



July 18, 2022

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
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Dear Sirs,

**Sub: Notice of 15th Annual General Meeting along with Annual Report for FY 2021-22
and Intimation of 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 15th Annual General Meeting of the Company is scheduled on Wednesday, August 10, 2022 at 03.30 p.m. IST through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").

The soft copy of Annual Report for FY 2021-22 along with the Notice of 15th 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 cut-off date for ascertaining the eligibility of shareholders to participate in e-voting is Wednesday, August 03, 2022.

The Company has today commenced the dispatch (by electronic means) of the Notice of AGM along with Annual Report for FY 2021-22 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 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 15th Annual General Meeting of Equitas Holdings Limited will be held on Wednesday, August 10, 2022 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, 2022 and the Balance Sheet as at that date, including the Consolidated Financial Statements, together with the Independent Auditors' Report thereon be and are hereby considered, approved and adopted".

Item No. 2 To appoint a Director in place of Mr Rangachary N (DIN 00054437), 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 Rangachary N (DIN 00054437), 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 Appointment of Auditors

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with relevant rules made thereunder, from time to time, RBI guidelines on appointment of statutory auditors dated April 27, 2021 and any other applicable laws (including any statutory amendment(s), modification(s) or variation or re-enactment thereof for the time being in force), approval of shareholders of the company be and is hereby accorded to the appointment of M/s. V. Sankar Aiyar & Co, Chartered Accountants, (FRN: 109208W) as Statutory Auditors of the Company on a remuneration of Rs.21,30,000/- (Rupees

Twenty One Lakh Thirty Thousand Only) plus applicable taxes and reimbursement of out of pocket expenses at actuals and to hold office for a period of two years from the conclusion of the AGM to be held in the year 2022"

SPECIAL BUSINESS:

Item No. 4 Re-appointment of Mr John Alex (DIN 08584415) as Whole-Time Director designated as ED & CEO

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

"RESOLVED that pursuant to the provisions of Sections 196, 197 & 203 of the Companies Act, 2013, ("the Act"), Schedule V thereto and other applicable provisions, if any and such other approvals as may be required, consent of the Company be and is hereby accorded to the re-appointment of Mr John Alex (DIN: 08584415) as a Whole-Time Director of the Company designated as Executive Director & Chief Executive Officer (ED & CEO), for a period of three years with effect from November 8, 2022 on the following terms & conditions:

Remuneration:

Fixed Pay:

In the range of 6,00,000 to 10,00,000 per month, with the present remuneration being Rs. 6,01,018 per month.

Variable Pay: Nil

Perquisites:

Perquisites such as benefit of provident fund, club fees, reimbursement of mobile charges, conveyance and medical expenses for domiciliary treatment of self and dependent family members, at actuals, subject to a ceiling as may be fixed by the Board from time to time, eligibility for Company owned car as applicable under the Car Scheme of the Company, as may be in force, from time to time, coverage for self and dependent family members under the Company's Group Mediciam Insurance cover, gratuity and other retirement benefits, in accordance with the scheme(s) and rule(s) applicable from time to time to employees of the Company, stock options as per his eligibility under the Equitas Employees Stock Option Scheme, 2015 or such other Scheme in force from time to time and any other benefits including loans as may be applicable for all employees of the Company and approved by the Board from time to time.

RESOLVED FURTHER that the Board (also deemed to include Nomination, Remuneration & Governance Committee of the Board) be and is hereby authorised to decide the remuneration payable to Mr John Alex during his tenure as ED & CEO of the Company, within the terms mentioned above.

RESOLVED FURTHER that in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to Mr John Alex shall be governed by Section II of Part II of Schedule V of the Act and rules made thereunder, as amended from time to time.

RESOLVED FURTHER that the Board (also deemed to include Nomination, Remuneration & Governance Committee of the Board) be and is hereby authorised to do all such acts, deeds, matters and things including the power to settle all questions or difficulties that may arise with regard to the said appointment as it may deem fit and to execute any agreements, documents, instructions, etc. as may be necessary or desirable in connection with or incidental to give effect to the aforesaid resolution.

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

Deepti R

Place: Chennai
Date: May 28, 2022

Company Secretary
Membership No. A35488

NOTES:

General Instructions for Accessing and participating in the 15th AGM through VC/OAVM Facility and Voting through Electronic means including Remote E- Voting.

1. In view of 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 & General Circular No. 02/2021 dated 13.01.2021, No 19/2021 dated 08.12.2021 and No 21/2021 dated 14.12.2021 and circular No. 3/22 dated 05.05.2022 read with SEBI Circular dated May 13, 2022, companies are permitted to hold their Annual General Meeting (AGM) through Video Conferencing (VC) /Other Visual Audio Means (OAVM) falling due in calendar year 2022 until December 31, 2022. 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).
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 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 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 AGM.
6. The Company has appointed Central Depository Services (India) Limited (CDSL), to provide Video Conferencing facility for the Annual General Meeting and the attendant enablers for conducting of the AGM.
7. The Members whose names appear on the Company's Register of Members as on August 03, 2022 ("cut-off date") will be eligible to attend and e-vote during the Meeting.
8. Upto 1000 members can join the 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 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 and Governance Committee and Stakeholders Relationship Committee, Auditors etc.
10. The attendance of the Members (members logins) attending the 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 and May 05, 2020 read with MCA circular No 3/2022 and SEBI circular dated May 13, 2022 the Company is providing facility of remote e-voting to its Members through its e-Voting agency, CDSL. A facility to cast vote during the AGM is also available for the members.

12. In compliance with the aforesaid MCA Circulars read with SEBI circulars, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. The Notice calling the AGM has been uploaded on the website of the Company at <https://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 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 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 / DP.
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 AGM hours, which can be accessed through the link <https://emeetings.kfintech.com> using e-voting credentials.
18. As the 15th AGM is being held through VC, Route map is not annexed to the notice.

ANNEXURE - EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND REGULATION 36 of SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

Item No: 3 To appoint M/s. V. Sankar Aiyar & Co, Chartered Accountants, (FRN 109208W) as Statutory Auditors of the Company

M/s T R Chadha & Co LLP ("TRC") were appointed as Statutory Auditors of the Company for a period of five years from the conclusion of 13th AGM of the Company held in 2020 till 18th AGM of the Company to be held in 2025. TRC is also one of the Joint Statutory Auditors of the Company's Subsidiary, Equitas Small Finance Bank Limited (ESFB). Pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by Reserve Bank of India (the "RBI Guidelines"), an auditor of a RBI regulated entity cannot be the auditor of other RBI Regulated entities within the same group. In view of the same, TRC had expressed their inability to continue as Statutory Auditors of the Company, post submission of limited review report for the quarter and half year ended September 30, 2021 and resigned with effect from close of office hours on November 10, 2021.

Consequent to the above, the Company, had appointed M/s V. Sankar Aiyar & Co, Chartered Accountants ("VSA"), having Firm Registration No: 109208W as Statutory Auditors of the Company to hold office till the conclusion of Fifteenth Annual General Meeting of the Company to be held in the year 2022, through postal ballot on December 31, 2021. As per RBI Guidelines Auditors shall

hold office for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Since VSA has already served as statutory auditors for FY 2021-22, they are eligible to be appointed for two more years only. Hence, the Directors recommend continuation of appointment of M/s V. Sankar Aiyar & Co, Chartered Accountants, as Statutory Auditors of the Company for a period of two years (FY 2022-23 and FY 2023-24) to hold office until the conclusion of 17th Annual General Meeting of the Company to be held in the year 2024.

Credentials of VSA

VSA is a firm of Chartered Accountants registered with the Institute of Chartered Accountants of India. The Audit Firm, established in the year 1952, is one of the oldest serving professional firms in India. It is headquartered in Mumbai with 12 full time partners. The Audit Firm has valid Peer Review certificate. It is engaged in meeting the requirements of its clients on time with well qualified and experienced staff strength of more than 100 persons including 30 professionals located at Mumbai, New Delhi and Chennai.

VSA being eligible under section 139(1) and other applicable provisions of the Companies Act, 2013 ("the Act"), has consented to act as the Statutory Auditors of the Company and also confirm that their appointment if made, would be within the limits prescribed under the Act and also in compliance with the RBI Guidelines.

In accordance with the disclosure requirements under Regulation 36(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, it is proposed to pay a remuneration of Rs.21,30,000/- (Rupees Twenty One Lakh Thirty Thousand Only) to VSA for FY 2022-23, if appointed by the shareholders.

The Board of Directors recommend the resolution set out at Item No. 3 of the above notice for approval of the Members by way of Ordinary Resolution.

Interest of Directors and KMP:

None of the Directors or Key Managerial Personnel of the Company or the relatives of the aforementioned persons are concerned or interested, financially or otherwise in passing of the resolution.

Item No 4: Re-appointment of Mr John Alex (DIN: 08584415) as a Whole – time Director (ED & CEO)

The Board of Directors of the Company, at its Meeting held on November 08, 2019 appointed Mr John Alex as Whole-Time Director of the Company, designated as Executive Director & Chief Executive Officer for a period of three years. The appointment was approved by the shareholders at the 13th AGM held on August 10, 2020.

It is proposed to re-appoint Mr John Alex as ED & CEO for a period of three years with effect from November 08, 2022. Approval of the Members is sought for his re-appointment as a Whole-Time Director (ED & CEO). His brief profile along with the information as required to be furnished under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards is annexed.

Considering the background, experience, contribution and continued association, the Board recommends re-appointment of Mr John Alex as ED & CEO.

Interest of Directors and KMP:

Mr John Alex and his relatives may be deemed to be concerned or interested in the Resolutions set out at Item No.4.

None of the other Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the passing of the resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 4 above for approval of the shareholders.

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	64
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 & trans genders. Mr John Alex started his career as a Group II Gazetted Officer in Tamil Nadu State Government and served as Extension Officer (Agri) & Block Development Officer in the State Government from 1979 to 1983. 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.
Terms and conditions of appointment	Provided in Resolution No.4
Remuneration Last Drawn	Provided in Resolution No.4
Date of first appointment on the Board	November 8, 2019
Number of shares held in the Company	3,315
Board Membership in other companies	Equitas Technologies Private Limited
Details of Membership / Chairmanship of Committees of other Boards (membership of Audit Committee and Stakeholders Relationship Committee only)	Nil

For other details such as number of meetings of the Board attended during the year, remuneration drawn and relationship with other directors and key managerial personnel in respect of above directors, please refer to the Corporate Governance Report, forming part of Annual Report for FY 2021-22.

Other Instructions for AGM

PROCEDURE FOR OBTAINING THE ANNUAL REPORT, 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 the threat posed by the COVID-19 and in terms of the MCA and SEBI circulars, the Company has sent the Annual report, Notice of 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 addresses are requested to get their email addresses registered by following the procedure given below:

1. Members who have not registered their email addresses till date are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participants and in respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent (RTA), KFin Technologies Limited, Selenium Tower B, Plot No. 31-32 Gachibowli Financial District, Nanakramguda, Hyderabad – 500032 or by sending an email @ einward.ris@kfintech.com along with signed scanned copy of the request letter providing the e-mail address, mobile number, self-attested PAN copy and copy of share certificate.
2. The Company has enabled the Members to temporarily update their email address by accessing the link <https://ris.kfintech.com/client services/mobile reg/mobile email reg.aspx> for the limited purpose of updating the email address for receiving the Notice of the AGM along with the Annual report of FY 2021-22.
3. An advertisement informing the shareholders with regard to manner of registration was published on June 22, 2022.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Sunday, August 7, 2022 at 9.00 Hrs IST and ends on Tuesday, August 9, 2022

at 17.00 Hrs IST. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Wednesday, August 3, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. 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.

- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) 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.

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.

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.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (i) 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.

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<ol style="list-style-type: none"> 1) 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. 2) 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. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) 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.
Individual Shareholders holding securities in demat mode with NSDL Depository	<ol style="list-style-type: none"> 1) 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. 2) 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 3) 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
Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	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.

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.

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 toll free no. 1800 22 55 33
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

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(i) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) 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.
- 4) Next enter the Image Verification as displayed and Click on Login.
- 5) 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.
- 6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> 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.

- (ii) After entering these details appropriately, click on "SUBMIT" tab.
- (iii) 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.

- (iv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (v) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (vi) 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.
- (vii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (viii) 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.
- (ix) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xi) 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.
- (xii) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutinizer for verification.

(xiii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- 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.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- 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.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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.

- Alternatively Non Individual shareholders are required mandatory 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/EGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. 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 e-voting.
3. 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/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM 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 EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may 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 toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) 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 toll free no. 1800 22 55 33.

Equitas Holdings Limited



Contents

COMPANY OVERVIEW

Company Overview	01
Chairman's Insights	02

STATUTORY REPORTS

Directors' Report	04
Management Discussion and Analysis	19
Report on Corporate Governance	31
Business Responsibility Report	46

FINANCIAL STATEMENTS

Standalone	
Independent Auditors' Report	56
Balance Sheet	64
Statement of Profit and Loss	65
Cash Flow Statement	66
Statement of Changes in Equity	68
Notes to Accounts	70
Consolidated	
Independent Auditors' Report	120
Balance Sheet	126
Statement of Profit and Loss	127
Cash Flow Statement	128
Statement of Changes in Equity	130
Notes to Accounts	132

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.



Chairman's Message

Creating sustainable value for the business

Dear Stakeholders,

It gives me immense pleasure to write you at the cusp of a momentous period in our exciting journey. From a small urban micro financier in 2007 to a diversified pan-India non-banking finance company (NBFC) in 2015 followed by one of India's largest small finance banks, we have come a long way to create the desired impact envisioned by the founding team. There have been unprecedented challenges on the way, though, including those induced by the global pandemic in the past two years. However, we have stayed true to the commitment of building a transparent, ethically sound, financially stable and a sustainable enterprise that is dedicated to driving inclusive prosperity.

Equitas has always sought to distinguish itself in its various actions such as its unique pricing philosophy, transparent communication of real borrowing rate to clients, among others. With the Bank completing five years of operations, I say it with confidence that the legacy continues with the same level of passion and commitment that we had started with.

The Bank has built a business model that is stable, scalable and sustainable, and has demonstrated all the traits of a responsible and responsive banker to India's large unbanked/underbanked population. More importantly, the Bank has demonstrated time and again that 'fairness and transparency' are not mere buzzwords that one notices in a dictionary but are real reasons of our existence. That said, this would not have been possible without your continued support for the core purpose with which we started our journey – making a meaningful difference to the lives of people we touch.

During FY22, the Bank reported 15% YoY growth in Gross Advances to ₹20,597 crores and 16% YoY in Total Deposits to ₹18,951 crores in FY22. CASA deposits stood at ₹9,855 crores, accounting for 52% of total deposits, which helped bring the cost of funds down to 6.58% from 7.34% in the year-earlier period, which is at par with many universal banks. The Bank reported a net profit of ₹280.73 crores, with Return on Assets (RoA) of 1.10% and Return on Equity (RoE) of 7.75%, respectively. Asset quality remained comfortable, and the Bank is well capitalised to sustain high growth levels, with total CRAR at 25.16%.

“During FY22, the Bank reported 15% YoY growth in Gross Advances to ₹20,597 crores and 16% YoY in Total Deposits to ₹18,951 crores in FY22.”

With the Bank now becoming the core business and to meet the promoter holding norms, the Boards of Equitas Holdings Limited (EHL) and Equitas Small Finance Bank Limited have approved the merger of EHL with the Bank. The merger proposal was submitted to the Reserve Bank of India, which has subsequently provided its in-principle approval. Further, the Bank initiated a share sale through QIP and successfully raised ₹550 crores to bring down promoter holding to 75% from 81.75%. Further, as banks are not allowed to undertake any other business activities, EHL is actively looking for buyers to divest its entire stake in the subsidiary, Equitas Technologies Limited. The completion of the merger is expected to be concluded by the end of FY23, and it will also pave the way for the Bank to applying for a universal banking license.

On the social front, Equitas remains committed to undertaking focused intervention, over and above the regulatory mandate on corporate social responsibility through the Equitas Development Initiatives Trust (EDIT). Within two months of Equitas' inception, EDIT was formed to undertake a bouquet of social initiatives covering health, education and livelihood. Equitas took a voluntary decision of contributing 5% of its profits to EDIT and continues, as against the statutory 2% requirement introduced later.

As the Bank embarks on its next phase of growth, it remains committed to empowering through financial inclusion. The Bank has consistently been bringing financial products that address the needs of those who are not sufficiently or well served by the mainstream financial institutions.

During the year, navigating through various restrictions on mobility and physical assembly due to the evolving pandemic situation, we continued to organise free health camps, livelihood skills training and job placement initiatives for unemployed youth. Further, as the Central and state governments accelerated the vaccination drive to beat back the pandemic, we leveraged our ecosystem to set up vaccination camps in partnership with the Tamil Nadu government. During the year, more than 41,000 such camps were organised to immunise 4.4 million people. I am confident that EDIT will continue to grow further and serve the society more meaningfully.

As the Bank embarks on its next phase of growth, it remains committed to empowering through financial inclusion. The Bank has consistently been bringing financial products that address the needs of those who are not sufficiently or well served by the mainstream financial institutions. In the process, the Bank will take us closer to our goal of building an organisation that sets

international benchmarks of excellence and delivers long-term value to its stakeholders as well as to the society. I take this opportunity to thank my colleagues on the Board, on the Boards of our subsidiaries and the Trustees of EDIT for their guidance and valuable contribution, as the Bank its pre-eminence in the banking and financial services landscape of India.

I invite you to remain part of this exciting journey, and solicit your abiding and continued support.

God bless you

Rangachary N

Chairman

Directors' Report

To,
The Members,
Equitas Holdings Limited

Your Directors have pleasure in presenting the Fifteenth Annual Report together with the audited accounts of the Company both on a Consolidated and Standalone basis for the Financial Year ended March 31, 2022 (FY 2021-22).

1. Financial Results (₹ in lakhs)

Particulars	Consolidated		Standalone	
	2021-22	2020-21	2021-22	2020-21
Total Revenue	4,04,490	3,82,069	1,922	17,773
Less: Total Expenditure	3,69,455	3,16,460	1,905	829
Profit before taxation and exceptional item	35,035	65,609	17	16,944
Exceptional item	6,119	-	6,119	-
Profit before taxation	28,916	65,609	(6,102)	16,944
Tax expenses	8,585	14,230	(176)	2,249
Profit after taxation[A]	20,331	51,379	(5,926)*	14,695
Other Comprehensive Income [B]	(231)	400	(2)	1
Total comprehensive Income for the year, net of tax [A+B]	20,100	51,779	(5,928)	14,696
Transfer to Statutory Reserve	7,018	12,545	Nil	2,939
Transfer to Special Reserve	968	742	Nil	Nil
Transfer to Investment Fluctuation Reserve	125	198	Nil	Nil
Transfer to capital Reserve	106	1,761	Nil	Nil

*Refer note 14 of the notes to accounts of standalone financial statements

2. Dividend

The Directors do not recommend any dividend for the year.

3. Capital Adequacy

The Capital Adequacy Ratio of the Company stands at 99.78% as of March 31, 2022 as against the minimum capital adequacy requirements of 30% stipulated by RBI.

4. Material Changes and Commitments

There have been no material changes and commitments between the end of FY 2021-22 and the date of this report, affecting the financial position of the Company.

5. Share Capital

During the year, there was no capital infusion and as on March 31, 2022, total paid up share capital stood at ₹ 341,79,01,150 comprising of 34,17,90,115 equity shares of ₹10 each.

6. Investment in Subsidiaries

During the year under review, the Company had infused a capital of ₹ 100 lakh in its Subsidiary,

Equitas Technologies Private Limited by subscribing to its equity shares on a rights basis.

7. 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.

8. 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.

9. Fixed Deposits

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

10. 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 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.

11. 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 previous year 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.

12. Scheme of amalgamation between Equitas Holdings Limited and Equitas Small Finance Bank Limited

The Board of Directors of Equitas Small Finance Bank Limited (ESFBL) and Equitas Holdings Limited (EHL) at their respective Meetings held on July 26, 2021 approved a Scheme of Amalgamation between EHL, ESFBL and their respective shareholders, contemplating amalgamation of EHL with ESFBL under applicable provisions of the Companies Act 2013. The Scheme was designed to achieve the RBI licensing requirement of dilution of promoter shareholding in the Bank and minimum public

shareholding (MPS) requirements prescribed by SEBI Regulations, in a manner that is in the best interests of and without being prejudicial to EHL, ESFBL, their respective shareholders or any other stakeholders.

Subsequently, ESFBL achieved the MPS through a Qualified Institutions Placement (QIP) of its shares, in February 2022, after obtaining the necessary approvals. QIP comprised of issue of 10,26,31,087 equity shares of ₹10/- each at premium of ₹43.59 per share, aggregating to a fund raise of ₹ 550 crores. As a result of this QIP, the public shareholding in the Bank increased from 18.70% to 25.37%, thereby complying with the Minimum Public Shareholding (MPS) requirements prescribed by SEBI Regulations.

Consequently, the aforesaid Scheme was revised to include the change in capital structure arising from QIP as well as the necessary change in objects of the Scheme. The Scheme, so revised was approved by the Boards of EHL and ESFBL in their respective Meetings held on March 21, 2022. The Scheme was filed with the Stock Exchanges and RBI for necessary approvals/ sanctions. The RBI vide its letter dated May 6, 2022 has granted its NOC to the Scheme while other approvals are awaited.

Upon coming into effect of this Scheme and in consideration of the amalgamation of EHL with ESFBL, ESFBL, without any further application, act or deed, shall issue and allot to each of the equity shareholders of EHL as on the Record Date defined in the Scheme, 231 equity Shares of ₹ 10/- each credited as fully paid up of ESFBL, in respect of every 100 Equity Shares of ₹ 10/- each fully paid up held by them in EHL.

In this connection, one of the conditions advised by RBI vide their letter dated May 6, 2022, while conveying "no objection" to the proposal for amalgamation of the Company with ESFBL, was the divestment of shareholding of 100% paid up share capital of ETPL prior to the scheme of amalgamation taking effect.

Subsequently, the Board in its Meeting held on May 16, 2022 had accorded its acceptance to the Letter of Intent received by the Company from a prospective buyer, Goldstone Technologies Limited ("GTL") for purchase of 100% equity shares of the Company's Subsidiary, Equitas Technologies Private Limited ("ETPL") for an aggregate consideration of ₹ 8,00,00,000/- which would translate into ₹ 7,96,93,975/- for 2,50,00,000 equity shares held by the Company in ETPL.

13. 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.

14. 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.

15. 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.

16. 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.

17. Business Responsibility Report

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

18. Board Meetings

During FY 2021-22, the Board of Directors of the Company met eight 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.

19. 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.

20. 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.

20.1 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>.

20.2 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 Rangachary 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.

20.3 There were no changes in KMPs during the year. As at March 31, 2022, 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)

20.4 Mr John Alex was appointed as Whole-time Director designated as Executive Director & Chief Executive Officer (ED & CEO) for a period of 3 years with effect from November 08, 2019. Pursuant to recommendation of Nomination, Remuneration & Governance Committee and subject to approval of shareholders, the Board in its Meeting held on May 28, 2022 has approved the re-appointment of Mr John Alex as Whole-time Director of the Company to be designated as ED & CEO, with effect from November 08, 2022 for a period of three years.

21. 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.

22. 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 2021-22 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.

23. 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>

24. 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, 2022 and of the loss 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.

25. 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 to median remuneration of employees	% increase in remuneration in the financial year#
	Chairman	Nil	Please refer the note below
	Chairman of Audit Committee	Nil	
	Mr Arun Ramanathan	Nil	
	Mr John Alex, ED & CEO	7.91:1	
	Other Directors	Nil	
# The Company has not paid commission for FY 2021-22. Hence, comparison of increase in remuneration is not feasible.			
(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 17%		
(iii) the percentage increase in the median remuneration of employees in the financial year;	17%		

(iv) the number of permanent employees on the rolls of the Company as on March 31, 2022	5 (five) Details of remuneration of these employees as required under Rule 5 (2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are enclosed as Annexure – II.
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial Remuneration.	The average percentage increase in salaries of employees other than the managerial personnel in the last financial year was 10%. Increase in remuneration of managerial personnel viz, ED & CEO during FY 2021-22 is 14%.
(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.

26. 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>.

27. Auditors

M/s T R Chadha & Co LLP, Chartered Accountants (TRC), having Registration Number (Firm Registration No: 006711N/ N500028) was appointed as Statutory Auditor of the Company for five years till the conclusion of the 18th Annual General Meeting (AGM) to be held in the year 2025.

TRC is also one of the Joint Statutory Central Auditors of the Company's Subsidiary, Equitas Small Finance Bank Limited (ESFBL). Pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 recently issued by Reserve Bank of India (the "RBI Guidelines"), the same audit firm cannot be the auditor of both the RBI Regulated entities in the group. In view of the same, TRC had expressed their inability to continue as Statutory Auditor of the Company, post submission of limited review report for the quarter and half year ended September 30, 2021.

Consequent to the above, the Company, had appointed M/s V. Sankar Aiyar & Co, Chartered Accountants ("VSA"), having Registration Number (Firm Registration No: 109208W) as Statutory Auditor of the Company to hold office till the conclusion of Fifteenth Annual General Meeting of the Company to be held in the year 2022, through postal ballot on December 31, 2021. As per RBI guidelines on appointment of statutory auditors dated April 27, 2021, Auditors shall hold office for a continuous period of three years, subject to the firms satisfying the eligibility norms each year. Since VSA has already been appointed until the conclusion of 15th AGM, they are eligible to continue for another two years. The Directors recommend

continuation of appointment of M/s V. Sankar Aiyar & Co, Chartered Accountants, as Statutory Auditors of the Company for a period of two years to hold office until the conclusion of 17th Annual General Meeting of the Company to be held in the year 2024.

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

Auditor's Report

There are no qualifications, reservations or adverse remarks made by the Statutory Auditor of the Company, M/s V. Sankar Aiyar & Co, Chartered Accountants, having Registration Number (Firm Registration No: 109208W) in their report on the financial statements for the FY 2021-22.

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

Pursuant to Section 143(12) of the Companies Act, 2013, the Statutory Auditor of the Company have not reported any instances of frauds committed in the Company by its officers or employees.

29. Secretarial Auditor

The Secretarial Audit Report of M/s B Ravi & Associates, Practising Company Secretaries for FY 2021-22 is enclosed as Annexure–III.

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

30. 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.

31. 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.

32. 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 and Sweat Equity) Regulations, 2021 (SEBI Regulations):

Sl. No.	Information required	Particulars
1	Number of Options granted during the year	-
2	Number of Options vested during the year	4,599
3	Number of Options exercised during the year	-
4	Number of shares arising as a result of exercise of Options	-
5	Number of Options forfeited/ lapsed during the year	58,444
6	Exercise Price (₹)	-
7	Money realized by exercise of Options (₹)	-
8	Total number of Options outstanding	51,976
9	Option Granted but not vested	-
10	Options Vested but not exercised	51,976
11	Total number of Options available for grant	3,68,89,190
12	Variation of terms of options	Nil

Note: Refer Note 48 to the Standalone Financial Statements and Note 59 to the Consolidated Financial Statements.

Employee-wise details of options granted to

1. Key Managerial Personnel - Nil
2. 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
3. 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 and Sweat Equity) Regulations, 2021 are displayed on the Company's website <https://www.equitas.in>.

33. 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 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 39 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>

34. 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.

35. 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.

36. Loans/Guarantees /Investments

Details of loans, guarantees and investments covered under Section 186 of the Act are provided in Note 8 and 9 forming part of Financial Statements.

37. 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

Annexure -I

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.

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

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

39. Annual Return

The Annual Return (MGT-7) as required under the Act is available at the website of the Company, <https://www.equitas.in>

40. Dividend Distribution Policy

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

41. Depository System

As the Members are aware, the Company's Equity Shares are tradable in electronic form. As on March 31, 2022, out of the Company's total equity paid-up share capital comprising of 34,17,90,115 Equity Shares, only 97,723 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.

Acknowledgement

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

For and on behalf of the Board of Directors

	John Alex ED & CEO Chennai	Rangachary N Chairman Bengaluru
May 28, 2022		

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

The CSR policy of the Company is available on website <https://www.equitas.in/pdf/EHL-CSR-Policy.pdf>. As per the CSR Policy, the Company makes a contribution upto the higher of 5% of its net profits of the immediately preceding financial year or 2% of average profits of the Company for the past three years for undertaking such CSR projects or activities as approved for the year. The CSR Committee and the Board oversee 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:

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

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).

Not Applicable

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

Sl. 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	2020-21	20.11	Nil
2	2019-20	13.41	Nil
3	2018-19	16.07	Nil

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

Particulars	₹ in Lakh
Profit –2020-21	1,306.75
Profit –2019-20	1,333.70
Profit –2018-19	1,302.14
Average PROFIT for CSR purpose	1,314.20

7. CSR Obligation for the financial year

Particulars	₹ in Lakh
a. 2% of average profits for the past three years	26.28
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).	26.28

8. CSR Expenditure during the year**a) CSR Amount spent or unspent for the financial year**

Total Amount spent for the financial year (₹ in lakh)	Amount Unspent (₹ in lakh)				
	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)
Sl. No.	Name of project	Item from list of activities in Sch VII	Local Area (Y/N)	Location of project		Project duration	Amount allocated (₹ lakh)	Amount spent in current financial year (₹ lakh)	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)	10.00	10.00	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)
Sl. No.	Name of project	Item from list of activities in Sch VII	Local Area (Y/N)	Location of project		Amount spent for the project (₹ lakh)	Mode of Implementation (Direct or through implementing agency)		
				State	District		Direct	Name	CSR Number
1.	Equitas Gurukul School - Salem	Education	Y	TN	Salem	15.34	Implementing agency	Equitas Development Initiatives Trust	CSR00001339
2.	Job fair	Livelihood	Y	TN		8.22			
3.	Birds nest	Livelihood	Y	TN		5.90			
4.	Skill training	Livelihood	Y	TN		0.54			
Total						30.00			

d) Amount spent on administrative overheads	-	Nil
e) Amount spent on impact assessment, if applicable	-	Not Applicable
f) Total Amount spent by implementing agencies for the financial year (b+c+d+e)	-	₹ 40.00 lakh

g)	Sl. No	Particulars	Amount (in ₹ Lakhs)
	i)	Two percent of average net profit of the company as per section 135(5)	26.28
	ii)	Total amount spent for the Financial Year	40.00
	iii)	Excess amount spent for the financial year [(ii)-(i)]	13.72
	iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
	v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	13.72

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

Sl. 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 lakh)	Date of transfer	
1	2020-21	Nil	NA	NA	NA	NA	Nil
2	2019-20	Nil	NA	NA	NA	NA	Nil
3	2018-19	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)
Sl. No	Name of project	Financial year in which project was commenced	Project duration	Total amount allocated for the project (₹ in lakh)	Amount spent on the project in the reporting financial year (₹ in lakh)	Cumulative Amount spent at the end of reporting financial year (₹ in lakh)
1					NA	Status of the project – Completed/ ongoing

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

Arun Ramanathan
Chairperson – CSR Committee

Place: Chennai
Date: May 28, 2022

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 2021-22)

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 2022 and hence the details of remuneration of all five employees are provided below:

S No	Employee Name	Designation	Educational Qualification	Age (in years)	Experience (in years)	Remuneration during FY 2021-22 (₹ in lakh)	Joining Date	% of Equity shares held	Previous employment and designation
1	Mr John Alex	Executive Director & Chief Executive Officer	B.Sc (Agri)	65	39	98.52	08-Nov-19	0.00%	Executive Vice President, Equitas Small Finance Bank Limited
2	Ms Srimathy R	Chief Financial Officer	ACA	39	12	24.05	01-Aug-17	0.00%	AVP - Finance & Accounts, Equitas Small Finance Bank Limited
3	Ms Deepti R	Company Secretary	B.Com(CS),. ACS	31	8	11.27	01-Jul-16	0.00%	Company Secretary, Tamilnadu Petroproducts Limited
4	Ms Vidya B A	Deputy Manager - Finance & Accounts	B. Com, MBA	51	27	4.70	01-Dec-14	0.00%	Deputy Manager, Jain Jubilant Cars Pvt Ltd
5	Mr Srinivasa Prasad C	Manager - Secretarial	B. Com., LLB	38	15	8.83	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 N
Chairman
Bengaluru

May 28, 2022

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.

- 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.
- 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.
- We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
- Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
- 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.
- 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 :13.04.2022

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

Annexure -III

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31st March 2022**

[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, minutes, 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 31st March, 2022 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, minutes, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");

- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;(was not applicable to the Company during the period under review);
- (e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
- (f) 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);
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (was not applicable to the Company during the period under review);
- (h) 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);
- (i) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 (was not applicable to the Company during the period under review);
- (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) RBI Master Circular – "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015"

- (g) RBI Guidelines for appointment of Statutory Auditors of NBFCs

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 lapse(s) 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 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 including woman director in compliance with the provisions of the Act and SEBI LODR.

