Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per Sheshu Samudrala

Partner

Membership Number: 235031

UDIN: 21235031AAAAAU3581

Place: Chennai

Date: 13.05.2021

'ANNEXURE A' to the Independent Auditor's Report of Even date on the Standalone Financial Statements of Equitas Holdings Limited (the Company) for the year ended March 31, 2021,

We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of the immovable properties included in investment property, are held in the name of the Company.
- (ii) The nature of business of the Company does not require to have any physical inventory. Accordingly, the provision of clause 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the

Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. Accordingly, the provision of clause 3(v) of the Order is not applicable to the Company.

- (vi) The maintenance of cost records has not been specified by the Central Government under section 148 (1) of the Act for the business activities carried out by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, goods and services tax, cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, employee state insurance, value added tax, duty of custom and duty of excise.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, goods and service tax, cess and other material statutory dues were in arrears as at 31st March 2021, for a period of more than six months from the date they became payable.
(c) According to the information and explanations given to us, there are no dues in respect of goods and service tax, customs duty, excise duty, value added tax and other statutory dues applicable to the Company which have not been deposited on account of any dispute.

According to the information and explanations given to us, the following dues have not been deposited on account of dispute:

Name of the statute	Nature of dues	Amount (₹ in Lakhs)	Period to which amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax	207.81	AY 2011-12	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax	852.07	AY 2010-11	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax	118.76	AY 2018-19	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us and based on records of the Company examined by us, 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.
- (ix) According to the information and the explanation given to us, the Company has not raised any money by way of initial public offer/ further public offer /debt instruments and term loans or loan from Government during the year, hence reporting under clause 3(ix) of the Order is not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the explanation and information given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of the examination of the records of the company, transactions with the related

parties are in compliance with Section 177 and 188 of the Act where applicable, and the details have been disclosed in the accompanying Standalone Financial Statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, provision of clause 3(xiv) of the order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, provision of clause 3(xv) of the order is not applicable.

(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 T R CHADHA & CO LLP

Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per Sheshu Samudrala

Partner

Membership Number: 235031

UDIN: 21235031AAAAAU3581

Place: Chennai

Date: 13.05.2021



‘ANNEXURE B’ to the Independent Auditor’s Report of Even date on the Standalone Financial Statements of Equitas Holdings Limited (the Company)

Report on the Internal Financial Controls with reference to the Standalone Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

We have audited the internal financial controls with reference to the Standalone Financial Statements of Equitas Holdings Limited (the “Company”) as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at March 31, 2021, based on the internal financial controls with reference to Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the ‘Guidance Note’).

Management’s Responsibility for Internal Financial Controls

The Company’s Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to the Standalone Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10)

of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Standalone Financial Statements were established and maintained and whether 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 system with reference to Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Standalone 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 with reference to the Standalone Financial Statements.

Meaning of Internal Financial Controls with reference to the Standalone Financial Statements

A Company’s internal financial control with reference to Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial controls with reference to 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the Standalone Financial Statements.

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

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

For T R CHADHA & CO LLP

Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per Sheshu Samudrala

Partner

Membership Number: 235031

UDIN: 21235031AAAAAU3581

Place: Chennai

Date: 13.05.2021

Standalone Balance Sheet

as at March 31, 2021

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

Particulars	Notes	As at 31-Mar-2021	As at 31-Mar-2020
Assets			
Financial assets			
Cash and cash equivalents	5	83.66	243.97
Bank balance other than cash and cash equivalents	6	23,022.56	18,374.98
Other Financial Assets	7	586.47	435.17
Investment	8	1,48,932.90	1,49,120.56
Non-financial assets			
Current tax assets (Net)	25	661.50	803.96
Property, plant and equipment	9	10.06	13.64
Capital work in Progress	9	-	9.60
Investment Properties	9	5,380.83	5,436.19
Right-of-use (ROU) asset	29	17.93	23.11
Intangible assets	9	-	0.04
Other non-financial assets	10	4.18	3.31
Total Assets		1,78,700.09	1,74,464.53
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	33.45	41.42
Other financial liabilities	12	57.64	189.66
Non-financial liabilities			
Current tax liabilities (Net)	25	48.69	175.05
Deferred tax liabilities	26	132.01	94.18
Other Non-financial liabilities	13	7.68	5.45
Provisions	14	42.61	26.44
Total liabilities		322.08	532.20
Equity			
Equity Share capital	15	34,179.01	34,179.00
Other Equity	16	1,44,199.00	1,39,753.33
Total equity		1,78,378.01	1,73,932.33
Total liabilities and equity		1,78,700.09	1,74,464.53
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 **T R Chadha & Co LLP**
Chartered Accountants
ICAI Firm Registration Number:006711N/ N500028

For and on behalf of Board of Directors of
Equitas Holdings Limited

per Sheshu Samudrala Partner Membership no.235031 Place: Chennai Date: 13 May 2021	N Rangachary Chairman DIN:00054437 Place: Bangalore Date: 13 May 2021	John Alex ED and CEO DIN: 08584415 Place: Chennai Date: 13 May 2021	S Viswanatha Prasad Director DIN:00574928 Place: Hyderabad Date: 13 May 2021
	Srimathy R Chief Financial Officer Place: Chennai Date: 13 May 2021		Deepti R Company Secretary Membership no: A35488 Place: Chennai Date: 13 May 2021

Standalone Statement of Profit and Loss

for the year ended March 31, 2021

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

Particulars	Notes	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Revenue from operations			
Interest income	17	1,670.18	1,482.97
Rental income	18	215.43	216.02
Guarantee Income	18	149.50	61.40
Net gain on fair value changes	19	28.63	-
Profit from sale of investment	19	15,681.57	-
Total revenue from operations		17,745.31	1,760.39
Other income	20	27.57	146.48
Total income		17,772.88	1,906.87
Expenses			
Employee benefits expenses	21	124.64	117.48
Impairment of Financial Instruments	22	308.72	109.31
Finance costs	23	12.40	25.17
Depreciation and amortisation	9	90.80	88.74
Others expenses	24	292.21	266.78
Total Expense		828.77	607.48
Profit before tax		16,944.11	1,299.39
Tax Expenses			
Current tax	25	2,168.65	295.62
Income tax for earlier years		42.67	97.35
Net current tax expense		2,211.32	392.97
Deferred tax (Net)	26	37.67	137.04
Total tax expenses		2,248.99	530.01
Profit for the year (a)		14,695.12	769.38
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit obligations		0.64	(0.93)
Income tax effect on the above		(0.16)	0.28
Total Other comprehensive Income (b)		0.48	(0.65)
Total comprehensive Income for the year, net of tax (a + b)		14,695.60	768.73
Earnings per equity share			
Basic earnings per equity share	27	4.30	0.23
Diluted earnings per equity share	27	4.30	0.23
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 **T R Chadha & Co LLP**
Chartered Accountants
ICAI Firm Registration Number:006711N/ N500028

For and on behalf of Board of Directors of
Equitas Holdings Limited

per Sheshu Samudrala Partner Membership no.235031 Place: Chennai Date: 13 May 2021	N Rangachary Chairman DIN:00054437 Place: Bangalore Date: 13 May 2021	John Alex ED and CEO DIN: 08584415 Place: Chennai Date: 13 May 2021	S Viswanatha Prasad Director DIN:00574928 Place: Hyderabad Date: 13 May 2021
	Srimathy R Chief Financial Officer Place: Chennai Date: 13 May 2021		Deepti R Company Secretary Membership no: A35488 Place: Chennai Date: 13 May 2021

Standalone Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Notes	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
A. Cash Flow From Operating Activities			
Profit before tax		16,944.11	1,299.39
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation		90.80	88.74
Unwinding of interest cost on financial guarantee obligation		10.67	14.70
Guarantee income		(149.50)	(61.40)
Liabilities no longer required written back		(17.69)	(131.33)
Rental Income		(172.86)	(216.02)
Impairment on Financial Instruments		308.72	109.31
Re-measurement gains/(losses) on defined benefit obligations		0.64	(0.93)
(Profit)/Loss on sale of property, plant and equipment		-	(0.90)
Net gain on fair value change		(28.63)	-
Profit on sale of investment in subsidiary		(17,164.91)	-
Interest cost on lease		1.72	0.84
Other miscellaneous income		(0.74)	-
Dividend income		(9.14)	(5.50)
Employee expenses on share based payments		9.14	5.78
Operating profit before working capital changes		(177.67)	1,102.68
(Increase)/decrease in other financial assets		12.84	0.18
(Increase)/decrease in other non-financial assets		(0.87)	0.86
Redemption / (Investment) in fixed deposits (net)		(4,647.58)	(768.35)
Increase/(decrease) in provisions		16.17	(4.94)
Increase/(decrease) in financial liabilities		0.29	9.61
Increase/(decrease) in non-financial liabilities		2.23	0.18
Cash used in operations		(4,794.59)	340.22
Direct taxes paid		(2,195.22)	(379.45)
Net Cash flow from/(used in) operating activities (A)		(6,989.81)	(39.23)
B. Cash Flow From Investing Activities			
Addition to property, plant and equipment		-	(24.01)
Addition to investment property		(16.62)	(67.04)
Investment in subsidiary		(200.00)	(200.00)
Investment in units of Mutual fund		(6,475.10)	-
Proceeds from sale of investment in subsidiary		23,760.00	-
Proceeds from sale of property, plant and equipment		-	0.90
Net Cash flow from/(used in) Investing Activities (B)		17,068.28	(290.15)

Standalone Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Notes	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
C. Cash Flow From Financing Activities			
Proceeds from fresh issue of equity share capital, including securities premium		0.07	173.84
Interest cost on lease Assets/ ROU Assets		(1.72)	(0.84)
Payment of lease liability		(4.21)	(4.88)
Payment of Dividend		(10,232.92)	-
Net Cash flow from/(used in) Financing Activities (C)		(10,238.78)	168.12
Net Increase/Decrease in cash and cash equivalent D = (A+B+C)		(160.31)	(161.26)
Cash and Cash Equivalents - Opening Balance (E)		243.97	405.23
Cash and Cash Equivalents - Closing Balance (D) + (E)		83.66	243.97
Components of Cash and Cash Equivalents at the end of the year			
Current account with Banks		83.66	243.85
Cash on Hand		-	0.12
Total Cash and Cash Equivalents	5	83.66	243.97

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

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

ICAI Firm Registration Number:006711N/ N500028

For and on behalf of Board of Directors of

Equitas Holdings Limited

per Sheshu Samudrala

Partner

Membership no.235031

Place: Chennai

Date: 13 May 2021

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 13 May 2021

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 13 May 2021

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 13 May 2021

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 13 May 2021

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 13 May 2021

Standalone Statement of Changes in Equity

for the year ended March 31, 2021

(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 2019	34,14,61,498	34,146.15
Add: Shares issued during the year	3,28,497	32.85
Balance as on 31st March 2020	34,17,89,995	34,179.00
Add: Shares issued during the year	120	0.01
Balance as on 31st March 2021	34,17,90,115	34,179.01

(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, 2019	1,30,212.91	1,595.74	10,345.78	3,812.80	28.84	13.94	1,46,010.01
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	1,30,212.91	1,595.74	11,114.91	3,812.80	28.84	13.29	1,46,778.49
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	1,30,437.82	1,749.62	7,476.31	76.29	-	13.29	1,39,753.33
Add: Profit for the year	-	-	14,695.12	-	-	0.48	14,695.60
Less : Dividend appropriation	-	-	(10,253.70)	-	-	-	(10,253.70)
Items of Other Comprehensive Income (OCI)	-	-	-	-	-	-	-
Sub Total	1,30,437.82	1,749.62	11,917.73	76.29	-	13.77	1,44,195.23
Transfer from retained earnings to Statutory Reserves	-	2,939.02	(2,939.02)	-	-	-	-
Premium on issue of share capital under ESOP scheme 2015	0.08	-	-	-	(0.06)	-	0.02
Share capital	-	-	-	-	(0.01)	-	(0.01)
Share application money received	-	-	-	-	0.07	-	0.07
Addition on account of ESOP cost	-	-	-	3.71	-	-	3.71
Transfer of ESOP cost to retained earnings upon lapse / transfer of options	-	-	26.74	(26.74)	-	-	-
Adjustment on account of modification of ESOP scheme 2015	-	-	-	-	-	-	-
Transfer of ESOP cost to securities premium upon exercise	-	-	-	(0.02)	-	-	(0.02)
As at March 31, 2021	1,30,437.90	4,688.64	9,005.45	53.24	-	13.77	1,44,199.00

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

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

ICAI Firm Registration Number:006711N/ N500028

per Sheshu Samudrala

Partner

Membership no.235031

Place: Chennai

Date: 13 May 2021

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 13 May 2021

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 13 May 2021

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 13 May 2021

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 13 May 2021

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 13 May 2021

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

1. Corporate Information

Equitas Holdings Limited ("the Company" / "EHL") (CIN No.: L65100TN2007PLC064069) 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 (INR) and all values are rounded to the nearest Lakhs, except when otherwise indicated.

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 nation-wide lockdown in India in March 2020 to contain the spread of the virus. Subsequently, while the national lockdown was lifted, regional lockdowns continued in many parts of the country with significant number of COVID-19 infections.

This lockdown coupled with change in customer behaviours and pandemic scare has led to significant

disruptions and dislocations for individuals and businesses, with consequential impact on Company's operations . The full extent of impact of the COVID-19 pandemic, including the ongoing second wave of increasing infections, on the Company's operations, and financial metrics (including impact on provisioning on advances) is uncertain as on date and will depend on future developments, including new information on severity of the new and evolving virus variants, government and regulatory guidelines, which are uncertain and incapable of estimation at this time.

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 33.

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 Subsequent 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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

Amortised Cost, FVOCI or 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 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 is evidence of a recent pattern of short-term profit. 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.

Financial assets and financial liabilities at fair value through OCI

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 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.

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

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 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.

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

held at FVTPL, together with loan commitments, lease rent receivable 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 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.

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

- 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 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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

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 AS.

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 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.

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

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 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,

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

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 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 43.

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.

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

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 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 expense

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

the carrying amount of the assets distributed is recognised in the statement of profit and loss.

3.20 Leases

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 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 and estimated life of assets. 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 separately presented under Non Financial Assets, 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 29.

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

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, 2021. 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 occurring after the date of approval of these financial statements may

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2021

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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

5 Cash and cash equivalents

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Cash on hand	-	0.12
Balances with bank		
Current accounts	83.66	243.85
Total	83.66	243.97

6 Bank balance other than cash and cash equivalents

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Fixed deposits with bank - free of lien (original maturity more than 3 months)	22,765.71	18,162.03
Interest Accrued	236.07	212.95
Earmarked balances with Bank - for unclaimed dividend	20.78	-
Total	23,022.56	18,374.98

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

7 Other Financial Assets

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Security deposits	12.66	12.66
Rent Receivable	604.30	431.44
Other assets	-	12.84
Total - Gross	616.96	456.94
Less : Impairment loss allowance	30.49	21.77
Total - Net	586.47	435.17

7.1 Movement of ECL allowance on receivables

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Opening Balance	21.77	12.46
Provision on new exposures	8.72	9.31
ECL allowance - closing balance	30.49	21.77

7.2 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) Rent receivable

Internal rating grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	604.30	-	-	604.30	431.44	-	-	431.44
Total	604.30	-	-	604.30	431.44	-	-	431.44

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

Particulars	Year Ended 31-Mar-2021				Year Ended 31-Mar-2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	431.44	-	-	431.44	215.43	-	-	215.43
Provision on new exposure	172.86	-	-	172.86	216.01	-	-	216.01
Provision on exposure derecognised or repaid	-	-	-	-	-	-	-	-
Closing balance of outstanding exposure	604.30	-	-	604.30	431.44	-	-	431.44

Notes to standalone financial statements

for the year ended March 31, 2021

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

ECL on rent receivable

Internal rating grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	30.49	-	-	30.49	21.77	-	-	21.77
Total	30.49	-	-	30.49	21.77	-	-	21.77

Reconciliation of ECL balance on Rental Income is given below:

Particulars	Year Ended 31-Mar-2021				Year Ended 31-Mar-2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	21.77	-	-	21.77	12.46	-	-	12.46
Provision on new exposure	8.72	-	-	8.72	9.31	-	-	9.31
Provision on exposure derecognised or repaid	-	-	-	-	-	-	-	-
Closing balance	30.49	-	-	30.49	21.77	-	-	21.77

8 Investment

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Fair value through profit and loss account		
In India		
Investment in Mutual Fund - Liquid Growth plans	6,503.73	-
Total (a)	6,503.73	-
Investment in subsidiaries		
Quoted equity shares		
Investment in Equitas Small Finance Bank	1,38,090.79	1,44,685.89
933,943,363 equity shares of Equitas Small Finance Bank Limited of ₹ 10 each fully paid up (As at 31 March 2020 - 1,005,943,363). Refer note 8a.		
Others		
Investment in Equitas Small Finance Bank (Deemed investment on account of Financial guarantee)	2,726.38	2,726.38
Investment in Equitas Small Finance Bank (Deemed investment on account of ESOP issued to employees of subsidiary)	80.00	76.29
Unquoted equity shares		
Investment in Equitas Technologies Private Limited	2,400.00	2,200.00
24,000,000 equity shares of Equitas Technologies Private Limited of ₹ 10 each fully paid up (As at 31 March 2020 - 22,000,000)		
Total - Gross	1,43,297.17	1,49,688.56
Less : Impairment loss allowance	868.00	568.00
Total - Net (b)	1,42,429.17	1,49,120.56
Total Investments (a+b)	1,48,932.90	1,49,120.56
Investments outside India	-	-
Investments in India	1,48,932.90	1,49,120.56
Total	1,48,932.90	1,49,120.56

Investments measured at Fair valuation through profit and loss account

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

Internal rating grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	6,503.73	-	-	6,503.73	-	-	-	-
Total	6,503.73	-	-	6,503.73	-	-	-	-

Notes to standalone financial statements

for the year ended March 31, 2021

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

Investments measured at Fair valuation through profit and loss account

Credit quality of assets

Particulars	Year Ended 31-Mar-2021				Year Ended 31-Mar-2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Fair value - Opening balance	-	-	-	-	-	-	-	-
New assets originated or purchased	13,799.31	-	-	13,799.31	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(7,299.63)	-	-	(7,299.63)	-	-	-	-
Change in fair value	4.05	-	-	4.05	-	-	-	-
Fair value - Closing balance	6,503.73	-	-	6,503.73	-	-	-	-

8a During the year ended March 31, 2021, the Company had offered for sale, a part of its investment in its subsidiary, the Equitas Small Finance Bank. These investment having gross carrying value of ₹ 6,595.09 lakhs were sold for a consideration of ₹ 23,760 lakhs (7,20,00,000 equity shares at ₹ 33 per share). The resulting profit net of expenses of ₹ 15,681.57 lakhs has been disclosed as "Profit from sale of Investment" under the head "Revenue from Operations" in the statement of profit and loss. (Also refer note 8.c)

8b Impairment loss allowance of ₹ 868 lakhs (March 31, 2020 - ₹ 568 lakhs) represents impairment on investments made in Equitas Technologies Private Limited.

8c As part of Small Finance Bank licensing guidelines, Reserve Bank of India (RBI) has mandated listing of shares of the Bank 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 with the relevant listing condition, RBI vide its letter dated September 06, 2019 had 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, till further advice. (However, in December 2019, the Bank obtained specific approval of the RBI for opening 240 banking outlets).

During year ended March 31, 2021, the Bank successfully completed Initial Public Offer (IPO) of its shares comprising issue of 8,48,48,484 equity shares of ₹ 10/ each at premium of ₹ 23 per share, thereby raising ₹ 280 crore and an offer for sale of 7,20,00,000 equity shares @ ₹ 33 per share, by the Company. The equity shares of the Bank got listed on November 2, 2020 on National stock exchange (NSE) and BSE Ltd, thereby complying with the licensing condition of listing the shares of the Bank. Subsequently, RBI lifted the previously mentioned restrictions vide its letter dated November 9, 2020. Consequent to the primary issue and sale of shares under IPO, the shareholding percentage of the Company in the Bank has come down from 95.49% to 81.98%.