There was no change in the composition of the Board of Directors during the period under review.

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 a few Board and Committee meetings at shorter notice, which were in compliance with the requirements

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

All decisions were taken unanimously at the Board meeting and the committee meetings and with requisite majority at the Annual General Meeting and through Postal Ballot. There was no extraordinary General Meeting convened during the period under review.

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

1. Pursuant to the Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated 27th April, 2021 issued by Reserve bank of India (the " RBI Guidelines"), an audit firm cannot be the auditor of both the RBI Regulated Entities in the same group. M/s T R Chadha & co LLP were the joint statutory auditors of Equitas Small Finance Bank Limited, Company's subsidiary. In view of the same M/s T R Chadha & co had expressed their inability to continue as statutory auditors of the company and had resigned as auditors of the company. Subsequently, the members through Postal ballot dated 31st December, 2021 approved the appointment of M/s V Sankar Aiyar & Co, Chartered accountants as the statutory auditors of the company at a remuneration of ₹ 10,60,000 who shall hold office until next Annual General Meeting of the company.
2. The members by passing a Special Resolution through Postal ballot dated 31st December, 2021 approved the transfer of immovable properties i.e school infrastructure with a Book value of ₹ 53.81 crores as of 31st March 2021, held in the name of the company to Equitas Development Initiatives Trust (EDIT), the CSR implementing agency of the company without any consideration.
3. The members at the 14th Annual General meeting held on 12th August, 2021 approved Donation or Contribution 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 upto 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 whichever is higher through a special resolution.

4.

The Board in its meeting held on 7th January, 2022 approved the sale of 2,50,00,000 equity shares of ₹ 10 each held in the company’s Subsidiary, Equitas Technologies Private limited (ETPL).
5.

i.

The Board of directors in its meeting held on 26th July, 2021 approved the scheme of amalgamation of the company with Equitas Small Finance Bank Limited (“Bank”) subject to the approval of Reserve Bank of India, the members, creditors and approval by the National Company Law Tribunal (NCLT) Chennai Bench and other requisite approvals.

ii.

Subsequent to the Board’s approval, the Company had sought an exemption from SEBI for relaxing the three year promoter lock-in requirement, to the extent required to implement the Proposed Scheme after receiving the final NCLT approval. The Bank had also sought exemption for complying with Minimum Public Shareholding (“MPS”) requirement through the Proposed
- Scheme. However, SEBI vide its letter dated October 08, 2021 had only acceded to relax the three year minimum promoter lock in to facilitate the Scheme subject to a time limit of upto October 28, 2023.
- iii.

In order to comply with the MPS requirement, the Board of the Bank and the Shareholders approved Qualified Institutions Placement (“QIP”) on October 18, 2021 & November 28, 2021 respectively.
- iv.

The Board of directors in its meeting held on 21st March, 2022 approved the updated scheme of amalgamation of the company with the Bank and their respective shareholders subject to the approval of Reserve Bank of India, approval/ no-objection confirmation from Stock Exchanges, the members and creditors of the company and ESFBL, sanction of NCLT and other statutory and regulatory approvals, permissions and sanctions of regulatory and other authorities.

Place : Chennai

Date : 13.04.2022

Signature:

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

FCS No.: 1810 CP No.: 3318

MANAGING PARTNER

B RAVI & ASSOCIATES

Firm Registration Number: P2016TN052400

Peer Review Certificate Number: 930/2020

UDIN: F001810D000101811

Management Discussion & Analysis

Global Economic Overview

The year 2021 was characterised by uncertainty and volatility as the pandemic continued to shift shape and form and impacted life with varied intensity. Although global economic output grew by 5.5% in 2021, recording the sharpest post-recession rebound in decades, the recovery remained non-uniform across advanced, emerging and developing economies. The divergence in recovery could be attributed to the varied pace of vaccination and the magnitude of fiscal or monetary policy support extended by Central Banks and Governments.

As the world prepared to leave the worst of the pandemic behind in the first quarter of 2022, the Russia-Ukraine conflict significantly pushed up global crude oil prices and dampened trade sentiment with the imposition of economic sanctions by western nations on Russia, one of the world’s largest producers of oil and gas. Further, rising inflation on the back of continued supply chain challenges, elevated commodity and freight costs, coupled with the emergence of new virus variants, poses significant threat to the fragile economic recovery. The possible acceleration in the US rate hike cycle to rein in inflation could increase volatility in the forex markets.

Indian Economic Overview

In FY22, India’s economic output rebounded sharply by 8.8%, after contracting 6.6% in FY21 following the pandemic-induced disruptions. Despite the overwhelming negative impact of the second wave of the pandemic especially in rural India, the economy demonstrated resilience and returned to growth path, aided by rapid vaccination and continued policy support through various initiatives of Government Further, the government’s focus on public investment-led capex to crowd in private investment, bodes well for overall sentiment.

However, the rural economy that had led the recovery following the first wave remains under stress while soaring oil prices, high cost of raw materials, supply chain constraints weigh heavily on the growth trajectory. The RBI in its April 2022 Monetary Policy Committee (MPC) meeting revised its FY23 inflation forecast to 5.5% from 4.5% but kept its policy rate unchanged. The Central Bank, however, returned with a 40 bpsoff-cycle rate hike in May, 2022 ending its accommodative policy stance adopted since March 2020 to support the economy caught in the pandemic storm. The RBI is likely to adjust rates “in coordination with government’s fiscal measures” to check inflation.

The Indian economy has demonstrated its resilience over the past two years of the pandemic and is on a firmer foundation maintain a growth path and, at the same time, deal with future external shocks.The near-term is likely to be volatile.

India’s GDP trend



Source: CSO, RBI

Small Finance Bank (SFB) Industry Overview

Despite banking sector liberalisation in 1991 and a series of new bank license issuances since then, financial penetration in India remained low. The RBI formed a committee led by Dr. Nachiket Mor to boost financial penetration and provide banking services to the nation’s underserved and unserved population and solicited its recommendations. The Committee recommended differential licencing in the form of Payment Banks and Small Financing Banks. In 2014, in line with the recommendations, the RBI released guidelines for a new class of banking entity called ‘Small Finance Banks’. On September 16, 2015, the central bank awarded 10 SFB licenses of which 8 were NBFCs. As of March 2022, twelve SFBs were operational in the country.

With years of experience in servicing underserved and unserved population (including individuals and small businesses) since their NBFC days, SFBs have carved a niche in financing the low-income self-employed segment. SFBs operate in four major segments with strong growth potential – MSME finance, vehicle finance, microfinance and affordable housing loans. There are 6.3 crores MSMEs in India, employing 11.1 crores and contributing ~30% to GDP. As per Industry estimates (MicroSave Report), total addressable demand for loans is ₹56 trillion while supply is about ₹30 trillion, leaving a significant credit gap and thus an untapped opportunity for SFBs.

With a digital first mindset, deep distribution reach, focus on secured, small-ticket loans, SFBs are not only expanding the market size but are also attracting market share from the larger and more experienced private and public sector incumbents at a rapid pace. They are well positioned to address the outsized credit gap in small-ticket loans across customer segments.

Addressable credit gap

₹25.8 trillion

Credit gap in MSME space

₹8.0 trillion

Credit cap in micro enterprises

₹16.8 trillion

Credit gap in small enterprises

Source - IFC

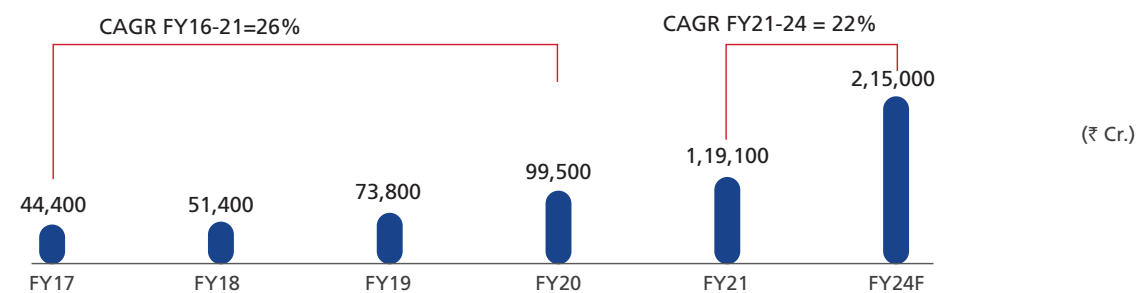
Performance

SFBs' total advances clocked a 26% CAGR during FY16-21. The top three (Equitas, AU & Ujjivan SFB) accounted for ~60% of the aggregate AUM as of FY21, up from 55% as of FY17. These three players logged a 29% CAGR during the period. According to CRISIL Research, the sector's loan portfolio is likely to see a strong ~22% CAGR in the near term as most of the SFBs have completed their transition phase and are likely to benefit from operating leverage.

Immediately after commencing operations, all SFBs focussed on increasing their deposit base. Their overall deposit base doubled to around ₹375 billion, as of FY19, and further to ₹877 billion in FY21. Share of CASA deposits increased from ~20% in FY20 to ~30% in FY21.

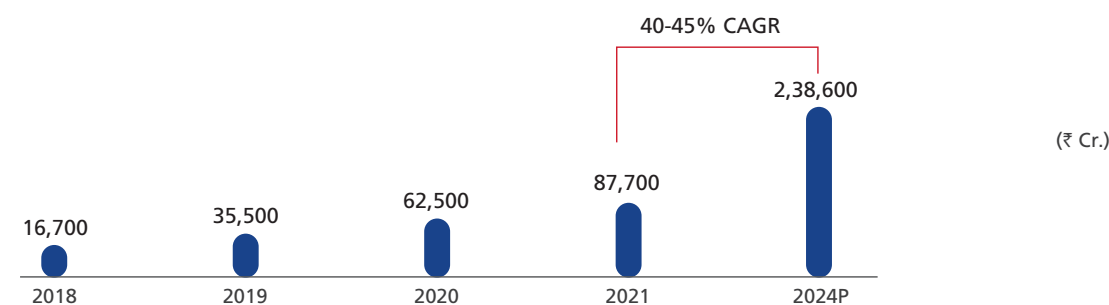
During FY21, SFBs' aggregate deposits grew by 40%. CRISIL Research expects SFBs' deposit to record a 40-45% CAGR over FY21-24 as players focus on popularising convenient banking habits to cover the last mile and widen financial inclusion by deepening penetration in untapped geographies.

SFB AUM Trend



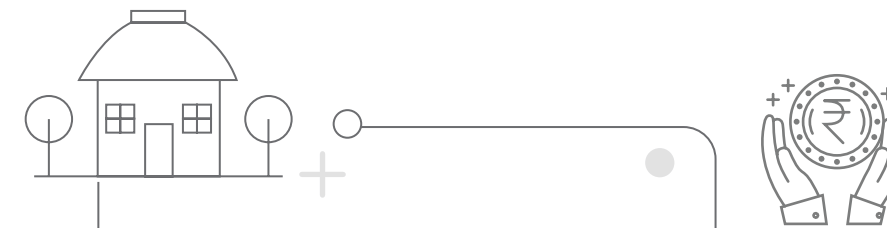
Source – Report on Trend and Progress of Banking in India 2020-21, Crisil Research

SFB Deposit Trend



Source: Company reports, CRISIL Research

Industry Growth Drivers

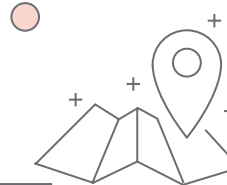


Untapped opportunity in the rural segment

Despite its larger contribution to GDP of 47%, the rural segment's share in credit remains fairly low at ~9-10% of the overall credit outstanding. This provides a huge market opportunity for SFBs and other players present in the segment

Presence of informal credit channels

In remote areas, informal credit channels have a major presence. In other words, there is a huge section of unbanked population. SFBs have an opportunity to tap this market



Geographic diversification

With increased focus on diversifying their portfolio and expanding their reach, SFBs are expected to log higher growth as they tap newer geographies

Loan recovery and control on aging NPAs

SFBs are experienced in collection and monitoring of default risk. This will help them keep asset quality under check



Access to low-cost funds & huge cross sell opportunity

SFBs' cost of funds is substantially low, having been granted scheduled banks status, as they are allowed to raise CASA deposits and participate in various RBI windows. This will also help them lend at more reasonable rates to its customers, hence enhancing their cross-sell opportunity in terms of asset products, insurance etc. As a result, SFBs can forge meaningful partnerships with various entities to achieve exponential growth and take benefit of various RBI regulations that support the same



Business Overview

The consolidated financial results for FY 2021-22 include:

- Equitas Holdings Limited [EHL]
- Equitas Small Finance Bank Limited [ESFB]
- Equitas Technologies Private Limited [ETPL]

On a consolidated basis, EHL reported a PAT of ₹ 203 crores versus ₹ 514 crores for the previous year.

Financial performance – FY 2021-22

Consolidated

(₹ in Lakh)		
Particulars	Consolidated	
	2021-22	2020-21
Revenue from Operations	3,97,784	3,73,499
Other Income	6,706	8,570
Total Revenue	4,04,490	3,82,069
Finance Costs	1,48,101	1,44,485
Other expenses	2,21,354	1,71,975
Total Expenses	3,69,455	3,16,460
Profit before taxation and exceptional item	35,035	65,609
Exceptional Item	6,119	-
Profit before tax	28,916	65,609
Provision for taxation	8,585	14,230
Profit after taxation	20,331	51,379
Other Comprehensive Income	(231)	400
Total comprehensive Income for the year, net of tax	20,100	51,779

Standalone

(₹ in Lakh)		
Particulars	Standalone	
	2021-22	2020-21
Total Income	1,922	17,773
Total Expense	1,905	829
Profit before tax & Exceptional Item	17	16,944
Exceptional Item	6,119	-
Profit before tax	(6,102)	16,944
Provision for tax	(176)	2,249
Profit after tax	(5,926)	14,695
Other Comprehensive Income	(2)	1
Total comprehensive Income, Net of Tax	(5,928)	14,696

Overview of Subsidiaries

Equitas Small Finance Bank Limited (ESFB)

Equitas Small Finance Bank (Equitas Bank) is one of the largest small finance banks in India. As a new-age bank in one of the fastest growing economies, Equitas Bank offers a bouquet of products and services tailored to meet the needs of its customers – individuals with limited access to formal financing channels, as well as affluent and mass affluent, Micro, Small & Medium Enterprises (MSMEs) and corporates. The Bank’s firmly entrenched strategy focuses on providing credit to the unbanked and underbanked micro and small entrepreneurs, developing products to address the growing aspirations at the ‘bottom of the pyramid’, fuelled by granular deposits and ‘value for money’ banking relationships.

The Bank’s 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, the Bank’s target customers comprise mass and mass-affluent individuals to whom it offers current accounts, salary accounts, savings accounts, and a variety of deposit accounts. In addition, the Bank provides non-credit offerings comprising ATM-cum-debit cards, third party insurance, mutual fund products, and issuance of FASTag.

Besides being technologically agile, the Bank has gained a pan-India presence, impacting the lives of its customers through diversified loan portfolios, comprehensive banking services and non-credit offerings. While the Bank’s business model has transitioned over the years, providing sustainable credit to the unserved and underserved segments continues to be its core focus. The Bank is well positioned to capitalise on exponential industry growth potential while contributing to the national.

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, Amazon, Bigbasket, FlipKart, Panasonic,Samsung, Hitachi, L&T,Century ply, Apollo Pharmacy, Godrej, Linfox (HUL), Nippon Express, etc., Wow Truck distinguishes itself from others by providing more tech based services.

Business Update

- The platform has on boarded 40,000 Vehicles So far
- The platform has delivered 25,800 shipments during FY. 2021-2022
- Offering vehicles on fixed contract basis as well to clients such as Hitachi, Amazon, Samsung, Godrej etc.,
- Dedicated Logistics Web Page for Corporate clients - facilitating Corporate clients to access more services.
- Launching Tech-based Warehousing solution on Space Aggregation Model.

Performance of Key Segments

Small Business Loans

The sheer size of the gap between the supply and demand of credit and the number of enterprises impacted indicates a veritable opportunity in financing. According to CRISIL Research small ticket size secured (SORP – self occupied residential property) small business loan market potential is estimated at ₹22 trillion. Examples of such businesses include provision stores, building materials stores, tea shops, vegetable vendors and others.

The small business in manufacturing and services include small fabrication units, machine tools manufacturers (using lathe machines), tailors, saloons, gym owners, vehicle service centres, etc.

Small Business Loans of less than ₹10 lakhs ticket size

- CRISIL Research estimates outstanding small business loans given out by banks and NBFCs to be around ₹1.7 trillion as of March 2021
- Small business loans grew at a fast pace with the portfolio registering a CAGR of 36% over fiscal 2017 and 2020
- Disbursements of small business loans of lower than ₹10 lakhs ticket size declined by as much as 57% year-on-year to ₹468 billion in fiscal 2021 on account of Covid-19

Penetration of small business loans is increasing in smaller cities

- Over the years, share of smaller cities has increased in the small business loans segment owing to increasing penetration of financial services and players focusing on the underserved customer segment.
- Share of loans outside top 50 cities increased from 58% in fiscal 2017 to 64% in fiscal 2021. Small business loans portfolio in smaller cities has grown at a relatively high CAGR compared to that in top 50 cities.

Domestic CV sales trend

Domestic Sales	FY20	FY20	FY21	FY22P	FY23P
Segments	Volume	Growth	Growth	Growth	Growth
LCV	3,95,783	-21%	-12%	9-14%	9-14%
MHCV	1,53,366	-47%	-17%	37-42%	12-19%
Bus	19,388	-6%	-77%	50-55%	87-92%
Total CV	5,68,537	-29%	-21%	18-23%	13-18%

Affordable Housing Finance

The housing shortage in India is estimated to increase to 100mn units by 2022 as compared to ~25mn units in FY07 where in 95% of the housing shortage is expected to be in EWS and LIG segment. The total incremental housing credit opportunity if the entire housing shortage is addressed is estimated at ₹50-60 TN i.e. approximately 3 times the existing housing finance market.

Category	Shortage (mn)	Value of units (₹ tn)	Aggregate loan demand (₹ tn)
EWS	45	34	5
LIG	50	75	30
MIG & Above	5	40	22
Total	100	149	58

Share of new to credit customers has been increasing in small business loans segment

- Share of new to credit (NTC) customers has increased over the years, indicating rising penetration of small business loans. Overall, share of new to credit customers in the small business loan segment with ticket size less than ₹10 lakhs increased from 9% in fiscal 2017 to 25% in fiscal 2020.

Vehicle Finance

- In FY21, the Commercial Vehicles (CV) industry faced its biggest challenge in the form of COVID-19. The COVID-19 outbreak hit freight demand, significantly impacting CV sales volume in FY21. In addition, weak private consumption hampered demand for both LCVs and MHCVs. In FY22, volumes were to improve over a low base; however, the recovery was lower than anticipated due to the continued effect of the pandemic as well as chip shortage.
- The second wave of COVID-19 led to lockdowns in key affected regions in Q1FY22. This impacted volumes across segments post a healthy Q4FY21. Consequently, LCV, MHCV and bus volumes declined ~42%, ~63% and ~43% quarter-on-quarter in Q1FY22, resulting in ~50% sequential decline in overall CV volumes.
- In Q2FY22, chip shortage impacted pickup sales with volumes declining 9% year-on-year limiting LCV sales volumes to increase marginally by ~2% year-on-year (pickups account for ~55-60% of total LCV volumes) and ~49% quarter-on-quarter. MHCV volumes, however, fared better with ~82% quarter-on-quarter and ~117% year-on-year growth in volumes in Q2FY22.
- Volumes remained robust in Q3FY22 amidst the festive season with ~18% and ~17% q-o-q growth, respectively, in the LCV and MHCV segments.
- Volumes in Q4FY22 improved marginally on a sequential basis, aided by recovery in infrastructure activities in line with the economic recovery.

Historically, companies in the Affordable Housing Finance segment had been growing at high rates in comparison to overall housing credit, partly aided by the lower base and support from the Government’s thrust on ‘housing for all’

The long-term growth outlook for the segment remains favorable, given the large underserved market, favorable demographic profile, housing shortage and Government support in the form of tax sops and subsidies.

Micro Finance

The industry loan portfolio stands at ₹2.85 Lakh Crore, as of March 31, 2022, with 11.3 crores active loan accounts and 5.8 crores unique borrowers. Banks hold the largest share at 40% in the micro credit universe with total loans outstanding at ₹1,14,051 crores. NBFC-MFIs are second largest providers with a 35.2% share and total loans outstanding of ₹1,00,407 crores. SFBs, with total loans outstanding at ₹48,314 crores account for 16.9% while NBFCs and Other MFIs constitute 6.9% and 1.0% of the micro lending universe, respectively.

In addition, NABARD SHG Bank Linkage Programme (SBLP) makes significant contribution, with around 57.8 Lakh SHGs having an outstanding loan portfolio of ₹1,03,290 Cr. The Top 10 states constitute 82.4% of the gross loan

Formal sources of funding

MSME lending accounted for ~25% (₹23 Lakh Crore) of the total commercial credit exposure in the Indian banking system, as on November 30, 2021.

On balance sheet commercial credit exposure

Type	Amount (₹ Lakh Cr)	Delinquency
Very Small (<₹10 Lakh)	1.02	16.75%
Micro	4.40	10.77%
Small	9.07	11.07%
Medium	8.32	16.30%
Large	71.95	15.66%
Total	94.72	15.82%

Source: TransUnion CIBIL Commercial Lending Overview

Financial Highlights

Financial Performance:

We delivered a robust performance during the year under review. Net interest income increased 13.38 % to ₹ 2,038.53 crores, up from ₹ 1,797.96 crores in the previous year. Non-interest income grew by 28.59% to reach ₹ 537.56 crores from ₹ 418.05 crores.

Operating expenses rose to ₹ 1,704.14 crores, compared to ₹ 1,329.43 crores in the previous year. We increased our employee strength during the year, which resulted in higher staff expenses. The cost-to-income ratio came in at 66.15% from 59.99% in the previous year. Total provisions and contingencies were recorded at ₹ 493.84 crores, compared to ₹375.32 crores in the previous year. Our Provision Coverage Ratio stood at 42.73%.

Our Gross Non-Performing Assets (GNPA) were at 4.06%, as against 3.59% in FY21. Net NPA stood at 2.37%, as against 1.52%. Profit before tax came in at ₹ 378.11 crores.

Financial Highlights & Business Review numbers are based on Bank’s iGAAP financials

portfolio (GLP), with Tamil Nadu being the largest in terms of portfolio outstanding followed by Bihar and West Bengal. With regard to average loan outstanding per unique borrower, West Bengal leads with ₹53,708 followed by Kerala with ₹46,074.

MSE Finance

The MSME segment was hit the hardest by the pandemic. The government stepped up support, along with the RBI, to enable these businesses tide over the crisis. In 2021, the definition of MSMEs was modified while the ECLGS was extended till March 31, 2023. Further, proposed changes in CGTMSE, restructuring, stressed MSME scheme and current account opening guidelines relaxation bode well for the sector. The implementation of ECLGS led to an increase in credit within the ‘existing to bank’ customer segment, with ₹2.3 Lakh Crore disbursed as part of the Aatmanirbhar Scheme.

Public Sector Banks (PSBs) have traditionally been the dominant lenders to MSMEs. In the last few years, private banks and NBFCs have managed to get a larger share of MSMEs from PSBs. PSBs, domestic private banks and NBFCs+HFCs have ~50%, ~32% and ~7.5% share, respectively, as on November 2021.

After providing for Income Tax of ₹ 97.38 crores, net profit came in at ₹ 280.73 crores from ₹384.22 crores during the previous year. RoA was at 1.10% and RoE was at 7.75%. As on March 31, 2022, our total balance sheet size increased to ₹ 26,951.90 crores from ₹24,708.47 crores, as on March 31, 2021.

Profit & Loss Summary:

	FY22	FY21
Net interest income	2,038.53	1,797.96
Non-interest income	537.56	418.05
Operating revenue	2,576.09	2,216.01
Operating expenses	1,704.14	1,329.43
Operating profit	871.95	886.58
Provisions	493.84	375.32
Profit before tax (PBT)	378.11	511.26
Provision for tax	97.38	127.04
Profit after tax (PAT)	280.73	384.22

Key Ratios:

	FY22	FY21
Yield on advances	17.62%	18.66%
Cost of funds	6.78%	7.43%
Spread	10.84%	11.23%
Net interest margin (NIM)	8.54%	8.44%
GNPA	4.06%	3.59%
Credit cost	2.60%	2.26%
Provision coverage	42.73%	58.59%
NNPA	2.37%	1.52%
ROA	1.10%	1.70%
ROE	7.75%	12.70%

Balance Sheet:

	FY22	FY21
Capital and liabilities		
Capital	1,252.03	1,139.28
Reserves and surplus	2,994.14	2,257.06
Deposits	18,950.80	16,391.97
Borrowings	2,616.40	4,165.32
Other liabilities and provisions	1,138.53	754.84
Total	26,951.90	24,708.47
Assets		
Cash and balances with RBI	956.99	514.81
Balances with banks and money at Call and short notice	1,175.52	2,863.90
Investments	4,449.85	3,705.17
Advances	19,374.21	16,848.19
Fixed assets	200.44	185.05
Other assets	794.89	591.35
Total	26,951.90	24,708.47

Business Review:

Vertical wise performance:

Advances:

Particulars (₹ Cr)	FY22	FY21	YoY %
Small Business Loans (incl. Housing Finance)	9,521.91	7,971.14	19.46%
Vehicle Finance	5,046.97	4,530.11	11.41%
Micro Finance	3,906.81	3,235.73	20.74%
MSE Finance (Working Capital)	1,163.94	1,179.91	(1.36%)
NBFC Loans	758.42	782.66	(3.10%)
Others*	198.86	225.25	(11.72%)
Total	20,596.91	17,924.80	14.91%

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

Financial Highlights & Business Review numbers are based on Bank’s iGAAP financials

Liabilities:

Particulars (₹ Cr)	FY22	FY21	YoY %
Demand Deposits	772.15	520.07	48.47%
Savings Bank Deposits	9,083.22	5,093.76	78.32%
Term Deposits	9,095.43	10,778.14	(15.62%)
Retail Deposits	7,093.02	5,868.83	20.86%
Bulk Deposits	2,002.41	4,909.31	(59.22%)
Total Deposits	18,950.80	16,391.97	15.61%

Information Technology

The banking industry is moving towards a customer-centric business model where leaders are looking at scaling volumes using partner-driven businesses; this can be delivered using a service-oriented architecture. Open banking is also gaining popularity. It is necessary for Equitas now to embark on new technology trends to leverage the power of social, mobile, analytics and cloud. Envisaging the above, the Technology team at Equitas has chosen a path towards architectural transformation for infrastructure, applications and information security using cutting-edge tools.

Increased digital footprint has resulted in more and more online, non-physical interactions with customers, which emphasises the need to provide a safe and secure platform to build customer confidence. The Bank has laid a strong foundation for ensuring information and cyber security, which it aspires to take to the next level. The team is in the process of defining a risk approach that focuses on enabling quick delivery, near zero vulnerabilities during deployment, addressing data leakage in channels, advanced system behaviour-based detection, threatless end devices, frameworks for upcoming technologies and regulatory compliance. The key projects include – Big Data & Analytics, Cloud Initiatives, Customer 360, and Loan Origination Systems.

Initiatives – FY22

- Technology innovation, state-of-the-art infra with ample network bandwidth for scalability, futuristic partnerships and disruptive business models
- Adoption of agile development methodologies to stay ahead in digital/FinTech space
- Improving network efficiency and availability across branches
- Improving speed and efficiency of accessing varied datasets, empowering corporate decision-makers with insights to formulate business and marketing strategies
- Effective customer acquisition system to automate decisions and allow straight through loan processing
- Upgrade of core banking software, environment software and hardware (nearing end of life/end of support) around core banking
- Further strengthening risk-weight scoring in line with BASEL II norms as per NCAF guidelines
- Early warning signal implementation for customer exposure above ₹3 crores basis loan data as well as data in public domain

Focus areas – FY23:

- Private and public cloud initiatives
- State-of-the-art unified CRM (Sales + Service)
- Enhance customer experience (CX) for internet banking and mobile banking
- Rehash ESB – for seamless API integration and API monetisation

Treasury Operations

Treasury primarily focuses on funds management and maintenance of statutory reserve ratios and Basel ratios comprising Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). 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 the 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 in the equity market (both primary and secondary), focusing on additional revenue generation and diversification. During the year under review, Treasury raised funds using a mix of instruments such as 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 relationships with them, to aid 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 the Bank’s liabilities profile. Treasury raised funds of ₹1,875 crores at an average rate of 4.22% as against the average funding cost of 6.58%* for the year.

*daily average cost of fund

Risk Management

Managing risk is fundamental for ensuring sustained profitability and stability of an organisation. Risk management is the process of identifying, assessing, and controlling threats to an organisation’s capital and earnings and focuses on proactive approach to manage both existing and emerging risks.

The Bank views risk management as one of its core competencies and endeavours 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; aims to protect its financial strength and reputation; and ensures support to business activities for adding value to customers while creating sustainable shareholder value.

The Bank has risk management structure that augments the risk evaluation and management capabilities while staying nimble to adapt to the changing business and regulatory environment in an efficient and effective manner. The Board of Directors has the overall responsibility for management and governance of risk and approves the risk management policies. To ensure

dedicated focus, the Board has delegated the responsibility to a sub-committee (Risk Management Committee of the Board), which reviews the implementation of Risk Management in the Bank and monitors the risk mitigation measures. The Bank has management-level committees – Executive Risk Management Committee, Asset Liability Management Committee, Credit Risk Management Committee, Operational Risk Management Committee and Information Security & Cyber Risk Committee – which meet on a periodic basis to review the risks comprehensively in the respective areas. The bank has an independent risk management function headed by Chief Risk Officer.

During FY22, the Bank focused on further strengthening its risk management framework and implemented several steps to improve the processes. The Bank carried out periodic stress testing to measure the effect of the pandemic in order to gain insights on the impact of extreme situations on the Bank’s risk profile and capital position. The Bank further enhanced its portfolio monitoring and analytics, data management and information reporting capabilities. Assessment of liquidity and other risks was carried out daily, fortnightly and monthly for effective liquidity planning and funding strategies. The Bank’s operational risk management focused on adequate internal controls through the Risk and Control Self-Assessment process to strengthen the controls effectively. The Bank’s Information Security management extended its focus on strengthening data security measures to protect information from cyber threats. The Bank participated in the Category A of the cyber drill conducted by the Institute for Development and Research in Banking Technology, an establishment by the RBI, and achieved 100% detection of all cyber-attacks.

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.

Internal Audit

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

expenditure etc., based on the risk assessment and regulatory requirements. Despite the restricted mobility during the year, Internal Audit was carried out diligently and the reports were reviewed at appropriate levels and remedial actions were taken.

Human Resources

The Human Resources (HR) function equips the diverse businesses and functions of the Bank through relevant people policies, processes and services. At the forefront of all HR services delivery stand the Core Values of the Bank. FY22 was an equally challenging year as the previous year with the second and third waves of Covid affecting the entire nation. The Human Resources (HR) function of the Bank continued to demonstrate and deliver through the pillars of its People Philosophy – Employee Care and Employee Connect.

Headcount details:

ESFB Headcount Details (as of March 31, 2022)	
Total employees	17,607
Employees on contractual basis for the year	6
Women employees	1,897

Overcoming the Pandemic

The Bank adopted a two-pronged approach of medical treatment and support for employees and their family members while facilitating and building awareness on vaccination across its branches pan-India. Almost all the employees are vaccinated with around 95% of them being double vaccinated. The Bank’s nimble and empathetic approach to the fast-developing situation on the ground helped employees overcome the challenges of the second and third waves of the pandemic with minimal disruption to banking services.

Talent Attraction

The Bank ended the year with an employee strength of 17,607, up by about 6.2% from last year. Women comprised 11% of the total workforce of the Bank. The Bank has digitised its onboarding process to seamlessly onboard new employees remotely. All new employees are contacted by HR periodically from their date of selection in a structured manner to help them settle down in their workplace and address any challenges they may face. HR continued to help cement a strong value-based people culture across the organisation through various learning interventions for new employees.

The Management Trainee programme was introduced in the Bank in FY22. The entire Campus Connect and Hiring programme was conducted virtually in leading business schools including IIMs. The Bank looks forward to welcoming these dynamic Management Trainees during the first quarter in diverse and exciting roles at its Corporate Office.

Talent Management

The Bank completed the Annual Performance Review in June 2021 for FY21 covering around 12,000 eligible employees. The Performance Review process is based on the Bank’s Core Values of Fairness & Transparency and Pride of Performance. Its High Achiever’s Club (HAC) had around 950 employees in the year with consistent high-performance ratings, up from about 650 the previous year.