Notes to standalone financial statements

for the year ended March 31, 2021

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

9 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 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	-	-	(8.52)	(8.52)	-	(8.52)	(67.04)
At 31 March 2020	1.24	0.26	14.32	15.82	1.55	17.37	9.60
Additions	-	-	-	-	-	-	16.61
Disposals	-	-	-	-	-	-	(26.21)
At 31 March 2021	1.24	0.26	14.32	15.82	1.55	17.37	-
Depreciation							
At 1st April 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	2.86	-
Disposals	-	-	(8.52)	(8.52)	-	(8.52)	-
Other adjustments	-	-	-	-	-	-	-
At 31 March 2020	1.16	0.26	0.76	2.18	1.51	3.69	-
Charge for the year	0.04	-	3.54	3.58	0.04	3.62	-
Disposals	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
At 31 March 2021	1.20	0.26	4.30	5.76	1.55	7.31	-
Net Block							
At 31 March 2020	0.08	-	13.56	13.64	0.04	13.68	9.60
At 31 March 2021	0.04	-	10.02	10.06	-	10.06	-

Investment Properties

Particulars	Land - Freehold	Building	Total
Gross carrying value:			
At 1st April 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
Additions	-	26.21	26.21
Disposals	-	-	-
At 31 March 2021	2,027.86	3,656.25	5,684.11
Depreciation			
At 1st April 2019	-	140.93	140.93
Charge for the year	-	80.78	80.78
Disposals	-	-	-
Other adjustments	-	-	-
At 31 March 2020	-	221.71	221.71
Charge for the year	-	81.57	81.57
Disposals	-	-	-
Other adjustments	-	-	-
At 31 March 2021	-	303.28	303.28
Net Block			
At 31 March 2020	2,027.86	3,408.33	5,436.19
At 31 March 2021	2,027.86	3,352.97	5,380.83

Depreciation and amortisation expense for the year also includes amortisation of right of use asset of ₹ 5.62 lakhs (Previous year ₹ 5.10 lakhs). Also refer note 29.

Notes to standalone financial statements

for the year ended March 31, 2021

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

Income earned and expenses incurred in connection with Investment properties

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Rental income	215.43	216.02
Direct operating expenses from property that generate rental income	16.73	13.97
Direct operating expenses from property that did not generate rental income	-	-

Contractual obligations

There are no contractual obligations to construct or develop investment properties. (Also refer note 36)

Fair value

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Investment properties	7,420.56	6,424.66

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, 2021	Professional valuer	Price per sq. feet	₹ 2,052 to ₹ 3,134 per sq ft	5% sensitivity on rate per sq ft	7,420.56	371.03

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

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Prepaid expenses	4.18	3.31
Total	4.18	3.31

11 Trade payables (Refer note 31)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	33.45	41.42
Total	33.45	41.42

12 Other financial liabilities (at amortised cost)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Financial Guarantee Obligations (also refer note 36)	-	138.83
Accrued expenses	17.80	14.03
Liability for capital expenditure	-	13.22
ROU leased liability	19.06	23.58
Unpaid Dividend	20.78	-
Total	57.64	189.66

Other Commitments- Financial guarantee

Internal rating grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	-	-	-	-	138.83	-	-	138.83
Total	-	-	-	-	138.83	-	-	138.83

Notes to standalone financial statements

for the year ended March 31, 2021

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

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

Particulars	Year Ended 31-Mar-2021				Year Ended 31-Mar-2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	138.83	-	-	138.83	307.49	-	-	307.49
Exposure derecognised or repaid	(138.83)	-	-	(138.83)	(168.66)	-	-	(168.66)
Closing balance of outstanding exposure	-	-	-	-	138.83	-	-	138.83

13 Other Non-financial liabilities

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Statutory Dues	7.68	5.45
Total	7.68	5.45

14 Provisions

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Employee benefits (refer Note 32.2)	42.61	26.44
Total	42.61	26.44

15 Share Capital

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares	Amount	No. of shares	Amount
Authorised				
Equity shares of ₹ 10 each	44,00,00,000	44,000.00	44,00,00,000	44,000.00
Compulsorily convertible preference shares of ₹ 10 each	1,00,00,000	1,000.00	1,00,00,000	1,000.00
Issued, subscribed and paid up				
Equity shares of ₹ 10 each	34,17,90,115	34,179.01	34,17,89,995	34,179.00

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

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	34,17,89,995	34,179.00	34,14,61,498	34,146.15
Exercise of options under ESOP scheme	120	0.01	3,28,497	32.85
Outstanding at the end of the year	34,17,90,115	34,179.01	34,17,89,995	34,179.00

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.

The Board of Directors approved and paid an interim dividend of Re.1/- per equity share of ₹ 10/- each fully paid up of the Company to those equity shareholders whose names appeared in the register of members as on August 19, 2020 being the record date fixed for the purpose and second interim dividend of ₹ 2/- per equity share of ₹ 10/- each fully paid up of the Company to those equity shareholders whose names appeared in the register of members as on February 13, 2021 being the record date fixed for the purpose. The Board has recommended the adoption of the aforesaid interim dividend of ₹ 3 per equity share as final dividend for FY 2020-21.

During the year, the company allotted 120 (Previous Year 3,28,497) Equity Shares of Rs 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums.

Notes to standalone financial statements

for the year ended March 31, 2021

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

Details of Shareholding more than 5% shares in the company

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of ₹ 10 each fully paid				
Franklin Templeton Mutual Fund	3,37,87,404	9.89%	2,96,87,404	8.69%
DSP Mutual Fund	2,49,88,435	7.31%	2,20,01,940	6.44%
CDC Group Plc	1,78,60,820	5.23%	2,67,91,230	7.84%
	7,66,36,659	22.43%	7,84,80,574	22.97%

The above list of shareholders holding more than 5% is in line with shareholding pattern filed with stock exchanges.

15.1 Shares reserved for issuance

Refer Note 43 with respect to ESOP Scheme.

16 Other Equity

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Securities premium reserve	1,30,437.90	1,30,437.82
Statutory reserves	4,688.64	1,749.62
Retained earnings	9,005.45	7,476.31
Share based payment reserve	53.24	76.29
FVTOCI reserve	13.77	13.29
Total	1,44,199.00	1,39,753.33

a. Securities premium reserve

The Securities premium received during the year represents the premium received towards allotment of 120 shares (Previous year 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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	1,30,437.82	1,30,212.91
Premium on issue of share capital under ESOP Scheme	0.08	224.91
Balance at the end of the year	1,30,437.90	1,30,437.82

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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	1,749.62	1,595.74
Transfer from retained earnings to Statutory Reserves	2,939.02	153.88
Balance at the end of the year	4,688.64	1,749.62

Notes to standalone financial statements

for the year ended March 31, 2021

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

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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	7,476.31	10,345.78
Profit for the year	14,695.12	769.38
Transfer from retained earnings to Statutory Reserves	(2,939.02)	(153.88)
Adjustment for ROU asset	-	(0.25)
Transfer of ESOP cost to retained earnings upon lapse of options	26.74	4,124.83
Dividend appropriation	(10,253.70)	-
Adjustment on account of modification of ESOP Scheme 2015 (refer note 16g)	-	(7,609.55)
Balance at the end of the year	9,005.45	7,476.31

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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	76.29	3,812.80
Addition on account of ESOP cost	3.71	443.40
Transfer of ESOP cost to retained earnings upon lapse of options	(26.74)	(4,124.83)
Transfer of ESOP cost to securities premium upon exercise	(0.02)	(55.08)
Balance at the end of the year	53.24	76.29

e. FVTOCI Reserve

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

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	13.29	13.94
Addition during the year	0.48	(0.65)
Balance at the end of the year	13.77	13.29

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, 2021 and as at 31st March 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 45 for further details.

g. Adjustment on account of modification of ESOP Scheme 2015

During the previous 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

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

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Interest on deposit with Related Parties	1,670.18	1,482.97
Total	1,670.18	1,482.97

18 Revenue from Contracts with Customers (also refer note 34.2)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Rental Income	215.43	216.02
Guarantee Income (also refer note 36)	149.50	61.40
Total	364.93	277.42

19 Net gain on Fair value change

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
i) Others		
Gain/(loss) on sale of instruments at FVTPL	28.63	-
	28.63	-
Fair Value changes:		
Realised	24.58	-
Unrealised	4.05	-
Total Net gain/(loss) on fair value changes	28.63	-
ii) Profit from sale of investment		
Profit from sale of investment in subsidiary (Refer note 8a)	17,164.91	-
Less : IPO expenses	1,483.34	-
Total	15,681.57	-

20 Other income

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Other Miscellaneous Income	0.74	-
Dividend income	9.14	5.50
Profit from sale of assets	-	0.90
Bad Debts recovered	-	8.75
Liabilities no longer required written back	17.69	131.33
Total	27.57	146.48

21 Employee benefits expenses

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Salaries and wages (Including bonus)	105.97	92.80
Contribution to provident and other funds	4.78	4.43
Gratuity expense (Refer Note 32.2)	4.47	13.88
Share based payment to employees	9.14	5.78
Staff welfare expenses	0.28	0.59
Total	124.64	117.48

22 Impairment of Financial Instruments

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Rental Income Receivable	8.72	9.31
Investment in Subsidiary	300.00	100.00
Total	308.72	109.31

Notes to standalone financial statements

for the year ended March 31, 2021

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

23 Finance costs

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Interest Cost - lease	1.72	0.84
Interest Cost - financial guarantee obligation	10.67	14.70
Interest Cost - others	0.01	9.63
Total	12.40	25.17

24 Others expenses

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Advertisement & business promotion	3.47	3.87
Communication expenses	0.85	1.09
Professional & consultancy fee	32.41	28.86
Payments to auditors (Refer Note A below)	34.93	50.26
Directors' remuneration & sitting fees	46.49	47.28
Registrar fee and general meeting expenses	21.15	41.40
Miscellaneous expenses	0.01	0.95
Insurance expenses	5.97	6.27
Printing and stationery	0.02	0.04
Rates and taxes	102.35	48.89
Repairs & maintenance - others	0.18	2.12
Travelling & conveyance	0.17	2.34
Contributions towards CSR activities (Refer note B below)	44.21	33.41
Total	292.21	266.78

A. Payment to auditors (excluding taxes)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
As auditors		
Statutory audit (including consolidation)	17.60	26.00
Limited review (including consolidation)	7.50	9.00
Certification fees	2.50	2.75
In other capacity		
Tax audit	2.00	2.20
Other reporting services	-	1.81
Others		
Reimbursement of expenses	-	0.07
Total	29.60	41.83

B. Details of CSR expenditure:

Particulars		Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
(a) Gross amount required to be spent by the Company during the year		24.10	20.00
b) Amount spent during the year ending on March 31, 2021:			
Particulars	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	44.21	-	44.21
b) Amount spent during the year ending on March 31, 2020:			
Particulars	In cash	Yet to be paid in cash	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	33.41	-	33.41

The Company in accordance with its CSR Policy has implemented CSR activities, through Equitas Development Initiatives Trust and Equitas Healthcare Foundation, public charitable trusts established by the Company.

Notes to standalone financial statements

for the year ended March 31, 2021

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

The Board of Directors have approved a total CSR contribution of ₹ 44.21 lakhs for the year ended March 31, 2021, of which ₹ 18.45 lakh (Previous Year ₹ 33.41 lakh) to Equitas Development Initiatives Trust and ₹ 25.76 lakhs (Previous year : Nil) to Equitas Health Care foundation. (Refer Note 34.2)

C. Disclosure in accordance with Section 182 of the Companies Act, 2013

The Company incurred Rs. Nil (March 31, 2020: Rs. Nil) as contribution to political parties, etc.

D. Disclosure in accordance with Section 183 of the Companies Act, 2013

The Company incurred Rs. Nil (March 31, 2020: Rs. Nil) as contribution to nation defence fund or any other Fund approved by the Central Government for the purpose of national defence.

25 Income Tax

The effective income tax rate for 31 March 2021 is 25.17% (31 March 2020: 25.17%)

Statement of profit and loss

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
The components of income tax expense for the years ended 31 March 2021 and 2020 are:		
Current tax	2,168.65	295.62
Current tax towards prior periods	42.67	97.35
Deferred tax relating to origination and reversal of temporary differences	37.67	137.04
Total tax charge reported in the statement of profit and loss	2,248.99	530.01

Balance sheet

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Current tax asset	661.50	803.96
Current tax liability	48.69	175.05

Other Comprehensive Income (OCI)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Tax effect on		
Re-measurement gains/(losses) on defined benefit obligations	(0.16)	0.28
Income tax charged to OCI	(0.16)	0.28

25.1 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 Indian 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 2021 and 2020 is, as follows:

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Accounting profit before tax	16,944.11	1,299.39
At India's statutory income tax rate of 25.17% (2020: 25.17%)	4,264.49	327.03
Income not subject to tax		
Financial guarantee income	(37.63)	(46.15)
Notional income subject to tax	7.74	-
Non-deductible expenses		
Impairment allowance for financial assets	75.50	25.17
Interest expenses on financial guarantee	2.68	3.70
Difference in tax base for Csr contribution	11.13	4.20
Income tax pertaining to earlier years	42.67	97.35
Difference in tax base for Capital gain	(2,152.77)	-
Other disallowances	35.18	118.71
Income tax expense reported in the statement of profit and loss	2,248.99	530.01

Notes to standalone financial statements

for the year ended March 31, 2021

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

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

26 Deferred tax

Particulars	As at 31-Mar-2021 Deferred tax assets	As at 31-Mar-2021 Deferred tax liabilities	Year Ended 31-Mar-2021 Income statement	Year Ended 31-Mar-2021 OCI
Depreciation	1.68	-	0.59	-
Impairment allowance for financial assets	7.68	-	(2.20)	-
Provision for employee benefits	10.72	-	(4.22)	(0.16)
Rent receivable	-	152.09	43.50	-
Total	20.08	152.09	37.67	(0.16)
Deferred tax liabilities (net)	132.01			

Particulars	As at 31-Mar-2020 Deferred tax assets	As at 31-Mar-2020 Deferred tax liabilities	Year Ended 31-Mar-2020 Income statement	Year Ended 31-Mar-2020 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			

27 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-2021	Year Ended 31-Mar-2020
Profit after tax - Basic earnings per equity share	14,695.12	769.38
Weighted average number of equity shares in calculating basic EPS	34,17,90,097	34,16,89,290
Basic earnings per equity share	4.30	0.23
Profit after tax - Diluted earnings per equity share	14,704.26	775.16
Weighted average number of equity shares in calculating basic EPS	34,17,90,097	34,16,89,290
Effect of dilution:		
Add: Dilutive impact of ESOPs	248	64,566
Weighted average number of equity shares in calculating Diluted EPS	34,17,90,345	34,17,53,856
Diluted earnings per equity share	4.30	0.23

28 Expenditure and income in foreign currency : NIL

29 Lease - as lessee

Lease disclosure under Ind-AS 116 for the current year ended 31 March 2021

- This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements
- 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

- i) The carrying amount of right of use assets recognised and the movement during the year is as given below:

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Opening balance	23.11	3.00
Additions / Modification impact	0.44	25.21
Depreciation expenses	(5.62)	(5.10)
Closing balance	17.93	23.11

Below are the carrying amounts of lease liabilities and the movements during the period:

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Opening balance	23.58	3.25
Additions / Modification impact	(0.31)	25.21
Interest	1.72	0.84
Payments	(5.93)	(5.72)
Closing balance	19.06	23.58
Within one year	4.89	6.24
More than one year and upto five years	14.17	17.34

The following are the amounts recognised in profit and loss account :

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Depreciation charges for right-of-use assets	5.62	5.10
Interest expense on lease liabilities	(1.72)	0.84
Total amount recognised in profit and loss account	3.90	5.94

30 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	As at 31-Mar-2021	As at 31-Mar-2020
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	862.29
- Later than five years	3,786.14	4,001.57
Total minimum lease rent recognised in the Profit and loss account	215.43	216.02
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.

31 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, 2021. The relevant particulars are furnished below:

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
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	-	-

Notes to standalone financial statements

for the year ended March 31, 2021

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

32 Retirement benefit plan

32.1 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 ₹ 4.78 lakh (For the year ended March 31, 2020: ₹ 4.43 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.

32.2 Defined benefit plans

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	16.18	15.17
Current service cost	3.53	13.32
Interest cost	0.94	0.56
Benefits paid	-	(13.80)
Remeasurement effect of experience adjustments	(0.64)	0.93
Present value of defined benefit obligation at end of the year	20.01	16.18
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	20.01	16.18
Fair value of plan assets	-	-
Net liability recognised in the balance sheet	20.01	16.18
Cost of defined benefit plan for the year		
Current service cost	3.53	13.32
Interest cost	0.94	0.56
Expected return on plan assets	-	-
Net cost recognized in the statement of profit and loss and OCI	4.47	13.88
Remeasurement		
Effect of experience adjustments	0.64	(0.93)
Total remeasurement gain recognised in OCI	0.64	(0.93)
Return on plan assets		
Actuarial assumptions		
Discount rate (Refer note (a))	5.47%	5.81%
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 (2012-14)
Attrition rate (Refer note (b))	20.00%	20.00%

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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

c) Experience Adjustments:

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Projected Benefit Obligation	20.01	16.18
Fair Value of Plan Assets	-	-
(Deficit)/ Surplus	(20.01)	(16.18)
Experience Adjustments on Plan Liabilities - Gains	-	-
Experience Adjustments on Plan Assets - Loss	0.64	(0.93)
		Amount
Expected Contribution in the following years to the fund		NA
Expected Maturity Profile of Benefit Payments		Rs in lakhs
Within the next 12 months (next annual reporting period)		0.90
Between 2 and 5 years		13.89
Between 5 and 10 years		14.64
Beyond 10 years		-

Sensitivity

The Defined Benefit Obligation (DBO) is sensitive to changes in the Discount Rate, the Salary Escalation Rate and the Staff Exit Rate.

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:	-0.67%
Similarly, a decrease by 0.5% will increase DBO by:	0.68%
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:	0.68%
Similarly, a decrease by 0.5% will decrease DBO by:	-0.67%

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:	-0.14%
Similarly, a decrease by 0.5% will change DBO by:	0.15%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	-0.13	0.14	0.14	-0.13

32.3 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 31-Mar-2021	Year Ended 31-Mar-2020
Discount Rate	5.47%	5.81%
Future Salary Increase	10.00%	10.00%
Mortality Rate	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)
Attrition rate	20.00%	20.00%

* The Company has made changes to the leave policy w.e.f. 1st April 2021 and necessary effect has been given in the financial statement.

Notes to standalone financial statements

for the year ended March 31, 2021

(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.

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:	-1.08%
Similarly, a decrease by 0.5% will increase D.B.O by:	1.12%
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:	1.12%
Similarly, a decrease by 0.5% will decrease DBO by:	-1.08%
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:	-0.23%
Similarly, a decrease by 0.5% will change DBO by:	0.24%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	-0.24	0.25	0.25	-0.24

33 Maturity analysis of assets and liabilities

Assets	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Cash and cash equivalents	83.66	-	83.66	243.97	-	243.97
Bank Balance other than cash and cash equivalents	8,079.72	14,942.84	23,022.56	8,836.24	9,538.74	18,374.98
Other financial assets	103.54	482.93	586.47	55.36	379.81	435.17
Investments	6,503.73	1,42,429.17	1,48,932.90	-	1,49,120.56	1,49,120.56
Non-financial Assets						
Current tax asset (Net)	-	661.50	661.50	-	803.96	803.96
Other non-financial assets	4.18	-	4.18	3.31	-	3.31
Property, plant and equipment	-	10.06	10.06	-	13.64	13.64
Capital work in progress	-	-	-	-	9.60	9.60
Intangible assets	-	-	-	-	0.04	0.04
ROU asset	-	17.93	17.93	-	23.11	23.11
Investment property	-	5,380.83	5,380.83	-	5,436.19	5,436.19
Total assets	14,774.83	1,63,925.26	1,78,700.09	9,138.88	1,65,325.65	1,74,464.53
Financial Liabilities						
Total outstanding dues of creditors other than micro enterprises and small enterprises	33.45	-	33.45	41.42	-	41.42
Other financial liabilities	22.69	34.95	57.64	84.06	105.60	189.66
Non-Financial Liabilities						
Current tax liability	48.69	-	48.69	175.05	-	175.05
Other non-financial liabilities	7.68	-	7.68	5.45	-	5.45
Provisions	9.01	33.60	42.61	5.23	21.21	26.44
Deferred tax liabilities (Net)	-	132.01	132.01	-	94.18	94.18
Total liabilities	121.52	200.56	322.08	311.21	220.99	532.20
Net	14,653.31	1,63,724.70	1,78,378.01	8,827.67	1,65,104.66	1,73,932.33

Notes to standalone financial statements

for the year ended March 31, 2021

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

34 Related party disclosures

34.1 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
	Deepti R, Company Secretary
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)
Enterprises over which the Company or its Key management personnel is able to exercise significant influence	Mr. S Bhaskar (w.e.f October 21, 2019)
	Equitas Development Initiatives Trust
	Equitas Dhanyakosha India
	Equitas Healthcare Foundation

34.2 Transactions with the Related Parties

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Income		
Guarantee Income		
Equitas Small Finance Bank Limited	149.50	183.36
Rental Income		
Equitas Development Initiatives Trust	215.43	216.02
Interest on deposits placed with related parties		
Equitas Small Finance Bank Limited	1,670.18	1,482.97
Expenses		
Interest cost on Financial Guarantee		
Equitas Small Finance Bank Limited	10.67	14.70
CSR contribution		
Equitas Development Initiatives Trust	18.45	33.41
Equitas Health Care Foundation	25.76	-
Reimbursement of IPO expenses		
Equitas Small Finance Bank Limited	1,483.34	-
Share based payment to employees		
Key Managerial Personnel	8.78	3.10
Dividend income		
Key Managerial Personnel	8.78	2.99
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
John Alex, Executive director and CEO (from November 8, 2019)	74.25	23.29
R Srimathy, Chief Financial Officer	19.79	19.56
Deepti R, Company Secretary	9.29	8.78
Remuneration and Sitting Fees to Non-Executive Directors	43.88	42.10

*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, 2021

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

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Other Transactions		
Deposits placed		
Equitas Small Finance Bank Limited	28,790.80	6,033.68
Deposits matured		
Equitas Small Finance Bank Limited	24,187.12	5,520.09
Withdrawals and funds transfer		
Equitas Small Finance Bank Limited	56,010.57	7,151.38
Receipts and interest credits		
Equitas Small Finance Bank Limited	55,851.47	7,235.51
Investment in Equity Shares of Subsidiaries, including premium		
Equitas Technologies Private Limited	200.00	200.00
Guarantees Released		
Equitas Small Finance Bank Limited	5,200.00	-
Balance as at Year End		
Deposits		
Equitas Small Finance Bank Limited	22,765.71	18,162.03
Interest Receivable on Deposits		
Equitas Small Finance Bank Limited	236.07	212.95
Balances with Current Accounts		
Equitas Small Finance Bank Limited	75.91	235.01
Corporate Guarantees		
Equitas Small Finance Bank Limited	-	5,200.00
Financial Guarantee Obligation		
Equitas Small Finance Bank Limited	-	138.83
Investment in Equity Shares of Subsidiaries, including premium		
Equitas Small Finance Bank Limited	1,40,897.17	1,47,488.56
Equitas Technologies Private Limited	2,400.00	2,200.00

	Maximum oustanding during the FY 20-21	Maximum oustanding during the FY 19-20
Maximum Outstanding during the year		
Deposits		
Equitas Small Finance Bank Limited	35,765.71	18,272.03
Balances with Current Accounts		
Equitas Small Finance Bank Limited	22,767.27	1,149.78
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	1,47,491.19	1,55,098.11
Equitas Technologies Private Limited	2,400.00	2,200.00

Under the ESOP Scheme 2015, Nil shares (previous year - 126) 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 authorized 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

The options granted to the key managerial personnel as of 31st March 2021 is as provided below:

As at March 31, 2021 - 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	40,000
John Alex	29-Jan-20	29-Jan-24	38.00	53,664
John Alex	22-Mar-21	22-Mar-22	56.00	36,750
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27.00	7,524
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27.00	1,161
Srimathy Raghunathan	29-Jan-20	29-Jan-24	38.00	4,048
Srimathy Raghunathan	29-Jan-20	29-Jan-25	38.00	4,048
Srimathy Raghunathan	22-Mar-21	22-Mar-22	56.00	1,720
Deepti R	22-Nov-19	30-Nov-23	27.00	2,550
Deepti R	22-Nov-19	30-Nov-23	27.00	729
				1,52,194

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	1,54,050
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
				2,67,984

35 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.

36 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 31-Mar-2021	Year Ended 31-Mar-2020
Claims against the company not acknowledged as debts		
- Income tax matters	1,178.64	-
- Guarantees for loans taken by subsidiaries*	-	5,200.00
Commitments		
- Estimated amount of contracts remaining to be executed on capital account and not provided for	-	28.09

*During the year ended March 31, 2021, the corporate guarantees given by the company to its subsidiary were released on preclosure of loans by the subsidiary. In effect of the release of the guarantee, the company had unwinded the liability for Financial guarantee obligation by recognising the entire amount as guarantee income for the year.

Notes to standalone financial statements

for the year ended March 31, 2021

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

36.1 Off balance sheet exposures

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
i Off balance sheet exposure	-	-
ii Financial Guarantee as a % of total off- balance sheet exposure	-	-
iii Non-Financial Guarantee as a% of total off- balance sheet exposure	-	-
iv Off balance sheet exposure to overseas subsidiaries	-	-
v Letter of Comfort issued to any subsidiary	-	-

37 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 36.
- 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.

38 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.

38.1 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 maximize 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.

38.2 Regulatory capital

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Common Equity Tier1 (CET1) capital	1,75,560.49	1,71,318.32
Other Tier 2 capital instruments	-	-
Total capital	1,75,560.49	1,71,318.32
Risk weighted assets	1,75,828.14	1,76,273.42
CET1 capital ratio	99.85%	97.19%
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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

38.3 Components of ANW and other related information

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
i) ANW as a % of Risk Weighted Assets	99.85%	97.19%
ii) Unrealized appreciation in the book value of quoted investments	-	-
iii) Diminution in the aggregate book value of quoted investments	868.00	568.00
iv) Leverage Ratio	0.00	0.03

38.4

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Return on Equity (RoE)	8.34%	0.43%
Return on Assets (RoA)	8.32%	0.43%
Net profit per employee [Rs in Lakhs]	2,939.12	153.75

39 Fair value measurement

39.1 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.

39.2 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.

39.3 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.

31-Mar-21	Carrying amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis					
Financial Assets					
Cash and cash equivalents	83.66	83.66	-	-	83.66
Bank balance other than cash and cash equivalents	23,022.56	23,022.56	-	-	23,022.56
Other Financial Assets	586.47	-	-	586.47	586.47
Investment	1,48,932.90	5,62,700.88	2,356.80	-	5,65,057.68
Total financial assets	1,72,625.59	5,85,807.10	2,356.80	586.47	5,88,750.37
Financial liabilities					
Trade Payables					
Total outstanding dues of creditors other than micro enterprises and small enterprises	33.45	-	-	33.45	33.45
Other financial liabilities	57.64	-	-	57.64	57.64
Total financial liabilities	91.09	-	-	91.09	91.09

Notes to standalone financial statements

for the year ended March 31, 2021

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

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	18,374.98	18,374.98	-	-	18,374 .98
Other Financial Assets	435.17	-	-	435 .17	435 .17
Investment in subsidiaries	1,49,120.56	-	5,31,562 .96	-	5,31,562 .96
Total financial assets	1,68,174.68	18,618.95	5,31,562 .96	435 .17	5,50,617 .08
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

39.4 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.

39.4.1Loans 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.

39.4.2Off 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.

39.4.3Investment 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.

40 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 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 optimizing 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

40.1 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.

40.2 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 41 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

40.3 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 less 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.

40.4 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 42.

40.5 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 standardized and regulatory approach to Expected Credit Loss model for recognizing 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 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 categorizes 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

40.6 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.

40.7 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

41 Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarizes 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 2021						
Financial assets						
Cash and cash equivalent and other bank balances	104.44	2,236.07	5,739.21	15,026.50	-	23,106.22
Investment	-	1,000.00	5,503.73	-	1,42,429.17	1,48,932.90
Other Financial Assets	-	17.38	86.16	482.93	-	586.47
Total undiscounted financial assets	104.44	3,253.45	11,329.10	15,509.43	1,42,429.17	1,72,625.59
Financial liabilities						
Other financial liabilities	20.78	18.99	3.70	14.17	-	57.64
Total undiscounted financial liabilities	20.78	18.99	3.70	14.17	-	57.64
Net undiscounted financial assets/(liabilities)	83.66	3,234.46	11,325.40	15,495.26	1,42,429.17	1,72,567.95
As at 31 March 2020						
Financial assets						
Cash and cash equivalent and other bank balances	243.97	3,777.95	4,814.32	9,782.71	-	18,618.95
Investment	-	-	-	-	1,49,120.56	1,49,120.56
Other Financial Assets	-	3.12	52.24	379.81	-	435.17
Total undiscounted financial assets	243.97	3,781.07	4,866.56	10,162.52	1,49,120.56	1,68,174.68
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	10,063.45	1,49,114.02	1,67,985.02

41.1 ALM - Maturity pattern of Assets and Liabilities as on 31st March 2021

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 Month	Over 2 months up to 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	1,000.00	5,503.73	-	-	-	1,42,429.17	1,48,932.90
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

ALM - Maturity pattern of Assets and Liabilities as on 31st March 2020

Particulars	1 to 7 days	8 to 14 days	15 days to 30/31 days	Over 1 month up to 2 Month	Over 2 months up to 3 months	Over 3 month & up to 6 month	Over 6 Month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Advances	-	-	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-	1,49,120.56	1,49,120.56
Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

Notes to standalone financial statements

for the year ended March 31, 2021

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

42 Total market risk exposure

Particulars	As at 31st March 2021			As at 31st March 2020		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent and other bank balances	23,106.22	-	23,106.22	18,618.95	-	18,618.95
Other Financial Assets	586.47	-	586.47	435.17	-	435.17
Investments	1,48,932.90	6,503.73	1,42,429.17	1,49,120.56	-	1,49,120.56
Total	1,72,625.59	6,503.73	1,66,121.86	1,68,174.68	-	1,68,174.68
Liabilities						
Trade payables	33.45	-	33.45	41.42	-	41.42
Other liabilities	57.64	-	57.64	189.66	-	189.66
Total	91.09	-	91.09	231.08	-	231.08

43 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 authorized 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 authorized 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 authorized 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 authorized 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 not granted any stock option, during the previous year ended 31st March 2020, 4,70,060 stock options were granted 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 previous 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 16g)

Notes to standalone financial statements

for the year ended March 31, 2021

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

As at March 31, 2021, 1,10,420 (As at March 31, 2020 - 1,72,308) options were outstanding, which were granted at various exercise prices. The following are the outstanding grants as at March 31, 2021:

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	6,33,150	Equity
ESOP Scheme 2012	31-Dec-14 to 31-Dec-17	Grant 13	15-Nov-13	15-Nov-13	40.00	22,02,225	Equity
ESOP Scheme 2012	30-Jun-15 to 30-Jun-18	Grant 14	09-May-14	09-May-14	43.34	29,34,600	Equity
ESOP Scheme 2014	31-Dec-15 to 31-Dec-18	Grant 15	12-Nov-14	12-Nov-14	55.00	40,51,650	Equity
ESOP Scheme 2014	30-Jun-16 to 30-Jun-19	Grant 16	07-May-15	07-May-15	65.00	22,68,400	Equity
ESOP Scheme 2015	31-Dec-16 to 31-Dec-19	Grant 18	06-Nov-15	06-Nov-15	70.00	43,82,650	Equity
ESOP Scheme 2015	01-Jul-17 to 01-Jul-20	Grant 19	01-Jul-16	01-Jul-16	178.00	75,97,900	Equity
ESOP Scheme 2015	01-Sep-17 to 01-Sep-20	Grant 21	05-Aug-16	05-Aug-16	173.00	18,40,150	Equity
ESOP Scheme 2015	01-Oct-17 to 01-Oct-20	Grant 22	10-Sep-16	10-Sep-16	182.00	20,07,200	Equity
ESOP Scheme 2015	01-Nov-17 to 01-Nov-20	Grant 23	21-Oct-16	21-Oct-16	183.00	20,38,500	Equity
ESOP Scheme 2015	01-Feb-18 to 01-Feb-21	Grant 24	01-Feb-17	01-Feb-17	165.00	50,63,450	Equity
ESOP Scheme 2015	05-May-18 to 05-May-21	Grant 25	05-May-17	05-May-17	164.00	26,10,600	Equity
ESOP Scheme 2015	31-Jan-19 to 31-Jan-22	Grant 27	31-Jan-18	31-Jan-18	151.00	1,37,150	Equity
ESOP Scheme 2015	02-Aug-2019 to 01 Sep 20	Grant 33	02-Aug-19	02-Aug-19	115.00	3,30,060	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.

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	As at 31st March 2021		As at 31st March 2020	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,72,308	148.73	1,26,44,449	142.74
Granted During the period	-	-	4,70,060	115.00
Exercised during the year	120	55.00	3,28,497	61.70
Expired during the year	61,768	154.13	27,27,453	155.82
Transferred during the year	-	-	98,86,251	140.45
Outstanding at the end of the year	1,10,420	153.42	1,72,308	153.61
Options exercisable at the end of the year	1,04,803	152.95	1,29,808	148.73

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Range of exercise price (₹)	40 to 183	40 to 183
Weighted average remaining contractual life (in years)	1.26	2.02
Weighted average fair value of options granted	-	19.50
Weighted average market price of shares on the date of exercise(₹)	91.70	117.33

Notes to standalone financial statements

for the year ended March 31, 2021

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

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 options (₹)			
					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

44 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, 2021 has been prepared under Ind AS.

The regulatory disclosures contained in Note 38.2 and Note 44 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 38.2 and 44 have been prepared in accordance with Ind AS.

Sl. No.	Particulars	As at 31st March 2021		As at 31st March 2020	
		Amount Outstanding	Amount overdue	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	-	-	-	-
	(c) Term Loans	-	-	-	-
	(d) Inter-corporate loans and borrowing	-	-	-	-
	(e) Commercial Paper	-	-	-	-
	(f) Other Loans (specify nature)	-	-	-	-

Notes to standalone financial statements

for the year ended March 31, 2021

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

Sl. No.	Particulars	As at 31st March 2021 Amount Outstanding	As at 31st March 2020 Amount Outstanding
	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 :		
	(a) Financial lease	-	-
	(b) Operating lease	-	-
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	-	-
	(b) Repossessed Assets	-	-
	(iii) Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed	-	-
	(b) Loans other than (a) above	-	-
4	Assets side:		
	Break-up of Investments :		
	Current Investments :		
	1. Quoted :		
	(i) Shares : (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	6,503.73	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(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 :		
	(i) Shares : (a) Equity	1,38,090.79	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted :		
	(i) Shares : (a) Equity	2,400.00	1,46,885.89
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify) *	2,806.38	2,802.67

* Others represent value of deemed investments recognised for Financial guratees and ESOP to employees of subsidiary

Notes to standalone financial statements

for the year ended March 31, 2021

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

5 Borrower group-wise classification of assets financed as in (2) and (3) above :

Particulars	As at 31st March 2021			As at 31st March 2020		
	Amount net of provisions			Amount net of provisions		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	-	-	-	-	-
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
other than related parties	-	-	-	-	-	-
Total	-	-	-	-	-	-

6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	As at 31-Mar-2021		As at 31-Mar-2020	
	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	5,65,057.68	1,42,429.17	1,49,120.56	1,49,120.56
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
Other than related parties	-	-	-	-
Total	5,65,057.68	1,42,429.17	1,49,120.56	1,49,120.56

7 Other information

Particulars	As at 31st March 2021 Amount Outstanding	As at 31st March 2020 Amount Outstanding
i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
iii) Assets acquired in satisfaction of debt	-	-

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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

Sl. No.	Particulars	As at 31st March 2021	As at 31st March 2020
ii)	Value of Investments		
i)	Gross Value of Investment		
	(a) In India	1,43,297.17	1,49,688.56
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	868.00	568.00
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	1,42,429.17	1,49,120.56
	(b) Outside India	-	-
iii)	Movement of provisions held towards depreciation on investments		
i)	Opening Balance	568.00	468.00
ii)	Add: Provision made during the year	300.00	100.00
iii)	Less : Write-off / write-back of excess provisions during the year	-	-
iv)	Closing Balance	868.00	568.00

45 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 2021

Particulars	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)	604.30	30.49	573.81	-	(30.49)
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		604.30	30.49	573.81	-	(30.49)
Total	Stage 1	604.30	30.49	573.81	-	(30.49)
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	604.30	30.49	573.81	-	(30.49)

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 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

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

Particulars	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	-	(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 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.

Notes to standalone financial statements

for the year ended March 31, 2021

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

46 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 31st March 2021	As at 31st March 2020
(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		
(ii)	Commercial Real Estate	Nil	Nil
	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

47	Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
	(i) Provisions and Contingencies		
	Break up of 'Provisions and Contingencies' shown under the Profit and Loss Account		
	Provisions for depreciation on Investment	300.00	100.00
	Provision towards NPA	-	-
	Provision made towards Income tax	-	-
	Other Provision and Contingencies (with details)		
	- Provision on rent receivables	8.72	9.31
	Provision for Standard Assets	-	-
	Total	308.72	109.31
	(ii) Concentration of NPA's	Exposure as a % of total assets	
	Total Exposure to top five NPA accounts	Nil	Nil

48 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 13, 2021 by the Board of Directors of the Company.

49 Prior period figures have been regrouped/ reclassified wherever necessary.

As per our report of even date
For T R Chadha & Co LLP
Chartered Accountants
ICAI Firm Registration Number:006711N/ N500028

For and on behalf of Board of Directors of
Equitas Holdings Limited

per Sheshu Samudrala
Partner
Membership no.235031
Place: Chennai
Date: 13 May 2021

N Rangachary
Chairman
DIN:00054437
Place: Bangalore
Date: 13 May 2021

John Alex
ED and CEO
DIN: 08584415
Place: Chennai
Date: 13 May 2021

S Viswanatha Prasad
Director
DIN:00574928
Place: Hyderabad
Date: 13 May 2021

Srimathy R
Chief Financial Officer
Place: Chennai
Date: 13 May 2021

Deepti R
Company Secretary
Membership no: A35488
Place: Chennai
Date: 13 May 2021

Independent Auditor's Report

To the Members of Equitas Holdings Limited

Report on the Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying Consolidated Ind AS Financial Statements of Equitas Holdings Limited ("Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows 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 "Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 as amended ('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 Group as at 31 March 2021, the Consolidated Profit (including other comprehensive income), the Consolidate Changes in Equity and Consolidated Cash Flows for the year then ended.

2. Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 (ICAI) together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of the financial statements / financial information referred to in the "Other Matters" paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

3. Emphasis of Matter

We draw attention to Note 2.1 to the Accompanying Consolidated Financial Statement which describes the extent to which the Covid -19 pandemic will continue to impact the Company's operations and financial statements will depend on ongoing and future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2021. 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. We have determined the matters described below to be the key audit matters to be communicated in our report.



Key Audit Matters

Provision for Financial Instruments based on Expected Credit Loss (ECL) model

The Equitas Small Finance Bank, Subsidiary of the Company has developed the expected credit loss model 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, 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.

IT Systems and Controls

The IT environment of the Equitas Small Finance Bank (Subsidiary of the Company) is complex and involves a large number of independent and interdependent IT systems used in the operations of the Bank for processing and recording a large volume of transactions at numerous locations. As a result, there is a high degree of reliance and dependency on such IT systems for the financial reporting process of the Bank.

There has been a major enhancement in the information technology (IT) infrastructure of the Equitas Small Finance 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, changes in the technology environment have been carried out by the Bank.

IT general controls over user access management and change management across applications, networks, database, and operating systems.

Due to the pervasive nature and complexity of the IT environment and considering that several systems and processes 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.

How our audit addressed the key audit matter

How our audit addressed the 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 obtained an understanding of the basis and methodology adopted by management to determine the probability of defaults and the loss given defaults for various segments, and tested the same on a sample basis.

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 tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets

For testing the IT general controls, application controls and IT dependent manual controls, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of 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.

Other areas that were assessed under the IT control environment, included password policies, security configurations, business continuity, and controls around change management.

Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Consolidated Financial Statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the Company's ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective board of Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of each Company.

7. 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 the internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.

- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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.

5. Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's 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 when it becomes available 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.

6. Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirement of the Act that give a true and fair view of the Consolidated State of affairs, Consolidated Profit/Loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows 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.

This respective Management and Board of Directors of the Companies included in the Group are

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 of the current period 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.

8. Other Matters

- The Consolidated Financial Statements of the Company for the year ended March 31, 2020, have been audited by the predecessor auditors who expressed their unmodified opinion on those Consolidated Financial Statements on 29th May 2020. We did not audit the Consolidated Financial Statements for the year ended 31st March 2020, included in the Consolidated Financial Statements.
- We did not audit the financial statements and other financial information, in respect of one subsidiary, whose financial statements include total assets of ₹ 658.75 lakhs as at 31st March 2021, and total revenue of ₹ 1,087.24 lakhs and net increase in cash flow of ₹ 70.35 lakhs for the year ended to date. Those financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's report 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 this subsidiary, and our report in terms of section 143(3) of the Act, in so far as it relates to the afore said subsidiary, is based solely on the report of such other auditor.