As part of the Connect Program, the HR team ensured that every branch in the country was visited by HR at least once during the year, either virtually or physically. They interacted with employees and helped provide solutions through collaboration with other functions. In FY22, the Bank continued the second year of ‘Sampark’ where HR telephonically connected with every employee in the Bank to enquire about their and their family’s well-being and offer support wherever required. In the Assets Division, the Potential Hero Program helped employees at the branches improve their performance through focussed group discussions, mentoring and support.

The Bank hosted a series of programmes such as health camps for women employees, guest talks by prominent women achievers, self-defence sessions and exciting contests to celebrate Women’s Day. Women entrepreneurs from diverse marginalised communities who were provided Skill Training by Equitas and supported with Micro Finance loans were invited to the Corporate Office to showcase their products. The ‘SHEROS’ initiative was launched for hiring women for specific roles in the Bank.

Talent Development

Learning & Organisational Development (L&OD) continued to create a culture of continuous learning and improvement by designing and delivering immersive, insightful and structured Talent Development initiatives:

- **Training Architecture (TA):** During FY22, a robust Training Architecture was developed to identify the key learning needs catering to diverse business roles constituting from Branch (Assets and Liabilities) and Centralised Processing Centre (CPC) teams. The architecture captured the key learning priorities of the Bank’s employees across various stages of their career.

- **Induction and Regulatory Mandated Training:**

Induction Campaigns: Every on-boarded new joiner undergoes the ‘Induction program’ that facilitates them in their quick integration with the Bank and fast tracks their settling process with their respective teams. 99% of new joiners completed their induction within 30 days from their date of joining.

Regulatory Mandated Training: Continuous monitoring ensured the successful completion of Regulatory Mandated training requirements. These trainings focus on areas such as Risk, Finance, Credit, Treasury, POSH Compliance, Information Security, Code of Conduct, Prevention of Insider Trading, Prevention of Fraud, among others. 100% of the Bank’s eligible employees successfully completed their mandated KYC training.

• Specialised Training

The training content and interventions focuses on two broad areas i.e., Behavioural and Functional. The organisation possesses the in-house capability to develop and deliver the learning content as well as seamlessly collaborate with external learning partners wherever deemed necessary.

Behavioural: An array of behavioural interventions was designed and delivered by tapping both in-house and external capabilities. Some key external interventions delivered include – programmes for Regional Managers and the Digital Solutions team. The Bank designed and delivered 44 in-house behavioural sessions covering 525 learners.

Functional: The market dynamics and evolving job roles determine the functional learning agenda. In-house functional interventions were focused more on Selling Skills, Products, Digital Solutions, Process, Systems & Software, Risk, Credit and Legal aspects.

The Bank’s collaboration with the Manipal Institute of Banking and Confluence Learning has strengthened the capabilities of its branch staff in the areas of Relationship Management, Cross Selling, Wealth Management, Productivity Enhancement, Regulatory Compliance, among others. The Bank also partnered with a world leader in the sector, Skillsoft to digitally deliver key training initiatives.

• Training Man-days

The Bank clocked 68,788 training man-days in FY22, an improvement of about 30% as over the previous year. An average of 4.30 man-days per employee was achieved this year, of which nearly 60% of the trainings were delivered through the e-learning platform and 40% were delivered through instructor-led programmes. In FY22, training was provided to 15,722 unique employees.

• Culture Initiatives

Equitas Bank is built on the bedrock of ‘Value Based Culture’. Having a shared belief and core values system has become an integral part of the Equitas DNA and work structure ever since its inception. The team continued to help institutionalise and internalise the Bank’s Mission and Core Values among its employees by designing and implementing various culture developmental initiatives.

• Culture ‘awareness’ workshop:

The HR team stepped up its momentum and delivered 361 culture workshops comprising 6,428 employees till date. The Bank institutionalised two special cultural award programmes that were launched and rolled out during the year.

High Five Champion: A monthly recognition event of the top five branches, which highlights and rewards the collective demonstration of core values behaviours at the branch level

Value Victor Award: A quarterly event, which recognises an individual employee’s contribution above and beyond the call of duty through nomination and evaluation by value champions. Till date, the programme has recognised 15 trophy winners and 26 certificates of appreciation.

Celebration moments and the winning experience of these culture award winners were captured and circulated across Bank to create buzz and visibility.

Recognitions

The efforts of the Bank to build a values-based thriving workforce was recognised in the industry. Equitas was certified as Great Place to Work by the Great Place to Work Institute for the period February 2022-February 2023. It was also awarded the Best Place to Work in India 2021 in the category of Mid-size Banking Companies by AmbitionBox.

Corporate Social Responsibility

The Mission of Equitas Group is ‘Empowering through Financial Inclusion’. In line with this Mission, besides providing quality and affordable financial services to underserved and unserved people, 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 belonging to the VSKD Trust). Student strength for the 2021-22 academic year stands at around 5,700; ii) skill development of women through training in tailoring and embroidery, doll making, artificial jewellery making, candle making etc.; iii) pavement dwellers rehabilitation programmes (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.

The Bank through EDIT joined hands with local state government agencies to accelerate the nationwide vaccination drive and ensure vaccine access to the last mile. While the government provided vaccines free of cost and health workers to administer the doses, the Bank set up the vaccination camps equipped with communications materials, water and face masks, and transport for health workers, and leveraged its ecosystem to address hesitancy and create awareness. More than 41,000 vaccination camps were organised immunising 5 million people by July 2021.

Advances

Nature of activity	FY22	Cumulative
No. of eye-camp participants [A]	27,002	25,60,939
No. of spectacles [free of cost]	1,023	1,18,186
No. of cataract operations [free of cost]	58	32,712
People covered in other Medical Camps [B]	34,509	38,60,389
People covered in Vaccination Camps [C]	44,62,729	44,62,729
Total [Eye camps + Med. Camps+ Vaccination Camps[A]+[B]+[C]	45,24,240	1,08,84,057
Veterinary camps in Rural areas	2,800	12,028
Participants in skill training programs	21,072	5,84,014
No. of people accessing Health Helpline	68	32,263
Placements for Unemployed youth	25,204	2,23,929
SwasthMahila Health Education	21,790	3,11,890
Equitas Birds Nest [Pavement Dwellers Rehabilitation program]	128	2,229

Support to women with Disabilities and Transgender

In addition, the Bank through its Micro Finance loan programme supported 54,897 persons with disabilities during FY22 and cumulatively 1,28,051 persons. Of these, 33,447 visually challenged persons were supported during the year and cumulatively 54,764. Encouraged by this inclusive model, the Bank has mainstreamed 282 transgenders in the women’s group.

and other factors. These risks and uncertainties include, but are not limited to, the Bank’s ability to successfully implement its strategies, future levels of non-performing advances, growth and expansion, the adequacy of allowance for credit losses, provisioning policies, technological changes, regulatory changes, investment income, cash flow projections, exposure to market risks, uncertainties arising out of the COVID-19 pandemic or other risks.

For and on behalf of the Board of Directors

Cautionary Statement

Statements made in this MD&A describing the Bank’s objectives, projections, estimates, general market trends, expectations, etc., may constitute ‘forward looking statements’ within the ambit of applicable laws and regulations. Actual results could differ materially from those suggested by the ‘forward looking statements’ as those statements involve a number of risks, uncertainties

John Alex

ED & CEO

Chennai

Rangachary N

Chairman

Bengaluru

May 28, 2022

Independent Auditors' Certificate on Corporate Governance

To The Members

Equitas Holdings Limited

We, V. Sankar Aiyar & Co., the statutory auditors of Equitas Holdings Limited have examined the compliance of regulations of Corporate Governance by Equitas Holdings Limited ('the Company') for the year ended 31 March 2022 as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2), and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the 'Listing Regulations').

Management's Responsibility

The compliance of conditions of corporate governance is the responsibility of the management. This responsibility includes the designing, implementing and maintaining operating effectiveness of internal control to ensure compliance with the conditions of corporate governance as stipulated in the Listing Regulations.

Auditor's Responsibility

Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion as to whether the Company has complied with the conditions of corporate governance as stated in paragraph 2 above. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the relevant records of the Company in accordance with the applicable Generally Accepted Auditing Standards in India, the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the 'ICAI'), and the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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.

Opinion

Based on the procedures performed by us and to the best of our information and according to the explanations provided to us, in our opinion, the Company has complied, in all material respects, with the conditions of corporate governance as stipulated in the Listing Regulations during the year ended 31 March 2022. We state that such compliance 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.

Restriction on use

This certificate is issued solely for the purpose of complying with the aforesaid regulations and may not be suitable for any other purpose.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI Firm Regn. No. 109208W

Karthik Srinivasan
Partner (M.No. 514998)
UDIN: 22514998AJVAVM6609

Place: Chennai
Dated: 28-May-2022

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.

07, 2022, February 14, 2022 and March 21, 2022. The gap between two Meetings did not exceed one hundred and twenty days.

2. Board of Directors

- As on March 31, 2022, the Company's Board comprises 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 Nine (9) times during the year 2021-22 viz. May 13, 2021, July 16 2021, July 26 2021, August 11, 2021, November 10 2021, November 26, 2021, January

- 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, 2022 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 2021-22	Attendance at the last AGM	No. of Directorships in public companies		Number of Committee positions in public companies		Directorship in other listed entities	No. of shares held in the Company
			Membership	Chairmanship	Membership	Chairmanship		
Mr Rangachary N (Chairman Non-Executive Non-Independent Director)	9 (9)	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)	9 (9)	Yes	2	1	1	1	Independent Director in 1. Thirumalai Chemicals Limited 2. Equitas Small Finance Bank Limited	Nil
Ms Jayshree Ashwinkumar Vyas (Non-Executive Independent Director)	8 (9)	Yes	2	Nil	2	Nil	BSE Limited	Nil
Mr Rajaraman P V (Non-Executive Independent Director)	9 (9)	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Mr Jayaraman Chandrasekaran (Non Executive Independent Director)	9 (9)	Yes	2	Nil	1	Nil	Nil	Nil

Name of the Director	No. of Board Meetings attended during FY 2021-22	Attendance at the last AGM	No. of Directorships in public companies [§]		Number of Committee positions in public companies ^{§§}		Directorship in other listed entities	No. of shares held in the Company
			Mem-ber-ship	Chair-manship	Mem-ber-ship	Chair-manship		
Mr Viswanatha Prasad S (Non-Executive Independent Director)	9 (9)	Yes	Nil	Nil	Nil	Nil	Additional Director, Caspian Impact Investments Private Limited (Debt listed)	Nil
Mr Bhaskar S (Non-Executive Non-Independent Director)	9 (9)	Yes	Nil	Nil	Nil	Nil	Nil	1,405,000
Mr John Alex (Executive Director & Chief Executive Officer)	9 (9)	Yes	Nil	Nil	Nil	Nil	Nil	3,315

[§]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 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 December 16, 2021 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 eight (8) 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), IT Strategy Committee (ITSC), Committee of Independent Directors (CoID) and Merger Committee (MC). The Board fixes the terms of reference of Committees and also delegates powers from time to time. The Minutes of the Meetings of the Committee(s) are placed before the Board.

Meetings & Attendance:

Name of the Committee	Audit Committee (ACB)	Nomination, Remuneration & Governance Committee (NRGC)	Stakeholders' Relationship Committee (SRC)	Corporate Social Responsibility Committee (CSRC)	Risk Management Committee (RMC)	IT Strategy Committee (ITSC)	Committee of Independent Directors (CoID)
No. of Meetings held	7	2	3	3	2	2	2
Date of Meetings	May 13, 2021, July 16, 2021, July 26, 2021, August 11, 2021, November 10, 2021, February 14, 2022 & March 21, 2022	May 13, 2021 & August 11, 2021	May 07, 2021, November 02, 2021 & February 14, 2022	May 12, 2021, August 11, 2021 & November 02, 2021	May 12, 2021 & November 01, 2021	July 27, 2021 & January 20, 2022	July 26, 2021 & March 21, 2022
Mr Rangachary N	-	-	-	-	-	-	-
Mr Arun Ramanathan (Chairman of SRC & CSRC and Member of NRGC)	-	2	3	3	-	-	-
Ms Jayshree Ashwinkumar Vyas (Member of NRGC & CSRC)	-	1	-	3	-	-	-
Mr Jayaraman Chandrasekaran (Member of ACB, RMC & ITSC)	7	-	-	-	2	2	2
Mr Rajaraman P V (Chairman of NRGC and Member of ACB, CSRC & SRC)	7	2	3	3	2	-	2
Mr Viswanatha Prasad S (Chairman of ACB, RMC & ITSC and Member of NRGC)	7	2	-	-	2	2	2
Mr Bhaskar S (Member of SRC, RMC, ACB and ITSC)	7	-	3	-	2	2	-
Mr John Alex, ED & CEO (Member of SRC, CSRC & ITSC)	-	-	3	3	-	2	-

TERMS OF REFERENCE OF AUDIT COMMITTEE

The role of Audit Committee, among others includes:

- (a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory auditors and internal auditors of the Company;
- (c) Approval of payment to statutory auditors for any other services rendered by statutory auditors;
- (d) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (i) Matters required to be included in the 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;
 - (ii) Changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) Major accounting entries involving estimates based on the exercise of judgment by Management;
 - (iv) Significant adjustments made in the financial statements arising out of audit findings;
 - (v) Compliance with accounting and other legal requirements relating to financial statements;
 - (vi) Disclosure of any related party transactions;
 - (vii) Modified opinion(s) in the draft audit report.
- (e) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
- (f) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, preferential issue, rights issue etc.), the statement of funds 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;
- (g) Reviewing and monitoring the auditor's independence, performance and effectiveness of audit process;
- (h) Approval or any subsequent modification of transactions of the Company with related parties;
- (i) Scrutiny of inter-corporate loans and investments;
- (j) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (k) Evaluation of Internal Financial Controls and Risk Management Systems;
- (l) Reviewing, with the management, the performance of statutory and internal auditors and the adequacy of the internal control systems;
- (m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (n) Discussion with internal auditors on any significant findings and follow up thereon;
- (o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (r) To review the functioning of the whistle blower mechanism;
- (s) Approval of appointment of the CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background etc. of the candidate;
- (t) Review the financial statements, in particular the investments made by the Subsidiary Company;
- (u) Laying down and review of procedures relating to risk assessment and risk minimization to ensure that executive management control risk through means of a properly defined framework;
- (v) Review and monitoring of implementation and functioning of the Policy for Prevention of Sexual harassment at work place;
- (w) To periodically review and monitor implementation of Internal Code of Conduct for Prevention of Insider Trading;
- (x) To review the utilisation of loans and / or advances from/investment by the holding company in the Subsidiary exceeding ₹ 100 crores or 10% of the asset size of the Subsidiary, whichever is lower and

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

The Audit Committee shall mandatorily review the following information:

- (i) Management discussion and analysis of financial condition and result of operations;
- (ii) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the Management;
- (iii) Management letters/ letters of internal control weaknesses issued by the statutory auditor;
- (iv) Internal audit reports relating to internal control weaknesses;
- (v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee; 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, Audit Committee, Corporate Social Responsibility Committee, Nomination, Remuneration & Governance Committee, Stakeholders' Relationship Committee, 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.

Name	Commission (in ₹)	Sitting Fees* (in ₹)	
		Board	Committee
Mr Rangachary N	Nil	4,50,000	Nil
Mr Arun Ramanathan	Nil	4,50,000	2,25,000
Ms Jayshree Ashwinkumar Vyas	Nil	4,00,000	1,25,000
Mr Jayaraman Chandrasekaran	Nil	4,50,000	3,50,000
Mr Rajaraman P V	Nil	4,50,000	5,00,000
Mr Viswanatha Prasad S	Nil	4,50,000	4,00,000
Mr Bhaskar S	Nil	4,50,000	3,50,000

Remuneration of Mr John Alex, Executive Director & Chief Executive Officer (ED & CEO) for FY 2021-22:

Sl. No.	Particulars	Amount (₹ in lakh)
1	Salary	67.77
2	Perquisites	27.18*
3	Stock Option	Nil
4	Sweat Equity	Nil
5	Commission	
	- as % of profit	Nil
	- others	Nil
6	Others – Employer's Contribution to Provident Fund etc.	3.57
7	Medical reimbursement	Nil
	Total	98.52

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

*Includes perquisite value arising out of exercise of stock options

REMUNERATION OF DIRECTORS

Remuneration Policy

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

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

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

All Directors, except the Executive Director, were paid a sitting fee of ₹ 50,000 for attending every Meeting of the Board and ₹ 25,000 for every Meeting of Committees. The details of sitting fees paid to Non-Executive / Independent Directors for the year ended March 31, 2022 are as follows:

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 2021-22 are as follows:

Particulars	No. of complaints
Pending at the beginning of the year	Nil
Received during the year	2
Resolved during the year	2
Remaining unresolved at the end of the year	Nil

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.
- Finance Bank Limited along with the supporting documents viz., Valuation report from a registered valuer to arrive at swap ratio, fairness opinion from a SEBI-registered Merchant Banker, Auditors certificate on accounting treatment, etc
- (b) call for and review any further document as the Committee may deem fit and necessary
- (c) Based on review of the aforesaid documents and after deliberations, submit a report expressing its opinion on whether the Scheme can be recommended to the Board for approval after considering whether the Scheme is or is not detrimental to shareholders of the Company.

TERMS OF REFERENCE OF MERGER COMMITTEE

- (a) To monitor the progress made in process of amalgamation of EHL with ESFBL from time to time
- (b) To consider and accept changes to be made to the Scheme of Amalgamation pursuant to regulatory directions and orders as may be received from RBI, SEBI, Stock Exchanges, NCLT and such other authorities

TERMS OF REFERENCE OF COMMITTEE OF INDEPENDENT DIRECTORS

- (a) review the proposed draft Scheme of Amalgamation of Equitas Holdings Limited with Equitas Small
- (c) To carry out other such functions, as may be assigned by the Board 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
2021	August 12, 2021	03.30 P.M.	Through Video-Conferencing	One
2020	August 10, 2020	03.00 P.M.	Through Video-Conferencing	Four
2019	August 02, 2019	04.30 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:

Pursuant to Section 110 of the Companies Act, 2013 read with Companies (Management & Administration) Rules, 2014, the following Special Resolutions were proposed for approval of the shareholders by Postal Ballot and approved with requisite majority.

Particulars of the Resolution(s)	Appointment of M / s. V. Sankar Aiyar & Co., Chartered Accountants, (FRN 109208W) as Statutory Auditors of the Company	Transfer of immovable properties (school infrastructure) to EDIT
Name of the Scrutiniser	Dr B Ravi, Practising Company Secretary	
Date of completion of Postal Ballot	December 31, 2021	
Date of Report of Scrutiniser	December 31, 2021	
Date of declaration of Results	December 31, 2021	
Particulars	Voting pattern	
Valid Ballots/Votes	18,14,65,574	19,58,04,609
In favour	18,14,36,849	19,57,74,101
Percentage (%) in favour of the resolution	99.98 %	99.98%
Against	28,725	30,508
Percentage (%) against the resolution	0.02 %	0.02%
Invalid Ballots/Votes	Nil	Nil

Procedure for postal ballot

The Postal Ballot has been carried out as per the procedure stipulated under the Companies (Management and Administration) Rules, 2014. During the process of Postal Ballot, shareholders are provided the remote e-voting facility pursuant to Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the said rules.

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), NSE digital portal 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).

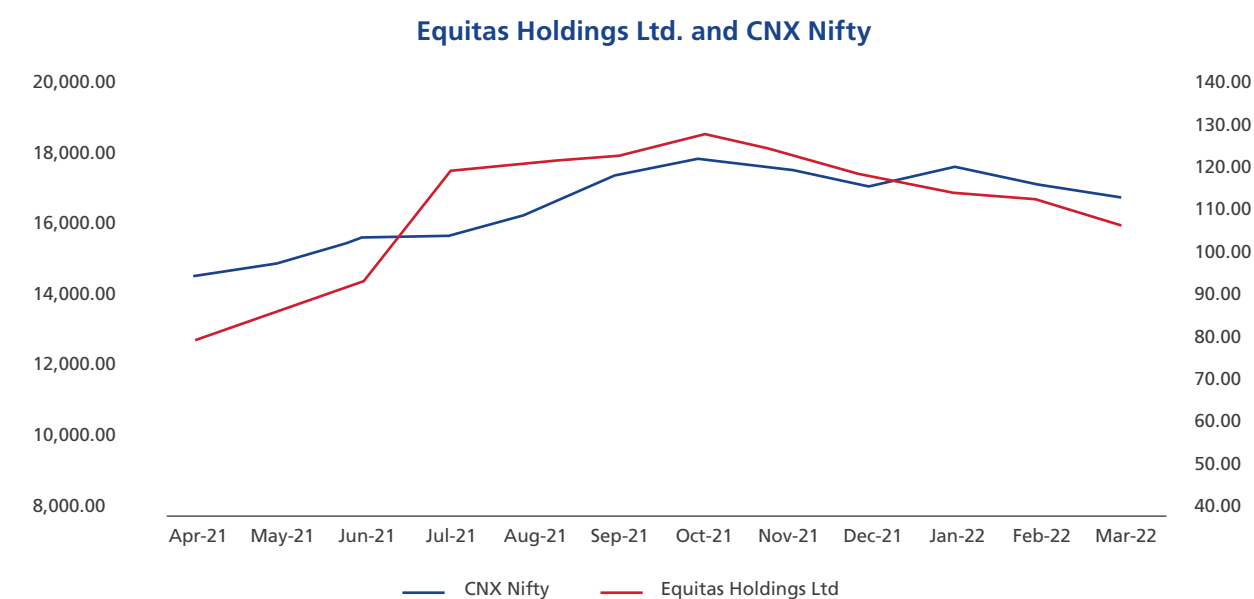
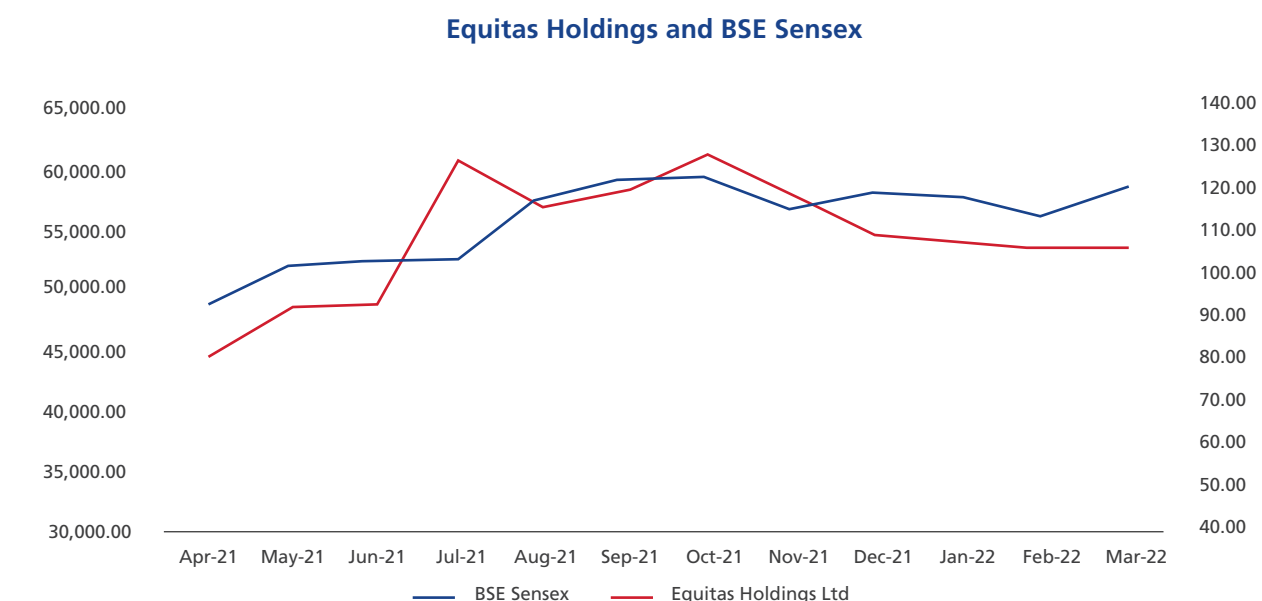
6. GENERAL SHAREHOLDER INFORMATION

Day, Date & Mode of AGM	Wednesday, August 10, 2022 at 3.30 p.m. IST through Video Conferencing / Other Audio Visual Means (VC/OAVM).
Financial year	April 1, 2021 to March 31, 2022
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 - 400001 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 2022-23 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, CNX Nifty etc.	Details are provided in the chart below
Registrar and Share Transfer Agents;	KFin Technologies Limited ("KFINTECH") Selenium Tower B, Plot number 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad 500 032 Contact Person: Ms Rajitha Cholleti Ph: +91 40 6716 1508 Website: www.kfintech.com
Share transfer system	99.97% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the Depositories with no involvement of the Company. With respect to 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 31.03.2022)	Details are provided in the table below
Dematerialization of shares and liquidity (as on 31.03.2022)	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-22	119.15	99.95	119.5	100
Feb-22	121.2	100.65	108.9	116.2
Jan-22	125	102	125	102
Dec-21	134.85	110.05	135	110.05
Nov-21	132.95	113.2	132.8	111.25
Oct-21	144.85	119.5	145	119.25
Sep-21	131.6	116.5	131.75	117
Aug-21	129	108.95	129	108.95
Jul-21	138.4	91.1	138.2	92
Jun-21	97.9	87.55	98	87.55
May-21	95.65	79.6	95.8	79.7
Apr-21	89.15	73.00	89.25	75.1

Equitas Holdings Ltd. and CNX Nifty**Equitas Holdings Ltd. and S&P BSE Sensex****Shareholding pattern as on March 31, 2022:**

Description	No. of holders	No. of Shares	% Equity
Mutual Funds	14	10,52,51,522	30.79
Alternative Investment Fund	8	49,93,017	1.46
Foreign Portfolio Investors	74	9,76,77,893	28.58
Qualified Institutional Buyers	3	41,06,498	1.20
Resident Individuals	2,39,345	9,68,84,531	28.35
NBFC	5	18,900	0.01
Foreign Bodies Corporate	2	2,36,23,745	6.91
Bodies Corporate	650	61,27,080	1.80
Others (Trusts, NRI, NRN & clearing members)	1,493	31,06,929	0.90
Total	2,41,594	34,17,90,115	100.00

Distribution of equity shareholding as on March 31, 2022:

Category (No. of shares)	No. of shareholders	% of shareholders	No. of shares	% of shares
1 - 500	2,24,502	92.93	1,52,23,000	4.45
501 - 1,000	7,725	3.20	60,29,786	1.76
1,001 - 2,000	4,397	1.82	64,83,341	1.90
2,001 - 3,000	1,608	0.67	39,99,798	1.17
3,001 - 4,000	800	0.33	28,22,668	0.83
4,001 - 5,000	623	0.26	28,68,028	0.84
5,001 - 10,000	1,066	0.44	76,73,246	2.25
10,001 & Above	873	0.36	29,66,90,248	86.80
Total	2,41,594	100.00	34,17,90,115	100.00

7. OTHER DISCLOSURES**A. Related Party Transactions**

The particulars of transactions between the Company and its related parties, as defined under Section 2(76) of the Act and in Accounting Standard 18, are set out in the financial statements. The Board has put in place a policy on related party transactions and the same has been uploaded on the Company's website <https://www.equitas.in/pdf/EHLPolicyonRelatedPartyTransactions.pdf>. There were no materially significant related party transactions having potential conflict with the interests of the Company, during the year 2021-22.

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 2021-22 is given below:

Particulars	TRC* (₹ in lakh)	VSA# (₹ in lakh)	ESFBL (₹ in lakh)
(i) In capacity as auditors			
Audit fees (includes fee for limited review)	4.50	12.85	78.95
Statutory Certificates	1.20	2.75	15.49
Other Reporting services	Nil	Nil	Nil
Reimbursement of expenses	Nil	Nil	1.85
(ii) Other capacity			
Tax audit	Nil	2.00	5.41
Audit of Ind AS financials of Subsidiaries for the purpose of consolidation	1.75	Nil	Nil

* Fees incurred for undertaking limited review for Q1 and Q2 FY 2021-2022

Fees incurred for undertaking limited review for Q3 and audit for FY 2021-2022

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

Particulars	Details
No. of complaints filed during FY 2021-22	
No. of complaints disposed of during FY 2021-22	Nil
No. of complaints pending as at the end of FY 2021-22	

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.

V. Sankar Aiyar & Co, Chartered Accountants, 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.

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, 2021.	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, 2022	Nil	Nil

12. TRANSFER OF UNCLAIMED / UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND:

The Company has not declared any dividend during the year 2021-22. The details of unclaimed dividend relating to the interim dividends declared in the year 2020-21 are available in the website of the Company.

For and on behalf of the Board of Directors

May 28, 2022

John Alex
ED & CEO
Chennai

Rangachary N
Chairman
Bengaluru

I confirm that for the Financial Year ended March 31, 2022, Members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct as applicable to them.

Chennai
May 28, 2022

John Alex
ED & CEO

Annexure - I

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 31.03.2022, 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: 07.05.2022

Signature:

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

FCS No.: 1810 CP No.: 3318

Managing Partner

B RAVI & ASSOCIATES

Firm Registration Number: P2016TN052400

Peer Review Certificate Number: 930/2020

UDIN: F001810D000283731

Annexure - II

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, 2022 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 28, 2022

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. Most of the disclosures forming part of this report pertains to ESFBL, being the primary operating subsidiary of the Company. 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, Spencer Plaza, Phase II No.769, Mount Road, Anna Salai, Chennai – 600 002
4	Website	https://www.equitas.in
5	Email id	secretarial@equitas.in
6	Financial year reported	2021-22
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 869 locations across 18 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

Sr. No.	Particulars	Details
1.	Paid up capital (₹ in lakh)	₹ 34,179.01
2	Total turnover (₹ in lakh)	₹1914.82
3	Total profit after taxes (₹ in lakh)	₹ (5,925.78)
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	(0.63%)
5	List of activities in which expenditure in 4 above has been incurred	Equitas Group undertakes various CSR activities in accordance with its ‘Policy on Corporate Social Responsibility’, which includes: 1. Educational Initiatives – Running schools in 7 locations across Tamil Nadu 2. Imparting of skill training to Joint Liability Group (JLG) women members to improve their income levels 3. Health care initiatives – Health care and medical camps, Equitas Sugam Clinics for the underprivileged 4. Holding job fairs for placement of unemployed youth in suitable jobs 5. Rehabilitates homeless pavement dweller families under Equitas Birds Nest Project Additional information on the Company’s CSR initiatives is 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)

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

(b) Details of the BR head

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

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

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

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy(ies) for...	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/ international Standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online	All Policies which are statutorily required to be displayed on our website https://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 https://www.equitas.in
P4	The interests of the marginalised and vulnerable stakeholders are addressed through Priority Sector Lending and Financial Inclusion. The Fair Practices Code protects the interests of customers who are primarily from the vulnerable sections of the society. Corporate Social Responsibility [CSR] Policy seeks to engage with client communities through community development initiatives and improve their life and life style on a holistic basis. This Policy can be viewed online at https://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, the Bank, 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 Bank are aligned towards this commitment. Further, in accordance with the Corporate Social Responsibility Policy, the Bank 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

Section E: Principle-Wise Performance

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

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

Equitas Group has put in place a Code of Conduct which covers all its employees. The Code articulates the ethical principles and acceptable behavior that the employees are expected to demonstrate throughout their tenure as employees of the 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.
2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

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

Particulars	Complaints received during 2021-22	% of complaints resolved
Customer complaints	2,500	98%
Investor complaints	3	100

2% of the customer complaints are pending as at the end of the Financial Year 2021-22. All the pending complaints have since been resolved within the prescribed timelines.

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

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

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

Micro Finance: Micro lending is targeted at women who belong to the economically weaker sections of the society. 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 the experienced drivers with the opportunity to own their vehicle and run the business to 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 crore. The loan sizes typically vary between ₹ 10 – 100 lakh.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

(a) Reduction during sourcing/ production/ distribution achieved since the previous year throughout the value chain?

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 Bank has introduced 'Pragati Card' a QR code (Quick Response Code) based payment enquiry solution for our microfinance customers. This empowers the customers to scan and view payment and loan account related information via a smart phone instantly without the need to contact branch staff/ call center. 'Pragati Card' has replaced the erstwhile process of collection stickers and is currently seen by customers as a digital passbook that gives real time payment information and also reduced the usage of paper for printing sticker.

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.

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

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

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

The 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.

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

Our operational practices are engaged to constantly reduce 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	17,687
2	Total number of employees hired on contractual basis	9
3	Number of permanent women employees	1,910
4	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. 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.
5	Percentage of your permanent employees who are members of this recognized employee association	

6. 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	Nil
3	Discriminatory Employment	Nil	Nil

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

Induction Campaigns: Every on-boarded new joiner undergoes an 'Induction program' that facilitates them in their quick integration with the Bank and fast tracks their settling process with their respective teams. 99% of our new joiners completed their induction within 30 days from their date of joining.