Our opinion on the consolidated financial statements above, 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.

9. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and based on the consideration as noted in the 'Other Matters' paragraph, above we report, to the extent applicable, that:

- 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;
- In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books;
- The Consolidated Balance Sheet, the Consolidated statement of Profit and Loss (including other comprehensive income), the Consolidated statement of changes in equity and the Consolidated statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
- In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.
- On the basis of the representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure A";
- With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

viii. 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 as noted in the 'Other Matters' paragraph:

- The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group – Refer to Note 45 to the Consolidated Financial Statements;
- The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

For T R CHADHA & CO LLP
Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per Sheshu Samudrala
Partner
Membership Number: 235031
UDIN: 21235031AAAAV7244

Place: Chennai
Date: 13.05.2021

‘ANNEXURE A’ to the Independent Auditor’s Report of Even date on the consolidated Financial Statements of Equitas Holdings Limited (the Company)

Report on the Internal Financial Controls with reference to the Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

Opinion

In conjunction with our audit of the Consolidated Financial Statements of the company as of and for the year ended March 31, 2021, we have audited the internal financial controls with reference to Consolidated Financial Statements 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 financial controls with reference to financial statements vide MCA notification no G.S.R 583 (E) dated June 13, 2017.

In our opinion, to the best of our information and according to the explanations given to us, the Applicable Companies have, in all material respects, an adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by such companies considering the essential components of such 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 (the ‘Guidance Note’).

Management’s Responsibility for Internal Financial Controls

The respective Management and Board of Directors of the Applicable Companies, are is responsible for establishing and maintaining internal financial controls with reference to Consolidated Financial Statements based on the criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note. 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 Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Applicable Companies internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an

audit of internal financial controls with reference to the Consolidated Financial Statement. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to the Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to the 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 judgment, including the assessment of the risk of material misstatement of the Consolidated 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 with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to consolidated Financial Statements

A Company’s internal financial control with reference to 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 with reference to 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 authorizations of management and directors of the Company; and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

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

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

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to 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 T R CHADHA & CO LLP

Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per Sheshu Samudrala

Partner

Membership Number: 235031

UDIN: 21235031AAAAV7244

Place: Chennai

Date: 13.05.2021

Consolidated Balance Sheet

as at March 31, 2021

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

Particulars	Notes	As at 31-Mar-2021	As at 31-Mar-2020
Assets			
Financial assets			
Cash and cash equivalents	6	3,37,924	2,53,261
Bank balance other than cash and cash equivalents	7	21	543
Loans and advances	8	17,50,967	15,10,587
Trade receivable	9	481	218
Investments	10	3,83,783	2,38,449
Other Financial Assets	11	17,182	8,858
Non-financial assets			
Current tax assets (Net)	33	686	1,798
Deferred tax asset	34	19,971	15,394
Property, plant and equipment	12	11,701	13,164
Capital work in Progress	12	88	237
Investment Property	12	5,381	5,436
Right of Use (ROU) asset	46	22,367	26,582
Other intangible assets	12	6,734	7,913
Other non-financial assets	13	1,033	1,068
Total Assets		25,58,319	20,83,508
Liabilities and equity			
Financial liabilities			
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	14	15,750	13,570
Debt securities	15	22,006	21,976
Borrowings (other than debt securities)	16	4,68,417	6,41,697
Deposits	17	16,26,027	10,67,865
Other financial liabilities	18	43,298	38,046
Non-financial liabilities			
Current tax liabilities (Net)	33	692	488
Deferred tax liabilities	34	132	94
Provisions	19	12,751	8,503
Other Non-financial liabilities	20	2,057	955
Total liabilities		21,91,130	17,93,194
Equity			
Equity Share capital	21	34,179	34,179
Other Equity	22	2,73,449	2,44,185
Equity attributable to owners of the company		3,07,628	2,78,364
Non controlling interest		59,561	11,950
Total liabilities and equity		25,58,319	20,83,508
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 T R Chadha & Co LLP

Chartered Accountants
 ICAI Firm Registration Number:006711N/ N500028

per Sheshu Samudrala Partner Membership no.235031 Place: Chennai Date: 13 May 2021	N Rangachary Chairman DIN:00054437 Place: Bangalore Date: 13 May 2021	John Alex ED and CEO DIN: 08584415 Place: Chennai Date: 13 May 2021	S Viswanatha Prasad Director DIN:00574928 Place: Hyderabad Date: 13 May 2021
	Srimathy R Chief Financial Officer Place: Chennai Date: 13 May 2021		Deepti R Company Secretary Membership no: A35488 Place: Chennai Date: 13 May 2021

Consolidated Statement of Profit and Loss

for the year ended March 31, 2021

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

Particulars	Notes	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Revenue from operations			
Interest income	23	3,34,693	2,76,274
Revenue from contract with customers	24	18,398	10,937
Net gain on fair value changes	25	4,511	330
Profit on sale of investment	26	15,682	-
Rental income	27	215	216
Total revenue from operations		3,73,499	2,87,757
Other income	28	8,570	4,579
Total income		3,82,069	2,92,336
Expenses			
Finance costs	29	1,44,485	1,19,093
Impairment on Financial Asset	30	38,761	25,055
Employee benefits expenses	31	81,386	72,557
Depreciation and amortisation	12	12,704	14,547
Others expenses	32	39,124	29,467
Total Expense		3,16,460	2,60,719
Profit before tax		65,609	31,617
Tax Expenses			
Current tax	33	18,861	13,604
Income tax for earlier years		43	97
Deferred tax (Net)	34	(4,674)	(2,684)
Total tax expenses		14,230	11,017
Profit for the year		51,379	20,600
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit obligations		68	103
Income tax effect on the above		(17)	(26)
Items that will be be reclassified to profit or loss in subsequent periods:			
Debt instruments measured at FVOCI		467	55
Income tax effect on the above		(118)	(13)
Total Other comprehensive Income		400	119
Total comprehensive Income for the year, net of tax		51,779	20,719
Net profit for the year attributable to			
Owners of the company		47,324	20,461
Non-controlling interest		4,055	139
Total comprehensive income for the year attributable to			
Owners of the company		47,586	20,577
Non-controlling interest		4,194	142
Earnings per equity share			
Basic earnings per equity share	35	15.03	6.03
Diluted earnings per equity share	35	15.03	6.03
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 T R Chadha & Co LLP

Chartered Accountants
 ICAI Firm Registration Number:006711N/ N500028

per Sheshu Samudrala Partner Membership no.235031 Place: Chennai Date: 13 May 2021	N Rangachary Chairman DIN:00054437 Place: Bangalore Date: 13 May 2021	John Alex ED and CEO DIN: 08584415 Place: Chennai Date: 13 May 2021	S Viswanatha Prasad Director DIN:00574928 Place: Hyderabad Date: 13 May 2021
	Srimathy R Chief Financial Officer Place: Chennai Date: 13 May 2021		Deepti R Company Secretary Membership no: A35488 Place: Chennai Date: 13 May 2021

Consolidated Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Notes	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
A. Cash Flow From Operating Activities			
Profit before tax		65,609	31,617
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation		12,704	14,547
Net gain on fair value change		(4,511)	(330)
Impairment on Financial Asset		38,761	25,055
Re-measurement gains/(losses) on defined benefit obligations		68	103
Impact on Effective interest rate (EIR) on financial instruments		(1,645)	(4,605)
Fair valuation impact on financial instruments		2,326	1,794
Rental income		(173)	(216)
Interest expenses ROU		2,037	2,283
Profit on sale of investment		(17,165)	-
Other lease adjustment		(188)	-
Interest expenses on borrowings		45,969	43,617
Interest income on bank balances not considered as cash and cash equivalents		(44)	(55)
(Profit) / Loss on sale of PPE		(4)	26
Employee expenses on share based payment		1,744	1,113
Operating profit before working capital changes		1,45,488	1,14,949
(Increase)/decrease in loans and advances		(2,79,765)	(3,75,596)
(Increase)/decrease in trade receivables		(263)	(216)
(Increase)/decrease in investments		(1,40,368)	(447)
(Increase)/decrease in other financial assets		(8,323)	(3,015)
(Increase)/decrease in other non-financial assets		(19)	(442)
Increase/(decrease) in deposits		5,58,143	1,79,863
Increase/(decrease) in trade payables		2,180	5,121
Increase/(decrease) in provisions		4,421	4,116
Increase/(decrease) in financial liabilities		9,050	(7,894)
Increase/(decrease) in non-financial liabilities		1,102	62
Cash used in Operations		2,91,646	(83,499)
Direct taxes paid		(17,589)	(13,795)
Net Cash flow from/(used in) operating activities (A)		2,74,057	(97,294)
B. Cash Flow From Investing Activities			
Addition to fixed assets		(5,013)	(7,490)
Addition to investment property		(16)	(67)
Proceeds from sale of fixed assets		131	248
(Increase)/decrease in bank balance other than cash and cash equivalents		566	42
Net Cash flow from/(used in) Investing Activities (B)		(4,332)	(7,267)

Consolidated Cash Flow Statement

for the year ended March 31, 2021

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

Particulars	Notes	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
C. Cash Flow From Financing Activities			
Increase/(decrease) in borrowings (net)		(2,19,167)	2,13,450
Proceeds from sale of investment in subsidiary		23,760	-
Proceeds from issue of share capital (including share premium)		28,279	24,823
Share issue Expenses		(1,482)	-
Share application money received		213	(29)
Interest paid on RoU lease liability		(2,037)	(2,283)
Payment of Dividend		(10,233)	-
Payment of Lease liability		(4,392)	(3,656)
Net Cash flow from/(used in) Financing Activities (C)		(1,85,059)	2,32,305
Net Increase/Decrease in cash and cash equivalent D = (A+B+C)		84,666	1,27,744
Cash and Cash Equivalents - Opening Balance (E)		2,53,261	1,25,517
Cash and Cash Equivalents - Closing Balance (D) + (E)		3,37,927	2,53,261
Components of Cash and Cash Equivalents at the end of the year			
Current account with Banks	6	3,28,286	2,39,412
Cash on Hand		9,638	13,849
Total Cash and Cash Equivalents		3,37,924	2,53,261

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

As per our report of even date

For T R Chadha & Co LLP

Chartered Accountants

ICAI Firm Registration Number:006711N/ N500028

For and on behalf of Board of Directors of

Equitas Holdings Limited

per Sheshu Samudrala

Partner

Membership no.235031

Place: Chennai

Date: 13 May 2021

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 13 May 2021

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 13 May 2021

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 13 May 2021

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 13 May 2021

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 13 May 2021

(a) Equity share capital

Particulars	No. of shares	Amount
Opening balance as on 1st April 2019	34,14,61,498	34,146
Add: Shares issued during the year	3,28,497	33
Balance as on 31st March 2020	34,17,89,995	34,179
Add: Shares issued during the year	120	-
Balance as on 31st March 2021	34,17,90,115	34,179

(b) Other equity

Particulars	Reserves and Surplus							Items of Other Comprehensive Income (OCI)	Total	Non controlling interest
	Statutory Reserve	Capital reserve	Share premium	Special Reserve	Investment reserve	Investment fluctuation reserve	Share based payment reserve	Share application money	FVTOCI Reserve	
As at April 01, 2019	19,271	1,328	1,40,948	590	230	843	3,811	43,110	64	2,10,224
Profit for the year	-	-	-	-	-	-	-	20,461	-	139
Other Comprehensive Income	-	-	-	-	-	-	-	-	116	3
Minority interest created	-	-	-	-	-	-	-	(7,062)	-	11,808
Sub total	19,271	1,328	1,40,948	590	230	843	3,811	56,509	180	2,23,739
Effect of adoption of Ind AS 116 Leases	-	-	-	-	-	-	-	(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
Premium on issue of share capital under ESOP Scheme 2015	-	-	20,099	-	-	-	-	-	-	19,896
Share application money received	-	-	-	-	-	-	-	-	-	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	1,61,047	1,073	230	1,119	8,213	45,479	180	2,44,185

(b) Other equity

Particulars	Reserves and Surplus							Items of Other Comprehensive Income (OCI)	Total	Non controlling interest
	Statutory Reserve	Capital reserve	Share premium	Special Reserve	Investment reserve	Investment fluctuation reserve	Share based payment reserve	Share application money	FVTOCI Reserve	
As at April 01, 2020	25,516	1,328	1,61,047	1,073	230	1,119	8,213	45,479	180	2,44,185
Profit for the year	-	-	-	-	-	-	-	47,324	-	4,055
Other Comprehensive Income	-	-	-	-	-	-	-	-	262	138
Minority interest created	-	-	-	-	-	-	-	(27,629)	-	43,417
Sub total	25,516	1,328	1,61,047	1,073	230	1,119	8,213	65,174	442	2,64,142
Dividend appropriation	12,545	-	-	-	-	-	-	(10,254)	-	(10,254)
Transfer from retained earnings to Statutory Reserves	-	-	-	-	-	-	-	(12,545)	-	-
Transfer from retained earnings to Special reserve	-	-	-	742	-	-	-	(742)	-	-
Transfer from retained earnings to Capital reserve	-	2,366	-	-	-	-	-	(2,366)	-	-
Transfer from retained earnings to Investment Fluctuation reserve	-	-	-	-	-	198	-	(198)	-	-
Capital reserve on disinvestment in subsidiary	-	(605)	-	-	-	-	-	-	-	(605)
Addition on account of ESOP cost	-	-	-	-	-	-	1,744	-	-	1,744
Premium on issue of share capital	-	-	19,855	-	-	-	-	-	-	19,855
Share premium - Deduction Share capital	-	-	(1,482)	-	-	-	-	-	-	(1,482)
Share application money received	-	-	-	-	-	-	-	-	-	213
Transfer of ESOP cost to retained earnings upon lapse of options	-	-	-	-	-	-	(500)	500	-	-
Transfer of ESOP cost to securities premium upon exercise	-	-	-	-	-	-	(164)	-	-	(164)
As at March 31, 2021	38,061	3,089	1,79,420	1,815	230	1,317	9,293	39,569	442	2,73,449

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

For and on behalf of Board of Directors of
Equitas Holdings Limited

per **Sheshu Samudrala**
Partner
Membership no:235031
Place: Chennai
Date: 13 May 2021

N Rangachary
Chairman
DIN:00054437
Place: Bangalore
Date: 13 May 2021

John Alex
ED and CEO
DIN: 08584415
Place: Chennai
Date: 13 May 2021

S Viswanatha Prasad
Director
DIN:00574928
Place: Hyderabad
Date: 13 May 2021

Deepti R
Company Secretary
Membership no: A35488
Place: Chennai
Date: 13 May 2021

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

1 Corporate information

Equitas Holdings Limited ("the Company" / "EHL") (CIN No.: L65100TN2007PLC064069) 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 going concern basis and at historical cost, except for following assets and liabilities which have been subsequently measured at fair value.

- Fair value through other comprehensive income (FVTOCI) instruments
- Financial assets and liabilities designated at fair value through profit or loss (FVTPL)
- Other financial assets held for trading

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:

- 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 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.
- 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 2021.

- 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.

- 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	81.98%
Equitas Technologies Private Limited	Subsidiary	India	99.60%

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 nation-wide lockdown in India in March 2020 to contain the spread of the virus. Subsequently, while the national lockdown was lifted, regional lockdowns continued in many parts of the country with significant number of COVID-19 infections.

This lockdown coupled with change in customer behaviours and pandemic scare has led to significant disruptions and dislocations for individuals and businesses, with consequential impact on the Group's operations including lending, fund-mobilisation, and collection activities. The full extent of impact of the COVID-19 pandemic, including the ongoing second wave of increasing infections, on the Group's operations, and financial metrics (including impact on provisioning on advances) is uncertain as on date and will depend on future developments, including new information on severity of the new and evolving virus variants, government and regulatory guidelines, 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 42.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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 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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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 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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

Company did not reclassify any of its financial assets or liabilities in FY 2020-21 and FY 2019-20.

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 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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 represents the estimate of the exposure at default, taking into account the repayment of principal and interest from the default event to balance sheet date together with any expected drawdowns of committed facilities. In case of Stage 3 loans, EAD represents exposure when the defaults 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 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 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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 Gross Domestic Product (GDP) growth, Consumer Price Index (CPI), Index for Industrial Production (IIP) etc.

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 empanelled valuers.

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 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 forborne 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 forborne 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 forborne, it will remain forborne for a minimum 24-month probation period. In order for the loan to be reclassified out of the forborne 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 forborne 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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.

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,

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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.

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,

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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

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 57

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 tax

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 tax

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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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 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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

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 accordance with the COVID-19 Regulatory Packages announced by the RBI on March 27, 2020, April 17, 2020 and May 23, 2020, the Bank (subsidiary of the Company), in accordance with its board approved policies, offered a moratorium on the repayment of all instalments and / or interest, as applicable, due between March 1, 2020 and August 31, 2020 to all eligible borrowers classified as standard, even if overdue, as on February 29, 2020. In respect of such accounts that were granted moratorium, the asset classification remained standstill during the moratorium period.

In accordance with Resolution Framework for COVID-19 announced by RBI on 6th August, 2020, the Bank has implemented a one-time restructuring for certain eligible borrowers and such borrowers are classified as Standard in accordance with the above framework.

In accordance with the instructions in the RBI circular dated April 07, 2021, the Bank is required to refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been finalised by the Indian Banks Association (IBA) vide letter CE/ IBA/ 2021 dated 21st April 2021 in consultation with other industry participants / bodies vide letter CE/IBA/ 2021 dated 21st April 2021. The Bank has calculated the said amount of ₹ 88.87 lakhs and recognised a charge in Profit and Loss account for the year ended March 31, 2021.

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, 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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2021

- 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 Lease accounting

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 premise

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 either 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 46.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

6 Cash and cash equivalents

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Cash on hand	9,638	13,849
Balances with Reserve Bank of India (in Current account)	41,739	24,237
Balances with bank (in current account)	8,021	7,093
Money at call and short notice		
With Banks	2,78,526	2,08,082
Total	3,37,924	2,53,261

7 Bank balance other than cash and cash equivalents

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balances with bank		
In Other deposit account	-	360
In Other deposit account - Lien	-	183
Earmarked balances with Bank - for unclaimed dividend	21	-
Total	21	543

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 31-Mar-2021	As at 31-Mar-2020
Term loans at amortised cost		
Micro and small enterprises loan	7,03,215	5,68,447
Vehicle Finance loan	4,58,130	3,79,576
Housing loan	92,439	59,404
Micro finance loan	3,23,942	3,62,830
Business loan -Unsecured	8,761	15,703
MSE & Financial Intermediaries	1,93,197	1,54,263
Other loans	18,482	3,824
Total - Gross	17,98,166	15,44,047
Less : ECL Impairment allowance (Refer Note 8b below)	47,199	33,460
Total - Net	17,50,967	15,10,587
(a) Secured by tangible assets (property, plant and equipment including land and building)	12,59,607	10,09,820
(b) Secured by book debts, inventories, fixed deposit and other working capital items	2,04,076	1,54,263
(c) Unsecured	3,34,483	3,79,964
Total - Gross	17,98,166	15,44,047
Less : ECL Impairment allowance (Refer Note 8b below)	47,199	33,460
Total - Net	17,50,967	15,10,587
A) Loan and Advances		
Loan repayable on Demand	77,877	57,766
Term Loans	17,20,289	14,86,281
Total - Gross	17,98,166	15,44,047
B) Loan and Advances		
Loans in India	17,98,166	15,44,047
Loans outside India	-	-
Total - Gross	17,98,166	15,44,047
8 a Movement of ECL Impairment Allowance		
ECL impairment allowance - Opening Balance	33,460	15,546
New assets originated or purchased	6,977	8,976
Assets derecognised or repaid (excluding write off)	5,548	(1,722)
Impact on year end ECLs of exposures transferred between stages during the year	4,139	12,747
Amounts written off	(2,925)	(2,087)
ECL impairment allowance - Closing Balance	47,199	33,460
(Also Refer Note 8.1)		

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50

Particulars	March 31, 2021				March 31, 2020			
	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	6,28,582	-	-	6,28,582	4,75,960	-	-	4,75,960
Standard	27,720	4,411	-	32,131	58,253	5,342	-	63,595
Potential Sub-Standard	-	12,710	-	12,710	-	9,073	-	9,073
Defaulted but not impaired	-	-	3,336	3,336	-	-	1,884	1,884
Defaulted and impaired	-	-	25,768	25,768	-	-	17,506	17,506
Individually impaired	-	-	688	688	-	-	429	429
Total	6,56,302	17,121	29,792	7,03,215	5,34,213	14,415	19,819	5,68,447

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, 2021				March 31, 2020			
	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	5,34,213	14,415	19,819	5,68,447	4,03,462	4,323	11,358	4,19,143
New assets originated or purchased	2,23,609	816	894	2,25,319	2,48,453	1,099	1,071	2,50,623
Assets derecognised or repaid (excluding write offs)	(87,651)	(1,503)	(1,096)	(90,250)	(99,846)	(658)	(711)	(1,01,215)
Transfers to Stage 1	5,449	(4,921)	(528)	-	602	(447)	(155)	-
Transfers to Stage 2	(12,676)	13,092	(416)	-	(12,128)	12,322	(194)	-
Transfers to Stage 3	(6,471)	(4,755)	11,226	-	(6,264)	(2,220)	8,484	-
Amounts written off	(171)	(23)	(107)	(301)	(66)	(4)	(34)	(104)
Gross carrying amount closing balance	6,56,302	17,121	29,792	7,03,215	5,34,213	14,415	19,819	5,68,447

8.1.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2021				March 31, 2020			
	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	235	925	581	1,741	231	14	399	644
New assets originated or purchased	103	2	79	184	40	53	38	131
Assets derecognised or repaid (excluding write offs)	(28)	(114)	(42)	(184)	(31)	(2)	(36)	(69)
Transfers to Stage 1	10	(9)	(1)	-	0	0	-	-
Transfers to Stage 2	(40)	43	(3)	-	(805)	814	(9)	-
Transfers to Stage 3	(553)	(407)	960	-	(210)	(70)	280	-
Impact on year end ECLs of exposures transferred between stages during the year	1,179	(361)	779	1,597	1,013	116	(83)	1,046
Amounts written off	(4)	(19)	(19)	(42)	(3)	-	(8)	(11)
ECL allowance - closing balance	902	60	2,334	3,296	235	925	581	1,741

Notes to the Consolidated financial statements

for the year ended March 31, 2021

(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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50

Particulars	March 31, 2021				March 31, 2020			
	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	3,16,330	-	-	3,16,330	2,41,493	-	-	2,41,493
Standard	49,729	43,788	-	93,517	50,605	26,982	-	77,587
Potential Sub-Standard	-	16,217	-	16,217	-	41,728	-	41,728
Defaulted but not impaired	-	-	15,178	15,178	-	-	1,234	1,234
Defaulted and impaired	-	-	15,727	15,727	-	-	15,294	15,294
Individually impaired	-	-	1,161	1,161	-	-	2,240	2,240
Total	3,66,059	60,005	32,066	4,58,130	2,92,098	68,710	18,768	3,79,576

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, 2021				March 31, 2020			
	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	2,92,098	68,710	18,768	3,79,576	2,63,150	19,262	13,726	2,96,138
New assets originated or purchased	1,75,200	14,693	6,680	1,96,573	2,02,690	20,359	1,609	2,24,658
Assets derecognised or repaid (excluding write offs)	(85,209)	(22,491)	(3,623)	(1,11,323)	(1,19,739)	(11,367)	(3,648)	(1,34,754)
Transfers to Stage 1	17,414	(17,228)	(186)	-	747	(667)	(80)	-
Transfers to Stage 2	(26,717)	27,125	(408)	-	(44,877)	45,047	(170)	-
Transfers to Stage 3	(5,488)	(9,089)	14,577	-	(7,362)	(2,936)	10,298	-
Amounts written off	(1,239)	(1,715)	(3,742)	(6,696)	(2,511)	(988)	(2,967)	(6,466)
Gross carrying amount closing balance	3,66,059	60,005	32,066	4,58,130	2,92,098	68,710	18,768	3,79,576

8.2.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2021				March 31, 2020			
	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	3,919	8,135	5,486	17,540	3,922	830	3,974	8,726
New assets originated or purchased	2,113	527	2,208	4,848	2,668	2,349	465	5,482
Assets derecognised or repaid (excluding write offs)	(402)	(1,141)	(219)	(1,762)	(723)	(195)	(273)	(1,191)
Transfers to Stage 1	269	(267)	(2)	-	8	(7)	(1)	-
Transfers to Stage 2	(1,025)	1,044	(19)	-	(5,314)	5,335	(21)	-
Transfers to Stage 3	(1,754)	(2,780)	4,534	-	(2,211)	(880)	3,091	-
Impact on year end ECLs of exposures transferred between stages during the year	2,650	(2,527)	(67)	56	5,743	864	(214)	6,393
Amounts written off	(94)	(635)	(1,917)	(2,646)	(174)	(161)	(1,535)	(1,870)
ECL allowance - closing balance	5,676	2,356	10,004	18,036	3,919	8,135	5,486	17,540

Notes to the Consolidated financial statements

for the year ended March 31, 2021

(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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50

Particulars	March 31, 2021				March 31, 2020			
	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	81,977	-	-	81,977	50,274	-	-	50,274
Standard	3,635	1,311	-	4,946	3,959	887	-	4,846
Potential Sub-Standard	-	1,256	-	1,256	-	1,123	-	1,123
Defaulted but not impaired	-	-	637	637	-	-	414	414
Defaulted and impaired	-	-	3,504	3,504	-	-	2,679	2,679
Individually impaired	-	-	119	119	-	-	68	68
Total	85,612	2,567	4,260	92,439	54,233	2,010	3,161	59,404

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, 2021				March 31, 2020			
	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	54,233	2,010	3,161	59,404	34,269	986	2,613	37,868
New assets originated or purchased	37,962	379	12	38,353	26,423	281	34	26,738
Assets derecognised or repaid (excluding write offs)	(4,956)	(152)	(167)	(5,275)	(4,913)	(165)	(111)	(5,189)
Transfers to Stage 1	1,203	(1,029)	(174)	-	123	(94)	(29)	-
Transfers to Stage 2	(1,810)	1,840	(30)	-	(1,235)	1,337	(102)	-
Transfers to Stage 3	(1,007)	(479)	1,486	-	(430)	(335)	765	-
Amounts written off	(13)	(2)	(28)	(43)	(4)	-	(9)	(13)
Gross carrying amount closing balance	85,612	2,567	4,260	92,439	54,233	2,010	3,161	59,404

8.3.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2021				March 31, 2020			
	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	66	205	312	583	73	8	307	388
New assets originated or purchased	31	1	1	33	13	28	4	45
Assets derecognised or repaid (excluding write offs)	(5)	(6)	(19)	(30)	(7)	(1)	(18)	(26)
Transfers to Stage 1	5	(4)	(1)	-	-	-	-	-
Transfers to Stage 2	(10)	10	-	-	(145)	148	(3)	-
Transfers to Stage 3	(120)	(55)	175	-	(49)	(37)	86	-
Impact on year end ECLs of exposures transferred between stages during the year	278	(126)	(28)	124	183	59	(58)	184
Amounts written off	(1)	(9)	(12)	(22)	(2)	-	(6)	(8)
ECL allowance - closing balance	244	16	428	688	66	205	312	583

Notes to the Consolidated financial statements

for the year ended March 31, 2021

(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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50

Particulars	March 31, 2021				March 31, 2020			
	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	2,84,784	-	-	2,84,784	2,64,410	-	-	2,64,410
Standard	15,220	2,370	-	17,590	91,521	805	-	92,326
Potential Sub-Standard	-	10,333	583	10,916	-	1,325	-	1,325
Defaulted but not impaired	-	-	457	457	-	-	45	45
Defaulted and impaired	-	-	10,195	10,195	-	-	4,724	4,724
Individually impaired	-	-	-	-	-	-	-	-
Total	3,00,004	12,703	11,235	3,23,942	3,55,931	2,130	4,769	3,62,830

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, 2021				March 31, 2020			
	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	3,55,931	2,130	4,769	3,62,830	3,02,334	2,247	2,746	3,07,327
New assets originated or purchased	1,52,157	1,255	537	1,53,949	2,61,708	504	407	2,62,619
Assets derecognised or repaid (excluding write offs)	(1,55,618)	(4,013)	(14,380)	(1,74,011)	(2,02,830)	(2,855)	(1,428)	(2,07,113)
Transfers to Stage 1	49	(36)	(13)	-	277	(257)	(20)	-
Transfers to Stage 2	(16,209)	16,210	(1)	-	(2,835)	2,879	(44)	-
Transfers to Stage 3	(23,592)	(1,657)	25,249	-	(2,720)	(388)	3,108	-
Amounts written off	(12,714)	(1,186)	(4,926)	(18,826)	(3)	-	-	(3)
Gross carrying amount closing balance	3,00,004	12,703	11,235	3,23,942	3,55,931	2,130	4,769	3,62,830

8.4.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2021				March 31, 2020			
	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	983	828	3,555	5,366	1,173	18	1,868	3,059
New assets originated or purchased	443	49	466	958	263	802	1,579	2,644
Assets derecognised or repaid (excluding write offs)	2,470	215	8,541	11,226	(446)	(28)	137	(337)
Transfers to Stage 1	11	(1)	(10)	-	15	(2)	(13)	-
Transfers to Stage 2	(46)	46	-	-	(11)	41	(30)	-
Transfers to Stage 3	(73)	(577)	650	-	(11)	(3)	14	-
Impact on year end ECLs of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Amounts written off	(36)	(18)	(3,497)	(3,551)	-	-	-	-
ECL allowance - closing balance	3,752	542	9,705	13,999	983	828	3,555	5,366

Notes to the Consolidated financial statements

for the year ended March 31, 2021

(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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50

Particulars	March 31, 2021				March 31, 2020			
	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	2,790	-	-	2,790	9,696	-	-	9,696
Standard	297	78	-	375	671	146	-	817
Potential Sub-Standard	-	250	-	250	-	431	-	431
Defaulted but not impaired	-	-	19	19	-	-	61	61
Defaulted and impaired	-	-	5,327	5,327	-	-	4,698	4,698
Individually impaired	-	-	-	-	-	-	-	-
Total	3,087	328	5,346	8,761	10,367	577	4,759	15,703

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, 2021				March 31, 2020			
	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	10,367	577	4,759	15,703	31,650	984	2,517	35,151
New assets originated or purchased	-	-	1	1	19	-	-	19
Assets derecognised or repaid (excluding write offs)	(6,304)	(158)	(283)	(6,745)	(18,819)	(253)	(161)	(19,233)
Transfers to Stage 1	40	(35)	(5)	-	8	(8)	-	-
Transfers to Stage 2	(276)	276	-	-	(551)	554	(3)	-
Transfers to Stage 3	(695)	(318)	1,013	-	(1,851)	(661)	2,512	-
Amounts written off	(45)	(14)	(139)	(198)	(89)	(39)	(106)	(234)
Gross carrying amount closing balance	3,087	328	5,346	8,761	10,367	577	4,759	15,703

8.5.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2021				March 31, 2020			
	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	425	153	2,555	3,133	541	35	1,571	2,147
New assets originated or purchased	-	-	1	1	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(87)	(12)	(1)	(100)	(93)	(1)	0	(94)
Transfers to Stage 1	2	(2)	-	-	-	-	-	-
Transfers to Stage 2	(38)	38	-	-	(150)	150	-	-
Transfers to Stage 3	(538)	(241)	779	-	(1,015)	(356)	1,371	-
Impact on year end ECLs of exposures transferred between stages during the year	369	116	857	1,342	1,148	331	(201)	1,278
Amounts written off	(14)	(7)	(146)	(167)	(6)	(6)	(186)	(198)
ECL allowance - closing balance	119	45	4,045	4,209	425	153	2,555	3,133

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50

Particulars	March 31, 2021				March 31, 2020			
	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	1,58,574	-	-	1,58,574	1,45,474	-	-	1,45,474
Standard	6,878	11,800	-	18,678	379	4,982	-	5,361
Potential Sub-Standard	-	5,523	-	5,523	-	2,574	-	2,574
Defaulted but not impaired	-	-	7,446	7,446	-	-	-	-
Defaulted and impaired	-	-	2,976	2,976	-	-	854	854
Individually impaired	-	-	-	-	-	-	-	-
Total	1,65,452	17,323	10,422	1,93,197	1,45,853	7,556	854	1,54,263

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, 2021				March 31, 2020			
	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	1,45,853	7,556	854	1,54,263	72,597	1,193	327	74,117
New assets originated or purchased	71,523	4,118	1,355	76,996	1,04,865	498	197	1,05,560
Assets derecognised or repaid (excluding write offs)	(37,614)	(473)	59	(38,028)	(24,953)	(471)	10	(25,414)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(12,111)	12,111	-	-	(6,336)	6,336	-	-
Transfers to Stage 3	(2,199)	(5,955)	8,154	-	(320)	-	320	-
Amounts written off	-	(34)	-	(34)	-	-	-	-
Gross Carrying amount closing balance	1,65,452	17,323	10,422	1,93,197	1,45,853	7,556	854	1,54,263

8.6.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2021				March 31, 2020			
	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	505	3,987	479	4,971	275	21	196	492
New assets originated or purchased	171	56	704	931	313	225	116	654
Assets derecognised or repaid (excluding write offs)	(49)	(1)	(1)	(51)	(15)	(1)	(5)	(21)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(212)	212	-	-	(3,607)	3,607	-	-
Transfers to Stage 3	(1,104)	(3,550)	4,654	-	(181)	-	181	-
Impact on year end ECLs of exposures transferred between stages during the year	1,173	(163)	-	1,010	3,720	135	(9)	3,846
Amounts written off	-	(48)	-	(48)	-	-	-	-
ECL allowance - closing balance	484	493	5,836	6,813	505	3,987	479	4,971

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50

Particulars	March 31, 2021				March 31, 2020			
	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	16,096	-	-	16,096	2,830	-	-	2,830
Standard	706	367	-	1,073	146	202	-	348
Potential Sub-Standard	-	645	-	645	-	206	-	206
Defaulted but not impaired	-	-	317	317	-	-	86	86
Defaulted and impaired	-	-	351	351	-	-	354	354
Individually impaired	-	-	-	-	-	-	-	-
Total	16,802	1,012	668	18,482	2,976	408	440	3,824

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, 2021				March 31, 2020			
	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	2,976	408	440	3,824	2,665	285	289	3,239
New assets originated or purchased	15,189	985	433	16,607	1,692	384	215	2,291
Assets derecognised or repaid (excluding write offs)	(1,319)	(390)	(235)	(1,944)	(1,321)	(279)	(105)	(1,705)
Transfers to Stage 1	6	(6)	-	-	-	-	-	-
Transfers to Stage 2	(17)	18	(1)	-	(23)	23	-	-
Transfers to Stage 3	(32)	-	32	-	(36)	(5)	41	-
Amounts written off	(1)	(3)	(1)	(5)	(1)	0	0	(1)
Gross Carrying amount closing balance	16,802	1,012	668	18,482	2,976	408	440	3,824

8.7.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2021				March 31, 2020			
	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	-	120	126	6	-	84	90
New assets originated or purchased	23	-	-	23	1	-	35	36
Assets derecognised or repaid (excluding write offs)	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	(1)	-	1	-	(1)	-	1	-
Impact on year end ECLs of exposures transferred between stages during the year	2	-	7	9	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	30	-	128	158	6	-	120	126

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

9 Trade Receivables

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Considered good		
Outstanding for a period not exceeding six months from the date they were due for payment	481	218
	481	218

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 31-Mar-2021	As at 31-Mar-2020
At Amortised cost		
In India		
Government Securities	3,10,707	1,82,149
Total - Gross	3,10,707	1,82,149
Less : Impairment loss allowance	-	-
Total - Net	3,10,707	1,82,149
Fair value through other comprehensive income		
A) In India		
Treasury bills	66,537	55,785
Equity instruments*		
- Unquoted		
2,00,000 Equity shares (As at 31st March 2021 & 31st March 2020 2,00,000 Shares) of ₹10 each fully paid up in Alpha Micro Finance Consultants Private Limited	35	20
Total - Gross	66,572	55,805
Less : Impairment loss allowance	-	-
Total - Net	66,572	55,805
* 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
Investments in Mutual Funds	6,504	-
Total - Gross	6,504	495
Less : Impairment loss allowance	-	-
Total - Net	6,504	495
Total - Net Investments	3,83,783	2,38,449

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 fair value 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	As at March 31, 2021				As at March 31, 2020			
	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	3,10,707	-	-	3,10,707	1,82,149	-	-	1,82,149
Total	3,10,707	-	-	3,10,707	1,82,149	-	-	1,82,149

During the year, the Bank, the subsidiary of the Company had sold SLR securities from investments held at amortised cost through direct selling in secondary market (Book Value - ₹ 68,133 lakhs), OMOs conducted by RBI and re-purchase of government securities by GOI (Book Value - ₹ 1,14,470 lakhs). As on 31 March 2021, Market value of the investments held at amortised cost (including interest accrued) is ₹ 3,10,098 lakhs and the excess of book value over market value is ₹ 609 Lakhs.

The Bank had availed option provided by RBI vide press release dated 06-Nov-20 on repayment of Targeted Long Term Repo Operations borrowings. Consequently, associated Non-SLR securities (invested out of funds borrowed

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

in TLTRO) of Book Value ₹12,359 lakhs were shifted from investment held at amortised cost to Fair value through other comprehensive income in conformity with RBI guidelines.

There is no change in the business model on account of the above referred sale and the investments continue to be valued at amortised cost during the year 2020-21. The Bank has not sold or transferred any security to/from investments held at amortised cost in the Previous year 2019-20.

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 amortised cost 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	As at March 31, 2021				As at March 31, 2020			
	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	66,537	-	-	66,537	55,785	-	-	55,785
Standard grade	35	-	-	35	20	-	-	20
Total	66,572	-	-	66,572	55,805	-	-	55,805

An analysis of changes in the fair value is, as follows:

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Fair value - Opening balance	55,805	-	-	55,805	1,26,321	-	-	1,26,321
New assets originated or purchased	5,38,579	-	-	5,38,579	3,22,461	-	-	3,22,461
Assets derecognised or repaid (excluding write offs)	(5,30,546)	-	-	(5,30,546)	(3,98,098)	-	-	(3,98,098)
Change in fair value	2,734	-	-	2,734	5,121	-	-	5,121
Fair value - Closing balance	66,572	-	-	66,572	55,805	-	-	55,805

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	As at March 31, 2021				As at March 31, 2020			
	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	6,504	-	-	6,504	495	-	-	495
Total	6,504	-	-	6,504	495	-	-	495

An analysis of changes in the fair value is, as follows:

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Fair value - Opening balance	495	-	-	495	-	-	-	-
New assets originated or purchased	2,29,493	-	-	2,29,493	6,23,948	-	-	6,23,948
Assets derecognised or repaid (excluding write offs)	(2,23,493)	-	-	(2,23,493)	(6,23,453)	-	-	(6,23,453)
Change in fair value	9	-	-	9	-	-	-	-
Fair value - Closing balance	6,504	-	-	6,504	495	-	-	495

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

11 Other Financial Assets

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Security deposit	2,717	2,095
Rent receivable	604	431
Other assets *	13,891	6,354
Total - Gross	17,212	8,880
Less : Impairment loss allowance	30	22
Total - Net	17,182	8,858

*During the current financial year 2020-21, Nil and during the previous financial year expense amounting to ₹ 868 lakhs relating to listing of shares under Initial Public Offer ("IPO") of ESFB, the subsidiary were included in other assets. These expense has been adjusted against the Securities Premium Reserve in the current financial year 2020-21 upon completion of the IPO in accordance with the provision of Companies Act 2013 and the Banking Regulation Act 1949.