Regulatory Mandated Trainings: Continuous monitoring ensured the successful completion of Regulatory Mandated training requirements. These trainings focus on areas include Risk, Finance, Credit, Treasury, POSH compliance, Information Security, Code of Conduct, Prevention of Insider Trading, Prevention of Fraud and the like. 100% of our eligible employees have successfully completed their mandated KYC training.

Specialised Trainings: The training content and interventions focuses on two broad areas i.e., Behavioural and Functional. The organisation possesses the in-house capability to develop and deliver the learning content as well as seamlessly collaborate with external learning partners wherever deemed necessary.

1. Behavioural: An array of behavioural interventions was designed and delivered by tapping both our in-house and external capabilities. Some of the Group's key external interventions delivered include – programs for our Regional Managers and Digital solutions team. We designed and delivered 44 in-house behavioural sessions covering 525 learners.

2. Functional: The dynamic business market of the Bank and evolving job roles determines the Functional learning agenda for the business. The Bank's in-house functional interventions were focused more on Selling skills, Products, Digital Solutions, Process, Systems & Software, Risk, Credit and Legal aspects.

The bank's collaboration with Manipal Institute of Banking and Confluence Learning has strengthened the capabilities of our branch staff in the areas of Relationship management, Cross selling, Wealth management, Productivity

enhancement, Regulatory compliance etc. The bank also partnered with world leader in the sector, i.e. Skillsoft to digitally deliver key training initiatives.

Training Man-days: Through our above initiatives and concerted efforts, we have successfully clocked 68,788 training man-days during 2021-22, an improvement by about 30% as compared to the previous year. We have achieved an average of 4.30 man-days per employee this year out of which nearly 60% of the trainings were delivered through e-learning platform and 40% were delivered through Instructor-Led training programs. For FY 2021-22, we had imparted training to 15,722 unique employees through our various programs.

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 5,800 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 2,23,929 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 6.42 million people cumulatively.

During the Pandemic, Equitas, in addition to spreading awareness on covid precautions to the women's group, distributing groceries etc, also collaborated with Govt to vaccinate over 44.62 lakh doses in 7 states.

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.

Kindly refer to response to Principle 4 – Question 2

Principle 5: Businesses should respect and promote human rights

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

Equitas Group is committed to upholding the dignity of every individual engaged or associated with it. 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.

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 Bank as on March 31, 2022.

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 Bank 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. The Bank through its Micro Finance loan programs supported about 54,897 persons with disabilities during FY 2021-22 and cumulatively over 1,28,051 persons. Of these, around 33,447 visually challenged persons were supported during the year and cumulatively 54,764.

Encouraged by this model, Equitas has recently started including transgender persons in the joint liability groups. So far, Equitas has reached out to 282 such transgenders in women's group 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 Bank 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

The Group has initiated discussion with four agencies to conduct the impact study for FY 2019-2022, which is being delayed due to the pandemic, we have slated the same to start from Aug of 2022 when schools reopen and are in operation.

During the year, an impact study has been initiated for vaccination camps by Aspire Impact in collaboration with the Government and the study is underway.

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, an amount of ₹ 40 lakhs was spent by the Company through the implementing agencies – Equitas Development Initiatives Trust (EDIT) (₹ 30 lakhs) and Equitas Healthcare Foundation (EHF) (₹ 10 lakhs) for carrying out CSR activities. 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

- a) quality education to the poor
- b) necessary financial support to needy students
- c) counselling services to students through alumni services

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

- a) Placement through job fairs
- b) Skill development training and financial support to indigent women for commencing entrepreneurship journey
- c) Assisting hospital to conduct medical camps and spreading messages on community health through the client network
- d) 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

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

2% of the customer complaints are pending as at the end of the Financial Year 2021-22.

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

The Group does not market physical products. It endeavors to provide transparent information on its financial products through its website, which has detailed information on product features, service charges and fees applicable. In respect of the Bank, interest rates for various deposit schemes are published on the website. SMS alerts are sent

to customers when charges or fees get triggered or levied in their deposit accounts.

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

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

Nil

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

The Bank has a mechanism for undertaking customer satisfaction survey with the help of a fully automated digital platform for monitoring customer satisfaction trends. We conduct 2 types of surveys:

- 1. Survey to assess loyalty of our customers (Net promotor Score) on a biannual basis NPS survey was conducted on the customers who have been assigned a Relationship manager. NPS improved from 78 during the first half of FY2021-22 to 87 in later half of FY2021-22.
- 2. Customer satisfaction survey (C-sat) to assess the satisfaction after every transaction across the bank touchpoints.

The satisfaction scores across the 4 quarters have been trending between 3.8 – 4.3 across channels (on a 5 point scale – where 5 stands for Excellent, 4-very good, 3 – average, 2 – poor & 1- very poor). The Bank monitors C-sat across Mobile/Internet banking, ATM, Account opening, Branch Servicing, Contact centre servicing & Service request management. During the year, more than 28 Lakh responses were received for various surveys conducted.

The C-sat survey aims to provide feedback on service delivery by staff and process efficiency as perceived by the customer, in addition to the overall user experience. Based on the survey feedback the Bank has improved or implemented more than 20 processes/features for better experience. During the last quarter of FY22, customers rated our Account opening & our Internet and Mobile banking experience, the highest at 4.3/5 & 4.4/5 respectively.

For and on behalf of the Board of Directors

May 28, 2022

John Alex

ED & CEO

Chennai

Rangachary N

Chairman

Bengaluru

FINANCIAL STATEMENTS

Standalone	
Independent Auditors' Report	56
Balance Sheet	64
Statement of Profit and Loss	65
Cash Flow Statement	66
Statement of Changes in Equity	68
Notes to Accounts	70
Consolidated	
Independent Auditors' Report	120
Balance Sheet	126
Statement of Profit and Loss	127
Cash Flow Statement	128
Statement of Changes in Equity	130
Notes to Accounts	132

Independent Auditors' Report

To the Members of Equitas Holdings Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Equitas Holdings Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2022, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, its loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our opinion, there are no key audit matters which in our professional judgement, were of most significance to be reported in our report.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report 2021-22, but does not include the Standalone financial statements and our auditor's report thereon.

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

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

Based on the work we have performed, if 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.

Managements and Board of Directors' Responsibility for the Standalone 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 state of affairs, profit/loss and other comprehensive income (loss), 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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.

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

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

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

As part of an audit in accordance with SAs, we exercise professional 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.

Other Matter

The standalone financial statements of the Company for the year ended 31 March 2021, have been audited by the predecessor auditors who expressed their unmodified opinion on those financial statement on 13 May 2021. We did not audit the Standalone Financial Statements for the year ended 31 March 2021, included in the standalone financial statements.

Our opinion is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government 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.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The 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 Flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matter to be included in the Auditors' 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 remuneration paid/provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position;
- (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
- (iv) (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in

writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

(v) The Company has neither declared nor paid any dividend during the year.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI FRN: 109208W

Karthik Srinivasan
Partner
(M. No. 514998)
UDIN: 22514998AJVAMQ6320

Place: Chennai
Date: 28 May 2022

Annexure A to the Independent Auditor's Report to the members of Equitas Holdings Limited on the standalone financial statements for the year ended 31 March 2022

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of the Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) As explained to us, the Property, Plant and Equipment are physically verified by the Management during the year and no material discrepancies were noticed on such verification.
- (c) The title deeds of all the immovable properties (other than properties where the company is a lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given by the management, the Company has not revalued its Property, Plant and Equipment or intangible assets or both during the year. Accordingly, paragraph 3(i)(d) of the Order is not applicable.
- (e) According to the information and explanations given by the management, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, paragraph 3(i)(e) of the Order is not applicable.
- (ii) (a) The Company is a Non- Banking Financial Corporation ('NBFC') and is engaged in the business of holding investments in various entities within the group and investing funds into other relevant securities with the objective to earn reasonable return and accordingly, it does not hold any physical inventory. Thus, paragraph 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has not been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence, reporting under clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) The Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) during the year. However, the Company has made investments and has granted loans to its employees as per Company's established policy during the year.
- (a) Since the Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(a) of the Order is not applicable to it.
- (b) The investments made and the terms and conditions of the grant of employee loans, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of employee loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular.
- (d) There is no overdue amount in respect of loans granted to such employees.
- (e) Since the Company's principal business is to give loans. Accordingly, the provision of clause 3(iii)(e) of the Order is not applicable to it.
- (f) According to information and explanations given to us and based on the audit procedures performed, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- (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) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and the provisions of Section 73 to 76 or any other provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales Tax and Value added Tax during the year. These statutory dues has been subsumed into Goods and Services Tax effective 1st July, 2017.

According to the records of the Company, the Company has generally been regular in depositing undisputed statutory dues including goods and services tax (GST), provident fund, employees' state insurance, income tax, cess and other material statutory dues, as applicable to it with the appropriate authorities. There were no arrears of undisputed statutory dues applicable to the Company as at 31st March, 2022, which were outstanding for a period of more than six months from the date they became payable. The Company does not have any liability with respect to duty of customs for the year under audit.

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

Nature of dues	Period to which it relates	Amount (in Lakhs)	Forum where pending
The Income Tax Act, 1961	AY 2010-11	552.07	Income Tax Appellate Tribunal
The Income Tax Act, 1961	AY 2010-11	176.61	Income Tax Appellate Tribunal
The Income Tax Act, 1961	AY 2018-19	118.76	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, no transaction has surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which was not recorded in the books of account.

- (ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) The Company has not raised any loans on short basis and hence, reporting under clause 3(ix)(d) of the Order is not applicable to the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

- (x) (a) According to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. Accordingly, paragraph 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company did not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, paragraph 3(x)(b) of the Order is not applicable.
- (xi) (a) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us, we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- (b) According to information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government, during the year and up to the date of this report.
- (c) As represented to us by the management, there were no whistleblower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statement as required by the applicable accounting standard.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year. Accordingly, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

- (xvi) (a) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the requisite registration as a non-banking financial institution under section 45 – IA of the Reserve Bank of India Act, 1934.
- (b) The Company has not conducted any Non – Banking Financial activities without a valid Certificate of registration from Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us by the management, the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Refer Note no. 1 of standalone financial statement.
- (d) According to the information and explanations given to us by the management, the Group has only 1 CIC which is registered with the Reserve Bank of India.
- (xvii) The Company has incurred cash losses of Rs 5,982.16 lakhs during the current financial year. The Company has not incurred any cash loss in the immediately preceding financial year.
- (xviii) According to the records of the Company examined by us, and information and explanations given to us, the erstwhile auditors of the Company resigned during the year on account of completion of maximum permissible term of three years as mandated by Reserve Bank of India. Further, there were no other issues, objections or concerns raised by the outgoing auditors in their resignation letter.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit

report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable to the Company for the year.
- (b) In respect of ongoing projects, there are no amounts required to be transferred to unspent Corporate Social Responsibility (CSR) account as at the end of the previous financial year and for the current financial year. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable to the Company.
- (xxi) The reporting under Clause 3(xx) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI FRN: 109208W

Karthik Srinivasan
Partner
(M. No. 514998)
UDIN: 22514998AJVAMQ6320

Place: Chennai
Date: 28 May 2022

Annexure B to the Independent Auditors’ report on the standalone financial statements of Equitas Holdings Limited for the year ended 31 March 2022

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

(Referred to in paragraph 2(A)(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

Opinion

We have audited the internal financial controls with reference to standalone financial statements of Equitas Holdings Limited (“the Company”) as of 31 March 2022 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 31 March 2022, 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 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 company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as “the Act”).

Auditors’ 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 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 judgement, 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 Company’s internal financial controls with reference to standalone financial statements.

Meaning of Internal Financial controls with Reference to Standalone Financial Statements

A company’s internal financial controls 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 include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the 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 controls 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 V. Sankar Aiyar & Co.
Chartered Accountants
ICAI FRN: 109208W

Karthik Srinivasan
Partner

Place: Chennai
Date: 28 May 2022
UDIN: 22514998AJVAMQ6320

Standalone Balance Sheet

as at March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31-Mar-2022	As at 31-Mar-2021
Assets			
Financial assets			
Cash and cash equivalents	5	889.15	83.66
Bank balance other than cash and cash equivalents	6	27,474.46	23,022.56
Other Financial Assets	7	15.57	586.47
Loans	8	0.94	-
Investments	9	1,43,008.65	1,48,932.90
Financial assets held for sale	10	796.94	-
Non-financial assets			
Current tax assets (Net)	11	783.84	330.30
Property, plant and equipment	12	6.63	10.06
Investment Properties	12	-	5,380.83
Right-of-use (ROU) asset	13	12.27	17.93
Non Financial assets held for sale	14	-	-
Other non-financial assets	15	336.00	335.38
Total Assets		1,73,324.45	1,78,700.09
Liabilities and equity			
Financial liabilities			
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises	16	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	16	23.03	33.45
Other financial liabilities	17	30.85	39.84
Non-financial liabilities			
Current tax liabilities (Net)	11	-	48.69
Deferred tax liabilities	18	4.30	132.01
Other Non-financial liabilities	19	6.87	7.68
Provisions	20	808.73	60.41
Total liabilities		873.78	322.08
Equity			
Equity Share capital	21	34,179.01	34,179.01
Other Equity	22	1,38,271.66	1,44,199.00
Total equity		1,72,450.67	1,78,378.01
Total liabilities and equity		1,73,324.45	1,78,700.09
Summary of significant accounting policies	3		
Significant accounting judgements, estimates and assumptions	4		

The accompanying notes 1 to 56 form an integral part of the Financial Statements.

As per our report of even date
For **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no. 514998

Place: Chennai
Date : 28 May 2022

N Rangachary
Chairman
DIN: 00054437

Place: Bangalore
Date : 28 May 2022

John Alex
ED and CEO
DIN: 08584415

Place: Chennai
Date : 28 May 2022

S Viswanatha Prasad
Director
DIN: 00574928

Place: Bangalore
Date : 28 May 2022

Srimathy R
Chief Financial Officer

Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary

Membership no: A35488
Place : Chennai
Date : 28 May 2022

Standalone Statement of Profit and Loss

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Revenue from operations			
Interest income	23	1,624.45	1,670.18
Rental income	24	74.82	215.43
Guarantee Income	24	-	149.50
Net gain on fair value changes	25	215.55	28.63
Profit from sale of investment	25	-	15,681.57
Total revenue from operations		1,914.82	17,745.31
Other income	26	7.50	27.57
Total income		1,922.32	17,772.88
Expenses			
Employee benefits expenses	27	122.05	124.64
Impairment of Financial Instruments	28	835.06	308.72
Finance costs	29	1.36	12.40
Depreciation and amortisation	12	70.76	90.80
Others expenses	30	876.18	292.21
Total Expense		1,905.41	828.77
Profit before exceptional item and tax		16.91	16,944.11
Exceptional item	31	6,119.16	-
Profit before tax		(6,102.25)	16,944.11
Tax Expenses			
Current tax	11	373.29	2,168.65
Income tax for earlier years		(422.62)	42.67
Net current tax expense		(49.33)	2,211.32
Deferred tax (Net)	18	(127.14)	37.67
Total tax expenses		(176.47)	2,248.99
Profit for the year (a)		(5,925.78)	14,695.12
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit obligations		(2.29)	0.64
Income tax effect on the above		0.58	(0.16)
Total Other comprehensive Income (b)		(1.71)	0.48
Total comprehensive Income for the year, net of tax (a + b)		(5,927.49)	14,695.60
Earnings per equity share			
Basic earnings per equity share	32	(1.73)	4.30
Diluted earnings per equity share	32	(1.73)	4.30
Summary of significant accounting policies	3		
Significant accounting judgements, estimates and assumptions	4		

The accompanying notes 1 to 56 form an integral part of the Financial Statements.

As per our report of even date
For **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no. 514998

Place : Chennai
Date : 28 May 2022

N Rangachary
Chairman
DIN:00054437

Place: Bangalore
Date : 28 May 2022

John Alex
ED and CEO
DIN: 08584415

Place: Chennai
Date : 28 May 2022

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Director
DIN: 00574928

Place: Bangalore
Date : 28 May 2022

Srimathy R
Chief Financial Officer

Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary

Membership no: A35488
Place : Chennai
Date : 28 May 2022

Standalone Cash Flow Statement

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
A. Cash Flow From Operating Activities			
Profit before tax		(6,102.25)	16,944.11
Adjustments to reconcile profit before tax to net cash flows:			
Land and building written off		5,319.16	-
Provision for estimated cost of transfer		767.33	-
Depreciation and amortisation		70.76	90.80
Unwinding of interest cost on financial guarantee obligation		-	10.67
Guarantee income		-	(149.50)
Liabilities no longer required written back		-	(17.69)
Rental Income		-	(172.86)
Impairment on Financial Instruments		835.06	308.72
Re-measurement gains/(losses) on defined benefit obligations		(2.29)	0.64
Net gain on fair value change		(64.73)	(28.63)
Profit on sale of investment in subsidiary		-	(17,164.91)
Interest cost on lease		1.35	1.72
Other miscellaneous income		-	(0.74)
Dividend income		(7.41)	(9.14)
Employee expenses on share based payments		7.41	9.14
Operating profit before working capital changes		824.39	(177.67)
(Increase)/decrease in other financial assets		570.90	12.84
(Increase)/decrease in other non-financial assets		(0.62)	(0.87)
Redemption / (Investment) in fixed deposits (net)		(4,451.90)	(4,647.58)
(Increase)/decrease in loans		(0.94)	-
Increase/(decrease) in provisions		(19.01)	33.97
Increase/(decrease) in financial liabilities		(10.42)	(17.51)
Increase/(decrease) in non-financial liabilities		(0.80)	2.23
Cash used in operations		(3,088.40)	(4,794.59)
Direct taxes paid		(452.90)	(2,195.22)
Net Cash flow from/(used in) operating activities (A)		(3,541.30)	(6,989.81)
B. Cash Flow From Investing Activities			
Addition to investment property		-	(16.62)
Investment in subsidiary		(100.00)	(200.00)
Proceed / (Investment) in units of Mutual fund		4,457.13	(6,475.10)
Proceeds from sale of investment in subsidiary		-	23,760.00
Net Cash flow from/(used in) Investing Activities (B)		4,357.13	17,068.28

Standalone Cash Flow Statement

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
C. Cash Flow From Financing Activities			
Proceeds from fresh issue of equity share capital, including securities premium		-	0.07
Interest cost on lease Assets/ ROU Assets		(1.35)	(1.72)
Payment of lease liability		(4.89)	(4.21)
Payment of Dividend		(4.10)	(10,232.92)
Net Cash flow from/(used in) Financing Activities (C)		(10.34)	(10,238.78)
Net Increase/Decrease in cash and cash equivalent D = (A+B+C)		805.49	(160.31)
Cash and Cash Equivalents - Opening Balance (E)		83.66	243.97
Cash and Cash Equivalents - Closing Balance (D) + (E)		889.15	83.66
Components of Cash and Cash Equivalents at the end of the year			
Current account with Banks		889.15	83.66
Cash on Hand		-	-
Total Cash and Cash Equivalents	5	889.15	83.66

The accompanying notes 1 to 56 form an integral part of the Financial Statements.

As per our report of even date
For **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no. 514998

Place : Chennai
Date : 28 May 2022

N Rangachary
Chairman
DIN: 00054437

Place: Bangalore
Date : 28 May 2022

John Alex
ED and CEO
DIN: 08584415
Place: Chennai
Date : 28 May 2022

S Viswanatha Prasad
Director
DIN: 00574928
Place: Bangalore
Date : 28 May 2022

Srimathy R
Chief Financial Officer
Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary
Membership no: A35488
Place : Chennai
Date : 28 May 2022

Standalone Statement of Changes in Equity

for the year ended March 31, 2022

(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 1 st April 2020	34,17,89,995	34,179.00
Add: Shares issued during the year	120	0.01
Balance as on 31 st March 2021	34,17,90,115	34,179.01
Add: Shares issued during the year	-	-
Balance as on 31 st March 2022	34,17,90,115	34,179.01

(b) Other equity

Particulars	Reserves and Surplus				Share application money	Total other equity
	Securities premium	Statutory Reserves	Retained Earnings	Share Based Payment Reserve		
As at March 31, 2020	1,30,437.82	1,749.62	7,489.60	76.29	-	1,39,753.33
Add: Profit for the year	-	-	14,695.12	-	-	14,695.12
Less : Dividend appropriation	-	-	(10,253.70)	-	-	(10,253.70)
Items of Other Comprehensive Income (OCI)	-	-	0.48	-	-	0.48
Sub Total	1,30,437.82	1,749.62	11,931.50	76.29	-	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)	-	-
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	9,019.22	53.24	-	1,44,199.00

Standalone Statement of Changes in Equity

for the year ended March 31, 2022

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

Particulars	Reserves and Surplus				Share application money	Total other equity
	Securities premium	Statutory Reserves	Retained Earnings	Share Based Payment Reserve		
As at March 31, 2021	1,30,437.90	4,688.64	9,019.22	53.24	-	1,44,199.00
Add: Profit for the year	-	-	(5,925.78)	-	-	(5,925.78)
Items of Other Comprehensive Income (OCI)	-	-	(1.71)	-	-	(1.71)
Sub Total	1,30,437.90	4,688.64	3,091.73	53.24	-	1,38,271.51
Transfer from retained earnings to Statutory Reserves	-	-	-	-	-	-
Addition on account of ESOP cost	-	-	-	0.15	-	0.15
Transfer of ESOP cost to retained earnings upon lapse / transfer of options	-	-	20.03	(20.03)	-	-
As at March 31, 2022	1,30,437.90	4,688.64	3,111.76	33.36	-	1,38,271.66

The accompanying notes 1 to 56 form an integral part of the Financial Statements

As per our report of even date

For **V Sankar Aiyar & Co.**

Chartered Accountants

ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no. 514998

Place : Chennai
Date : 28 May 2022

N Rangachary
Chairman
DIN: 00054437

Place: Bangalore
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Place: Bangalore
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Srimathy R
Chief Financial Officer

Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary
Membership no: A35488
Place : Chennai
Date : 28 May 2022

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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 accrual basis under the historical cost convention except for certain financial instruments measured at fair value at the end of each reporting period as explained in accounting policies below.

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 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 38.

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 FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.1.3 Measurement categories of financial assets and liabilities

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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 FVTPL (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. FVTPL 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.

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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 derecognition. 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 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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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.

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%.

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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 Revenue recognition

3.8.1 Interest income

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.

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

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

3.9 Recognition of income (other than for those items to which Ind AS 109 is applicable)

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

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

- Step 1:** Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2:** Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer 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 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.

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

value, being the premium received. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

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

3.15 Retirement and other employee benefits

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

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

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

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

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

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in 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 48.

3.17 Provisions, Contingent Liabilities and Contingent Assets

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.

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

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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.

3.18 Taxes

3.18.1 Current taxes

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

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

3.18.2 Deferred taxes

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

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

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries,

where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that 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.

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

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 corporate laws in India, an interim dividend is authorised when it is approved by the Board of Directors and final dividend 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.

3.20 Non-Current assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.21 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 13 and note 34.

Summary of Significant Accounting Policies and Notes forming part of the Standalone Financial Statements for the year ended March 31, 2022

3.22 Recent pronouncement

On March 23, 2022, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2022. This notification has resulted into amendments in the following existing accounting standards which are applicable to company from April 1, 2022.

- i) Ind AS 103 – Business Combination
- ii) Ind AS 109 – Financial Instrument
- iii) Ind AS 16 – Property, Plant and Equipment
- iv) Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets

Application of above standards are not expected to have any significant impact on the company's financial statements.

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 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.

4.2 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

5 Cash and cash equivalents

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balances with bank		
Current accounts	889.15	83.66
Total	889.15	83.66

6 Bank balance other than cash and cash equivalents

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Fixed deposits with bank - free of lien (original maturity more than 3 months)	27,230.05	22,765.71
Interest Accrued	227.69	236.07
Earmarked balances with Bank - for unclaimed dividend	16.72	20.78
Total	27,474.46	23,022.56

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-2022	As at 31-Mar-2021
Security deposits	12.66	12.66
Rent Receivable	-	604.30
Other assets	2.91	-
Total - Gross	15.57	616.96
Less : Impairment loss allowance	-	30.49
Total - Net	15.57	586.47

7.1 Movement of ECL allowance on receivables

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Opening Balance	30.49	21.77
Provision on additional exposure	-	8.72
Provision on exposure derecognised	(30.49)	-
ECL allowance - closing balance	-	30.49

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, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	-	-	-	-	604.30	-	-	604.30
Total	-	-	-	-	604.30	-	-	604.30

Notes to Standalone Financial Statements

for the year ended March 31, 2022

(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 Rent receivable is as follows:

Particulars	Year Ended 31-Mar-2022				Year Ended 31-Mar-2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	604.30	-	-	604.30	431.44	-	-	431.44
Additions during the year	-	-	-	-	172.86	-	-	172.86
Exposure derecognised or repaid	(604.30)	-	-	(604.30)	-	-	-	-
Closing balance of outstanding exposure	-	-	-	-	604.30	-	-	604.30

ECL on rent receivable

Internal rating grade	As at March 31, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	-	-	-	-	30.49	-	-	30.49
Total	-	-	-	-	30.49	-	-	30.49

Reconciliation of ECL balance on Rental Income is given below:

Particulars	Year Ended 31-Mar-2022				Year Ended 31-Mar-2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	30.49	-	-	30.49	21.77	-	-	21.77
Provision on new exposure	-	-	-	-	8.72	-	-	8.72
Provision on exposure derecognised or repaid	(30.49)	-	-	(30.49)	-	-	-	-
Closing balance	-	-	-	-	30.49	-	-	30.49

In compliance with scheme of Amalgamation as stated in note no. 41.1 and read with foot note to Note No. 14 the Company has formally terminated the operating lease agreements entered with EDIT with effect from 31st December 2021. Accordingly, the rent equalisation receivable of ₹ 604.30 lakhs upto 31st March, 2021 in accordance with the Governing Ind AS is written off under other expenses. Further, provision of expected credit loss of ₹30.49 lakhs is also written back under the head 'Other expenses'.

8 Loans

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Staff Loan (unsecured and considered good)	0.94	-
Total	0.94	-

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

9 Investments

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Fair value through profit and loss account		
In India		
Investment in Mutual Fund - Liquid Growth plans	2,111.33	6,503.73
Total (a)	2,111.33	6,503.73
Investment in subsidiaries		
Quoted equity shares		
Investment in Equitas Small Finance Bank 933,943,363 equity shares of Equitas Small Finance Bank Limited of ₹ 10 each fully paid up (As at 31 March 2021 - 933,943,363).	1,38,090.79	1,38,090.79
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)	80.15	80.00
Unquoted equity shares		
Investment in Equitas Technologies Private Limited 25,000,000 equity shares of Equitas Technologies Private Limited of ₹ 10 each fully paid up (As at 31 March 2021 - 24,000,000) (regrouped to investments held for sale in note no. 10)	-	2,400.00
Total - Gross	1,40,897.32	1,43,297.17
Less : Impairment loss allowance	-	868.00
Total - Net (b)	1,40,897.32	1,42,429.17
Total Investments (a+b)	1,43,008.65	1,48,932.90
Investments in India	1,43,008.65	1,48,932.90
Investments outside India	-	-
Total	1,43,008.65	1,48,932.90

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, 2022				As at March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
High grade	2,111.33	-	-	2,111.33	6,503.73	-	-	6,503.73
Total	2,111.33	-	-	2,111.33	6,503.73	-	-	6,503.73

Investments measured at Fair valuation through profit and loss account

Credit quality of assets

Particulars	Year Ended 31-Mar-2022				Year Ended 31-Mar-2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Fair value - Opening balance	6,503.73	-	-	6,503.73	-	-	-	-
New assets originated or purchased	4,027.49	-	-	4,027.49	13,799.31	-	-	13,799.31
Assets derecognised or repaid	(8,484.62)	-	-	(8,484.62)	(7,299.63)	-	-	(7,299.63)
Change in fair value	64.73	-	-	64.73	4.05	-	-	4.05
Fair value - Closing balance	2,111.33	-	-	2,111.33	6,503.73	-	-	6,503.73

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

10 Financial asset held for sale

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Unquoted equity shares		
Investment in Equitas Technologies Private Limited	2,500.00	-
(25,000,000 equity shares of Equitas Technologies Private Limited of ₹ 10 each fully paid up (As at 31 March 2021 - 24,000,000) (Refer Note below)		
Less : Impairment loss allowance	1,703.06	-
Total	796.94	-

As per the Scheme of Amalgamation explained in note no. 41.1, all the assets held by the Company, including its investments in Equitas Technologies Private Limited ("ETPL") has to be transferred to and vested in the Bank. Since ETPL is not engaged in financial services, the Company is required to fully divest its investment in ETPL as mandated by RBI.

Accordingly, the Board of Directors of the Company in its Meeting held on January 07, 2022, approved sale of its entire shareholding in its Subsidiary, ETPL i.e. 2,50,00,000 equity shares. The Company got an offer from, prospective buyer for purchasing ETPL in total for a consolidated consideration of ₹ 800.00 lakhs, out of which the Company's share of consideration amounts to ₹ 796.94 lakhs

The Board in its Meeting held on May 16, 2022 accepted the offer from the prospective buyer and approved the sale of the entire investment in ETPL to the prospective buyer subject to the completion of due diligence process, finalisation and execution of necessary agreements and documents.

Accordingly, the said Investment has been classified as held for sale. Pursuant to such classification an amount of ₹ 835.06 lakhs being the difference between the carrying amount and fair value less costs to sell has been accounted as an impairment loss in the statement of profit & loss.

11 Current tax asset

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Advance income tax and self assessment tax (net of provision for taxes)	783.84	330.30
	783.84	330.30
Current tax liability		
Income tax payable (net of advance payment of taxes and tax deducted at source)	-	48.69
	-	48.69

a) Income Tax Expenses

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
The components of income tax expense for the years ended 31 March 2022 and 2021 are:		
Current tax	373.29	2,168.65
Current tax towards prior periods	(422.62)	42.67
Deferred tax relating to origination and reversal of temporary differences	(127.14)	37.67
Total tax charge reported in the statement of profit and loss	(176.47)	2,248.99

b) Income tax recognised in Other Comprehensive income

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Tax effect on		
Re-measurement gains/(losses) on defined benefit obligations	0.58	(0.16)
Income tax charged to OCI	0.58	(0.16)

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

c) Reconciliation of the tax expenses and the accounting profit multiplied by the tax rate

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 2022 and 2021 is, as follows:

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Accounting profit before tax	(6,102.25)	16,944.11
At India's statutory income tax rate of 25.17% (2021: 25.17%)	(1,535.81)	4,264.49
Income not subject to tax		
Financial guarantee income	-	(37.63)
Notional income subject to tax	7.93	7.74
Non-deductible expenses		
Impairment allowance for financial assets	210.17	75.50
Interest expenses on financial guarantee	-	2.68
Difference in tax base for CSR contribution	10.07	11.13
Income tax pertaining to earlier years	(422.62)	42.67
Difference in tax base for Capital gain tax	-	(2,152.77)
Tax effect on exceptional item	1,540.07	-
Other disallowances	13.72	35.18
Income tax expense reported in the statement of profit and loss	(176.47)	2,248.99

12 Property Plant and Equipment

Particulars	Computers	Office equipment	Vehicles	Sub total	Intangible assets - Software	Total	Capital Work in Progress
Gross carrying value:							
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	-
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
At 31 March 2022	1.24	0.26	14.32	15.82	1.55	17.37	-
Depreciation							
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	-
Charge for the year	0.03	-	3.40	3.43	-	3.43	-
Disposals	-	-	-	-	-	-	-
Other adjustments	-	-	-	-	-	-	-
At 31 March 2022	1.23	0.26	7.70	9.19	1.55	10.74	-
Net Block							
At 31 March 2021	0.04	-	10.02	10.06	-	10.06	-
At 31 March 2022	0.01	-	6.62	6.63	-	6.63	-

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

Investment Properties

Particulars	Land - Freehold	Building	Total
Gross carrying value:			
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
Additions	-	-	-
Disposals (regrouped to held for sale at Nil value) (refer Note No. 14)	(2,027.86)	(3,656.25)	(5,684.11)
At 31 March 2022	-	-	-
Depreciation			
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
Charge for the year	-	61.67	61.67
Disposals (regrouped to held for sale at Nil value) (refer Note No. 14)	-	(364.95)	(364.95)
Other adjustments	-	-	-
At 31 March 2022	-	-	-
Net Block			
At 31 March 2021	2,027.86	3,352.97	5,380.83
At 31 March 2022	-	-	-

Depreciation and amortisation expense for the year also includes amortisation of right of use asset of ₹ 5.66 lakhs (Previous year ₹5.61 lakhs). Also refer note 13.