11.1 Movement of ECL allowance on receivables

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Opening Balance	22	12
Provision on new exposures	8	10
Provision on exposures derecognised or matured	-	-
ECL allowance - closing balance	30	22

11.2 Rent Receivable

11.2.1 Credit Quality of the asset

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
High	604	-	-	604	431	-	-	431
Total	604	-	-	604	431	-	-	431

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

Particulars	Year Ended 31-Mar-2021				Year Ended 31-Mar-2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	431	-	-	431	215	-	-	215
Provision on new exposure	173	-	-	173	216	-	-	216
Provision on exposure derecognised or repaid	-	-	-	-	-	-	-	-
Closing balance of outstanding exposure	604	-	-	604	431	-	-	431

11.2.3 ECL on rent receivable

Internal rating grade	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	30	-	-	30	22	-	-	22
Total	30	-	-	30	22	-	-	22

11.2.4 Reconciliation of ECL balance is given below:

Particulars	Year Ended 31-Mar-2021				Year Ended 31-Mar-2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	22	-	-	22	12	-	-	12
New exposure	8	-	-	8	10	-	-	10
ECL allowance - closing balance	30	-	-	30	22	-	-	22

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

12	Property, plant and equipment and other intangible assets										
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 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
Additions	585	676	352	77	710	492	24	76	2,145	5,137	554
Disposals	(19)	(62)	(106)	(19)	(458)	-	-	-	(291)	(955)	(703)
At 31 March 2021	11,732	8,078	3,840	1,961	1,705	4,912	279	2,426	16,533	51,466	88
Depreciation											
At 1st April 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	-
Charge for the year	1,400	492	420	184	456	971	50	358	3,324	7,655	-
Disposals	(19)	(61)	(105)	(20)	(337)	-	-	-	(289)	(831)	-
At 31 March 2021	5,579	7,256	3,342	1,830	451	3,212	185	1,377	9,799	33,031	-
Net Block											
At 31 March 2020	6,968	639	567	237	1,121	2,179	120	1,331	7,915	21,077	237
At 31 March 2021	6,153	822	498	131	1,254	1,700	94	1,049	6,734	18,435	88
Depreciation charge for the year											
At 31 March 2020	1,432	2,071	840	534	441	891	52	347	3,052	9,660	-
At 31 March 2021	1,400	492	420	184	456	971	50	358	3,324	7,655	-

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

Particulars	Land - Freehold	Building	Total
Gross carrying value:			
At 1st April 2019	2,028	3,563	5,591
Additions	-	67	67
Disposals	-	-	-
At 31 March 2020	2,028	3,630	5,658
Additions	-	26	26
Disposals	-	-	-
At 31 March 2021	2,028	3,656	5,684
Depreciation			
At 1st April 2019	-	141	141
Charge for the year	-	81	81
Disposals	-	-	-
At 31 March 2020	-	222	222
Charge for the year	-	81	81
Disposals	-	-	-
At 31 March 2021	-	303	303
Net Block			
At 31 March 2020	2,028	3,408	5,436
At 31 March 2021	2,028	3,353	5,381
Particulars	Land - Freehold	Building	Total
Depreciation charge for the year			
At 31 March 2020	-	81	81
At 31 March 2021	-	81	81

Depreciation and amortisation expense for the year also includes amortisation of right of use asset of ₹ 4,968 lakhs (Previous year ₹ 4,806 lakhs). Also refer note 45.

Income earned and expenses incurred in connection with Investment properties

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Rental income	215	216
Direct operating expenses from property that generate rental income	17	14
Direct operating expenses from property that did not generate rental income	-	-

Contractual obligations

There are no contractual obligations to construct or develop investment properties.

Fair value

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Investment properties	7,421	6,425

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, 2021	Professional valuer	Price per sq. feet	₹ 2,052 to ₹ 3,134 per sq ft	5% sensitivity on rate per sq ft	7,421	371

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

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Prepaid expenses	1,033	1,068
Total	1,033	1,068

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

14 Trade payables (Refer note 47)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,750	13,570
Total	15,750	13,570

15 Debt Securities (at amortised cost)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Debentures		
- Unsecured	22,006	21,976
	22,006	21,976
Debt securities at amortised cost	22,006	21,976

Details of Debentures - Unsecured

The rate of interest for Unsecured Redeemable Non-Convertible Debentures range from 13.80%to 16.00% p.a. (PY 13.80% to 16.00% p.a) with maturity tenor from 30 days to 546 days and have a bullet repayment schedule.

EIR on debentures ranges from 14.15% to 16.13% p.a, (PY 14.15% to 16.13% p.a) having a maturity period from 2021 to 2022.

The Group has not defaulted in the repayment of dues to Debenture holders.

As at March 2021

EIR Range	Maturity within 1 year	Maturity more than 1 year
13%-15%	11	14,990
15%-17%	7,005	-

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

16 Borrowing other than debt securities (at amortised cost)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Term loans		
From Banks		
- Secured	71,147	23,366
- Unsecured	-	1,52,064
From others		
- Secured	637	3,645
- Unsecured	3,96,633	4,62,622
Total	4,68,417	6,41,697
Borrowings in India	4,68,417	6,41,697
Borrowings outside India	-	-
Total	4,68,417	6,41,697

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.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

The Group has not defaulted in the repayment of dues to banks and other parties.

The rate of interest range from 4.25% to 11.50% p.a (PY 4.40% to 11.50% p.a) with maturity tenor from 5 days to 1806 days.

Details of term loans from banks and others - Unsecured

The rate of interest range from 4.15% to 10.50% p.a (3% to 10.90% p.a) with maturity tenor from 08 days to 1644 days.

EIR on borrowings ranges from 4.15% to 10.70% p.a (3% to 11.89% p.a) and having a maturity period 2021 to 2025

As at March 2021

From Banks

EIR Range	Maturity within 1 year	Maturity more than 1 year
3%-8%	71,147	-

From others

EIR Range	Maturity within 1 year	Maturity more than 1 year
3%-8%	58,661	84,011
8%-10%	96,635	151,796
10%-12%	6,167	-

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%	1,60,928	2,46,623
10%-12%	8,046	6,120

17 Deposits (at amortised cost)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Demand deposit	51,873	34,729
Savings bank deposit	5,11,187	1,86,116
Term deposit	10,57,404	8,43,245
Total	16,20,464	10,64,090
Deposits (at fair value)		
Staff Deposits	5,563	3,775
Total	16,26,027	10,67,865

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

18 Other financial liabilities (at amortised cost)

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Bills payable	13,107	5,144
ROU-Leased Liability	25,824	29,628
Liability for capital expenditure	-	13
Unpaid Dividend	21	-
Other Liabilities	4,346	3,261
Total	43,298	38,046

19 Provisions

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Loan commitment (Refer note 19.1.3)	24	24
Employee benefits		
- Gratuity (Refer note 41.2)	1,883	1,080
- Others	10,844	7,399
Total	12,751	8,503

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 50 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 50.

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Internal rating grade								
High	13,011	-	-	13,011	12,707	-	-	12,707
Standard	-	-	-	-	-	-	-	-
Potential Sub-Standard	-	64	-	64	-	31	-	31
Defaulted but Not impaired	-	-	-	-	-	-	-	-
Defaulted And Impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total	13,011	64	-	13,075	12,707	31	-	12,738

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	As at March 31, 2021				As at March 31, 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Gross Carrying amount opening balance	12,707	31	-	12,738	11,403	18	-	11,421
New assets originated or purchased	12,157	51	-	12,208	12,529	25	-	12,554
Exposure derecognised or closed (excluding write offs)	(11,851)	(20)	-	(11,871)	(11,219)	(18)	-	(11,237)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	(2)	2	-	-	(6)	6	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross Carrying amount closing balance	13,011	64	-	13,075	12,707	31	-	12,738

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

19.1.3 Reconciliation of ECL balance is given below:

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
ECL allowance - opening balance	24	-	-	24	17	-	-	17
New assets originated or purchased	21	-	-	21	24	-	-	24
Exposure derecognised or closed (excluding write offs)	(21)	-	-	(21)	(17)	-	-	(17)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
ECL allowance - closing balance	24	-	-	24	24	-	-	24

20 Other Non-financial liabilities

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Statutory Dues	2,057	955
Total	2,057	955

21 Share Capital

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Authorised		
44,00,00,000 (FY21: 44,00,00,000 & FY20: 44,00,00,000) Equity Shares of ₹ 10/- each	44,000	44,000
1,00,00,000 (FY21: 1,00,00,000 & FY20: 1,00,00,000) compulsorily convertible preference shares of ₹ 10/- each	1,000	1,000
Issued, subscribed and paid up		
34,17,90,115 (FY 20 :34,17,89,995) Equity Shares of ₹ 10/- each	34,179	34,179

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

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	34,17,89,995	34,179	34,14,61,498	34,146
Add : Shares issued during the year	120	-	3,28,497	33
Outstanding at the end of the year	34,17,90,115	34,179	34,17,89,995	34,179

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.

The Board of Directors approved and paid an interim dividend of ₹ 1/- per equity share of ₹ 10/- each fully paid up of the Company to those equity shareholders whose names appeared in the register of members as on August 19, 2020 being the record date fixed for the purpose and second interim dividend of ₹ 2/- per equity share of ₹ 10/- each fully paid up of the Company to those equity shareholders whose names appeared in the register of members as on February 13, 2021 being the record date fixed for the purpose. The Board has recommended the adoption of the aforesaid interim dividend of ₹ 3/- per equity share as final dividend for FY 2020-21.

During the year, the company allotted 120 (Previous Year 3,28,497) Equity Shares of ₹ 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

Details of share holders holding more than 5% shares in the Company:

Particulars	As at 31-Mar-2021		As at 31-Mar-2020	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of ₹ 10 each				
Franklin Templeton Mutual Fund	3,37,87,404	9.89%	2,96,87,404	8.69%
DSP Mutual Fund	2,49,88,435	7.31%	2,20,01,940	6.44%
CDC Group Plc	1,78,60,820	5.23%	2,67,91,230	7.84%
	7,66,36,659	22.43%	7,84,80,574	22.97%

The above list of shareholders holding more than 5% is in line with shareholding pattern filed with stock exchanges.

Shares reserved for issuance

Refer Note 57 with respect to ESOP Scheme.

22 Other Equity

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Securities premium reserve	1,79,420	1,61,047
Statutory reserve	38,061	25,516
Capital reserve	3,089	1,328
Special reserve	1,815	1,073
Investment reserve	230	230
Investment fluctuation reserve	1,317	1,119
Share based payment reserve	9,293	8,213
Retained earnings	39,569	45,479
FVTOCI reserve	442	180
Share application money	213	-
Total	2,73,449	2,44,185

a. Securities premium reserve

The Securities premium received during the year represents the premium received towards allotment of 120 shares (FY 20 : 3,28,497 shares) under ESOP Scheme of the Company, 10,28,164 (FY 20 : nil) shares under ESOP Scheme of the Bank and 8,48,48,484 (FY 20 :4,74,58,239) 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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	1,61,047	1,40,948
Premium on issue of share capital	18,209	19,874
Premium on issue of share capital under ESOP scheme	164	225
Balance at the end of the year	1,79,420	1,61,047

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, 2021 ₹ 12,545 lakhs (Previous year ₹ 6,245 lakhs) had been transferred by these entities to statutory reserve.

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	25,516	19,271
Transfer from retained earnings to Statutory Reserves	12,545	6,245
Balance at the end of the year	38,061	25,516

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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. During the year the company has released an amount of ₹ 605 lakhs from Capital reserve on account of disinvestment in Subsidiary. The Bank had appropriated ₹ 2,366 lakhs, net of taxes and transfer to statutory reserve, to capital reserve being the gain on sale of HTM Investments in accordance with RBI guidelines.

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	1,328	1,328
Transfer from retained earnings to Capital reserve	2,366	-
Capital reserve on disinvestment in subsidiary	(605)	-
Balance at the end of the year	3,089	1,328

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, 2021 ₹ 742 lakhs (Previous year ₹ 483 lakhs) had been transferred to special reserve.

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	1,073	590
Transfer from retained earnings to Special reserve	742	483
Balance at the end of the year	1,815	1,073

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 31-Mar-2021	As at 31-Mar-2020
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, the group has transferred ₹ 198 lakh (Previous year ₹ 276 lakhs) for the year ended March 31, 2021.

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	1,119	843
Transfer from retained earnings to Investment Fluctuation reserve	198	276
Balance at the end of the year	1,317	1,119

g. 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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	8,213	3,811
Addition on account of ESOP cost	1,744	1,114
Transfer of ESOP cost to retained earnings upon lapse of options	(500)	(4,266)
Adjustment on account of modification of ESOP scheme 2015	-	7,609
Transfer of ESOP cost to securities premium upon exercise	(164)	(55)
Balance at the end of the year	9,293	8,213

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

h. 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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	45,479	43,110
Profit for the year	47,324	20,461
Dividend appropriation	(10,254)	-
Transfer from retained earnings to Statutory Reserves	(12,545)	(6,245)
Transfer from retained earnings to Special reserve	(742)	(483)
Transfer from retained earnings to Capital reserve	(2,366)	-
Transfer from retained earnings to Investment Fluctuation reserve	(198)	(276)
Minority interest created	(27,629)	(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	500	4,266
Balance at the end of the year	39,569	45,479

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 31-Mar-2021	As at 31-Mar-2020
Balance at the beginning of the year	180	64
Addition during the year	262	116
Balance at the end of the year	442	180

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, 2021 and March 31, 2020 and there is no shortfall in ECL provision as compared to the provision required as per IRACP norms. Accordingly, no impairment reserve is created. Refer note 56.

23 Interest Income

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
On Financial Assets measured at Amortised Cost		
Interest income from financial investments	17,241	10,143
Interest income on Loans to customers	3,03,910	2,52,925
On Financial Assets measured at fair value through OCI		
Interest income from investment in debt instruments	5,838	5,694
On Financial Assets classified at fair value through profit or loss		
Interest income from investment in debt instruments	-	528
Interest on deposit with Banks	7,420	6,779
Other interest Income	284	205
Total Interest income	3,34,693	2,76,274

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

24 Revenue from contract with customers

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Fee income that are recognised over a certain period of time	190	1,472
Fee income that are recognised at point in time	17,129	8,998
Fees and commission income	57	53
Income from advertisement	480	300
Freight income	542	114
Total	18,398	10,937

25 Net gain on fair value change

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Others		
Gain/(loss) on sale of instruments at FVTPL	29	-
Gain/(loss) on sale of debt FVOCI instrument	4,482	330
Total Net gain/(loss) on fair value changes	4,511	330
Fair Value changes:		
Realised	4,507	330
Unrealised	4	-
Total Net gain/(loss) on fair value changes	4,511	330

26 Profit on sale of investment

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Profit on sale of Investment (refer note 40)	15,682	-
Total	15,682	-

27 Rental Income

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Rental Income from investment properties	215	216
Total	215	216

28 Other income

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Income from sale of PSLC	6,199	2,234
Others	2,371	2,345
Total	8,570	4,579

29 Finance costs

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Interest cost on Financial liabilities measured at amortised cost		
Debt Securities	3,707	6,527
Deposits	95,278	72,315
Borrowings (other than Debt securities)	42,313	37,172
Interest on Government securities	1,140	600
Interest expenses - Rent	9	186
Interest expenses -ROU-Lease Liability	2,037	2,283
Bank and other finance charges	1	-
Interest Expenses - others	-	10
Total	1,44,485	1,19,093

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

30 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 asset

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
On Financial instruments measured at fair value through amortised cost		
Loans	38,752	25,039
Loan commitment	-	7
Provision for Standard receivables	9	9
Total	38,761	25,055

30.1 The table below shows the ECL charges on financial instruments for the year recorded in the profit and loss based on evaluation stage:

Particulars	2020-21				
	Stage 1	Stage 2	Stage 3	Others	Total
Loans and advances to customers	5,066	(10,720)	19,394	25,012	38,752
Loan commitments	-	-	-	-	-
Provision for Standard receivables	9	-	-	-	9
Total impairment loss	5,075	(10,720)	19,394	25,012	38,761

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

31 Employee benefit expenses

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Salaries and wages	71,096	64,112
Contribution to provident and other funds	3,974	3,700
Gratuity expense (Refer note 41)	996	1,096
Share based payment to employees	1,735	1,118
Staff Welfare	3,585	2,531
Total	81,386	72,557

32 Others expenses

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Advertisement & business promotion	1,253	1,866
Communication expenses	1,961	2,126
Professional & consultancy fee	2,879	2,950
Payments to auditor (Refer Note A below)	109	148
Electricity expenses	1,134	1,331
Directors' sitting fee	310	241
Miscellaneous expenses	2,793	1,319
Interchange fee expenses	8,813	930
Insurance expenses	1,177	831
Printing and stationery	775	1,033
Rates and taxes	3,098	2,266
Rent	113	202
Repairs & maintenance - others	2,174	2,111
Travelling & conveyance	3,670	5,035
Information technology expenses	5,560	4,767
Cash handling charges	1,181	773
Contributions towards CSR activities (Refer Note B below)	1,617	1,360
Registrar fee and general meeting expenses	21	41
Freight Payments	490	111
Loss / (Profit) on sale of assets	(4)	26
Total	39,124	29,467

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

A. Payment to auditors (excluding taxes)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
As auditors		
Statutory audit	80	86
Certification	16	45
In other capacity		
Tax audit	7	6
Other reporting services	-	2
Others		
Reimbursement of expenses	1	1
Total	104	140

The above amount is excluding ₹ 68 lakhs (previous year ₹ 158 lakhs) 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.

B. Details of CSR expenditure:

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
a) Gross amount required to be spent by the Group during the year	520	388

b) Amount spent during the year on 31st March 2021

Particulars	In cash	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1,617	-	1,617

b) Amount spent during the year on 31st March 2020

Particulars	In cash	Yet to be paid	Total
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	1,360	-	1,360

The Company in accordance with its CSR Policy has implemented CSR activities, through the Equitas Development Initiatives Trust and Equitas Health care foundation, public charitable trusts established by the Group.

C. Disclosure in accordance with Section 182 of the Companies Act, 2013

The Group incurred ₹ Nil (March 31, 2020: ₹ 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, 2020: ₹ Nil) as contribution to nation defence fund or any other Fund approved by the Central Government for the purpose of national defence.

33 Income Tax

The components of income tax expense for the years ended 31st March 2021 and 31st March 2020 are:

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Current tax (net)	18,904	13,701
Deferred tax	(4,674)	(2,684)
Total	14,230	11,017

Other Comprehensive Income (OCI)

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Tax effect on		
Re-measurement gains/(losses) on defined benefit obligations	(17)	(26)
Debt instruments measured at FVOCI	(118)	(13)
Income tax charged to OCI	(135)	(39)

Balance sheet

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Current tax asset	686	1,798
Current tax liabilities	692	488

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

33.1 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.

33.2 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 31 March 2021 and 2020 is, as follows:

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Accounting profit before tax	65,609	31,617
At India's statutory income tax rate :	16,512	7,957
Adjustments in respect of current income tax		
Impact of difference in tax base for donation & CSR expense	430	176
Deduction under Section 80JJAA	(328)	(124)
Others	83	61
Impact of rate change in deferred tax	-	3,472
Difference in tax base for Capital gain tax	(2,153)	-
Current tax towards prior periods	(314)	(525)
Income tax expense reported in the statement of profit and loss	14,230	11,017

The effective income tax rate for 31 March 2021 is 25.17% (31 March 2020: 25.17%).

34 Deferred tax

Particulars	As at 31-Mar-2021 Deferred tax assets	As at 31-Mar-2021 Deferred tax liabilities	Year Ended 31-Mar-2021 Income statement	Year Ended 31-Mar-2021 OCI
Impact of expected credit losses	12,219	2,294	(2,781)	-
Provision for employee benefits	3,546	-	(1,326)	-
Depreciation	2,044	-	(378)	-
EIR impact on financial instruments	4,827	-	(366)	-
Fair valuation impact on financial instruments and others	-	679	(272)	(135)
Rent receivable	-	152	43	-
Other temporary differences	876	-	128	-
Others (statutory reserve)	-	548	278	-
Total	23,512	3,673	(4,674)	(135)
Deferred tax assets (net)	19,839			

Particulars	As at 31-Mar-2020 Deferred tax assets	As at 31-Mar-2020 Deferred tax liabilities	Year Ended 31-Mar-2020 Income statement	Year Ended 31-Mar-2020 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 asset (net)	15,300			

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

35 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-2021	Year Ended 31-Mar-2020
Total operations for the year		
Profit after tax	51,379	20,600
Weighted average number of equity shares in calculating basic	34,17,90,097	34,16,89,290
Basic earnings per equity share	15.03	6.03
Profit after tax	51,379	20,600
Add : Share based payment to employees	1,735	1,118
Adjusted Profit after tax	53,115	21,718
Weighted average number of equity shares in calculating basic	34,17,90,097	34,16,89,290
Effect of dilution:		
Add: Effect of ESOPs which are Dilutive	248	64,566
Weighted average number of equity shares in calculating Diluted	34,17,90,345	34,17,53,856
Diluted earnings per equity share	15.03	6.03

Total operations for the year

Profit after tax (excluding minority interest)	47,324	20,461
Weighted average number of equity shares in calculating basic	34,17,90,097	34,16,89,290
Basic earnings per equity share	13.85	5.99
Profit after tax (excluding minority interest)	47,324	20,461
Add : Share based payment to employees	1,735	1,118
Adjusted Profit after tax	49,059	21,579
Weighted average number of equity shares in calculating basic	34,17,90,097	34,16,89,290
Effect of dilution:		
Add: Effect of ESOPs which are Dilutive	248	64,566
Weighted average number of equity shares in calculating Diluted	34,17,90,345	34,17,53,856
Diluted earnings per equity share	13.85	5.99

36 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 31-Mar-2021	As at 31-Mar-2020
No of SPVs sponsored by the Group for securitisation transactions	-	2
Total amount of securitised assets as per books of the SPVs sponsored by the Group	-	23,345
Carrying amount of transferred asset	-	2,777
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
Others (fixed deposits)	-	-
b) On-balance sheet exposures		
First loss (Cash Collateral & Retained Assets)	-	428
Others	-	-

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
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
Others	-	-
ii) Exposure to third party securitisation		
First loss	-	-
Others	-	-

The maturity of the carrying amount is as given below :

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
With in 1 month	-	960
1 to 3 months	-	682
3 to 6 months	-	811
6 months to 1 year	-	324
1 to 2 years	-	-
2 to 3 years	-	-
More than 3 years	-	-

Assignment

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
Number of Direct Assignments	1	1
Total amount of Loans directly transferred / Assigned	11,111	11,111
Carrying amount of transferred asset	240	240
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	-	-
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	-	-
b) On-balance sheet exposures		
i) Exposure to own Assignment		
First loss	-	-
Others	-	-
ii) Exposure to third party Assignment		
First loss	-	-
Others	-	-

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

The maturity of the carrying amount is as given below :

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
With in 1 month	240	240
1 to 3 months	-	-
3 to 6 months	-	-
6 months to 1 year	-	-
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.

37 Related Party Transactions

37.1 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, Executive Director and CEO (w.e.f November 8, 2019)
	R Srimathy, Chief Financial Officer
	Deepti R, Company Secretary
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)
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

37.2 Transactions with the Related Parties

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Income		
Rental Income		
Equitas Development Initiatives Trust	215	216
Interest on term deposits		
Equitas Development Initiatives Trust	30	30
CSR Contribution		
Equitas Development Initiatives Trust	235	1,123
Equitas Healthcare Foundation	1,382	237
Remuneration to Key Managerial Personnel *		
S Bhaskar, Executive Director and CEO (till October 20, 2019)	-	59
John Alex, Executive Director and CEO (from November 8, 2019)	74	23
R Srimathy, Chief Financial Officer	20	20
Deepti R, Company Secretary	9	9
Remuneration / Sitting Fees to Non-Executive Directors	44	42

* 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 the Consolidated financial statements

for the year ended March 31, 2021

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

Particulars	For the year ended 31-Mar-2021	For the year ended 31-Mar-2020
Other Transactions		
Deposits received		
Equitas Development Initiatives Trust	24	1,075
Deposits matured		
Equitas Development Initiatives Trust	423	670
Saving Deposits and Interest		
Equitas Healthcare Foundation	1,688	282
Equitas Development Initiatives Trust	1,814	3,992
Profit/(Loss) on sale of vehicle		
Key Managerial personnel - S Bhaskar	-	1
Withdrawals and fund transfers from Savings Deposits		
Equitas Development Initiatives Trust	1,754	3,838
Equitas Healthcare Foundation	185	1
Withdrawals and fund transfers from Demand Deposits		
Equitas Dhanyakosha India	-	2
Share based payment to employees		
Key Managerial Personnel	9	5
Balances outstanding at the end of the year	As at 31-Mar-2021	As at 31-Mar-2020
Term Deposit outstanding		
Equitas Development Initiatives Trust	15	414
Key Managerial Personnel	235	268
Interest Payable on term deposits		
Equitas Development Initiatives Trust	-	4
Key Managerial Personnel	4	5
Savings Deposit		
Equitas Development Initiatives Trust	598	538
Equitas Healthcare Foundation	1,785	282
Key Managerial Personnel	169	53
Maximum Outstanding during the year		
Term Deposit outstanding		
Equitas Development Initiatives Trust	438	660
Key Managerial Personnel	269	270
Demand Deposits		
Equitas Dhanyakosha India	-	2
Savings Deposit		
Equitas Development Initiatives Trust	760	1,004
Equitas Healthcare Foundation	1,785	282
Key Managerial Personnel	185	193

Under the ESOP Scheme 2015, Nil shares (previous year - 126) were allotted to Key Managerial Personnel.

During the previous year ended 31st March 20, 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 authorized 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.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

The options granted and outstanding for the key managerial personnel as of March 31, 2021 is as provided below:

As at March 31, 2021 - 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	40,000
John Alex	29-Jan-20	29-Jan-24	38.00	53,664
John Alex	22-Mar-21	22-Mar-22	56.00	36,750
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27.00	7,524
Srimathy Raghunathan	22-Nov-19	30-Nov-23	27.00	1,161
Srimathy Raghunathan	29-Jan-20	29-Jan-24	38.00	4,048
Srimathy Raghunathan	29-Jan-20	29-Jan-25	38.00	4,048
Srimathy Raghunathan	22-Mar-21	22-Mar-22	56.00	1,720
Deepti R	22-Nov-19	30-Nov-23	27.00	2,550
Deepti R	22-Nov-19	30-Nov-23	27.00	729
				1,52,194

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 in rupees	No of options
John Alex	22-Nov-19	30-Nov-23	27	1,54,050
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
				2,67,984

38 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 (till July 1, 2020)
	Nagarajan Srinivasan (till November 17,2020)
	Sridhar Ganesh
	Srinivasan N
	Tabassum Inamdar
	Vinod Kumar Sharma
	Navin Puri (w.e.f August 1, 2019)
	Ramesh Rangan (w.e.f November 9, 2020)

Notes to the Consolidated financial statements

for the year ended March 31, 2021

(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 ended 31 March 2021	For the year ended 31 March 2020
Remuneration paid to Key Management Personnel (excludes employer's share of contribution to various funds and non-monetary perquisites)		
Vasudevan PN, MD & CEO	148	165
N Sridharan, Chief Financial Officer	92	94
Sampathkumar KR, Company Secretary	24	24
Term Deposits received	426	335
Term Deposits closed	236	69
Interest on Term Deposits	46	36
Savings Deposits and Interest	895	525
Withdrawals and fund transfers from Savings Deposits	761	541

Balances outstanding at the end of the year

Particulars	As at 31 March 2021	As at 31 March 2020
Term Deposits outstanding	731	552
Interest Payable on term deposits	6	5
Saving Deposit outstanding	214	85

Maximum Outstanding during the year

Particulars	As at 31 March 2021	As at 31 March 2020
Term Deposits	731	578
Savings Deposits	357	448

39 Segment reporting

During the year ending 31st March 2021, 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, 2021

Particulars	Banking and finance	Others	Total
I Segment revenue			
Revenue from operations			
Interest income	3,34,693	-	3,34,693
Revenue from contract with customers	17,376	1,022	18,398
Net gain on fair value changes	4,482	29	4,511
Rental income	-	215	215
Profit on sale of investment	-	15,682	15,682
Total revenue from operations	3,56,551	16,948	3,73,499
Other income	8,544	26	8,570
Total Income	3,65,095	16,974	3,82,069

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

Particulars	Banking and finance	Others	Total
II Segment Expenses			
Finance costs	1,44,480	5	1,44,485
Impairment on Financial Instruments	38,752	9	38,761
Employee benefits expenses	80,974	412	81,386
Depreciation and amortisation	12,587	117	12,704
Others expenses	38,184	940	39,124
Total Expense	3,14,977	1,483	3,16,460
III Segment results (Profit before tax)	50,118	15,491	65,609
Tax expenses	12,436	1,794	14,230
Profit after tax	37,682	13,697	51,379
V Segment Assets	25,44,537	13,782	25,58,319
VI Segment Liabilities	21,90,715	415	21,90,300
VII Capital employed	3,53,822	13,367	3,68,019
(Segment Assets - Segment Liabilities)			

For the year ended March 31, 2020

Particulars	Banking and finance	Others	Total
I Segment revenue			
Revenue from operations			
Interest income	2,76,274	-	2,76,274
Revenue from contract with customers	10,523	414	10,937
Net gain on fair value changes	330	-	330
Rental income	-0	216	216
Total revenue from operations	2,87,127	630	2,87,757
Other income	4,551	28	4,579
Total Income	2,91,678	658	2,92,336
II Segment Expenses			
Finance costs	1,19,079	14	1,19,093
Impairment on Financial Instruments	25,046	9	25,055
Employee benefits expenses	72,214	343	72,557
Depreciation and amortisation	14,430	117	14,547
Others expenses	28,967	500	29,467
Total Expense	2,59,736	983	2,60,719
III Segment results (Profit before tax)	31,942	(325)	31,617
Tax expenses	11,017	-	11,017
Profit after tax	20,925	(325)	20,600
V Segment Assets	20,76,465	7,044	20,83,508
VI Segment Liabilities	17,92,738	456	17,93,194
VII Capital employed	2,83,726	6,588	2,90,314
(Segment Assets - Segment Liabilities)			

40 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
Equitas Small Finance Bank Limited	India	81.98%	95.49%
Equitas Technologies Private Limited	India	99.60%	99.57%

During the year ended March 31, 2021, the Company had offered for sale, a part of its investment in its subsidiary, the Equitas Small Finance Bank. These investment having gross carrying value of ₹ 6,595.09 lakhs were sold for a consideration of ₹ 23,760 lakhs (7,20,00,000 equity shares at ₹ 33 per share). The resulting profit net of expenses of ₹ 15,681.57 lakhs has been disclosed as "Profit from sale of Investment" under the head "Revenue from Operations" in the statement of profit and loss.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

40.1 Compliance with licencing condition

As part of Small Finance Bank licensing guidelines, Reserve Bank of India (RBI) has mandated listing of shares of the Bank 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 with the relevant listing condition, RBI vide its letter dated September 06, 2019 had 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, till further advice. (However, in December 2019, the Bank obtained specific approval of the RBI for opening 240 banking outlets).

During year ended March 31, 2021, the Bank successfully completed Initial Public Offer (IPO) of its shares comprising issue of 8,48,48,484 equity shares of ₹ 10/ each at premium of ₹ 23 per share, thereby raising ₹ 280 crore and an offer for sale of 7,20,00,000 equity shares @ ₹ 33 per share, by the Equitas Holdings Limited. The equity shares of the Bank got listed on November 2, 2020 on National stock exchange (NSE) and BSE Ltd, thereby complying with the licensing condition of listing the shares of the Bank. Subsequently, RBI lifted the previously mentioned restrictions vide its letter dated November 9, 2020. Consequent to the primary issue and sale of shares under IPO, the shareholding percentage of the Company in the Bank has come down from 95.49% to 81.98%.

41 Retirement benefit plan

41.1 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 ₹ 3,637 lakhs (Previous Year: ₹ 3,543lakhs) towards Provident Fund contributions in the Profit and Loss Account. The contributions payable to the fund by the Bank is at rates specified in the rules of the scheme.

41.2 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	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Change in defined benefit obligations during the Year		
Present value of defined benefit obligation at beginning of the year	3,288	2,370
Current service cost	1,147	1,083
Interest cost	195	158
Benefits paid	(129)	(220)
Remeasurement effect of experience adjustments	(69)	(103)
Present value of Defined Benefit Obligation at End of the Year	4,432	3,288
Change in Fair Value of Assets during the Year		
Plan Assets at beginning of the year	2,208	2,063
Add: Adjustments to the opening balance	196	-
Expected return on plan assets	146	145
Actual company contributions	-	-
Benefits paid out of the asset	-	-
Return on plan assets excluding expected income	(1)	-
Plan Assets at End of the Year	2,549	2,208
Liability Recognised in the Balance Sheet		
Present value of defined benefit obligation	4,432	3,288
Fair value of plan assets	2,549	2,208
Unrecognized actuarial (gain) / loss		
Net Liability Recognised in the Balance Sheet	1,883	1,080
Cost of Defined Benefit Plan for the Year		
Current service cost	1,147	1,083
Net interest cost	195	158
Expected return on plan assets	(146)	(145)
Remeasurements (recognised in OCI)		
a. Effect of experience adjustments	68	103
b. (Return) on plan assets	-	-
Net Cost Recognized in the Profit and Loss account and oci	1,264	1,199

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

Particulars	Year Ended 31-Mar-2021	Year Ended 31-Mar-2020
Employer expense (P&L)		
Current service cost	1,147	1,083
Net interest cost	195	158
Expected return on plan assets	(146)	(145)
Total expenses recognised in statement of profit and loss	1,196	1,096
Remeasurement		
Effect of experience adjustments	68	103
(Return) on plan assets	-	-
Total remeasurement loss / (gain) recognised in OCI	68	103
Actuarial Assumptions		
Discount rate (Refer Note (b))	5.81%	6.06%
Interest rate (Estimated rate of return on assets)	6.00%	7.00%
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, various external/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.
- Experience Adjustments:**

Particulars	For the Year Ended 31 March 2021	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
Projected Benefit Obligation	4,432	3,288	2,370	1,806	1,353
Fair Value of Plan Assets	2,549	2,208	2,063	1,185	1,049
(Deficit)/ Surplus	(1,883)	(1,080)	(306)	(621)	(304)
Experience Adjustments on Plan Liabilities - Gains	68	103	173	158	(664)
Experience Adjustments on Plan Assets - Loss	-	-	(118)	(80)	(104)

	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)	103
Between 2 and 5 years	1,759
Between 5 and 10 years	10,332
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.

In this case, an increase of 0.5% of Discount rate would decrease D.B.O by:	-2.40%
Similarly, a decrease by 0.5% will increase D.B.O by:	2.49%
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:	2.49%
Similarly, a decrease by 0.5% will decrease D.B.O by:	-2.40%
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:	-0.46%
Similarly, a decrease by 0.5% will change D.B.O by:	0.49%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	(106)	82	106	(82)

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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 31-Mar-2021	Year Ended 31-Mar-2020
Discount Rate	5.81%	6.06%
Future Salary Increase	10%	10%
Mortality Rate	Indian Assured Lives (2012 -14)	Indian Assured Lives (2012 -14)
Attrition rate	20%	20.00%

* The Company has made changes to the leave policy w.e.f.01st April 2021 and necessary effect has been given in the financial statement.

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 D.B.O by:	-2.47%
Similarly, a decrease by 0.5% will increase D.B.O by:	2.57%
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:	2.57%
Similarly, a decrease by 0.5% will decrease D.B.O by:	-2.47%
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:	-0.48%
Similarly, a decrease by 0.5% will change D.B.O by:	0.51%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	(165)	171.26	165	(171)

42 Maturity analysis of assets and liabilities

Assets	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	3,17,151	20,773	3,37,924	2,44,199	9,062	2,53,261
Bank balance other than cash and cash equivalents	21	-	21	362	181	543
Loans and advances	5,42,677	12,08,290	17,50,967	4,48,621	10,61,966	15,10,587
Trade receivable	481	-	481	218	-	218
Investment	2,46,931	1,36,852	3,83,783	1,42,648	95,801	2,38,449
Other Financial Asset	13,725	3,457	17,182	6,534	2,324	8,858
Non-financial assets						
Current tax asset	-	686	686	-	1,798	1,798
Deferred tax asset	-	19,971	19,971	-	15,394	15,394
PPE	-	18,523	18,523	-	21,314	21,314
Investment property	-	5,381	5,381	-	5,436	5,436
ROU asset	-	22,367	22,367	-	26,582	26,582
Other non-financial assets	1,033	-	1,033	1,068	-	1,068
Total assets	11,22,018	14,36,301	25,58,319	8,43,650	12,39,858	20,83,508

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

Liabilities	As at March 31, 2021			As at March 31, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Liabilities						
Current tax liabilities	692	-	692	488	-	488
Deferred tax liabilities	-	132	132	-	94	94
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,750	-	15,750	13,570	-	13,570
Debt securities	7,006	15,000	22,006	23	21,953	21,976
Borrowings	2,32,607	2,35,810	4,68,417	3,41,097	3,00,600	6,41,697
Deposits	8,08,816	8,17,211	16,26,027	6,65,091	4,02,774	10,67,865
Other financial liabilities	30,781	12,517	43,298	12,917	25,129	38,046
Non-financial liabilities						
Provisions	2,438	10,313	12,751	2,227	6,276	8,503
Other Non-financial liabilities	2,057	-	2,057	955	-	955
Total Liabilities	11,00,147	10,90,983	21,91,130	10,36,368	7,56,826	17,93,194

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.

43 Change in liabilities arising from financing activities

Particulars	1 April 2020	Cash flows	Other	31 March 2021
Debt securities	21,976	(33)	63	22,006
Borrowings other than debt securities	6,41,697	(1,77,205)	3,925	4,68,417
Deposits	10,67,865	5,48,185	9,977	16,26,027
Rou lease liability	29,628	(3,804)	-	25,824
Total liabilities from financing activities	17,61,166	3,67,143	13,965	21,42,274

Particulars	1 April 2019	Cash flows	Other	31 March 2020
Debt securities	52,633	(30,729)	72	21,976
Borrowings other than debt securities	3,54,036	2,82,388	5,273	6,41,697
Deposits	8,87,987	1,71,453	8,425	10,67,865
Rou lease liability	27,942	1,686	-	29,628
Total liabilities from financing activities	13,22,598	4,24,798	13,770	17,61,166

Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees.

44 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 31-Mar-2021	As at 31-Mar-2020
Claims against the company not acknowledged as debts		
- Service Tax Matters	125	125
- Income Tax	1,179	-
- Others	202	170
Guarantees given on behalf of constituents in India	924	2,401
Guarantees for loans taken	-	5,200
Loan commitment	13,075	12,738
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	28
Total	15,505	20,662

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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 securitized assets, to make payments in the event of customers failing to fulfil their financial obligations.

45 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 44
- 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.

46 Operating Lease - as lessee

Lease disclosure under Ind-AS 116 for the current year ended 31 March 2021

This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements

- 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	As at 31-Mar-2021	As at 31-Mar-2020
a) Right-of-use assets		
Opening balance	25,631	25,095
Additions	839	5,342
Modification	(62)	-
Depreciation expenses	(4,968)	(4,806)
As at 31st March 2021	21,440	25,631

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:

b) Lease liabilities		
Opening balance	29,628	27,942
Additions	839	5,342
Modification	(250)	-
Interest	2,037	2,283
Payments	(6,430)	(5,939)
As at 31st March 2021	25,824	29,628
Within one year	4,802	4,502
More than one year	21,022	25,126

ii) Amount recognised in the Statement of Profit and Loss

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
a) Depreciation charge for Right-of-use assets	4,968	4,806
b) Interest expense on lease liabilities (included in finance cost)	2,037	2,283
Total amount recognised in profit and loss account	7,005	7,089

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

46.1 Operating Lease - as lessor

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
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	3,786	4,002
Total minimum lease payments recognised in the Profit and loss account	215	216
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.

47 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, 2021. The relevant particulars are furnished below:

Particulars	As at 31-Mar-2021	As at 31-Mar-2020
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	-	-

48 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.

48.1 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.

49 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

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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.

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 21	Level 1	Level 2	Level 3	Total
Asset measured at fair value on recurring basis				
Debt securities	66,537	-	-	66,537
Equity instruments	-	-	35	35
Total financial investments at FVOCI	66,537	-	35	66,572
Staff loan	-	-	154	154
Security deposit	-	-	1,939	1,939
Total financial assets measured at fair value on recurring basis	66,537	-	2,128	68,665
Liabilities measured at fair value on recurring basis				
Staff deposit	-	-	5,563	5,563
Total financial liability measured at fair value on recurring basis	-	-	5,563	5,563
Mar-20	Level 1	Level 2	Level 3	Total
Asset measured at fair value on recurring basis				
Debt securities	55,785	-	-	55,785
Equity instruments	-	-	20	20
Total financial investments at FVOCI	55,785	-	20	55,805
Staff loan	-	-	92	92
Security deposit	-	-	2,095	2,095
Total financial assets measured at fair value on recurring basis	55,785	-	2,207	57,992
Liabilities measured at fair value on recurring basis				
Staff deposit	-	-	3,775	3,775
Total financial liability measured at fair value on recurring basis	-	-	3,775	3,775

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.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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.