Income earned and expenses incurred in connection with Investment properties

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Rental income	74.82	215.43
Direct operating expenses from property that generate rental income	8.74	16.73
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 41)

Fair value

Particulars	As at March 31, 2022	As at March 31, 2021
Investment properties (Refer Note below)	-	7,420.56

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

Pursuant to the proposed transfer of investment properties to Equitas Development Initiative Trust (EDIT) at Nil value (Refer Note No. 14), valuation as at 31st March, 2022 from an independent external valuer is not considered necessary.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

13 Right-of-use (ROU) asset

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Opening balance	28.65	28.21
Additions / Modification impact	-	0.44
Closing balance (a)	28.65	28.65
Accumulated Depreciation		
Opening balance	10.72	5.11
Depreciation expenses for the year	5.66	5.61
Closing Balance (b)	16.38	10.72
Net carrying amount (a-b)	12.27	17.93

14 Non Financial assets held for sale

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Value of Land and Building	-	-

Equitas Development Initiatives Trust (EDIT) is a public charitable trust registered on February 4, 2008. The Company is the author of the trust. EDIT, being the CSR implementing agency of the Group (the Company and its subsidiary, Equitas Small Finance Bank Limited), runs seven schools across Tamilnadu as part of the CSR activities of the Group. The Company acquired land, created infrastructure and permitted the trust to run the schools under an operating lease agreement.

Considering the Scheme of Amalgamation as stated in note no. 41.1, the Board of Directors in their meeting held on July 16, 2021 approved the transfer of immovable properties to EDIT without consideration. Further, the cost of transfer viz., stamp duty, registration charges and such other charges as may be applicable may also be borne by the Company for giving effect to the above mentioned transfer. This has been approved by the shareholders of the Company through postal ballot, results of which were declared on December 31,2021.

Considering the above facts, it is considered appropriate to measure these immovable properties at “Nil” value, being transfer without consideration. Accordingly, the carrying cost of these immovable properties as at 31st December 2021 of ₹ 5,319.16 lakhs and estimated cost of transfer of ₹ 800 lakhs is charged to statement of profit & loss as an exceptional item.

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

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Prepaid expenses	4.80	4.18
Income tax paid under protest (refer note no. 41)	331.20	331.20
Total	336.00	335.38

16 Trade payables (Refer note 36)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	23.03	33.45
Total	23.03	33.45

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

Trade Payables ageing schedule as at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	21.82	0.03	0.01	1.17	23.03
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	21.82	0.03	0.01	1.17	23.03

Trade Payables ageing schedule as at March 31, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	31.84	0.01	0.45	1.15	33.45
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	31.84	0.01	0.45	1.15	33.45

17 Other financial liabilities (at amortised cost)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
ROU leased liability	14.17	19.06
Unpaid Dividend	16.68	20.78
Total	30.85	39.84

18 Deferred tax liabilities

Particulars	As at 31-Mar-2022	As at 31-Mar-2022	Year Ended 31-Mar-2022	Year Ended 31-Mar-2022
	Deferred tax assets	Deferred tax liabilities	Income statement	OCI
Depreciation	1.58	-	0.10	-
Impairment allowance for financial assets	-	-	8.25	-
Unrealised gain on investment	-	16.30	16.30	
Provision for employee benefits	10.42	-	0.30	0.58
Rent receivable	-	-	(152.09)	
Total	12.00	16.30	(127.14)	0.58
Deferred tax liability (net)		4.30		

Particulars	As at 31-Mar-2021	As at 31-Mar-2021	Year Ended 31-Mar-2021	Year Ended 31-Mar-2021
	Deferred tax assets	Deferred tax liabilities	Income statement	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 liability (net)		132.01		

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

19 Other Non-financial liabilities

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Statutory Dues	6.87	7.68
Total	6.87	7.68

20 Provisions

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Employee benefits (refer Note 37.2)	41.40	42.61
Estimated cost of transfer (refer Note 14)	767.33	-
Others	-	17.80
Total	808.73	60.41

21 Share Capital

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	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	34,17,90,115	34,179.01

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

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	34,17,90,115	34,179.01	34,17,89,995	34,179.00
Exercise of options under ESOP scheme	-	-	120	0.01
Outstanding at the end of the year	34,17,90,115	34,179.01	34,17,90,115	34,179.01

Terms/ rights attached to equity shares

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

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

Details of Shareholding more than 5% shares in the company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of ₹ 10 each fully paid				
Franklin Templeton Mutual Fund	2,93,73,227	8.68%	3,37,87,404	9.89%
DSP Mutual Fund	2,52,73,525	7.39%	2,49,88,435	7.31%
CDC Group Plc	92,84,820	2.71%	1,78,60,820	5.23%
	6,39,31,572	18.78%	7,66,36,659	22.43%

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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

Shareholding of Promoters in the Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of ₹ 10 each fully paid	Nil	Nil	Nil	Nil

21.1 Shares reserved for issuance

Refer Note 48 with respect to ESOP Scheme.

22 Other Equity

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Securities premium reserve	1,30,437.90	1,30,437.90
Statutory reserves	4,688.64	4,688.64
Retained earnings	3,111.76	9,019.22
Share based payment reserve	33.36	53.24
Total	1,38,271.66	1,44,199.00

a. Securities premium reserve

The Securities premium received during the year represents the premium received towards allotment of Nil shares (Previous year 120) 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-2022	As at 31-Mar-2021
Balance at the beginning of the year	1,30,437.90	1,30,437.82
Premium on issue of share capital under ESOP Scheme	-	0.08
Balance at the end of the year	1,30,437.90	1,30,437.90

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. In the absence of profit there is no statutory reserve created for the year ended 31st March 2022.

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning of the year	4,688.64	1,749.62
Transfer from retained earnings to Statutory Reserves	-	2,939.02
Balance at the end of the year	4,688.64	4,688.64

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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

Retained Earnings

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning of the year	9,019.22	7,489.60
Profit for the year	(5,925.78)	14,695.12
Transfer from retained earnings to Statutory Reserves	-	(2,939.02)
Dividend appropriation	-	(10,253.70)
Other comprehensive income	(1.71)	0.48
Transfer of ESOP cost to retained earnings upon lapse of options	20.03	26.74
Balance at the end of the year	3,111.76	9,019.22

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-2022	As at 31-Mar-2021
Balance at the beginning of the year	53.24	76.29
Addition on account of ESOP cost	0.15	3.71
Transfer of ESOP cost to retained earnings upon lapse of options	(20.03)	(26.74)
Transfer of ESOP cost to securities premium upon exercise	-	(0.02)
Balance at the end of the year	33.36	53.24

e. 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, 2022 and as at 31st March 2021, 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 52 for further details.

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

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Interest on deposit with Related Parties	1,623.17	1,670.18
Interest on staff loan	1.28	-
Total	1,624.45	1,670.18

24 Revenue from Contracts with Customers (also refer note 39.2)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Rental Income	74.82	215.43
Guarantee Income	-	149.50
Total	74.82	364.93

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

25 Net gain on Fair value change

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
i) Others		
Gain/(loss) on sale of instruments at FVTPL	215.55	28.63
	215.55	28.63
Fair Value changes:		
Realised	150.82	24.58
Unrealised	64.73	4.05
Total Net gain/(loss) on fair value changes	215.55	28.63
ii) Profit from sale of investment		
Profit from sale of Investment in subsidiary	-	17,164.91
Less : IPO expenses	-	1,483.34
Total	-	15,681.57

26 Other income

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Other Miscellaneous Income	0.04	0.74
Dividend income	7.41	9.14
Processing fees	0.05	-
Liabilities no longer required written back	-	17.69
Total	7.50	27.57

27 Employee benefits expenses

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Salaries and wages (Including bonus)	104.56	105.97
Contribution to provident and other funds	5.76	4.78
Gratuity expense (Refer Note 37.2)	3.58	4.47
Share based payment to employees	7.41	9.14
Staff welfare expenses	0.74	0.28
Total	122.05	124.64

28 Impairment of Financial Instruments

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Rental Income Receivable	-	8.72
Investment in Subsidiary (Refer Note 10)	835.06	300.00
Total	835.06	308.72

29 Finance costs

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Interest Cost - lease	1.35	1.72
Interest Cost - financial guarantee obligation	-	10.67
Interest Cost - others	0.01	0.01
Total	1.36	12.40

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

30 Other expenses

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Advertisement & business promotion	6.83	3.47
Communication expenses	0.18	0.85
Professional & consultancy fee	64.64	32.41
Payments to auditors (Refer Note A below)	29.56	34.93
Directors' remuneration & sitting fees	59.59	46.49
Registrar fee and general meeting expenses	22.85	21.15
Miscellaneous expenses	2.77	0.01
Insurance expenses	6.60	5.97
Printing and stationery	0.10	0.02
Rates and taxes	67.29	102.35
Repairs & maintenance - others	1.32	0.18
Travelling & conveyance	0.64	0.17
Contributions towards CSR activities (Refer note B below)	40.00	44.21
Rent Receivable written off	604.30	-
Impairment loss allowance on above	(30.49)	-
Total	876.18	292.21

A. Payment to auditors (excluding taxes)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
As auditors		
Statutory audit (including consolidation)	10.60	17.60
Limited review (including consolidation)*	8.50	7.50
Certification fees*	3.95	2.50
In other capacity		
Tax audit	2.00	2.00
Other reporting services	-	-
Total	25.05	29.60

*Includes ₹ 7.45 lakhs paid to previous auditor.

B. Details of CSR expenditure:

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
(a) Gross amount required to be spent by the Company during the year	26.28	24.10
(b) Total amount of expenditure incurred during the year	40.00	44.21
(c) Shortfall at the end of the year	-	-
(d) Total amount of previous years shortfall	-	-
(e) Reason for shortfall	Not Applicable	Not Applicable

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.

The Board of Directors have approved a total CSR contribution of ₹40 lakhs for the year ended March 31, 2022, of which ₹30 lakhs(Previous Year ₹18.45 lakhs) to Equitas Development Initiatives Trust and ₹ 10 lakhs (Previous year : ₹ 25.76 lakhs) to Equitas Health Care foundation. (Refer Note 39.2)

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

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

The Company incurred ₹ Nil (March 31, 2021: ₹ Nil) as contribution to political parties, etc.

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

The Company incurred ₹ Nil (March 31, 2021: ₹ Nil) as contribution to nation defence fund or any other Fund approved by the Central Government for the purpose of national defence.

31 Exceptional item (Refer Note No. 14)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Land and building written off	5,319.16	-
Expenses for transfer of property	800.00	-
Total	6,119.16	-

32 Earnings per equity share

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Profit after tax - Basic earnings per equity share	(5,925.78)	14,695.12
Weighted average number of equity shares in calculating basic EPS	34,17,90,115	34,17,90,097
Basic earnings per equity share	(1.73)	4.30
Profit after tax - Diluted earnings per equity share	(5,918.37)	14,704.26
Weighted average number of equity shares in calculating basic EPS	34,17,90,115	34,17,90,097
Effect of dilution:		
Add: Dilutive impact of ESOPs	3,734	248
Weighted average number of equity shares in calculating Diluted EPS	34,17,93,849	34,17,90,345
Diluted earnings per equity share	(1.73)	4.30

33 Expenditure and income in foreign currency : NIL

34 Lease - as lessee

Lease disclosure under Ind-AS 116 for the year ended 31st March 2022

- A. This note explains the impact of the adoption of Ind-AS 116 Leases on the financial statements
- B. The company has taken premises on operating leases for office. The lease generally are for a term of 33 months with a renewal option for 22 months.

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

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Opening balance	19.06	23.58
Additions / Modification impact	-	(0.31)
Interest	1.35	1.72
Payments	(6.24)	(5.93)
Closing balance	14.17	19.06
Within one year	5.99	4.89
More than one year and upto five years	8.18	14.17

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

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

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Depreciation charges for right-of-use assets	5.66	5.61
Interest expense on lease liabilities	(1.35)	(1.72)
Total amount recognised in profit and loss account	4.31	3.89

35 Lease - as lessor (Refer Note No. 14)

During the year, the operating lease has been cancelled w.e.f 31st December, 2021. The company has provided premises on operating leases for running schools till 31st December, 2021. The details of maturity profile of future operating lease receivable are given below:

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Future lease rentals payable at the end of the year		
- Not later than one year	-	215.43
- Later than one year but not later than five years	-	862.29
- Later than five years	-	3,786.14
Total minimum lease rent recognised in the Profit and loss account	-	215.43
Total of future minimum sub lease payments expected to be received under non-cancellable sub-lease	-	-

The company has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

36 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, 2022. The relevant particulars are furnished below:

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
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	-	-

37 Retirement benefit plan

37.1 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 ₹5.76 lakh (For the year ended March 31, 2021: ₹4.78 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

37.2 Defined benefit plans

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	20.01	16.18
Current service cost	2.08	3.53
Interest cost	1.50	0.94
Benefits paid	-	-
Remeasurement effect of experience adjustments	2.29	(0.64)
Present value of defined benefit obligation at end of the year	25.88	20.01
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	25.88	20.01
Fair value of plan assets	-	-
Net liability recognised in the balance sheet	25.88	20.01
Cost of defined benefit plan for the year		
Current service cost	2.08	3.53
Interest cost	1.50	0.94
Expected return on plan assets	-	-
Net cost recognized in the statement of profit and loss and OCI	3.58	4.47
Remeasurement		
Effect of experience adjustments	(2.29)	0.64
Total remeasurement gain recognised in OCI	(2.29)	0.64

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Return on plan assets		
Actuarial assumptions		
Discount rate (Refer note (a))	7.48%	5.47%
Interest rate (Rate of return on assets)	NA	NA
Future salary increase (Refer note (b))	17.63%	10.00%
Mortality table	Indian Assured Lives (2012-14)	Indian Assured Lives (2012-14)
Attrition rate (Refer note (b))	0.00%	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, 2022

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

c) Experience Adjustments:

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Projected Benefit Obligation	25.88	23.84
Fair Value of Plan Assets	-	-
(Deficit)/ Surplus	(25.88)	(23.84)
Experience Adjustments on Plan Liabilities - Gains	-	-
Experience Adjustments on Plan Assets - Loss	(2.29)	(2.29)

	Amount
Expected Contribution in the following years to the fund	NA

	₹ in lakhs
Expected Maturity Profile of Benefit Payments	
Within the next 12 months (next annual reporting period)	1.06
Between 2 and 5 years	2.07
Between 5 and 10 years	1.53
Beyond 10 years	21.22

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	
<u>Discount Rate:</u> 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 1.00% of Discount rate would decrease DBO by:	-2.12%
Similarly, a decrease by 1.00% will increase DBO by:	2.49%
<u>Salary Escalation Rate:</u> An increase in Salary Escalation Rate increases the DBO, and vice versa	
In this case, an increase of 1% of salary escalation rate would increase DBO by:	1.20%
Similarly, a decrease by 1% will decrease DBO by:	-1.20%
<u>Staff Exit Rate:</u> 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 1% of Staff Exit rate would change DBO by:	
Similarly, a decrease by 1% will change DBO by:	
<u>Staff Exit Rate:</u> 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 1% of Staff Exit rate would change DBO by:	-0.38%
Similarly, a decrease by 1% will change DBO by:	0.43%

Particulars	Discount Rate		Future Salary increase	
	1% increase	1% decrease	1% increase	1% decrease
Impact on DBO	-0.55	0.64	0.31	-0.31

Notes to Standalone Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

37.3 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-2022	Year Ended 31-Mar-2021
Discount Rate	5.47%	5.47%
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.

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 1% of Discount rate would decrease DBO by:	-4.48%
Similarly, a decrease by 1% will increase D.B.O. by:	5.17%

Salary Escalation Rate: An increase in Salary Escalation Rate increases the DBO, and vice versa	
In this case, an increase of 1% of salary escalation rate would increase DBO by:	4.77%
Similarly, a decrease by 1% will decrease DBO by:	-4.21%

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 1% of Staff Exit rate would change DBO by:	-2.59%
Similarly, a decrease by 1% will change DBO by:	2.18%

Particulars	Discount Rate		Future Salary increase	
	1% increase	1% decrease	1% increase	1% decrease
Impact on DBO	-0.24	0.28	0.26	-0.23

38 Maturity analysis of assets and liabilities

Assets	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Cash and cash equivalents	889.15	-	889.15	83.66	-	83.66
Bank Balance other than cash and cash equivalents	24,364.05	3,110.41	27,474.46	8,079.72	14,942.84	23,022.56
Other financial assets	2.57	13.00	15.57	103.54	482.93	586.47
Loans	0.34	0.60	0.94	-	-	-
Investments	2,111.33	1,40,897.32	1,43,008.65	6,503.73	1,42,429.17	1,48,932.90
Financial asset held for sale	796.94	-	796.94	-	-	-
Non-financial Assets						

Notes to Standalone Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Assets	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	Beyond 12 months	Total	Within 12 months	Beyond 12 months	Total
Current tax asset (Net)	-	783.84	783.84	-	330.30	330.30
Other non-financial assets	4.80	331.20	336.00	4.18	331.20	335.38
Property, plant and equipment	-	6.63	6.63	-	10.06	10.06
Right-of-use (ROU) asset	-	12.27	12.27	-	17.93	17.93
Investment property	-	-	-	-	5,380.83	5,380.83
Total assets	28,169.18	1,45,155.27	1,73,324.45	14,774.83	1,63,925.26	1,78,700.09
Financial Liabilities						
Total outstanding dues of creditors other than micro enterprises and small enterprises	23.03	-	23.03	33.45	-	33.45
Other financial liabilities	22.33	8.52	30.85	4.89	34.95	39.84
Non-Financial Liabilities						
Current tax liability	-	-	-	48.69	-	48.69
Other non-financial liabilities	6.87	-	6.87	7.68	-	7.68
Provisions	772.43	36.30	808.73	26.81	33.60	60.41
Deferred tax liabilities	-	4.30	4.30	-	132.01	132.01
Total liabilities	824.66	49.12	873.78	121.52	200.56	322.08
Net	27,344.52	1,45,106.15	1,72,450.67	14,653.31	1,63,724.70	1,78,378.01

39 Related party disclosures

39.1 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	John Alex, Executive Director and CEO
	Srimathy R, Chief Financial Officer
	Deepti R, Company Secretary
	Mr Rangachary N, Chairman
	Mr Arun Ramanathan
Independent/ Non Executive Directors	Ms Jayshree Ashwinkumar Vyas
	Mr Rajaraman P V
	Mr Viswanatha Prasad S
	Mr. Jayaraman Chandrasekaran
	Mr. S Bhaskar
	Equitas Development Initiatives Trust
	Equitas Healthcare Foundation
Enterprises over which the Company or its Key management personnel is able to exercise significant influence	

Notes to Standalone Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

39.2 Transactions with the Related Parties

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Income		
Guarantee Income		
Equitas Small Finance Bank Limited	-	149.50
Rental Income		
Equitas Development Initiatives Trust	74.82	215.43
Interest on deposits placed with related parties		
Equitas Small Finance Bank Limited	1,623.17	1,670.18
Interest on Loan		
Key Managerial Personnel	1.28	-
Processing Fees		
Key Managerial Personnel	0.05	-
Expenses		
Interest cost on Financial Guarantee		
Equitas Small Finance Bank Limited	-	10.67
CSR contribution		
Equitas Development Initiatives Trust	30.00	18.45
Equitas Health Care Foundation	10.00	25.76
Reimbursement of IPO expenses		
Equitas Small Finance Bank Limited	-	1,483.34
Share based payment to employees		
Key Managerial Personnel	7.30	8.78
Dividend income		
Key Managerial Personnel	7.30	8.78
Remuneration to Key Managerial Personnel *		
John Alex ,Executive Director and CEO	98.52	74.25
Srimathy R, Chief Financial Officer	24.05	19.79
Deepti R, Company Secretary	11.27	9.29
Remuneration and Sitting Fees to Non-Executive Directors (excluding GST)	50.50	41.39
* excludes employer's contribution to various funds, non-monetary perquisites and provisions made for gratuity and leave benefits, as these are determined for the Company as a whole		
Other Transactions		
Deposits placed		
Equitas Small Finance Bank Limited	12,203.55	28,790.80
Deposits matured		
Equitas Small Finance Bank Limited	7,739.21	24,187.12
Loans given		
Key Managerial Personnel	150.00	-
Loans repaid		
Key Managerial Personnel	150.00	-
Investment in Equity Shares of Subsidiaries, including premium		
Equitas Technologies Private Limited	100.00	200.00
Guarantees released		
Equitas Small Finance Bank Limited	-	5,200.00

Notes to Standalone Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance as at Year End		
Deposits		
Equitas Small Finance Bank Limited	27,230.05	22,765.71
Interest Receivable on Deposits		
Equitas Small Finance Bank Limited	227.69	236.07
Balances with Current Accounts		
Equitas Small Finance Bank Limited	880.94	75.91
Investment in Equity Shares of Subsidiaries, including premium		
Equitas Small Finance Bank Limited	1,40,897.32	1,40,897.17
Equitas Technologies Private Limited	2,500.00	2,400.00
(Impairment loss of ₹ 1,703.06 lakhs previous year ₹ 868.00 lakhs)		

Maximum Outstanding during the year

Particulars	Maximum outstanding during the FY 21-22	Maximum outstanding during the FY 20-21
Deposits		
Equitas Small Finance Bank Limited	27,470.99	35,765.71
Balances with Current Accounts		
Equitas Small Finance Bank Limited	2,143.43	22,767.27
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	1,40,897.32	1,47,491.19
Equitas Technologies Private Limited	2,500.00	2,400.00

The options granted to the key managerial personnel as of 31st March 2022 is as provided below:

As at March 31, 2022 - Options from ESFB

Name of the KMP	Grant Date	Expiry date	Exercise Price in rupees	No of options
Srimathy R	30-Jul-21	30-Jul-25	64	5,720
Deepti R	30-Jul-21	30-Jul-25	64	760
				6,480

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

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-25	56.00	36,750
Srimathy R	22-Nov-19	30-Nov-23	27.00	7,524
Srimathy R	22-Nov-19	30-Nov-23	27.00	1,161
Srimathy R	29-Jan-20	29-Jan-24	38.00	4,048
Srimathy R	29-Jan-20	29-Jan-25	38.00	4,048
Srimathy R	22-Mar-21	22-Mar-25	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

40 Segment information

As per Ind AS 108- "Operating Segment", segment information has been provided under the Notes to Consolidated Financial Statements.

41 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-2022	Year Ended 31-Mar-2021
Claims against the company not acknowledged as debts		
- Income tax matters		
Where Company has preferred an appeal	118.76	118.76
Where department has preferred an appeal*	1,059.88	1,059.88
Commitments		
- Estimated amount of contracts remaining to be executed on capital account and not provided for	NIL	NIL

* Out of the above, ₹ 331.20 lakhs has been deposited under protest

41.1 The Board of Directors of the Company and the Equitas Small Finance Bank (Bank) at their respective Meetings held on July 26, 2021 approved a Scheme of Amalgamation between the Company, the Bank and their respective shareholders, contemplating amalgamation of the Company with the Bank under applicable provisions of the Companies Act 2013. The Scheme was designed to achieve the RBI licensing requirement of dilution of promoter (the Company) shareholding in the Bank and minimum public shareholding (MPS) requirement prescribed by SEBI Regulations in a manner that is in the best interests of and without being prejudicial to the Company, the Bank, their respective shareholders or any other stakeholders.

Subsequently, the Bank achieved the MPS through a Qualified Institutions Placement (QIP) of its shares, in February 2022, after obtaining the necessary approvals. QIP comprised of issue of 10,26,31,087 equity shares of ₹ 10/- each at premium of ₹43.59 per share, aggregating to a fund raise of ₹55,000 lakhs. As a result of this QIP, the public shareholding in ESFB increased from 18.70% to 25.37%, thereby complying with the Minimum Public Shareholding (MPS) requirements prescribed by SEBI Regulations.

Consequently, the aforesaid Scheme was revised to include the change in capital structure arising from QIP as well as the necessary change in objects of the Scheme. The Scheme, so revised was approved by the Boards of the Company and the Bank in their respective Meetings held on March 21, 2022. The Scheme has been filed with the Stock Exchanges and RBI for necessary approvals/ sanctions.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

Upon coming into effect of this Scheme and in consideration of the amalgamation of Company with the Bank, the Bank, without any further application, act or deed, shall issue and allot to each of the equity shareholders of the Company as on the Record Date defined in the Scheme, 231 equity Shares of ₹10/- each credited as fully paid up of the Bank, in respect of every 100 Equity Shares of ₹10/- each fully paid up held by them in the Company.

42 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 20).
- Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed in Note 41.
- 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.

43 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.

43.1 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.

43.2 Regulatory capital

	As at 31-Mar-2022	As at 31-Mar-2021
Common Equity Tier1 (CET1) capital	1,69,629.44	1,75,560.49
Other Tier 2 capital instruments	-	-
Total capital	1,69,629.44	1,75,560.49
Risk weighted assets	1,69,996.99	1,75,828.14
CET1 capital ratio	99.78%	99.85%
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, 2022

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

43.3 Components of ANW and other related information

	As at 31-Mar-2022	As at 31-Mar-2021
i) ANW as a % of Risk Weighted Assets	99.78%	99.85%
ii) Unrealized appreciation in the book value of quoted investments	-	-
iii) Diminution in the aggregate book value of quoted investments	-	868.00
iv) Leverage Ratio	0.01	0.00

Liquidity Coverage Ratio are not applicable since the Company is a Type 1 NBFC pursuant to circular dt. 04.11.2019 RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20.

43.4 Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Return on Equity (RoE)	-3.38%	8.34%
Return on Assets (RoA)	-3.37%	8.32%
Net profit per employee [₹ in Lakhs]	(1,185.50)	2,939.12

44 Fair value measurement

44.1 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.

44.2 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.

44.3 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-22	Carrying amount	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis					
Financial Assets					
Cash and cash equivalents	889.15	889.15	-	-	889.15
Bank balance other than cash and cash equivalents	27,474.46	27,474.46	-	-	27,474.46
Other Financial Assets	15.57	-	-	15.57	15.57
Investment	1,43,008.65	4,77,245.06	2,356.80	-	4,79,601.86
Financial asset held for sale	796.94	-	796.94	-	796.94
Total financial assets	1,72,184.77	5,05,608.67	3,153.74	15.57	5,08,777.98
Financial liabilities					
Trade Payables					
Total outstanding dues of creditors other than micro enterprises and small enterprises	23.03	-	-	23.03	23.03
Other financial liabilities	30.85	-	-	30.85	30.85
Total financial liabilities	53.88	-	-	53.88	53.88

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

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 in subsidiaries	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	39.84	-	-	39.84	39.84
Total financial liabilities	73.29	-	-	73.29	73.29

44.4 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.

44.4.1 Loans and advances to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Credit risk is derived from market observable data. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models.

44.4.2 Off balance sheet items

Estimated fair values of off-balance sheet positions are based on market prices for similar instruments or on discounted cash flow models, as explained above, which incorporate the credit risk element through the discount factor.

44.4.3 Investment in subsidiary

The company being a core investment company has no separate business operations on a standalone basis. The equity shares of the Company are listed in stock exchanges in India and it is estimated that the value of the shares of the Company are derived from the operations in its investments in subsidiary. Accordingly, the management has considered the value of its shares in active market as the value of investment in its subsidiary having operations.

45 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

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.

45.1 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.

45.2 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 46 for the summary of maturity profile of undiscounted cashflows of the Company's financial assets and financial liabilities as at reporting period.

45.3 Concentration of Risk/Exposure

Concentration of credit risk arise when a number of counterparties or exposures have comparable economic characteristics, or such counterparties are engaged in similar activities or operate in same geographical area or industry sector so that collective ability to meet contractual obligations jess uniformly affected by changes in economic, political or other conditions. The Company's investments consist of investment in equity shares of subsidiaries and the management believes that it will not be affected by changes in regulatory, economic, political or other conditions.

45.4 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 47.

45.5 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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

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.

45.6 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.

45.7 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, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

46 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.

As at 31 March 2022

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Financial assets						
Cash and cash equivalent and other bank balances	905.87	9,887.19	13,570.99	3,999.56	-	28,363.61
Investment	-	1,000.00	1,111.33	-	1,40,897.32	1,43,008.65
Other Financial Assets	-	-	2.91	12.66	-	15.57
Loans	-	0.08	0.26	0.60	-	0.94
Financial asset held for sale	-	-	796.94	-	-	796.94
Total undiscounted financial assets	905.87	10,887.27	15,482.43	4,012.82	1,40,897.32	1,72,185.71
Financial liabilities						
Other financial liabilities	16.68	1.40	4.25	8.52	-	30.85
Total undiscounted financial liabilities	16.68	1.40	4.25	8.52	-	30.85
Net undiscounted financial assets/(liabilities)	889.19	10,885.87	15,478.18	4,004.30	1,40,897.32	1,72,154.86

As at 31 March 2021

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
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	1.19	3.70	14.17	-	39.84
Total undiscounted financial liabilities	20.78	1.19	3.70	14.17	-	39.84
Net undiscounted financial assets/(liabilities)	83.66	3,252.26	11,325.40	15,495.26	1,42,429.17	1,72,585.75

Notes to Standalone Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

46.1 ALM - Maturity pattern of Assets and Liabilities as on 31st March 2022	Total	-	1,43,008.65	-	-	-
	Over 5 years	-	1,40,897.32	-	-	-
	Over 3 years & up to 5 years	-	-	-	-	-
	Over 1 year & up to 3 years	-	-	-	-	-
	Over 6 month & up to 1 year	-	-	-	-	-
	Over 3 month & up to 6 month	-	1,111.33	-	-	-
	Over 2 months up to 3 months	-	1,000.00	-	-	-
	Over 1 month up to 2 month	-	-	-	-	-
	15 days to 30/31 days	-	-	-	-	-
	8 to 14 days	-	-	-	-	-
ALM - Maturity pattern of Assets and Liabilities as on 31st March 2021	1 to 7 days	-	-	-	-	-
	Particulars					
	Advances	-	-	-	-	-
	Investments	-	-	-	-	-
	Borrowings	-	-	-	-	-
	Foreign Currency Assets	-	-	-	-	-
	Foreign Currency Liabilities	-	-	-	-	-
	Particulars					
	Advances	-	-	-	-	-
	Investments	-	-	-	-	-
	Over 1 month up to 2 month	-	-	-	-	-
	Over 2 months up to 3 months	-	1,000.00	-	-	-
	Over 3 month & up to 6 month	-	5,503.73	-	-	-
	Over 6 month & up to 1 year	-	-	-	-	-
	Over 1 year & up to 3 years	-	-	-	-	-
	Over 3 years & up to 5 years	-	-	-	-	-
	Over 5 years	-	1,42,429.17	-	-	-
	Total	-	1,48,932.90	-	-	-
	Particulars					
	Advances	-	-	-	-	-
	Over 1 to 7 days	-	-	-	-	-
	Over 8 to 14 days	-	-	-	-	-
	Over 15 days to 30/31 days	-	-	-	-	-
	Over 1 month up to 2 month	-	-	-	-	-
	Over 2 months up to 3 months	-	1,000.00	-	-	-
	Over 3 month & up to 6 month	-	5,503.73	-	-	-
	Over 6 month & up to 1 year	-	-	-	-	-
	Over 1 year & up to 3 years	-	-	-	-	-
	Over 3 years & up to 5 years	-	-	-	-	-
	Over 5 years	-	1,42,429.17	-	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

47 Total market risk exposure

Particulars	As at 31st March 2022			As at 31st March 2021		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Cash and cash equivalent and other bank balances	28,363.61	-	28,363.61	23,106.22	-	23,106.22
Other Financial Assets	15.57	-	15.57	586.47	-	586.47
Investments	1,43,008.65	2,111.33	1,40,897.32	1,48,932.90	6,503.73	1,42,429.17
Total	1,71,387.83	2,111.33	1,69,276.50	1,72,625.59	6,503.73	1,66,121.86
Liabilities						
Trade payables	23.03	-	23.03	33.45	-	33.45
Other liabilities	30.85	-	30.85	39.84	-	39.84
Total	53.88	-	53.88	73.29	-	73.29

48 Share based payments

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 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 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.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

As at March 31, 2022, 51,976 (As at March 31, 2021 - 1,10,420) options were outstanding, which were granted at various exercise prices. The following are the outstanding grants as at March 31, 2022:

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-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-19 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	March 31, 2022		March 31, 2021	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,10,420	153.42	1,72,308	148.73
Granted During the period	-	-	-	-
Exercised during the year	-	-	120	55.00
Expired during the year	58,444	154.36	61,768	154.13
Transferred during the year	-	-	-	-
Outstanding at the end of the year	51,976	152.36	1,10,420	153.42
Options exercisable at the end of the year	51,976	152.36	1,04,803	152.95

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

Particulars	March 31, 2022	March 31, 2021
Range of exercise price (₹)	40 to 183	40 to 183
Weighted average remaining contractual life (in years)	0.70	1.26
Weighted average fair value of options granted	-	-
Weighted average market price of shares on the date of exercise(₹)	-	91.70

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 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	-	-	-

49 The Company has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

The Company has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

50 Additional disclosures/ Regulatory information as required by Notification No. GSR 207(E) dated 24.03.2021 (To the extent applicable):

50.1 Compliance with number of layers of companies:

No layers of companies has been established beyond the limits prescribed under clause 87 of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

50.2 Relationship with Struck off Companies:

The Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

50.3 Undisclosed income:

Details of transactions not recorded in the books of account that has been surrendered/ disclosed as income during the year in the tax assessments ₹ Nil (Previous year ₹ Nil)

50.4 The Company has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.

51 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, 2022 has been prepared under Ind AS.