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

Mar-21	Carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	3,37,924	3,37,924	-	-	3,37,924
Bank balance other than cash and cash equivalents	21	21	-	-	21
Loans	17,50,967	-	-	17,78,862	17,78,862
Financial assets Amortised Cost					
Government debt securities	3,10,707	3,10,098	-	-	3,10,098
Other Financial Asset	17,182	-	-	17,182	17,182
Total financial assets	24,16,801	6,48,043	-	17,96,044	24,44,087
Financial liabilities					
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,750	-	-	15,750	15,750
Debt securities	22,006	22,006	-	-	22,006
Borrowings (other than debt securities)	4,68,417	4,68,417	-	-	4,68,417
Deposits	16,26,027	-	-	16,26,027	16,26,027
Other financial liabilities	43,298	-	-	43,298	43,298
Total financial liabilities	21,75,498	4,90,423	-	16,85,075	21,75,498
Mar-20	Carrying amount	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	2,53,261	2,53,261	-	-	2,53,261
Bank balance other than cash and cash equivalents	543	543	-	-	543
Loans	15,10,495	-	-	15,91,112	15,91,112
Financial assets Amortised Cost					
Government debt securities	1,82,149	1,84,378	-	-	1,84,378
Other Financial Asset	6,763	-	-	6,763	6,763
Total financial assets	19,53,211	4,38,182	-	15,97,875	20,36,057
Financial liabilities					
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)	6,41,697	6,41,697	-	-	6,41,697
Deposits	10,67,865	-	-	10,67,865	10,67,865
Other financial liabilities	38,046	-	-	38,046	38,046
Total financial liabilities	17,83,154	6,63,673	-	11,19,481	17,83,154

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

50 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 optimizing 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 defence" 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 defence are defined, thereby providing clarity in the roles and responsibilities.

The Group has adopted the following "Three Lines of Defence" approach for risk management.

- At the first line of defence 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 defence 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 defence is the audit function that provides an independent assessment of the first and second line of defence 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 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.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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 at least 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 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 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 standardized and regulatory approach to Expected Credit Loss model for recognizing an impairment allowance on their financials assets.

The Group records allowance for expected credit losses for all loans, other debt financial assets not

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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 categorize 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 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 Groups' assessment of the credit history of the borrower.

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 using 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.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

For Corporate and MSE portfolio wherein limited historic default data is available, the PD is computed based on External rating migration and relevant default rate as per CRISIL is considered. For unrated exposure, the PD is computed considering the risk weight for unrated exposure from Basel Standardised Approach and equivalent CRISIL's default rating is applied.

The internal rating Grades are

Product	Grade	PD range across all stages
Micro and small enterprises loan	High	0.61% - 2.55%
	Standard	0.61% - 11.12%
	Potential Sub-standard	11.12%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Vehicle Finance Loan	High	0.04% - 13.20%
	Standard	0.04% - 27.90%
	Potential Sub-standard	27.90%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Housing Loan	High	0.75% - 6.50%
	Standard	0.75% - 18.77%
	Potential Sub-standard	18.77%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Micro Finance Loan	High	0.41% - 3.16%
	Standard	0.41% - 6.28%
	Potential Sub-standard	6.28%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Business Loan - Unsec	High	2.84% - 8.15%
	Standard	2.84% - 20.65%
	Potential Sub-standard	20.65%
	Defaulted and impaired / Not Impaired / individually impaired	100.00%
MSE & Financial Intermediaries	High	0.02% - 3.55%
	Standard	0.02% - 11.41%
	Potential Sub-standard	11.41%
	Defaulted and impaired / Not Impaired / individually impaired	100.00%

Note :For VF, the overall PD range is provided considering the lowest PD and highest PD applicable at each portfolio segment level.

b) Exposure at Default

The Exposure at Default represents the estimate of the exposure at default, taking into account the repayment of principal and interest from the default event to balance sheet date together with any expected drawdowns of committed facilities. In case of Stage 3 loans, EAD represents exposure when the defaults 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

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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.

51 Overview of modified and forborne loans

The table below includes Stage 2 and 3 assets that were modified and, therefore, treated as forborne during the period, with the related modification loss suffered by the Group.

Particulars	2020-21	2019-20
Amortised costs of financial assets modified during the period	45,749	-
Net modification loss	-	-

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:

Particulars	As at 31st March 2021					
	Post modification			Pre-modification		
	Gross carrying amount	Corresponding ECL	Corresponding amount	Gross carrying amount	Corresponding ECL	
Facilities that have cured since modification and are now measured using 12mECLs (Stage 1)	-	-	-	-	-	-
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, 2021. Accounting policies for forbearance are described in Note 3.9

Particulars	31-Mar-21									
	Stage 1					Stage 2				
	Gross carrying amount	Temporary modification to T&Cs	Permanent modification to terms & conditions	Refinancing	Total performing forborne loans	Temporary modification to T&Cs	Permanent modification to T&Cs	Refinancing	Total non-performing forborne loans	Forbearance ratio (Note 1)
Loans	45,787	-	23	-	23	-	32,705	-	13,059	45,787
Total	45,787	-	23	-	23	-	32,705	-	13,059	45,787

Note 1: Represents Total forborne loans/Gross Carrying amount

Particulars	31-Mar-21					
	Gross amount of forborne loans			ECLs of forborne loans		
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
Loans	23	32,705	13,059	45,787	Stage 1 Individual	Stage 2 Collective
Total	23	32,705	13,059	45,787	1	1,155
					Stage 3 Individual	Stage 3 Collective
					-	4,246
					5,401	5,401

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

53 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

Mar-21	Financial services	Government	Micro and small enterprises	Vehicle	Housing	Micro finance	Business Loan	MSE	Others	Total
Financial Assets										
Cash and cash equivalents	3,37,924	-	-	-	-	-	-	-	-	3,37,924
Bank balance other than cash and cash equivalents	21	-	-	-	-	-	-	-	-	21
Loans and advances	78,653	-	7,03,215	4,58,130	92,439	3,23,942	8,761	1,14,544	18,482	17,98,166
Debt instruments at amortised cost	-	3,10,707	-	-	-	-	-	-	-	3,10,707
Debt securities at fair value through OCI	-	66,537	-	-	-	-	-	-	35	66,572
Other Financial Asset	17,182	-	-	-	-	-	-	-	-	17,182
Total	4,33,780	3,77,244	7,03,215	4,58,130	92,439	3,23,942	8,761	1,14,544	18,517	25,30,572

Mar-20	Financial services	Government	Micro and small enterprises	Vehicle	Housing	Micro finance	Business Loan	MSE	Others	Total
Financial Assets										
Cash and cash equivalents	2,53,261	-	-	-	-	-	-	-	-	2,53,261
Bank balance other than cash and cash equivalents	543	-	-	-	-	-	-	-	-	543
Loans and advances	70,567	-	5,68,447	3,79,576	59,404	3,62,830	15,703	83,696	3,824	15,44,047
Debt instruments at amortised cost	-	1,82,149	-	-	-	-	-	-	-	1,82,149
Debt securities at fair value through OCI	-	55,785	-	-	-	-	-	-	20	55,805
Other Financial Asset	8,858	-	-	-	-	-	-	-	-	8,858
Total	3,33,229	2,37,934	5,68,447	3,79,576	59,404	3,62,830	15,703	83,696	3,844	20,44,663

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

54 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 realization of collateral, any surplus remaining after settlement of debt by way of sale of collateral is refunded to the customer / borrower.

55 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 Group 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 Group'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 '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 Group actively manages its liquidity risk covering both market funding risk and market liquidity risk. The Group maintains a diversified funding profile with emphasis on building retail franchise to increase customer deposits. The Group 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 Group uses various approaches like stock approach, cash flow approach & stress test approach to assess liquidity risk. The Group 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. Group 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 Group also employs stock approach to assess various aspects of liquidity risk such as stability of funds, liquid assets cover, funding concentration, etc.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

55.1 Maturity Pattern

Analysis of Maturity pattern of Assets and Liabilities by remaining residual maturities as at 31 March 2021:

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	3,04,078	13,073	20,414	359	3,37,924
Bank balance other than cash and cash equivalents	21	-	-	-	21
Loans and Advances (including receivables)	1,47,960	3,95,198	7,68,548	4,39,742	17,51,448
Investments	1,63,135	83,796	1,34,666	2,186	3,83,783
Other financial assets	13,572	153	1,517	1,940	17,182
Debt Securities	7,006	-	15,000	-	22,006
Borrowings (other than debt securities)	56,755	1,75,852	2,35,810	-	4,68,417
Deposits	2,76,204	5,32,612	8,15,849	1,362	16,26,027
Other Financial liabilities	18,383	12,398	10,997	1,520	43,298

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	2,34,798	9,401	8,850	212	2,53,261
Bank balance other than cash and cash equivalents	-	362	181	-	543
Loans and Advances (including receivables)	51,318	3,97,521	7,97,345	2,64,621	15,10,805
Investments	65,822	76,826	94,180	1,621	2,38,449
Other financial assets	6,478	55	380	1,944	8,857
Debt Securities	33	-	21,943	-	21,976
Borrowings (other than debt securities)	1,14,835	2,26,262	3,00,408	192	6,41,697
Deposits	2,16,145	4,48,946	4,02,670	104	10,67,865
Other Financial liabilities	8,424	4,494	19,313	5,815	38,046

55.2 Liquidity Coverage Ratio

The Group is adhering to the global liquidity standards for managing the liquidity risk i.e Liquidity Coverage Ratio (LCR). The LCR standard aims to ensure that a bank maintains an adequate level of unencumbered High Quality Liquid Assets (HQLAs) that can be converted into cash to meet its liquidity needs for a 30 calendar day time horizon under a significantly severe liquidity stress scenario specified by supervisors. At a minimum, the stock of liquid assets should enable the bank to survive until day 30 of the stress scenario, by which time it is assumed that appropriate corrective actions can be taken.

High Quality Liquid Assets: Liquid assets comprise of high quality assets that can be readily sold or used as collateral to obtain funds in a range of stress scenarios. They should be unencumbered i.e. without legal, regulatory or operational impediments. Assets are considered to be high quality liquid assets if they can be easily and immediately converted into cash at little or no loss of value.

High quality liquid assets (HQLA) under LCR can be further classified into two categories, i.e. Level 1 HQLA which primarily comprises of 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 rates at which they are expected to run off or be drawn down 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 under stress conditions.

The table below sets out the average LCR for FY 2020-21 and 2019-20 :

Particulars	FY21	FY20
High quality liquid Assets(HQLA)	662,661	349,003
Net outflow	407,174	272,993
LCR	162.75%	127.84%

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

55.3 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.

55.4 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.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

56 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 2021

Particulars	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	15,93,317	11,209	15,82,108	7,495	3,714
	Stage 2	1,11,059	3,507	1,07,552	2,611	896
Subtotal						
Non-Performing Assets (NPA)						
Substandard	Stage 3	47,164	16,153	31,011	5,012	11,141
Doubtful - up to 1 year	Stage 3	26,839	4,749	22,090	10,004	(5,255)
1 to 3 years	Stage 3	13,944	3,400	10,544	7,659	(4,259)
More than 3 years	Stage 3	3,722	8,005	(4,283)	11,481	(3,476)
Subtotal for doubtful		44,505	16,154	28,351	29,144	(12,990)
Loss		2,121	176	1,945	1,711	(1,535)
Subtotal for NPA		93,790	32,483	61,307	35,867	(3,384)
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					
	Stage 2	64	0	64	-	-
	Stage 3	-	-	-	-	-
Subtotal		13,075	24	13,051	-	-
Total	Stage 1	15,93,317	11,209	15,82,108	7,495	3,714
	Stage 2	1,11,059	3,507	1,07,552	2,611	896
	Stage 3	93,790	32,483	61,307	35,867	(3,384)
	Total	17,98,166	47,199	17,50,967	45,973	1,226

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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

Particulars	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	13,95,671	6,139	13,89,512	6,233	(94)
	Stage 2	95,806	14,233	81,577	10,366	3,866
Subtotal						
Non-Performing Assets (NPA)						
Substandard	Stage 3	26,216	7,086	19,136	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	39,488	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					
	Stage 2	31	-	31	-	-
	Stage 3	-	-	-	-	-
Subtotal		12,738	24	12,714	-	-
Total	Stage 1	13,95,671	6,139	13,89,520	6,233	(94)
	Stage 2	95,806	14,233	81,575	10,366	3,867
	Stage 3	52,570	13,088	39,482	16,844	(3,756)
	Total	15,44,047	33,460	15,10,577	33,443	17

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

57 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 authorized 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 authorized 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 authorized 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 authorized 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 not granted any stock option, during the previous year 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 previous 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.

As at March 31, 2021, 110,420 (As at March 31, 2020 - 1,72,308) 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	6,33,150	Equity
ESOP Scheme 2012	31-Dec-14 to 31-Dec-17	Grant 13	15-Nov-13	15-Nov-13	40.00	22,02,225	Equity
ESOP Scheme 2012	30-Jun-15 to 30-Jun-18	Grant 14	09-May-14	09-May-14	43.34	29,34,600	Equity
ESOP Scheme 2014	31-Dec-15 to 31-Dec-18	Grant 15	12-Nov-14	12-Nov-14	55.00	40,51,650	Equity
ESOP Scheme 2014	30-Jun-16 to 30-Jun-19	Grant 16	07-May-15	07-May-15	65.00	22,68,400	Equity
ESOP Scheme 2015	31-Dec-16 to 31-Dec-19	Grant 18	06-Nov-15	06-Nov-15	70.00	43,82,650	Equity
ESOP Scheme 2015	01-Jul-17 to 01-Jul-20	Grant 19	01-Jul-16	01-Jul-16	178.00	75,97,900	Equity
ESOP Scheme 2015	01-Sep-17 to 01-Sep-20	Grant 21	05-Aug-16	05-Aug-16	173.00	18,40,150	Equity
ESOP Scheme 2015	01-Oct-17 to 01-Oct-20	Grant 22	10-Sep-16	10-Sep-16	182.00	20,07,200	Equity
ESOP Scheme 2015	01-Nov-17 to 01-Nov-20	Grant 23	21-Oct-16	21-Oct-16	183.00	20,38,500	Equity
ESOP Scheme 2015	01-Feb-18 to 01-Feb-21	Grant 24	01-Feb-17	01-Feb-17	165.00	50,63,450	Equity
ESOP Scheme 2015	05-May-18 to 05-May-21	Grant 25	05-May-17	05-May-17	164.00	26,10,600	Equity
ESOP Scheme 2015	31-Jan-19 to 31-Jan-22	Grant 27	31-Jan-18	31-Jan-18	151.00	1,37,150	Equity
ESOP Scheme 2015	02-Aug-2019 to 01 Sep 20	Grant 33	02-Aug-19	02-Aug-19	115.00	3,30,060	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.

Notes to the Consolidated financial statements

for the year ended March 31, 2021

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

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	31st March 2021		31st March 2020	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,72,308	148.73	1,26,44,449	142.74
Granted During the period	-	-	4,70,060	115.00
Exercised during the year	120	55.00	3,28,497	61.70
Expired during the year	61,768	154.13	27,27,453	155.82
Transferred during the year	-	-	98,86,251	140.45
Outstanding at the end of the year	1,10,420	153.42	1,72,308	153.61
Options exercisable at the end of the year	1,04,803	152.95	1,29,808	148.73

Particulars	31-Mar-2021	31-Mar-2020
Range of exercise price (₹)	40 to 183	40 to 183
Weighted average remaining contractual life (in years)	1.26	2.02
Weighted average fair value of options granted	-	19.50
Weighted average market price of shares on the date of exercise (₹)	91.7	117.33

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 options (₹)			
					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 the Consolidated financial statements

for the year ended March 31, 2021

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

58 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 13, 2021 by the Board of Directors of the Bank.

59 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 T R Chadha & Co LLP

Chartered Accountants

ICAI Firm Registration Number:006711N/ N500028

per Sheshu Samudrala

Partner

Membership no.235031

Place: Chennai

Date: 13 May 2021

For and on behalf of Board of Directors of

Equitas Holdings Limited

N Rangachary

Chairman

DIN:00054437

Place: Bangalore

Date: 13 May 2021

John Alex

ED and CEO

DIN: 08584415

Place: Chennai

Date: 13 May 2021

S Viswanatha Prasad

Director

DIN:00574928

Place: Hyderabad

Date: 13 May 2021

Srimathy R

Chief Financial Officer

Place: Chennai

Date: 13 May 2021

Deepti R

Company Secretary

Membership no: A35488

Place: Chennai

Date: 13 May 2021

Form AOC - 1

[Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the 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	1,13,927.83	2,409.60
5	Reserves & surplus	2,16,748.61	(1,848.57)
6	Total assets	25,44,537.16	652.95
7	Total liabilities	25,44,537.16	652.95
8	Investment in shares/Mutual funds	34.78	0.00
9	Turnover (Revenue from operations)	3,65,037.90	1,079.85
10	Profit before taxation	48,251.29	106.25
11	Provision for taxation	11,980.69	0.00
12	Profit after taxation	36,270.60	106.25
13	Total comprehensive Income	36,270.60	106.34
14	Proposed Dividend	Nil	Nil
15	% of shareholding	81.98%	99.60%

There are no Subsidiaries which are yet to commence operations or which have been liquidated or sold during the year. The aforesaid financial information are extracted from the respective financial statements of ESFBL and ETPL under Ind-AS.

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: 13 May 2021

John Alex
ED and CEO
DIN: 08584415
Place: Chennai
Date: 13 May 2021

S Viswanatha Prasad
Director
DIN:00574928
Place: Hyderabad
Date: 13 May 2021

Srimathy R
Chief Financial Officer
Place: Chennai
Date: 13 May 2021

Deepti R
Company Secretary
Membership no: A35488
Place: Chennai
Date: 13 May 2021

Abbreviations

12mECL	12 months’ Expected Credit Loss
ALCO	Asset Liability Management Committee
ALM	Asset Liability Management
BSE	Bombay stock Exchange
CCMP	Cyber Crisis Management Plan
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash Generating Unit
CPI	Consumer Price Index
CRMC	Credit Risk management committee
CRO	Chief Risk Officer
CRR	Cash Reserve Ratio
EAD	Exposure at Default
EaR	Earnings at Risk
ECL	Expected Credit Loss
ED	Executive Director
EIR	Effective interest rate
ESOP	Employee Stock Option Plan
EVE	Economic Value of Equity
FIRB	Foundation Internal Rating Based Approach
FVTOCI / FVOCI	Fair Value through Other Comprehensive Income
FVTPL	Fair Value through Profit or Loss
FALLCR	Facility to Avail Liquidity for Liquidity Coverage Ratio
GDP	Gross Domestic Product
GOI	Government of India
HQLA	High Quality Liquid Asset
HR	Human Resource
ICAAP	Internal Capital Adequacy Assessment Process
IIP	Index of Industrial Production
IndAS	Indian Accounting Standard
IPO	Initial Public Offer
IRACP	Income Recognition, Asset Classification and Provisioning
IRRBB	Interest Risk Rate in the Banking Book
IT	Information Technology
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
LTECL	Lifetime Expected Credit Loss
MD	Managing Director
MRR	Minimum Retention Requirement
MSE	Medium and Small Enterprises
MSF	Marginal Specific Facility
NII	Net Interest Income
NSE	National Stock Exchange
OCI	Other Comprehensive Income
OMO	Open Market Operations
ORMC	Operational Risk Management Committee
PD	Probability of Default
RBI	Reserve Bank of India
RMC	Risk Management Committee
ROU	Right of Use
RSA	Rate Sensitive Asset
RSL	Rate Sensitive Liability
SEBI	Securities Exchange Board of India
SLR	Statutory Liquidity Ratio
SPPI	Solely Payments of Principal and Interest
SPV	Special Purpose Vehicle
TLTRO	Targeted Long Term Repo Operations
VF	Vehicle Finance

CORPORATE OVERVIEW

BOARD OF DIRECTORS

Mr. Rangachary N Chairman, Non-Executive and Non-Independent Director DIN 00054437	Mr. Viswanatha Prasad S Independent Director DIN 00574928
Mr. Arun Ramanathan Independent Director DIN 00308848	Mr. Bhaskar S Non-Executive Director DIN 00010000
Ms. Jayshree Ashwinkumar Vyas Independent Director DIN 00584392	Mr. John Alex Executive Director and Chief Executive Officer DIN 08584415
Mr. Jayaraman Chandrasekaran Independent Director DIN 01118392	
Mr. Rajaraman P V Independent Director DIN 01658641	

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

Bankers

EQUITAS SMALL FINANCE BANK LIMITED

ICICI BANK LIMITED

STATE BANK OF INDIA

Statutory Auditors

M/s. T R Chadha & Co LLP
Chartered Accountants
Branch Office : Door No.5D, V Floor,
Mount Chambers
75B, Anna Salai, Chennai – 600 002
Tel: +91-44-42694571/572
Email: chennai@trchadha.com

Registrar and Share Transfer Agent

KFin Technologies Private Limited
Selenium Tower B
Plot No. 31-32 Gachibowli Financial District
Nanakramguda
Hyderabad - 500032
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