The regulatory disclosures contained in Note 43.2 and Note 51 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 43.2 and 51 have been prepared in accordance with Ind AS.

Sl. No. Particulars		As at 31-Mar-2022		As at 31-Mar-2021	
		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)	-	-	-	-

		As at 31-Mar-2022	As at 31-Mar-2021
Sl. No.	Particulars	Amount Outstanding	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	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

Sl. No.	Particulars	As at 31-Mar-2022 Amount Outstanding	As at 31-Mar-2021 Amount Outstanding
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	-	-

Sl. No.	Particulars	As at 31-Mar-2022	As at 31-Mar-2021
4	Break-up of Investments :		
	Current Investments :		
	1. Quoted:		
	(i) Share: (a) Equity	-	-
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	2,111.33	6,503.73
	(iv) Government Securities	-	-
	(v) Others (please specify)	-	-
	2. Unquoted:		
	(i) Shares:	-	-
	(a) Equity	2,500.00	-
	(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	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
	(b) Preference	-	-
	(ii) Debentures and Bonds	-	-
	(iii) Units of mutual funds	-	-
	(iv) Government Securities	-	-
	(v) Others (please specify) *	2,806.53	2,806.38

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

Includes Financial assets held for sale

Notes to Standalone Financial Statements

for the year ended March 31, 2022

(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 :

Category	As at 31-Mar-2022			As at 31-Mar-2021		
	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-2022		As at 31-Mar-2021	
	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	4,77,245.06	1,40,897.32	5,65,057.68	1,42,429.17
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
Other than related parties	-	-	-	-
Total	4,77,245.06	1,40,897.32	5,65,057.68	1,42,429.17

Sl. No.	Particulars	As at 31-Mar-2022 Amount Outstanding	As at 31-Mar-2021 Amount Outstanding
7	Other information		
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, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Sl. No.	Particulars	As at 31-Mar-2022	As at 31-Mar-2021
ii)	Value of Investments		
i)	Gross Value of Investment #		
	(a) In India	1,43,397.32	1,43,297.17
	(b) Outside India	-	-
(ii)	Provisions for Depreciation #		
	(a) In India	1,703.06	868.00
	(b) Outside India	-	-
(iii)	Net Value of Investments		
	(a) In India	1,41,694.26	1,42,429.17
	(b) Outside India	-	-
iii)	Movement of provisions held towards depreciation on investments.		
i)	Opening Balance	868.00	568.00
ii)	Add: Provision made during the year	835.06	300.00
iii)	Less : Write-off / write-back of excess provisions during the year	-	-
iv)	Closing Balance	1,703.06	868.00

Includes Financial assets held for sale

52 Additional Information as required by Reserve Bank of India, Implementation of Indian Accounting Standards, Circular no: RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 as at 31st March 2022

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		-	-	-	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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)
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	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
	Total	-	-	-	-	-

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		-	-	-	-	-

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

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)
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.

53 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.

SI No	Particulars	As at 31-Mar-2022	As at 31-Mar-2021
	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
	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

Notes to Standalone Financial Statements

for the year ended March 31, 2022

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

54 Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
(i) Provisions and Contingencies		
Break up of 'Provisions and Contingencies' shown under the Profit and Loss Account		
Provisions for depreciation on Investment	835.06	300.00
Provision towards NPA	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)		
- Provision on rent receivables	-	8.72
Provision for Standard Assets	-	-
Total	835.06	308.72
(ii) Concentration of NPA's	Exposure as a % of total assets	
Total Exposure to top five NPA accounts	Nil	Nil

55 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 28, 2022 by the Board of Directors of the Company.

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

As per our report of even date
For **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no.514998

Place : Chennai
Date : 28 May 2022

N Rangachary
Chairman
DIN:00054437

Place: Bangalore
Date : 28 May 2022

John Alex
ED and CEO
DIN: 08584415

Place: Chennai
Date : 28 May 2022

S Viswanatha Prasad
Director
DIN:00574928

Place: Bangalore
Date : 28 May 2022

Srimathy R
Chief Financial Officer
Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary
Membership no: A35488
Place : Chennai
Date : 28 May 2022

Independent Auditors’ Report

To the Members of Equitas Holdings Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Equitas Holdings Limited (“the Holding Company”), and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) which comprise the Consolidated Balance Sheet as at 31 March 2022, and 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 for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (“Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Group as at 31 March 2022, their consolidated profit and total comprehensive income,

consolidated changes in equity and its consolidated cash flows for the year ended on that date.

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 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

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, 2022. 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	How our audit addressed the key audit matter
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.	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.
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.	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.
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.	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.

Key Audit Matters	How our audit addressed the key audit matter
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.	We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheet.
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.	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.
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.	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.
IT general controls over user access management and change management across applications, networks, database, and operating systems.	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.
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.	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.

Other Information

The Holding Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Holding Company’s Annual report 2021-22, but does not include the Consolidated financial statements and our auditor’s report thereon.

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

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

If, based on the work we have performed, if 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.

Managements and Board of Directors’ Responsibility for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income (loss), consolidated 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. The respective Management and Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the 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 design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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 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 has 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.

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 internal financial controls with reference to consolidated 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 consolidated 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matter

The consolidated financial statements of the Company for the year ended 31 March 2021, have been audited by the predecessor auditors who expressed their unmodified opinion on those financial statement on 13 May 2021. We did not audit the Consolidated Financial Statements for the year ended 31 March 2021, included in the consolidated financial statements.

We did not audit the financial statement and other financial information of the subsidiary bank, whose audited Ind AS special purpose financial statement (before consolidation adjustments) reflect the total assets of Rs. 27,56,813 lakhs as at 31st March 2022, total revenues of Rs. 4,02,164 lakhs and net cash flow amounting of Rs. (1,24,947) lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by one of the joint statutory auditor of that subsidiary bank whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary bank and our report in terms of sub-section (3) of Section 143

of the Act, in so far as it relates to the aforesaid subsidiary bank is based solely on the reports of the other auditor.

We did not audit the financial statement and other financial information, in respect of one subsidiary, whose financial statements include total assets of Rs. 1,191 lakhs as at 31st March 2022, and total revenue of Rs. 2,033 lakhs and net increase in cash flow of Rs. (169) lakhs for the year ended to date. Those financial statements and other financial information have been audited by other auditor, 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 is not modified in respect of this matter

Report on Other Legal and Regulatory Requirements

1. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, based on the consideration of the Order reports issued till date by us and by the respective other auditors as mentioned in "other Matter" paragraph above, of companies included in the consolidated financial statements to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in the CARO reports of the said companies included in the consolidated financial statements.
2. 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:
 - a) We/the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books;
 - c) 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;

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the representations received from the directors of the Holding Company as on March 31, 2022 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, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls 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";

g) 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.

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

i) The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2022 on the consolidated financial position of the Group – Refer to Note 46 to the Consolidated Financial Statements;

ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

iv) a. The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, no funds (which are material either

individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b. The respective Managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding

Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- c. Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries (as applicable) which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v) The Group has neither declared nor paid any dividend during the year.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI FRN: 109208W

Karthik Srinivasan
Partner (M. No. 514998)
UDIN: 22514998AJVAPO8478

Place: Chennai
Date: 28 May 2022

Annexure A to the Independent Auditors' report on the consolidated financial statements of Equitas Holdings Limited for the year ended 31 March 2022

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

Opinion

In conjunction with our audit of the Consolidated Financial Statements of the company as of and for the year ended March 31, 2022, 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.

Auditors' 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 two subsidiaries, which are Companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

For V. Sankar Aiyar & Co.
Chartered Accountants
ICAI FRN: 109208W

Karthik Srinivasan
Partner (M. No. 514998)
UDIN: 22514998AJVAPO8478

Place: Chennai
Date: 28 May 2022

Consolidated Balance Sheet

as at March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	As at 31-Mar-2022	As at 31-Mar-2021
Assets			
Financial assets			
Cash and cash equivalents	5	2,12,955	3,37,924
Bank balance other than cash and cash equivalents	6	17	21
Loans and advances	7	20,03,874	17,50,991
Trade receivable	8	926	481
Investments	9	4,54,783	3,83,783
Other Financial Assets	10	18,333	17,145
Non-financial assets			
Current tax assets (Net)	11	847	355
Deferred tax asset	12	27,060	19,971
Property, plant and equipment	13	12,982	11,701
Capital work in Progress	13	199	-
Investment Property	13	-	5,381
Right of Use (ROU) asset	14	20,391	22,367
Intangible assets under development	13	919	88
Other intangible assets	13	5,975	6,734
Non Financial assets held for sale	15	-	-
Other non-financial assets	16	2,012	1,364
Total Assets		27,61,273	25,58,306
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	17	19,256	15,751
Debt securities	18	15,025	22,006
Borrowings (other than debt securities)	19	3,35,714	4,68,417
Deposits	20	18,73,482	16,26,027
Other financial liabilities	21	53,851	43,267
Non-financial liabilities			
Current tax liabilities (Net)	11	600	692
Deferred tax liabilities	12	-	132
Provisions	22	14,533	12,769
Other Non-financial liabilities	23	2,944	2,057
Total liabilities		23,15,405	21,91,118
Equity			
Equity Share capital	24	34,179	34,179
Other Equity	25	3,06,479	2,73,448
Equity attributable to owners of the company		3,40,658	3,07,627
Non controlling interest		1,05,210	59,561
Total liabilities and equity		27,61,273	25,58,306
Summary of significant accounting policies	3		
Significant accounting judgements, estimates and assumptions	4		

The accompanying notes 1 to 63 form an integral part of the Financial Statements.
As per our report of even date
For **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no. 514998
Place: Chennai
Date : 28 May 2022

N Rangachary
Chairman
DIN: 00054437
Place: Bangalore
Date : 28 May 2022

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ED and CEO
DIN: 08584415
Place: Chennai
Date : 28 May 2022

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Director
DIN: 00574928
Place: Bangalore
Date : 28 May 2022

Srimathy R
Chief Financial Officer
Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary
Membership no: A35488
Place : Chennai
Date : 28 May 2022

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Revenue from operations			
Interest income	26	3,63,131	3,34,693
Revenue from contract with customers	27	29,994	18,398
Net gain on fair value changes	28	4,584	4,511
Profit on sale of investment	29	-	15,682
Rental income	30	75	215
Total revenue from operations		3,97,784	3,73,499
Other income	31	6,706	8,570
Total income		4,04,490	3,82,069
Expenses			
Finance costs	32	1,48,101	1,44,485
Impairment on Financial Asset	33	50,091	38,761
Employee benefits expenses	34	92,305	81,386
Depreciation and amortisation	13	12,719	12,704
Others expenses	35	66,239	39,124
Total Expense		3,69,455	3,16,460
Profit before tax and exceptional item		35,035	65,609
Exceptional item	36	6,119	-
Profit before tax		28,916	65,609
Tax Expenses			
Current tax	11	16,150	18,861
Income tax for earlier years		(423)	43
Deferred tax (Net)	12	(7,142)	(4,674)
Total tax expenses		8,585	14,230
Profit for the year		20,331	51,379
Other Comprehensive Income:			
Items not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/(losses) on defined benefit obligations		140	68
Income tax effect on the above		(34)	(17)
Items that will be reclassified to profit or loss in subsequent periods:			
Debt instruments measured at FVOCI		(450)	467
Income tax effect on the above		113	(118)
Total Other comprehensive Income		(231)	400
Total comprehensive Income for the year, net of tax		20,100	51,779
Net profit for the year attributable to			
Owners of the company		15,319	47,324
Non-controlling interest		5,012	4,055
Total comprehensive income for the year attributable to			
Owners of the company		15,128	47,585
Non-controlling interest		4,972	4,194
Earnings per equity share			
Basic earnings per equity share	37	5.95	15.03
Diluted earnings per equity share	37	5.95	15.03
Summary of significant accounting policies	3		
Significant accounting judgements, estimates and assumptions	4		

The accompanying notes 1 to 63 form an integral part of the Financial Statements.
As per our report of even date
For **V Sankar Aiyar & Co.**
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Place : Chennai
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Membership no: A35488
Place : Chennai
Date : 28 May 2022

Consolidated Cash Flow Statement

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
A. Cash Flow From Operating Activities			
Profit before tax after Exceptional Items		28,916	65,609
Adjustments to reconcile profit before tax to net cash flows:			
Land and building written off		5,319	-
Provision for estimated cost of transfer		767	-
Depreciation and amortisation		12,719	12,704
Net gain on fair value change		(4,584)	(4,511)
Impairment on Financial Asset		50,091	38,761
Re-measurement gains/(losses) on defined benefit obligations		140	68
Impact on Effective interest rate (EIR) on financial instruments		(1,861)	(1,645)
Fair valuation impact on financial instruments		635	2,326
Rental income		-	(173)
Interest expenses ROU		1,783	2,037
Profit on sale of investment		-	(17,165)
Other lease adjustment		(58)	(188)
Interest expenses on borrowings		31,980	45,969
Interest income on bank balances not considered as cash and cash equivalents		(189)	(44)
(Profit) / Loss on sale of Property Plant and Equipment		31	(4)
Employee expenses on share based payment		1,924	1,744
Operating profit before working capital changes		1,27,613	1,45,488
(Increase)/decrease in loans and advances		(3,01,744)	(2,79,789)
(Increase)/decrease in trade receivables		(445)	(263)
(Increase)/decrease in investments		(66,971)	(1,40,368)
(Increase)/decrease in other financial assets		(1,188)	(8,288)
(Increase)/decrease in other non-financial assets		(426)	(19)
Increase/(decrease) in deposits		2,47,441	5,58,143
Increase/(decrease) in trade payables		3,505	2,181
Increase/(decrease) in provisions		997	4,440
Increase/(decrease) in financial liabilities		12,352	9,017
Increase/(decrease) in non-financial liabilities		887	1,102
Cash used in Operations		22,021	2,91,644
Direct taxes paid		(16,311)	(17,589)
Net Cash flow from/(used in) operating activities (A)		5,710	2,74,055
B. Cash Flow From Investing Activities			
Addition to property, plant and equipment		(9,298)	(5,013)
Addition to investment property		-	(16)
Proceeds from sale of property, plant and equipment		177	131
(Increase)/decrease in bank balance other than cash and cash equivalents		193	565
Net Cash flow from/(used in) Investing Activities (B)		(8,928)	(4,333)

Consolidated Cash Flow Statement

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Notes	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
C. Cash Flow From Financing Activities			
Increase/(decrease) in borrowings (net)		(1,71,633)	(2,19,167)
Proceeds from sale of investment in subsidiary		-	23,760
Proceeds from issue of share capital (including share premium by Subsidiary Bank)		46,622	28,279
Share issue Expenses		(1,114)	(1,482)
Share application money received		11,148	213
Interest paid on RoU lease liability		(1,783)	(2,037)
Payment of Dividend		(4)	(10,233)
Payment of Lease liability		(4,987)	(4,392)
Net Cash flow from/(used in) Financing Activities (C)		(1,21,751)	(1,85,059)
Net Increase/Decrease in cash and cash equivalent D = (A+B+C)		(1,24,969)	84,663
Cash and Cash Equivalents - Opening Balance (E)		3,37,924	2,53,261
Cash and Cash Equivalents - Closing Balance (D) + (E)		2,12,955	3,37,924
Components of Cash and Cash Equivalents at the end of the year			
Current account with Banks	6	1,96,844	3,28,182
Cash on Hand		16,111	9,742
Total Cash and Cash Equivalents		2,12,955	3,37,924

The accompanying notes 1 to 63 form an integral part of the Financial Statements.

As per our report of even date
For **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no. 514998

Place : Chennai
Date : 28 May 2022

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DIN: 00054437

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Chief Financial Officer

Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary

Membership no: A35488
Place : Chennai
Date : 28 May 2022

Consolidated Statement of Changes in Equity

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

(a) Equity share capital													
Particulars											No. of shares	Amount	
Opening balance as on 1 st April 2020											34,17,89,995	34,179	
Add: Shares issued during the year											120	-	
Balance as on 31 st March 2021											34,17,90,115	34,179	
Add: Shares issued during the year											-	-	
Balance as on 31 st March 2022											34,17,90,115	34,179	
(b) Other equity													
Reserves and Surplus											Items of Other Comprehensive Income (OCI)	Total	Non controlling interest
Particulars											FVTOCI Reserve		
As at April 01, 2020											3	2,44,185	11,950
Profit for the year											-	47,324	4,055
Other Comprehensive Income											228	261	139
Minority interest created											-	(27,629)	43,417
Sub total											231	2,64,141	59,561
Dividend appropriation											-	(10,254)	-
Transfer from retained earnings to Statutory Reserves											-	-	-
Transfer from retained earnings to Special reserve											-	(742)	-
Transfer from retained earnings to Capital reserve											-	(2,366)	-
Transfer from retained earnings to Investment Fluctuation reserve											-	(198)	-
Capital reserve on disinvestment in subsidiary											-	(605)	-
Addition on account of ESOP cost											-	1,744	-
Premium on issue of share capital											-	19,855	-
Share premium - Deduction											-	(1,482)	-
Share capital											-	-	-
Share application money received											-	213	-
Transfer of ESOP cost to retained earnings upon lapse of options											-	-	-
Transfer of ESOP cost to securities premium upon exercise											-	-	-
As at March 31, 2021											231	2,73,448	59,561

Consolidated Statement of Changes in Equity

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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	Retained Earnings	Share application money			FVTOCI Reserve
As at April 01, 2021	38,061	3,089	1,79,420	1,815	230	1,317	9,293	39,779	213	231	2,73,448	59,561
Profit for the year	-	-	-	-	-	-	-	15,319	-	-	15,319	5,012
Other Comprehensive Income	-	-	-	-	-	-	-	88	-	(279)	(191)	(40)
Minority interest created	-	-	-	-	-	-	-	(29,402)	-	-	(29,402)	40,677
Sub total	38,061	3,089	1,79,420	1,815	230	1,317	9,293	25,784	213	(48)	2,59,174	1,05,210
Transfer from retained earnings to Statutory Reserves	7,018	-	-	-	-	-	-	(7,018)	-	-	-	-
Transfer from retained earnings to Special reserve	-	-	-	968	-	-	-	(968)	-	-	-	-
Transfer from retained earnings to Capital reserve	-	106	-	-	-	-	-	(106)	-	-	-	-
Transfer from retained earnings to Investment Fluctuation reserve	-	-	-	-	-	125	-	(125)	-	-	-	-
Addition on account of ESOP cost	-	-	-	-	-	-	1,924	-	-	-	1,924	-
Premium on issue of share capital	-	-	46,622	-	-	-	-	-	-	-	46,622	-
Share premium - Deduction	-	-	(1,114)	-	-	-	-	-	-	-	(1,114)	-
Share capital	-	-	-	-	-	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	(127)	-	(127)	-
Transfer of ESOP cost to retained earnings upon lapse of options	-	-	-	-	-	-	(479)	479	-	-	-	-
Transfer of ESOP cost to securities premium upon exercise	-	-	1,556	-	-	-	(1,556)	-	-	-	-	-
As at Mar 31, 2022	45,079	3,195	2,26,484	2,783	230	1,442	9,182	18,046	86	(48)	3,06,479	1,05,210

The accompanying notes 1 to 63 form an integral part of the Financial Statements.

As per our report of even date
For **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no. 514998
Place : Chennai
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Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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 2022
- 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	74.59%
Equitas Technologies Private Limited	Subsidiary	India	99.62%

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 had 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 post COVID-19 disruptions continued in many parts of the country as the world including India experienced multiple waves of outbreak on account of new coronavirus variants during the year ended March 31, 2022.

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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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 44.

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 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 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 FVTPL, transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition."

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 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 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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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). ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

3.2.2 Financial assets or financial liabilities held for trading

The Group classifies financial assets as FVTPL (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. FVTPL assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised as net gain on fair value changes in the Statement of Profit or Loss. 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 recognised in Other Comprehensive Income (OCI) and 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 FVOCI 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'). Any gain or loss on derecognition is recognised in statement of profit and loss.

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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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. The nominal values of these commitments together with the corresponding ECLs are disclosed in notes.

3.3 Reclassification of financial assets and liabilities

The Group does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Group acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in FY 2021-22 and FY 2020-21.

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, unless the new loan is deemed to be Purchased or originally credit impaired (POCI).

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, unless the new loan is deemed to be POCI.

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 (or, where applicable, a part of a financial asset or part of a group of similar financial assets) 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:

1. The Group has transferred its contractual rights to receive cash flows from the financial asset
- Or
2. 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:

1. 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
2. The Group cannot sell or pledge the original asset other than as security to the eventual recipients
3. 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

A transfer only qualifies for derecognition if either:

1. The Group has transferred substantially all the risks and rewards of the asset

Or

2. 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.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognised in OCI and accumulated in equity is recognised in the statement of profit and loss, with the exception of equity investment designated as measured at FVOCI, where the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to the statement of profit and loss.

3.4.3 Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Also, 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 financial liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the Statement of profit or loss.

3.5 Impairment of financial assets

3.5.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are measured at fair value and 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

3.5.2 The calculation of ECL

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

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

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

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

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

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

When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

Loan commitment For an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognised along with advances

3.5.3 Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs, such as 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 majority of collateral is in the form of residential and commercial mortgages, vehicles. 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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 no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it) and the Group has accordingly stopped pursuing the recovery. This is generally the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. However, these written-off accounts could still be subject to enforcement activities in order to comply with the Group's recovery procedures. 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 in statement of profit and loss. The Group has a Board approved policy on Write off and one time settlement of loans.

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 Stag 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.

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 regardless of whether that price is directly observable or estimated using another valuation technique. 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 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

3.11.1 Interest income

Under Ind AS 109 interest income is recognised using the effective interest rate (EIR) method on a time proportionate basis 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 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. The future cash flows/receipts are estimated taking into account all the contractual terms of the instrument. The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at fair value through profit and loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

The Group calculates interest income by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance) 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 carrying amount.

Interest income on all trading assets and financial assets, mandatorily required to be measured at FVTPL, is recognised using the contractual interest rate in net gain on fair value changes.

3.12 Recognition of income (other than for those items to which Ind AS 109 is applicable)

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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

contracts with customers and supersedes current revenue recognition guidance found within Ind ASs.

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

- Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.
- Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

3.12.1 Dividend Income

Dividend income (including from 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.

3.12.2 Fee and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The Group recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Group will collect the consideration. Revenue recognition for fee and commission income can be divided into the following two categories:

Fee & Commission - Over a period of time

Fees earned for the provision of services are recognised over time as the customer simultaneously receives and consumes the benefits, as the services are rendered. These include fees & commission which is fixed at inception irrespective of number of transactions executed. The revenue for such contracts is recognised over the term of the contract.

Fee & Commission - Point in time

Revenue from contract with customer is recognised point in time when performance obligation is satisfied (when the trade is executed). These include fees & commission which is charged per transaction executed.

3.12.3 Leasing

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception of the lease and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

3.13.1 Group as a lessee

The Group’s lease asset consists of leases for buildings & office premises. 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.

At the date of commencement of the lease, the Group recognises a right-to-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.

Certain lease arrangements includes 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.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-to-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right to 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 amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

The Group applies the short-term lease recognition exemption to its short-term leases of Buildings (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

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 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.

3.14 Property, plant and equipment (PPE) and Depreciation

PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Group and the cost of

the item can be measured reliably. Property plant and equipment is stated at cost, net of tax/duty credits availed, if any, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Cost comprises the purchase price and any attributable cost of bringing the asset to its location and working condition for its intended use, including relevant borrowing costs and any expected costs of decommissioning. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimate

Expenditure incurred after the PPE have been put into operations, such as repair and maintenance expenses, are charged to the Statement of Profit and Loss during the period in which they are incurred.

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
Furniture and Fixtures	3 Years	10 years
Office Equipment	3 years	5 years
Computer Equipment	3 years	3 years
Vehicles	4 Years	8 Years
Automated Teller Machines (ATMs)	7 Years	15 Years
Modems, Routers, switches, servers, network and related IT equipment	5 Years	6 Years

The Group, based on technical assessment made by technical expert and management estimate, depreciates certain items of building over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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.

Capital work in progress includes assets not ready for the intended use and is carried at cost, comprising direct cost and related incidental expenses.

3.15 Intangible assets and Amortisation

The Group's other intangible assets mainly include the value of computer software.

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost, net of tax/duty credits availed, if any. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 5-year period or the license period whichever is lower. Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in the statement of profit and loss when the asset is derecognised.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment

based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

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 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 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 excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

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

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

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 i) the amount of loss allowance determined as per impairment requirements of Ind AS 109; and ii) the amount initially recognised less, where appropriate, cumulative amount of income (i.e. amortisation) recognised in accordance with the Group's revenue recognition policies"

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

3.18.1 Short-term Employee Benefits

Liabilities for salaries and wages, including non-monetary benefits and accumulating leave balance in respect of employees' services up to the end of the reporting period, are recognised as liabilities (and expenses) and are measured at the amounts expected to be paid when the liabilities are settled. Expense is recognised for the undiscounted amount of the benefits to be paid for the services rendered.

The Group also recognises a liability, and records an expense for bonuses (including performance-linked bonuses) where contractually obliged or where there is a past practice that has created a constructive obligation.

3.18.2 Defined Contribution Plans

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

3.18.3 Defined Benefit Plans (Gratuity)

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, with actuarial valuations being carried out by an independent actuary at each balance sheet date.

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 statement of profit and loss:

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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

The Group presents the above two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee Benefits Expenses'

The present value of the defined benefit plans liability is calculated using a discount rate, which is determined by reference to market yields at the end of the reporting period on government bonds.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

3.18.4 Other Long-term Benefits

The expected costs of other long-term employee benefits, such as compensated absences which are not expected to occur within twelve months, are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Re-measurement gains and losses, arising from experience adjustments and changes in actuarial assumptions, are charged or credited to the Statement of Profit and Loss in the period in which they arise.

3.19 Share based payments

Stock options are granted to the employees under the stock option scheme. The costs of stock options granted to the employees (equity-settled awards) of the Group are measured at the fair value of the equity instruments granted. For each stock option, the measurement of fair value is performed on the grant date. The grant date is the date on which the Group and the employees agree to the stock option scheme. The fair value so determined is revised only if the stock option scheme is modified in a manner that is beneficial to the employees.

The compensation cost, if any, is charged to Statement of Profit and Loss uniformly over the vesting period of the options. The Group initially measures the cost of equity-settled transactions with employees using Black Scholes 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-59

3.20 Provisions, Contingent Liabilities and Contingent Assets

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.

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.

Contingent assets: Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date

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

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

compute the amount are those that are enacted, or substantively enacted, by the reporting date in the Indian Income Tax Act, 1961

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 at the reporting date.

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.

3.21.3 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, an interim dividend is authorised when it is approved

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

by the Board of Directors and final dividend 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.

3.23 Earnings Per Share

Basic Earnings Per Share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate

3.24 Foreign Currency Transactions

The Group's financial statements are presented in Indian Rupees (INR) which is also the Group's functional currency.

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Foreign currency monetary items, if any, of the Group, outstanding at the balance sheet date are restated at the rates prevailing at the year-end as notified by Foreign Exchange Dealers Association of India ('FEDAI'). Non-monetary items of the Group are carried at historical cost. Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at

closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Treatment of Exchange differences

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Profit and Loss Account.

3.25 Non-Current assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

4 Significant accounting judgements, estimates and assumptions

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

Judgements

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Summary of Significant Accounting Policies and Notes forming part of the Consolidated Financial Statements for the year ended March 31, 2022

4.1 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.

4.2 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.

4.3 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
- It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

5 Cash and cash equivalents

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Cash on hand	16,111	9,742
Balances with Reserve Bank of India (in Current account)	79,588	41,739
Balances with bank (in current account)	5,246	7,917
Money at call and short notice		
With Banks	1,12,010	2,78,526
Total	2,12,955	3,37,924

6 Bank balance other than cash and cash equivalents

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balances with bank		
Earmarked balances with Bank - for unclaimed dividend	17	21
Total	17	21

Fixed deposits and other balances with banks earns interest at fixed rate or floating rates based on bank deposit rates

7 Loans and advances

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Loans at amortised cost		
Micro and small enterprises loan	8,03,479	7,03,215
Vehicle Finance loan	5,07,248	4,58,130
Housing loan	1,46,436	92,439
Micro finance loan	3,91,205	3,23,942
Business loan -Unsecured	572	8,761
MSE & Financial Intermediaries	1,84,201	1,93,222
Other loans	31,966	18,481
Total - Gross	20,65,107	17,98,190
Less : ECL Impairment allowance	61,233	47,199
Total - Net	20,03,874	17,50,991
(a) Secured by tangible assets (property, plant and equipment including land and building)	14,65,583	12,59,631
(b) Secured by book debts, inventories, fixed deposit and other working capital items	1,84,202	1,93,222
(c) Unsecured	4,15,322	3,45,337
Total - Gross	20,65,107	17,98,190
Less : ECL Impairment allowance	61,233	47,199
Total - Net	20,03,874	17,50,991
A) Loan and Advances		
Loan repayable on Demand	92,335	77,877
Term Loans	19,72,772	17,20,313
Total - Gross	20,65,107	17,98,190
B) Loan and Advances		
Loans in India	20,65,107	17,98,190
Loans outside India	-	-
Total - Gross	20,65,107	17,98,190

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

7a Movement of ECL Impairment Allowance

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
ECL impairment allowance - Opening Balance	47,199	33,460
New assets originated or purchased	42,664	6,977
Assets derecognised or repaid (excluding write off)	(27,765)	5,548
Impact on year end ECLs of exposures transferred between stages during the year	11,756	4,139
Amounts written off	(12,621)	(2,925)
ECL impairment allowance - Closing Balance	61,233	47,199

7.1 Micro and small enterprises loan

7.1.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	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	6,48,628	-	-	6,48,628	6,28,582	-	-	6,28,582
Standard	33,622	36,020	-	69,642	27,720	4,411	-	32,131
Potential Sub-Standard	-	46,879	-	46,879	-	12,710	-	12,710
Defaulted but not impaired	-	-	4,810	4,810	-	-	3,336	3,336
Defaulted and impaired	-	-	32,988	32,988	-	-	25,768	25,768
Individually impaired	-	-	532	532	-	-	688	688
Total	6,82,250	82,899	38,330	8,03,479	6,56,302	17,121	29,792	7,03,215

7.1.2 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, 2022				March 31, 2021			
	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	6,56,302	17,121	29,792	7,03,215	5,34,213	14,415	19,819	5,68,447
New assets originated or purchased	2,71,695	2,758	403	2,74,856	2,23,609	816	894	2,25,319
Assets derecognised or repaid (excluding write offs)	(1,66,061)	(2,063)	(5,983)	(1,74,107)	(87,651)	(1,503)	(1,096)	(90,250)
Transfers to Stage 1	2,157	(1,336)	(821)	-	5,449	(4,921)	(528)	-
Transfers to Stage 2	(69,659)	70,931	(1,272)	-	(12,676)	13,092	(416)	-
Transfers to Stage 3	(12,059)	(4,480)	16,539	-	(6,471)	(4,755)	11,226	-
Amounts written off	(125)	(32)	(328)	(485)	(171)	(23)	(107)	(301)
Gross carrying amount closing balance	6,82,250	82,899	38,330	8,03,479	6,56,302	17,121	29,792	7,03,215

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

7.1.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	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	902	60	2,334	3,296	235	925	581	1,741
New assets originated or purchased	315	33	77	425	103	2	79	184
Assets derecognised or repaid (excluding write offs)	(156)	(6)	(341)	(503)	(28)	(114)	(42)	(184)
Transfers to Stage 1	10	(6)	(4)	-	10	(9)	(1)	-
Transfers to Stage 2	(1,054)	1,067	(13)	-	(40)	43	(3)	-
Transfers to Stage 3	(2,286)	(843)	3,129	-	(553)	(407)	960	-
Impact on year end ECLs of exposures transferred between stages during the year	4,360	905	1,686	6,951	1,179	(361)	779	1,597
Amounts written off	(5)	(2)	(138)	(145)	(4)	(19)	(19)	(42)
ECL allowance - closing balance	2,086	1,208	6,730	10,024	902	60	2,334	3,296

7.2 Vehicle Finance loan

7.2.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	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	3,30,741	-	-	3,30,741	3,16,330	-	-	3,16,330
Standard	53,045	57,847	-	1,10,892	49,729	43,788	-	93,517
Potential Sub-Standard	-	38,871	-	38,871	-	16,217	-	16,217
Defaulted but not impaired	-	-	6,715	6,715	-	-	15,178	15,178
Defaulted and impaired	-	-	18,383	18,383	-	-	15,727	15,727
Individually impaired	-	-	1,646	1,646	-	-	1,161	1,161
Total	3,83,786	96,718	26,744	5,07,248	3,66,059	60,005	32,066	4,58,130

7.2.2 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, 2022				March 31, 2021			
	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	3,66,059	60,005	32,066	4,58,130	2,92,098	68,710	18,768	3,79,576
New assets originated or purchased	2,39,055	4,724	485	2,44,264	1,75,200	14,693	6,680	1,96,573

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Assets derecognised or repaid (excluding write offs)	(1,49,460)	(18,110)	(7,968)	(1,75,538)	(85,209)	(22,491)	(3,623)	(1,11,323)
Transfers to Stage 1	1,986	(1,681)	(305)	-	17,414	(17,228)	(186)	-
Transfers to Stage 2	(63,510)	67,393	(3,883)	-	(26,717)	27,125	(408)	-
Transfers to Stage 3	(6,800)	(10,398)	17,198	-	(5,488)	(9,089)	14,577	-
Amounts written off	(3,544)	(5,215)	(10,849)	(19,608)	(1,239)	(1,715)	(3,742)	(6,696)
Gross carrying amount closing balance	3,83,786	96,718	26,744	5,07,248	3,66,059	60,005	32,066	4,58,130

7.2.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	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	5,676	2,356	10,004	18,036	3,919	8,135	5,486	17,540
New assets originated or purchased	2,691	151	149	2,991	2,113	527	2,208	4,848
Assets derecognised or repaid (excluding write offs)	(730)	(225)	(689)	(1,644)	(402)	(1,141)	(219)	(1,762)
Transfers to Stage 1	25	(20)	(5)	-	269	(267)	(2)	-
Transfers to Stage 2	(2,331)	2,493	(162)	-	(1,025)	1,044	(19)	-
Transfers to Stage 3	(2,032)	(3,137)	5,169	-	(1,754)	(2,780)	4,534	-
Impact on year end ECLs of exposures transferred between stages during the year	1,598	2,500	(1,943)	2,155	2,650	(2,527)	(67)	56
Amounts written off	(181)	(450)	(4,647)	(5,278)	(94)	(635)	(1,917)	(2,646)
ECL allowance - closing balance	4,716	3,668	7,876	16,260	5,676	2,356	10,004	18,036

7.3 Housing loan

7.3.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	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	1,31,961	-	-	1,31,961	81,977	-	-	81,977
Standard	5,751	2,136	-	7,887	3,635	1,311	-	4,946
Potential Sub-Standard	-	2,927	-	2,927	-	1,256	-	1,256
Defaulted but not impaired	-	-	558	558	-	-	637	637

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Defaulted and impaired	-	-	2,978	2,978	-	-	3,504	3,504
Individually impaired	-	-	125	125	-	-	119	119
Total	1,37,712	5,063	3,661	1,46,436	85,612	2,567	4,260	92,439

7.3.2 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, 2022				March 31, 2021			
	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	85,612	2,567	4,260	92,439	54,233	2,010	3,161	59,404
New assets originated or purchased	65,037	223	24	65,284	37,962	379	12	38,353
Assets derecognised or repaid (excluding write offs)	(9,921)	(296)	(1,016)	(11,233)	(4,956)	(152)	(167)	(5,275)
Transfers to Stage 1	1,356	(963)	(393)	-	1,203	(1,029)	(174)	-
Transfers to Stage 2	(3,731)	3,865	(134)	-	(1,810)	1,840	(30)	-
Transfers to Stage 3	(630)	(333)	963	-	(1,007)	(479)	1,486	-
Amounts written off	(11)	-	(43)	(54)	(13)	(2)	(28)	(43)
Gross carrying amount closing balance	1,37,712	5,063	3,661	1,46,436	85,612	2,567	4,260	92,439

7.3.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	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	244	16	428	688	66	205	312	583
New assets originated or purchased	90	2	5	97	31	1	1	33
Assets derecognised or repaid (excluding write offs)	(28)	(1)	(69)	(98)	(5)	(6)	(19)	(30)
Transfers to Stage 1	7	(5)	(2)	-	5	(4)	(1)	-
Transfers to Stage 2	(43)	45	(2)	-	(10)	10	-	-
Transfers to Stage 3	(125)	(67)	192	-	(120)	(55)	175	-
Impact on year end ECLs of exposures transferred between stages during the year	290	66	97	453	278	(126)	(28)	124
Amounts written off	(3)	-	(19)	(22)	(1)	(9)	(12)	(22)
ECL allowance - closing balance	432	56	630	1,118	244	16	428	688

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

7.4 Micro finance loan

7.4.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	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	3,09,961	10,284	80	3,20,325	2,84,784	-	-	2,84,784
Standard	18,570	5,440	32	24,042	15,220	2,370	-	17,590
Potential Sub-Standard	-	23,861	2,119	25,980	-	10,333	583	10,916
Defaulted but not impaired	-	-	20,452	20,452	-	-	457	457
Defaulted and impaired	-	-	406	406	-	-	10,195	10,195
Individually impaired	-	-	-	-	-	-	-	-
Total	3,28,531	39,585	23,089	3,91,205	3,00,004	12,703	11,235	3,23,942

7.4.2 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, 2022				March 31, 2021			
	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	3,00,004	12,703	11,235	3,23,942	3,55,931	2,130	4,769	3,62,830
New assets originated or purchased	2,73,678	15,139	4,092	2,92,909	1,52,157	1,255	537	1,53,949
Assets derecognised or repaid (excluding write offs)	(2,06,472)	(40,459)	(27,182)	(2,74,113)	(1,55,618)	(4,013)	(14,380)	(1,74,011)
Transfers to Stage 1	(36,426)	58,113	33,828	55,515	49	(36)	(13)	-
Transfers to Stage 2	106	(5,053)	4,946	(1)	(16,209)	16,210	(1)	-
Transfers to Stage 3	11	117	(129)	(1)	(23,592)	(1,657)	25,249	-
Amounts written off	(2,370)	(975)	(3,701)	(7,046)	(12,714)	(1,186)	(4,926)	(18,826)
Gross carrying amount closing balance	3,28,531	39,585	23,089	3,91,205	3,00,004	12,703	11,235	3,23,942

7.4.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	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	3,752	542	9,705	13,999	983	828	3,555	5,366
New assets originated or purchased	27,135	8,276	3,314	38,725	443	49	466	958
Assets derecognised or repaid (excluding write offs)	(14,292)	(3,348)	(6,243)	(23,883)	2,470	215	8,541	11,226
Transfers to Stage 1	(13,315)	1,972	11,342	(1)	11	(1)	(10)	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Transfers to Stage 2	5	(4,008)	4,003	-	(46)	46	-	-
Transfers to Stage 3	1	10	(11)	-	(73)	(577)	650	-
Impact on year end ECLs of exposures transferred between stages during the year	-	-	-	-	-	-	-	-
Amounts written off	(34)	(37)	(3,167)	(3,238)	(36)	(18)	(3,497)	(3,551)
ECL allowance - closing balance	3,252	3,407	18,943	25,602	3,752	542	9,705	13,999

7.5 Business loan -Unsecured

7.4.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	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	72	-	-	72	2,790	-	-	2,790
Standard	476	6	-	482	297	78	-	375
Potential Sub-Standard	-	18	-	18	-	250	-	250
Defaulted but not impaired	-	-	-	-	-	-	19	19
Defaulted and impaired	-	-	-	-	-	-	5,327	5,327
Individually impaired	-	-	-	-	-	-	-	-
Total	548	24	-	572	3,087	328	5,346	8,761

7.5.2 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, 2022				March 31, 2021			
	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	3,087	328	5,346	8,761	10,367	577	4,759	15,703
New assets originated or purchased	-	-	-	-	-	-	1	1
Assets derecognised or repaid (excluding write offs)	(2,320)	(163)	(440)	(2,923)	(6,304)	(158)	(283)	(6,745)
Transfers to Stage 1	5	-	(5)	-	40	(35)	(5)	-
Transfers to Stage 2	(25)	25	-	-	(276)	276	-	-
Transfers to Stage 3	1	-	(1)	-	(695)	(318)	1,013	-
Amounts written off	(200)	(166)	(4,900)	(5,266)	(45)	(14)	(139)	(198)
Gross carrying amount closing balance	548	24	-	572	3,087	328	5,346	8,761

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

7.5.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	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	119	45	4,045	4,209	425	153	2,555	3,133
New assets originated or purchased	-	-	-	-	-	-	1	1
Assets derecognised or repaid (excluding write offs)	(45)	(10)	(138)	(193)	(87)	(12)	(1)	(100)
Transfers to Stage 1	-	-	-	-	2	(2)	-	-
Transfers to Stage 2	(5)	5	-	-	(38)	38	-	-
Transfers to Stage 3	-	-	-	-	(538)	(241)	779	-
Impact on year end ECLs of exposures transferred between stages during the year	(2)	(3)	(18)	(23)	369	116	857	1,342
Amounts written off	(16)	(33)	(3,889)	(3,938)	(14)	(7)	(146)	(167)
ECL allowance - closing balance	51	4	-	55	119	45	4,045	4,209

7.6 MSE & Financial Intermediaries

7.6.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	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	1,41,138	-	-	1,41,138	1,58,599	-	-	1,58,599
Standard	6,077	20,098	-	26,175	6,878	11,800	-	18,678
Potential Sub-Standard	-	4,103	-	4,103	-	5,523	-	5,523
Defaulted but not impaired	-	-	1,728	1,728	-	-	7,446	7,446
Defaulted and impaired	-	-	5,345	5,345	-	-	2,976	2,976
Individually impaired	-	-	5,712	5,712	-	-	-	-
Total	1,47,215	24,201	12,785	1,84,201	1,65,477	17,323	10,422	1,93,222

7.6.2 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, 2022				March 31, 2021			
	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	1,65,477	17,323	10,422	1,93,222	1,45,864	7,556	854	1,54,274

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
New assets originated or purchased	68,074	6,500	268	74,842	71,537	4,118	1,355	77,010
Assets derecognised or repaid (excluding write offs)	(73,365)	(8,057)	(2,441)	(83,863)	(37,614)	(473)	59	(38,028)
Transfers to Stage 1	2,027	(2,005)	(22)	-	-	-	-	-
Transfers to Stage 2	(12,776)	13,790	(1,014)	-	(12,111)	12,111	-	-
Transfers to Stage 3	(2,222)	(3,350)	5,572	-	(2,199)	(5,955)	8,154	-
Amounts written off	-	-	-	-	-	(34)	-	(34)
Gross Carrying amount closing balance	1,47,215	24,201	12,785	1,84,201	1,65,477	17,323	10,422	1,93,222

7.6.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	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	484	493	5,836	6,813	505	3,987	479	4,971
New assets originated or purchased	120	121	-	241	171	56	704	931
Assets derecognised or repaid (excluding write offs)	(116)	(155)	(1,023)	(1,294)	(49)	(1)	(1)	(51)
Transfers to Stage 1	8	(8)	-	-	-	-	-	-
Transfers to Stage 2	(327)	349	(22)	-	(212)	212	-	-
Transfers to Stage 3	(1,259)	(1,696)	2,955	-	(1,104)	(3,550)	4,654	-
Impact on year end ECLs of exposures transferred between stages during the year	1,495	1,450	(726)	2,219	1,173	(163)	-	1,010
Amounts written off	-	-	-	-	-	(48)	-	(48)
ECL allowance - closing balance	405	554	7,020	7,979	484	493	5,836	6,813

7.7 Other Loans

7.7.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	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	30,429	-	-	30,429	16,095	-	-	16,095
Standard	439	243	-	682	706	367	-	1,073
Potential Sub-Standard	-	411	-	411	-	645	-	645

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective/ Individual	Total
Defaulted but not impaired	-	-	81	81	-	-	317	317
Defaulted and impaired	-	-	363	363	-	-	351	351
Individually impaired	-	-	-	-	-	-	-	-
Total	30,868	654	444	31,966	16,801	1,012	668	18,481

7.7.2 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, 2022				March 31, 2021			
	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	16,801	1,012	668	18,481	2,976	408	440	3,824
New assets originated or purchased	30,836	641	385	31,862	15,188	985	433	16,606
Assets derecognised or repaid (excluding write offs)	(16,726)	(1,009)	(640)	(18,375)	(1,319)	(390)	(235)	(1,944)
Transfers to Stage 1	6	(1)	(5)	-	6	(6)	-	-
Transfers to Stage 2	(12)	12	0	-	(17)	18	(1)	-
Transfers to Stage 3	(36)	(1)	37	-	(32)	-	32	-
Amounts written off	(1)	0	(1)	(2)	(1)	(3)	(1)	(5)
Gross Carrying amount closing balance	30,868	654	444	31,966	16,801	1,012	668	18,481

7.7.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	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	30	-	128	158	6	-	120	126
New assets originated or purchased	45	1	140	186	23	-	-	23
Assets derecognised or repaid (excluding write offs)	(30)	-	(119)	(149)	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	(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	45	1	149	195	30	-	128	158

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

8 Trade Receivables

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Considered good		
Outstanding for a period not exceeding six months from the date they were due for payment	840	448
Outstanding for a period exceeding six months from the date they were due for payment	86	33
Total	926	481

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

Trade Receivables ageing schedule as at 31st March,2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	840	58	26	2	-	926
(i) Undisputed Trade receivables - Credit Impaired	-	-	-	-	-	-
(iii) Disputed trade receivables - Credit Impaired	-	-	-	-	-	-
Less :	-	-	-	-	-	-
Provision for Bad and Doubtful Debts	-	-	-	-	-	-
Total	840	58	26	2	-	926

Trade Receivables ageing schedule as at 31st March,2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	448	27	6	-	-	481
(i) Undisputed Trade receivables - Credit Impaired	-	-	-	-	-	-
(iii) Disputed trade receivables - Credit Impaired	-	-	-	-	-	-
Less :	-	-	-	-	-	-
Provision for Bad and Doubtful Debts	-	-	-	-	-	-
Total	448	27	6	-	-	481

9 Investments

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
At Amortised cost		
In India		
Government Securities	3,80,618	3,10,707
Total - Gross	3,80,618	3,10,707
Less : Impairment loss allowance	-	-
Total - Net	3,80,618	3,10,707

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Fair value through other comprehensive income		
A) In India		
Treasury bills	68,669	66,537
Equity instruments*		
- Unquoted 2,00,000 Equity shares (As at 31 st March 2022 & 31 st March 2021 2,00,000 Shares) of ₹10 each fully paid up in Alpha Micro Finance Consultants Private Limited	36	35
Total - Gross	68,705	66,572
Less : Impairment loss allowance	-	-
Total - Net	68,705	66,572
* 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	-	-
Equitas Shares - Quoted	3,421	-
Investments in Mutual Funds	2,111	6,504
Total - Gross	5,532	6,504
Less : Impairment loss allowance	72	-
Total - Net	5,460	6,504
Total - Net Investments	4,54,783	3,83,783

9.1 Impairment losses on financial investments subject to impairment assessment

9.1.1 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	March 31, 2022				March 31, 2021			
	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	3,80,618	-	-	3,80,618	3,10,707	-	-	3,10,707
Total	3,80,618	-	-	3,80,618	3,10,707	-	-	3,10,707

9.1.2 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	March 31, 2022				March 31, 2021			
	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	68,669	-	-	68,669	66,537	-	-	66,537
Standard grade	36	-	-	36	35	-	-	35
Total	68,705	-	-	68,705	66,572	-	-	66,572

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Fair value - Opening balance	66,572	-	-	66,572	55,805	-	-	55,805
New assets originated or purchased	2,63,377	-	-	2,63,377	5,38,579	-	-	5,38,579
Assets derecognised or repaid	(2,56,399)	-	-	(2,56,399)	(5,30,546)	-	-	(5,30,546)
Change in fair value	(4,845)	-	-	(4,845)	2734	-	-	2,734
Fair value - Closing balance	68,705	-	-	68,705	66,572	-	-	66,572

9.1.3 Investments measured at Fair valuation through profit and loss account

Credit quality of assets

The table below shows the fair value of the Group's debt instruments measured at fair value through profit and loss account by credit risk, based on the Group's internal credit rating system and year-end stage classification. The amount presented are gross of impairment allowances.

Particulars	March 31, 2022				March 31, 2021			
	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	5,460	-	-	5,460	6,504	-	-	6,504
Total	5,460	-	-	5,460	6,504	-	-	6,504

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

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total	Stage 1 Individual	Stage 2 Individual	Stage 3 Individual	Total
Fair value - Opening balance	6,504	-	-	6,504	495	-	-	495
New assets originated or purchased	21,826	-	-	21,826	2,29,493	-	-	2,29,493
Assets derecognised or repaid (excluding write offs)	(22,865)	-	-	(22,865)	(2,23,493)	-	-	(2,23,493)
Change in fair value	(5)	-	-	(5)	9	-	-	9
Fair value - Closing balance	5,460	-	-	5,460	6,504	-	-	6,504

10 Other financial assets

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Security deposit	3,669	2,717
Rent receivable	-	604
Other assets	14,664	13,854
Total - Gross	18,333	17,175
Less : Impairment loss allowance	-	30
Total - Net	18,333	17,145

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

In compliance with the scheme of Amalgamation as stated in note no. 42.1 and read with foot note to Note No. 15 the Company has formally terminated the operating lease agreements entered with EDIT with effect from 31st December 2021. Accordingly, the rent equalisation receivable of ₹ 604 lakhs upto 31st March, 2021 in accordance with the Governing Ind AS is written off under other expenses. Further, provision of expected credit loss of ₹ 30 lakhs is also written back under the head 'Other expenses'.

10.1 Movement of ECL allowance on receivables

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Opening Balance	30	22
Provision on new exposures	-	8
Provision on exposures derecognised or matured	(30)	-
ECL allowance - closing balance	-	30

10.2 Rent Receivable

10.2.1 Credit Quality of the Asset

Particulars	March 31, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
High	-	-	-	-	604	-	-	604
Total	-	-	-	-	604	-	-	604

10.2.2 Credit Quality of the Asset

Particulars	March 31, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - Opening balance	604	-	-	604	431	-	-	431
Additions during the year	-	-	-	-	173	-	-	173
Exposure derecognised or repaid	(604)	-	-	(604)	-	-	-	-
Closing balance of outstanding exposure	-	-	-	-	604	-	-	604

10.2.3 ECL on rent receivable

Particulars	March 31, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
High grade	-	-	-	-	30	-	-	30
Total	-	-	-	-	30	-	-	30

10.2.4 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	30	-	-	30	22	-	-	22
Provision on new exposure	-	-	-	-	8	-	-	8
Provision on exposure derecognised or repaid	(30)	-	-	(30)	-	-	-	-
ECL allowance - closing balance	-	-	-	-	30	-	-	30

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

11 Current tax asset

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Advance income tax and self assessment tax (net of provision for taxes)	847	355
	847	355

Current tax liability

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Income tax payable (net of advance payment of taxes and tax deducted at source)	600	692
	600	692

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Income Tax		
The components of income tax expense for the years ended 31 st March 2022 and 31 st March 2021 are:		
Current tax	16,150	18,861
Income tax for earlier years	(423)	43
Deferred tax	(7,142)	(4,674)
Total	8,585	14,230
Other Comprehensive Income (OCI)		
Tax effect on		
Re-measurement gains/(losses) on defined benefit obligations	(34)	(17)
Debt instruments measured at FVOCI	113	(118)
Income tax charged to OCI	79	(135)

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 2022 and 2021 is, as follows:

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Accounting profit before tax	28,916	65,609
At India's statutory income tax rate:	7,278	16,512
Adjustments in respect of current income tax		
Impact of difference in tax base for donation & CSR expense	527	430
Deduction under Section 80JJAA	(353)	(328)
Others	17	83
Exceptional item	1,540	-
Difference in tax base for Capital gain tax	-	(2,153)
Current tax towards prior periods	(424)	(314)
Income tax expense reported in the statement of profit and loss	8,585	14,230

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

The effective income tax rate for 31 March 2022 is 25.17% (31 March 2021: 25.17%).

12 Deferred tax

Particulars	As at 31-Mar-2022		As at 31-Mar-2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Impact of expected credit losses	15,755	-	12,219	2,294
Provision for employee benefits	3,788	-	3,546	-
Depreciation	2,386	-	2,044	-
EIR impact on financial instruments	5,295	-	4,827	-
Fair valuation impact on financial instruments and others	-	273	-	679
Rent receivable	-	-	-	152
Other temporary differences	895	16	876	-
Others (statutory reserve)	22	792	-	548
Total	28,141	1,081	23,512	3,673
Deferred tax asset (net)	27,060		19,839	

Particulars	Year Ended 31-Mar-2022		Year Ended 31-Mar-2021	
	Income statement	OCI	Income statement	OCI
Impact of expected credit losses	(5,830)	-	(2,781)	-
Provision for employee benefits	(242)	-	(1,326)	-
Depreciation	(342)	-	(378)	-
EIR impact on financial instruments	(468)	-	(366)	-
Fair valuation impact on financial instruments and others	(327)	79	(272)	(135)
Rent receivable	(152)	-	43	-
Other temporary differences	(3)	-	128	-
Others (statutory reserve)	222	-	278	-
Total	(7,142)	79	(4,674)	(135)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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 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
Additions	413	573	53	1,398	2,730	71	26	923	2,080	8,267	1,576
Disposals	(99)	(104)	(15)	(109)	(6)	(11)	(3)	(519)	-	(866)	(546)
At 31 March 2022	12,046	8,547	3,878	3,250	4,429	4,972	302	2,830	18,613	58,867	1,118
Depreciation											
At 1st April 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	-
Charge for the year	1,390	491	360	585	1,134	126	57	556	2,839	7,538	-
Disposals	(57)	(101)	(11)	(109)	(5)	(11)	(2)	(363)	-	(659)	-
At 31 March 2022	6,912	7,646	3,691	2,306	1,580	3,327	240	1,570	12,638	39,910	-
Net Block											
At 31 March 2021	6,153	822	498	131	1,254	1,700	94	1,049	6,734	18,435	88
At 31 March 2022	5,134	901	187	944	2,849	1,645	62	1,260	5,975	18,957	1,118
Depreciation charge for the year											
At 31 March 2021	1,400	492	420	184	456	971	50	358	3,324	7,655	
At 31 March 2022	1,390	491	360	585	1,134	126	57	556	2,839	7,538	

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Particulars	Land - Freehold	Building	Total
Gross carrying value:			
At 1st April 2020	2028	3630	5658
Additions	-	26	26
Disposals	-	-	-
At 31 March 2021	2028	3656	5684
Additions	-	-	-
Disposals (regrouped to held for sale at Nil value) (refer Note No. 14)	(2,028)	(3,656)	(5,684)
At 31 March 2022	-	-	-
Depreciation			
At 1st April 2020	-	222	222
Charge for the year	-	81	81
Disposals	-	-	-
Other adjustments	-	-	-
At 31 March 2021	-	303	303
Charge for the year	-	62	62
Disposals (regrouped to held for sale at Nil value) (refer Note No. 14)	-	(365)	(365)
Other adjustments	-	-	-
At 31 March 2022	-	-	-
Net Block			
At 31 March 2021	2,028	3,353	5,381
At 31 March 2022	-	-	-
Depreciation charge for the year			
At 31 March 2021	-	81	81
At 31 March 2022	-	62	62

Depreciation and amortisation expense for the year also includes amortisation of right of use asset of ₹ 5,119 lakhs (Previous year ₹ 4,968 lakhs). Also refer note 14.

CWIP Ageing Schedule as at 31 March 2022

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	199	-	-	-	199
Projects temporarily suspended	-	-	-	-	-

CWIP Ageing Schedule as at 31 March 2021

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development as at 31 March 2022

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	919	-	-	-	919
Projects temporarily suspended	-	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Intangible assets under development as at 31 March 2021

Particulars	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Projects in progress	88	-	-	-	88
Projects temporarily suspended	-	-	-	-	-

Income earned and expenses incurred in connection with Investment properties

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Rental income	75	215
Direct operating expenses from property that generate rental income	9	17
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-2022	As at 31-Mar-2021
Investment properties	-	7,421

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

Pursuant to the proposed transfer of investment properties to Equitas Development Initiative Trust (EDIT) at Nil value (Refer Note No. 15), valuation as at 31st March, 2022 from an independent external valuer is not considered necessary.

14 Right-of-use (ROU) asset

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Opening balance	31,213	30,437
Additions / Modification impact	3,281	776
Closing balance (a)	34,494	31,213
Accumulated Depreciation		
Opening balance	9,774	4,806
Depreciation expenses for the year	5,119	4,968
Closing Balance (b)	14,893	9,774
Prepaid rental deposit (c)	790	928
Net carrying amount (a-b+c)	20,391	22,367

15 Non Financial assets held for sale

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Value of Land and Building	-	-

Equitas Development Initiatives Trust (EDIT) is a public charitable trust registered on February 4, 2008. The Company is the author of the trust. EDIT, being the CSR implementing agency of the Group (the Company and its subsidiary, Equitas Small Finance Bank Limited), runs seven schools across Tamil N du as part of the CSR activities of the Group. The Company acquired land, created infrastructure and permitted the trust to run the schools under an operating lease agreement.

Considering the Scheme of Amalgamation as stated in note no. 42.1, the Board of Directors in their meeting held on July 16, 2021 approved the transfer of immovable properties to EDIT without consideration. Further, the cost of transfer viz., stamp duty, registration charges and such other charges as may be applicable may also be borne by the Company

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

for giving effect to the above mentioned transfer. This has been approved by the shareholders of the Company through postal ballot, results of which were declared on December 31,2021.

Considering the above facts, it is considered appropriate to measure these immovable properties at “Nil” value, being transfer without consideration. Accordingly, the carrying cost of these immovable properties as at 31st December 2021 of ₹ 5,319 lakhs and estimated cost of transfer of ₹ 800 lakhs is charged to statement of profit & loss as an exceptional item.

16 Other non financial assets (Considered good) (unsecured)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Prepaid expenses	1,681	1,033
Income tax paid under protest	331	331
Total	2,012	1,364

17 Trade Payables (Refer note 49)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	19,256	15,751
Total	19,256	15,751

Trade Payables ageing schedule as at March 31, 2022

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	14,049	4,124	166	917	19,256
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	14,049	4,124	166	917	19,256

Trade Payables ageing schedule as at March 31, 2021

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Others	13,545	190	793	1,223	15,751
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-
Total	13,545	190	793	1,223	15,751

18 Debt Securities (at amortised cost)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Debentures		
- Secured	-	-
- Unsecured	15,025	22,006
Total	15,025	22,006
Debt securities at amortised cost	15,025	22,006

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Details of Debentures - secured

The Secured Redeemable Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing activities

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

Details of Debentures - Unsecured

The rate of interest for Unsecured Redeemable Non-Convertible Debentures range from 13.80% to 14.05% p.a. (PY 13.80% to 16.00% p.a) with maturity tenor from 169 days to 181 days and have a bullet repayment schedule.

EIR on debentures ranges from 14.15% to 14.16%, (PY 14.15% to 16.13%) having a maturity in the year 2022.

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

As at March 2022

EIR Range	Maturity within 1 year	Maturity more than 1 year
13%-15%	15,025	-
15%-17%	-	-

As at March 2021

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

19 Borrowing other than debt securities (at amortised cost)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Term loans		
From Banks		
- Secured	86,791	71,147
- Unsecured	-	-
From others		
- Secured	-	637
- Unsecured	2,48,923	3,96,633
Total	3,35,714	4,68,417
Borrowings in India	3,35,714	4,68,417
Borrowings outside India	-	-
Total	3,35,714	4,68,417

Details of term loans from banks and others - Secured

The loans are secured by hypothecation of specified receivables under financing activities and lien on specified fixed deposits with banks.

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

The rate of interest range from 3.50% to 5.00% p.a (PY 4.25% to 11.50% p.a) with maturity tenor from 90 days to 173 days.

Details of term loans from banks and others - Unsecured

The rate of interest range from 2.59% to 9.30% p.a (4.15% to 10.50% p.a) with maturity tenor from 132 days to 1279 days.

EIR on borrowings ranges from 2.59% to 9.30% (4.15% to 10.70% p.a) and having a maturity period 2022 to 2025.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

As at 31st March 2022

From Banks

EIR Range	Maturity within 1 year	Maturity more than 1 year
3%-8%	86,791	-

From others

EIR Range	Maturity within 1 year	Maturity more than 1 year
2%-3%	4,109	6,737
3%-8%	29,533	55,000
8%-10%	93,544	60,000

As at 31st 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	1,51,796
10%-12%	6,167	-

20 Deposits (at amortised cost)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Demand deposit	76,331	51,873
Savings bank deposit	9,08,416	5,11,187
Term deposit	8,82,453	10,57,404
Total	18,67,200	16,20,464
Deposits (at fair value)		
Staff Deposits	6,282	5,563
Total	18,73,482	16,26,027

21 Other financial liabilities (at amortised cost)

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Bills payable	16,761	13,107
ROU-Leased Liability	24,060	25,824
Unpaid Dividend	17	21
Other Liabilities	13,013	4,315
Total	53,851	43,267

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

22 Provisions

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Loan commitment (Refer note 22.1.3)	31	24
Employee benefits		
- Gratuity (Refer note 43.2)	2,867	1,883
- Others	10,868	10,844
Accrued expenses	767	18
Total	14,533	12,769

22.1 Loan Commitment

22.1.1 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 52 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 52.

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Internal rating grade								
High	20,182	-	-	20,182	13,011	-	-	13,011
Standard	-	-	-	-	-	-	-	-
Potential Sub-Standard	-	1,418	-	1,418	-	64	-	64
Defaulted but Not impaired	-	-	-	-	-	-	-	-
Defaulted And Impaired	-	-	-	-	-	-	-	-
Individually impaired	-	-	-	-	-	-	-	-
Total	20,182	1,418	-	21,600	13,011	64	-	13,075

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

Gross exposure reconciliation

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
Gross Carrying amount opening balance	13,011	64	-	13,075	12,707	31	-	12,738
New assets originated or purchased	18,364	1,138	-	19,502	12,157	51	-	12,208
Exposure derecognised or closed (excluding write offs)	(10,922)	(55)	-	(10,977)	(11,851)	(20)	-	(11,871)
Transfers to Stage 1	7	(7)	-	-	-	-	-	-
Transfers to Stage 2	(278)	278	-	-	(2)	2	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-
Gross Carrying amount closing balance	20,182	1,418	-	21,600	13,011	64	-	13,075

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

22.1.3 Reconciliation of ECL balance is given below:

Particulars	March 31, 2022				March 31, 2021			
	Stage 1 Individual	Stage 2 Individual	Stage 3	Total	Stage 1 Individual	Stage 2 Individual	Stage 3	Total
ECL allowance - opening balance	24	-	-	24	24	-	-	24
New assets originated or purchased	25	1	-	26	21	-	-	21
Exposure derecognised or closed (excluding write offs)	(19)	0	-	(19)	(21)	-	-	(21)
Transfers to Stage 1	0	(0)	-	-	-	-	-	-
Transfers to Stage 2	(1)	1	-	-	-	-	-	-
Transfers to Stage 3	0	0	-	-	-	-	-	-
Amounts written off	0	0	-	-	-	-	-	-
ECL allowance - closing balance	29	2	-	31	24	-	-	24

23 Other Non-financial liabilities

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Statutory Dues	2,944	2,057
Total	2,944	2,057

24 Share Capital

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Authorised		
440,000,000 (FY21: 440,000,000) Equity Shares of ₹ 10/- each	44,000	44,000
10,000,000 (FY21: 10,000,000) compulsorily convertible preference shares of ₹ 10/- each	1,000	1,000
Issued, subscribed and paid up		
341,790,115 (FY 21: 341,790,115) 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-2022		As at 31-Mar-2021	
	No. of shares	Amount	No. of shares	Amount
Equity shares				
At the beginning of the year	34,17,90,235	34,179	34,17,90,115	34,179
Add : Shares issued during the year	-	-	120	-
Outstanding at the end of the year	34,17,90,235	34,179	34,17,90,235	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.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of ₹ 10 each				
Franklin Templeton Mutual Fund	2,93,73,227	8.68%	3,37,87,404	9.89%
DSP Mutual Fund	2,52,73,525	7.39%	2,49,88,435	7.31%
CDC Group Plc	92,84,820	2.71%	1,78,60,820	5.23%
	6,39,31,572	18.78%	7,66,36,659	22.43%

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

Shareholding of Promoters in the Company

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	% Holding	No. of shares	% Holding
Equity Shares of ₹ 10 each fully paid	Nil	Nil	Nil	Nil

Shares reserved for issuance

Refer Note 59 with respect to ESOP Scheme.

25 Other Equity

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Securities premium reserve	2,26,484	1,79,420
Statutory reserve	45,079	38,061
Capital reserve	3,195	3,089
Special reserve	2,783	1,815
Investment reserve	230	230
Investment fluctuation reserve	1,442	1,317
Share based payment reserve	9,182	9,293
Retained earnings	18,046	39,779
FVTOCI reserve	(48)	231
Share application money	86	213
Total	3,06,479	2,73,448

a. Securities premium reserve

The Securities premium received during the year represents the premium received towards allotment of Nil shares (FY 21: 120 shares) under ESOP Scheme of the Company, 1,01,18,318 (FY 21: 10,28,164) shares under ESOP Scheme of the Bank and 10,26,31,087 (FY 21: 8,48,48,484) 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-2022	As at 31-Mar-2021
Balance at the beginning of the year	1,79,420	1,61,047
Premium on issue of share capital	45,508	18,209
Premium on issue of share capital under ESOP scheme	1,556	164
Balance at the end of the year	2,26,484	1,79,420

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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, 2022 ₹ 7,018 lakhs (Previous year ₹ 12,545 lakhs) had been transferred by these entities to statutory reserve.

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning of the year	38,061	25,516
Transfer from retained earnings to Statutory Reserves	7,018	12,545
Balance at the end of the year	45,079	38,061

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. The banking subsidiary had appropriated ₹ 106 lakhs (Previous Year 2,366 lakhs), net of taxes and transfer to statutory reserve, to the capital reserve being the gain on sale of HTM Investments in accordance with RBI guidelines.

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning of the year	3,089	1,328
Transfer from retained earnings to Capital reserve	106	2,366
Capital reserve on disinvestment in subsidiary	-	(605)
Balance at the end of the year	3,195	3,089

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, 2022 ₹ 968 lakhs (Previous year ₹ 742 lakhs) had been transferred to special reserve.

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning of the year	1,815	1,073
Transfer from retained earnings to Special reserve	968	742
Balance at the end of the year	2,783	1,815

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-2022	As at 31-Mar-2021
Balance at the beginning of the year	230	230
Transfer from retained earnings to Investment reserve	-	-
Balance at the end of the year	230	230

f. Investment fluctuation reserve

The banking subsidiary is required to create an investment fluctuation reserve in accordance with the Reserve Bank of India guidelines. Accordingly, for the year ended March 31, 2022 ₹ 125 lakh (Previous year ₹ 198 lakhs) had been transferred to Investment fluctuation reserve.

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balance at the beginning of the year	1,317	1,119
Transfer from retained earnings to Investment Fluctuation reserve	125	198
Balance at the end of the year	1,442	1,317

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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-2022	As at 31-Mar-2021
Balance at the beginning of the year	9,293	8,213
Addition on account of ESOP cost	1,924	1,744
Transfer of ESOP cost to retained earnings upon lapse of options	(479)	(500)
Transfer of ESOP cost to securities premium upon exercise	(1,556)	(164)
Balance at the end of the year	9,182	9,293

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-2022	As at 31-Mar-2021
Balance at the beginning of the year	39,779	45,656
Profit for the year	15,319	47,324
Dividend appropriation	-	(10,254)
Transfer from retained earnings to Statutory Reserves	(7,018)	(12,545)
Transfer from retained earnings to Special reserve	(968)	(742)
Transfer from retained earnings to Capital reserve	(106)	(2,366)
Transfer from retained earnings to Investment Fluctuation reserve	(125)	(198)
Minority interest created	(29,402)	(27,629)
Other comprehensive income	88	33
Transfer of ESOP cost to retained earnings upon lapse of options	479	500
Balance at the end of the year	18,046	39,779

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-2022	As at 31-Mar-2021
Balance at the beginning of the year	231	3
Addition during the year	(279)	228
Balance at the end of the year	(48)	231

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, 2022 and March 31, 2021 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 58.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

26 Interest Income

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
On Financial Assets measured at Amortised Cost		
Interest income from financial investments	26,733	17,241
Interest income on Loans to customers	3,28,579	3,03,910
On Financial Assets measured at fair value through OCI		
Interest income from investment in debt instruments	-	5,838
On Financial Assets classified at fair value through profit or loss		
Interest on deposit with Banks	7,440	7,420
Other interest Income	379	284
Total Interest income	3,63,131	3,34,693

27 Revenue from contract with customers

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Fee income that are recognised over a certain period of time	88	190
Fee income that are recognised at point in time	27,887	17,129
Fees and commission income	69	57
Income from advertisement	645	480
Freight income	1,305	542
Total	29,994	18,398

28 Net gain on fair value change

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Others		
Gain/(loss) on sale of instruments at FVTPL	143	29
Gain/(loss) on sale of debt FVOCI instrument	4,441	4,482
Total Net gain/(loss) on fair value changes	4,584	4,511
Fair Value changes:		
Realised	4,519	4,507
Unrealised	65	4
Total Net gain/(loss) on fair value changes	4,584	4,511

29 Profit on sale of investment

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Profit on sale of Investment	-	15,682
Total	-	15,682

30 Rental Income

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Rental Income from investment properties	75	215
Total	75	215

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

31 Other income

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Income from sale of PSLC	780	6,199
Dividend income	50	-
Others	5,876	2,371
Total	6,706	8,570

32 Finance costs

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Interest cost on Financial liabilities measured at amortised cost		
Debt Securities	2,206	3,707
Deposits	1,11,897	95,278
Borrowings (other than Debt securities)	29,805	42,313
Interest on Government securities	2,169	1,140
Interest expenses - Rent	234	9
Interest expenses -ROU-Lease Liability	1,783	2,037
Bank and other finance charges	7	1
Total	1,48,101	1,44,485

33 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

On Financial instruments measured at fair value through amortised cost

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Loans	50,084	38,752
Loan commitment	7	-
Provision for Standard receivables	-	9
Total	50,091	38,761

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

Particulars	2021-22				
	Stage 1	Stage 2	Stage 3	Others	Total
Loans and advances to customers	(220)	5,389	8,868	36,047	50,084
Loan commitments	5	2	-	-	7
Provision for Standard receivables	-	-	-	-	-
Total impairment loss	(215)	5,391	8,868	36,047	50,091

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

34 Employee benefit expenses

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Salaries and wages	81,097	71,096
Contribution to provident and other funds	4,752	3,974
Gratuity expense (Refer note 43)	1,539	996
Share based payment to employees	1,917	1,735
Staff Welfare	3,000	3,585
Total	92,305	81,386

35 Others expenses

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Advertisement & business promotion	3,243	1,253
Communication expenses	2,756	1,961
Professional & consultancy fee	4,013	2,879
Payments to auditor (Refer Note A below)	133	109
Electricity expenses	1,407	1,134
Directors' sitting fee	375	310
Miscellaneous expenses	6,455	2,793
Interchange fee expenses	17,147	8,813
Insurance expenses	1,844	1,177
Printing and stationery	1,077	775
Rates and taxes	5,204	3,098
Rent	156	113
Repairs & maintenance - others	2,429	2,174
Travelling & conveyance	5,093	3,670
Information technology expenses	9,113	5,560
Cash handling charges	1,977	1,181
Contributions towards CSR activities (Refer Note B below)	1,961	1,617
Registrar fee and general meeting expenses	23	21
Freight Payments	1,228	490
Loss / (Profit) on sale of assets	31	(4)
Rent equilisation written off	604	-
Impairment loss allowance on above	(30)	-
Total	66,239	39,124

A. Payment to auditors (excluding taxes)

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
As auditors		
Statutory audit	100	80
Certification	19	16
In other capacity		
Tax audit	7	7
Other reporting services	-	-
Others		
Reimbursement of expenses	2	1
Total	128	104

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

B. Details of CSR expenditure:

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
(a) Gross amount required to be spent by the Group during the year	842	520
(b) Total amount of expenditure incurred during the year	1,961	1,617
(c) Shortfall at the end of the year	-	-
(d) Total amount of previous years shortfall	-	-
(e) Reason for shortfall	Not Applicable	Not Applicable

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, 2021: ₹ 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, 2021: ₹ Nil) as contribution to nation defence fund or any other Fund approved by the Central Government for the purpose of national defence.

36 Exceptional item

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Land and building written off	5,319	-
Expenses for transfer of property	800	-
Total	6,119	-

37 Earnings per equity share

The following reflects the profit and share data used in the basic and diluted EPS computations:

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Total operations for the year		
Profit after tax	20,331	51,379
Weighted average number of equity shares in calculating basic	34,17,90,115	34,17,90,097
Basic earnings per equity share	5.95	15.03
Profit after tax	20,331	51,379
Add : Share based payment to employees	1,917	1,735
Adjusted Profit after tax	22,248	53,114
Weighted average number of equity shares in calculating basic	34,17,90,115	34,17,90,097
Effect of dilution:		
Add: Effect of ESOPs which are Dilutive	3,734	248
Weighted average number of equity shares in calculating Diluted	34,17,93,849	34,17,90,345
Diluted earnings per equity share	5.95	15.03
Total operations for the year		
Profit after tax (excluding minority interest)	15,319	47,324
Weighted average number of equity shares in calculating basic	34,17,90,115	34,17,90,097
Basic earnings per equity share	4.48	13.85
Profit after tax (excluding minority interest)	15,319	47,324
Add : Share based payment to employees	1,917	1,735
Adjusted Profit after tax	17,236	49,059
Weighted average number of equity shares in calculating basic	34,17,90,115	34,17,90,097

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	Year Ended 31-Mar-2022	Year Ended 31-Mar-2021
Effect of dilution:		
Add: Effect of ESOPs which are Dilutive	3,734	248
Weighted average number of equity shares in calculating Diluted	34,17,93,849	34,17,90,345
Diluted earnings per equity share	4.48	13.85

38 Transferred financial assets that are derecognised in their entirety

Assignment

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Number of Direct Assignments	1	1
Total amount of Loans directly transferred / Assigned	11,111	11,111
Carrying amount of transferred asset	-	-
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	-	-

The maturity of the carrying amount is as given below :

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
With in 1 month	-	-
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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

39 Related party disclosures

39.1 List of related parties and nature of relationship

Relationship	Name of the party
Key Management Personnel	John Alex, Executive Director and CEO
	Srimathy R, Chief Financial Officer
	Deepti R, Company Secretary
	Mr Rangachary N, Chairman
Independent / Non Executive Directors	Mr Arun Ramanathan
	Ms Jayshree Ashwinkumar Vyas
	Mr Rajaraman P V
	Mr Viswanatha Prasad S
	Mr. Jayaraman Chandrasekaran
	Mr. S Bhaskar
	Equitas Development Initiatives Trust
Enterprises over which the Group or its Key management personnel is able to exercise significant influence	Equitas Healthcare Foundation

39.2 Transactions with the Related Parties

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Income		
Rental Income		
Equitas Development Initiatives Trust	75	215
Interest on term deposits		
Equitas Development Initiatives Trust	1	30
Key Managerial Personnel	17	-
Interest on savings deposits		
Equitas Development Initiatives Trust	37	27
Equitas Healthcare Foundation	94	51
Key Managerial Personnel	10	-
Interest on Loan		
Key Managerial Personnel	1	-
Processing Fees		
Key Managerial Personnel*	0	-
Locker rent paid		
Key Managerial Personnel*	0	-
CSR Contribution		
Equitas Development Initiatives Trust	1,050	235
Equitas Healthcare Foundation	911	1,382
Remuneration to Key Managerial Personnel *		
John Alex ,Executive Director and CEO	99	74
Srimathy R, Chief Financial Officer	24	20
Deepti R, Company Secretary	11	9
Remuneration / Sitting Fees to Non-Executive Directors (excluding GST)	51	41

* 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 Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Other Transactions		
Deposits received		
Equitas Development Initiatives Trust	6	24
Key Managerial Personnel	41	34
Deposits matured		
Equitas Development Initiatives Trust	-	423
Key Managerial Personnel	53	67
Loans given		
Key Managerial Personnel	150	-
Loans repaid		
Key Managerial Personnel	150	-

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Balances outstanding at the end of the year		
Term Deposit outstanding		
Equitas Development Initiatives Trust	21	15
Key Managerial Personnel	222	235
Interest Payable on term deposits		
Equitas Development Initiatives Trust *	0	0
Key Managerial Personnel	4	4
Savings Deposit		
Equitas Development Initiatives Trust	635	598
Equitas Healthcare Foundation	620	1,785
Key Managerial Personnel	65	169

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Maximum Outstanding during the year		
Term Deposit outstanding		
Equitas Development Initiatives Trust	21	438
Key Managerial Personnel	276	269
Savings Deposit		
Equitas Development Initiatives Trust	1,001	760
Equitas Healthcare Foundation	2,356	1,785
Key Managerial Personnel	325	185

* "0" represents value less than ₹ 1 lakhs

During the 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 Consolidated Financial Statements

for the year ended March 31, 2022

(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, 2022 is as provided below:

As at March 31, 2022 - Options from ESFB

Name of the KMP	Grant Date	Expiry date	Exercise Price	No of options
Srimathy R	30-Jul-21	30-Jul-25	64.00	5,720
Deepti R	30-Jul-21	30-Jul-25	64.00	760
				6,480

The options granted 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	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-25	56.00	36,750
Srimathy R	22-Nov-19	30-Nov-23	27.00	7,524
Srimathy R	22-Nov-19	30-Nov-23	27.00	1,161
Srimathy R	29-Jan-20	29-Jan-24	38.00	4,048
Srimathy R	29-Jan-20	29-Jan-25	38.00	4,048
Srimathy R	22-Mar-21	22-Mar-25	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

40 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
	Sridhar Ganesh (till September 03,2021)
	Srinivasan N
	Tabassum Inamdar (till October 19, 2021)
	Vinod Kumar Sharma
	Navin Puri
	Ramesh Rangan (w.e.f November 9, 2020)
	Samir Kumar Barua (w.e.f December 27,2021)
	Geeta Dutta Goel (w.e.f December 27, 2021)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

(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 2022	For the year ended 31 March 2021
Remuneration paid to Key Management Personnel (excludes employer's share of contribution to various funds and non-monetary perquisites)		
Vasudevan PN, MD & CEO	224	148
N Sridharan, Chief Financial Officer	121	92
Sampathkumar KR, Company Secretary	30	24
Term Deposits received		
Key Managerial Personnel	398	426
Relatives of Key Managerial Personnel	0	11
Term Deposits closed		
Key Managerial Personnel	333	236
Relatives of Key Managerial Personnel	2	0
Interest on Term Deposits		
Key Managerial Personnel	52	46
Relatives of Key Managerial Personnel	1	1
Interest on Savings Deposit		
Key Managerial Personnel	12	8
Relatives of Key Managerial Personnel	2	0

Balances outstanding at the end of the year

Particulars	As at 31 March 2022	As at 31 March 2021
Term Deposits outstanding		
Key Managerial Personnel	759	731
Relatives of Key Managerial Personnel	1	11
Interest Payable on term deposits		
Key Managerial Personnel	6	6
Relatives of Key Managerial Personnel	0	0
Saving Deposit outstanding		
Key Managerial Personnel	204	214
Relatives of Key Managerial Personnel	35	18

Maximum Outstanding during the year

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Term Deposits		
Key Managerial Personnel	874	731
Relatives of Key Managerial Personnel	11	11
Savings Deposits		
Key Managerial Personnel	344	357
Relatives of Key Managerial Personnel	61	174

"0" represents value less than ₹ 1 lakh

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

41 Segment reporting

During the year ending 31st March 2022, 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, 2022

Particulars	Banking and finance	Others	Total
I Segment revenue			
Revenue from operations			
Interest income	3,63,131	-	3,63,131
Revenue from contract with customers	27,976	2,018	29,994
Net gain on fair value changes	4,368	216	4,584
Profit on sale of investment	-	-	-
Rental income	-	75	75
Total revenue from operations	3,95,475	2,309	3,97,784
Other income	6,691	15	6,706
Total Income	4,02,166	2,324	4,04,490
II Segment Expenses			
Finance costs	1,48,092	9	1,48,101
Impairment on Financial Instruments	50,091	-	50,091
Employee benefits expenses	91,771	534	92,305
Depreciation and amortisation	12,626	93	12,719
Others expenses	64,028	8,330	72,358
Total Expense	3,66,608	8,966	3,75,574
III Segment results (Profit before tax)	35,558	(6,642)	28,916
Tax expenses	8,585	-	8,585
IV Profit after tax	26,973	(6,642)	20,331
V Segment Assets	27,56,809	4,464	27,61,273
VI Segment Liabilities	23,14,256	1,149	23,15,405
VII Capital employed (Segment Assets - Segment Liabilities)	4,42,553	3,315	4,45,868

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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	17,319	1,079	18,398
Net gain on fair value changes	4,482	29	4,511
Profit on sale of investment	-	15,682	15,682
Rental income	-	215	215
Total revenue from operations	3,56,494	17,005	3,73,499
Other income	8,544	26	8,570
Total Income	3,65,038	17,031	3,82,069
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	38,185	939	39,124
Total Expense	3,14,978	1,482	3,16,460
III Segment results (Profit before tax)	50,060	15,549	65,609
Tax expenses	12,436	1,794	14,230
IV Profit after tax	37,624	13,755	51,379
V Segment Assets	25,44,524	13,782	25,58,306
VI Segment Liabilities	21,90,704	414	21,91,118
VII Capital employed (Segment Assets - Segment Liabilities)	3,53,820	13,368	3,67,188

42 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 31-Mar-22	% equity interest 31-Mar-21
Equitas Small Finance Bank Limited	India	74.59%	81.98%
Equitas Technologies Private Limited	India	99.62%	99.60%

42.1 The Board of Directors of the Company and the Equitas Small Finance Bank (Bank) at their respective Meetings held on July 26, 2021 approved a Scheme of Amalgamation between the Company, the Bank and their respective shareholders, contemplating amalgamation of the Company with the Bank under applicable provisions of the Companies Act 2013. The Scheme was designed to achieve the RBI licensing requirement of dilution of promoter (the Company) shareholding in the Bank and minimum public shareholding (MPS) requirement prescribed by SEBI Regulations in a manner that is in the best interests of and without being prejudicial to the Company, the Bank, their respective shareholders or any other stakeholders.

Subsequently, the Bank achieved the MPS through a Qualified Institutions Placement (QIP) of its shares, in February 2022, after obtaining the necessary approvals. QIP comprised of issue of 10,26,31,087 equity shares of ₹ 10/- each at premium of ₹ 43.59 per share, aggregating to a fund raise of ₹ 55,000 lakhs. As a result of this QIP, the public shareholding in ESFB increased from 18.70% to 25.37%, thereby complying with the Minimum Public Shareholding (MPS) requirements prescribed by SEBI Regulations.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Consequently, the aforesaid Scheme was revised to include the change in capital structure arising from QIP as well as the necessary change in objects of the Scheme. The Scheme, so revised was approved by the Boards of the Company and the Bank in their respective Meetings held on March 21, 2022. The Scheme has been filed with the Stock Exchanges and RBI for necessary approvals/ sanctions.

Upon coming into effect of this Scheme and in consideration of the amalgamation of Company with the Bank, the Bank, without any further application, act or deed, shall issue and allot to each of the equity shareholders of the Company as on the Record Date defined in the Scheme, 231 equity Shares of ₹ 10/- each credited as fully paid up of the Bank, in respect of every 100 Equity Shares of ₹ 10/- each fully paid up held by them in the Company.

Further, In compliance with Scheme of Amalgamation, The Board of Directors of the Company in its Meeting held on January 07, 2022, approved sale of its entire shareholding in its Subsidiary, ETPL i.e. 2,50,00,000 equity shares. The Company got an offer from, prospective buyer for purchasing ETPL in total for a consolidated consideration of ₹ 800 lakhs, out of which the Holding Company's share of consideration amounts to ₹ 797 lakhs

The Board in its Meeting held on May 16, 2022 accepted the offer from the prospective buyer and approved the sale of the entire investment in ETPL to the prospective buyer subject to the completion of due diligence process, finalisation and execution of necessary agreements and documents.

43 Retirement benefit plan

43.1 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 ₹ 4,257 lakhs (Previous Year: ₹3,637 lakhs) 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.

43.2 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	As at 31-Mar-2022	As at 31-Mar-2021
Change in defined benefit obligations during the Year		
Present value of defined benefit obligation at beginning of the year	4,432	3,288
Current service cost	1,535	1,147
Interest cost	246	195
Benefits paid	(415)	(129)
Remeasurement effect of experience adjustments	(293)	(69)
Present value of Defined Benefit Obligation at End of the Year	5,505	4,432
Change in Fair Value of Assets during the Year		
Plan Assets at beginning of the year	2,549	2,208
Add: Adjustments to the opening balance	89	196.00
Expected return on plan assets	153	146.00
Actual company contributions	-	-
Benefits paid out of the asset	-	-
Return on plan assets excluding expected income	(153)	(1)
Plan Assets at End of the Year	2,638	2,549
Liability Recognised in the Balance Sheet	5,434	4,432
Present value of defined benefit obligation	-	-
Fair value of plan assets	(2639)	(2549)
Unrecognized actuarial (gain) / loss	-	-
Net Liability Recognised in the Balance Sheet	2,795	1,883

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
Cost of Defined Benefit Plan for the Year		
Current service cost	1,535	1,147
Net interest cost	246	195
Expected return on plan assets	(153)	(146)
Remeasurements (recognised in OCI)		
a. Effect of experience adjustments	(140)	77
b. (Return) on plan assets	-	-
Net Cost Recognized in the Profit and Loss account and oci	1,488	1,273
Employer expense (P&L)		
Current service cost	1,535	1,147
Net interest cost	246	195
Expected return on plan assets	(153)	(146)
Total expenses recognised in statement of profit and loss	1,628	1,196
Remeasurement		
Effect of experience adjustments	-	68
(Return) on plan assets	-	-
Total remeasurement loss / (gain) recognised in OCI	-	68
Actuarial Assumptions		
Discount rate (Refer Note (b))	6.20%	5.81%
Interest rate (Estimated rate of return on assets)	7.00%	6.00%
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 2022	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
Projected benefit obligation	5,505	4,432	3,288	2,370	1,806
Fair value of plan assets	2,638	2,549	2,208	2,063	1,185
Surplus/ (Deficit)	(2,867)	(1,883)	(1,080)	(306)	(621)
Experience adjustments on plan liabilities - gains	(290)	(69)	103	173	158
Experience adjustments on plan assets - gains / (losses)	(153)	(1)	-	(118)	(80)
					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)					116
Between 2 and 5 years					1,603
Between 5 and 10 years					12,460

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Sensitivity

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

In this case, an increase of 0.5% of Discount rate would decrease D.B.O by:	-2.34%
Similarly, a decrease by 0.5% will increase D.B.O by:	2.42%
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:	2.42%
Similarly, a decrease by 0.5% will decrease D.B.O by:	-2.34%
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:	-0.40%
Similarly, a decrease by 0.5% will change D.B.O by:	0.42%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on D.B.O	(129)	80	129	(80)

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 March 2022	Year Ended 31 March 2021
Discount Rate	6.20%	5.81%
Future Salary Increase	10%	10%
Mortality Rate	Indian Assured Lives (2012 -14)	Indian Assured Lives (2012 -14)
Attrition rate	20%	20%

* 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:	-2.43%
Similarly, a decrease by 0.5% will increase D.B.O by:	2.53%
Salary Escalation Rate: An increase in Salary Escalation Rate increases the D.B.O, and vice versa	
In this case, an increase of 0.5% of salary escalation rate would increase D.B.O by:	2.53%
Similarly, a decrease by 0.5% will decrease D.B.O by:	-2.43%
Staff Exit Rate: The direction of movement of D.B.O for changes in the Exit Rate would depend on the relative values of the Discount Rate and the Salary Escalation Rate.	
In this case, an increase of 0.5% of Staff Exit rate would change D.B.O by:	-0.43%
Similarly, a decrease by 0.5% will change D.B.O by:	0.45%

Particulars	Discount Rate		Future Salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on D.B.O	(162)	169	162	(169)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

44 Maturity analysis of assets and liabilities

Assets	As at 31-Mar-2022			As at 31-Mar-2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	1,72,829	40,126	2,12,955	3,17,151	20,773	3,37,924
Bank balance other than cash and cash equivalents	17	-	17	21	-	21
Loans and advances	6,90,162	13,13,712	20,03,874	5,42,696	12,08,295	17,50,991
Trade receivable	898	28	926	475	6	481
Investment	2,68,517	1,86,266	4,54,783	2,46,931	1,36,852	3,83,783
Other Financial Asset	14,357	3,976	18,333	13,688	3,457	17,145
Non-financial assets						
Current tax asset	-	847	847	-	355	355
Deferred tax asset	-	27,060	27,060	-	19,971	19,971
Property plant and equipment and other intangible assets	-	20,075	20,075	-	18,523	18,523
Investment property	-	-	-	-	5,381	5,381
ROU asset	-	20,391	20,391	-	22,367	22,367
Other non-financial assets	2,012	-	2,012	1,364	-	1,364
Total assets	11,48,792	16,12,481	27,61,273	11,22,326	14,35,980	25,58,306
Liabilities						
Financial liabilities						
Current tax liabilities	600	-	600	692	-	692
Deferred tax liabilities	-	-	-	-	132	132
Total outstanding dues of creditors other than micro enterprises and small enterprises	14,049	5,207	19,256	13,545	2,206	15,751
Debt securities	15,025	-	15,025	7,006	15,000	22,006
Borrowings	2,13,980	1,21,734	3,35,714	2,32,607	2,35,810	4,68,417
Deposits	7,46,384	11,27,098	18,73,482	8,08,816	8,17,211	16,26,027
Other financial liabilities	44,635	9,216	53,851	30,750	12,517	43,267
Non-financial liabilities						
Provisions	767	13,766	14,533	2,438	10,331	12,769
Other Non-financial liabilities	2,944	-	2,944	2,057	-	2,057
Total Liabilities	10,38,384	12,77,021	23,15,405	10,97,911	10,93,207	21,91,118

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.

45 Change in liabilities arising from financing activities

Particulars	1 April 2021	Cash flows	Other	31 March 2022
Debt securities	22,006	(7,037)	56	15,025
Borrowings other than debt securities	4,68,417	(1,35,146)	2,443	3,35,714
Deposits	16,26,027	2,40,996	6,459	18,73,482
ROU lease liability	25,824	(1,764)	-	24,060
Total liabilities from financing activities	21,42,274	97,049	8,958	22,48,281

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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

Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees.

46 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 March 2022	As at 31 March 2021
Claims against the company not acknowledged as debts		
- Service Tax Matters	344	125
- Income Tax Matters		
Where Company has preferred an appeal	119	119
Where department has preferred an appeal *	1,060	1,060
- Others	-	202
Guarantees given on behalf of constituents in India	1,203	924
Loan commitment	21,600	13,075
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
Total	24,326	15,505

* Out of the above ₹ 331.20 Lakhs has been deposited under protest

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.

47 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 46
- 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

48 Operating Lease - as lessee

Lease disclosure under Ind-AS 116 for the current year ended 31 March 2022

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-2022	As at 31-Mar-2021
Below are the carrying amounts of lease liabilities and the movements during the period:		
Lease liabilities		
Opening balance	25,824	29,628
Additions	4,485	839
Modification	(1,261)	(250)
Interest	1,783	2,037
Payments	(6,771)	(6,430)
Closing Balance	24,060	25,824
Within one year	5,373	4,802
More than one year	18,687	21,022

ii) Amount recognised in the Statement of Profit and Loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
a) Depreciation charge for Right-of-use assets	5,119	4,968
b) Interest expense on lease liabilities (included in finance cost)	1,783	2,037
Total amount recognised in profit and loss account	6,902	7,005

48.1 Operating Lease - as lessor (Refer note 15)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Future lease rentals payable at the end of the year		
- Not later than one year	-	215
- Later than one year but not later than five years	-	862
- Later than five years	-	3,786
Total minimum lease payments recognised in the Profit and loss account	-	215
Total of future minimum sub lease payments expected to be received under non-cancellable sub-lease		

The Group has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

49 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, 2022. The relevant particulars are furnished below:

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
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	-	-

50 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.

50.1 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.

51 Fair value measurement

Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique. In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained below.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as explained in Note 3.2

Valuation governance

The Group's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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 22	Level 1	Level 2	Level 3	Total
Asset measured at fair value on recurring basis				
Debt securities	68,669	-	-	68,669
Equity instruments	-	-	36	36
Total financial investments at FVOCI	68,669	-	36	68,705
Staff loan	-	-	303	303
Security deposit	-	-	2,264	2,264
Total financial assets measured at fair value on recurring basis	68,669	-	2,603	71,272
Liabilities measured at fair value on recurring basis				
Staff deposit	-	-	6,282	6,282
Total financial liability measured at fair value on recurring basis	-	-	6,282	6,282

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

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 .

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Loans to customers

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for delinquencies, interest rate risk, remaining tenor, etc. Credit risk for large corporate and a subset of the small business lending, when appropriate, is derived from market observable data, Fair values of consumer lending and mortgage portfolios are calculated using a portfolio-based approach, grouping loans as far as possible into homogenous groups based on similar characteristics. The Group then calculates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans.

Financial asset at amortised cost

The fair values financial of held-to-maturity investments are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields and discounting by yields incorporating the counterparties’ credit risk.

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 22	Carrying value	Level 1	Level 2	Level 3	Total
Financial Assets					
Cash and cash equivalents	2,12,955	2,12,955	-	-	2,12,955
Bank balance other than cash and cash equivalents	17	17	-	-	17
Loans	20,03,874	-	-	19,95,659	19,95,659
Financial assets Amortised Cost					
Government debt securities	3,80,618	3,74,091	-	-	3,74,091
Other Financial Asset	18,333	-	-	18,333	18,333
Total financial assets	26,15,797	5,87,063	-	20,13,992	26,01,055
Financial liabilities					
Total outstanding dues of creditors other than micro enterprises and small enterprises	19,256	-	-	19,256	19,256
Debt securities	15,025	15,025	-	-	15,025
Borrowings (other than debt securities)	3,35,714	3,35,714	-	-	3,35,714
Deposits	18,73,482	-	-	18,73,482	18,73,482
Other financial liabilities	53,851	-	-	53,851	53,851
Total financial liabilities	22,97,328	3,50,739	-	19,46,589	22,97,328

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Mar 21	Carrying value	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	17,50,991	-	-	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	17,145	-	-	17,145	17,145
Total financial assets	24,16,788	6,48,043	-	17,96,007	24,44,050
Financial liabilities					
Total outstanding dues of creditors other than micro enterprises and small enterprises	15,751	-	-	15,751	15,751
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	43,267	-	-	43,267	43,267
Total financial liabilities	21,75,468	4,90,423	-	16,85,045	21,75,468

52 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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.

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

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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.

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	0.72% - 9.65%
	Standard	0.72% - 20.86%
	Potential Sub-standard	20.86%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Vehicle Finance Loan	High	0.07% - 20.78%
	Standard	0.07% - 34.84%
	Potential Sub-standard	34.84%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Housing Loan	High	0.74% - 7.57%
	Standard	0.74% - 19.13%
	Potential Sub-standard	19.13%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Micro Finance Loan	High	0.71% - 9.32%
	Standard	0.71% - 13.24%
	Potential Sub-standard	13.24%
	Defaulted and impaired / Not Impaired / individually impaired	100%
Business Loan - Unsec	High	2.84% - 14.17%
	Standard	2.84% - 30.14%
	Potential Sub-standard	30.14%
	Defaulted and impaired / Not Impaired / individually impaired	100.00%
MSE & Financial Intermediaries	High	0.03% - 8.41%
	Standard	0.03% - 24.03%
	Potential Sub-standard	24.03%
	Defaulted and impaired / Not Impaired / individually impaired	100.00%

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

Note : For VF, the overall PD range is provided considering the lowest PD and highest PD applicable at each portfolio segment level. Accordingly, the PD range shall be different for each portfolio segment viz., New CV, Used CV, Strategic funding, etc

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 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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.

53 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	2021-22	2020-21
Amortised costs of financial assets modified during the period	1,23,451	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 2022			
	Post modification		Pre-modification	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
Facilities that have cured since modification and are now measured using 12mECLs	-	-	-	-
(Stage 1)				
Facilities that reverted to (Stage 2/3) LTECLs having once cured	-	-	-	-

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

The following tables provide a summary of the Group's forbearance assets at March 31, 2022. Accounting policies for forbearance are described in Note 3.9

Particulars	31-Mar-22									
	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 terms & conditions	Refinancing	Total performing forborne loans	Stage 3
Loans	1,51,950	-	-	-	-	-	1,17,485	-	1,17,485	-
Total	1,51,950	-	-	-	-	-	1,17,485	-	1,17,485	-

Note 1: Represents Total forborne loans/Gross Carrying amount

Particulars	31-Mar-22									
	Gross amount of forborne loans					ECLs of forborne loans				
	Stage 1	Stage 2	Stage 3	Total	Total performing forborne loans	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Total
Loans	-	1,17,485	34,465	1,51,950	-	-	-	-	4,374	19,618
Total	-	1,17,485	34,465	1,51,950	-	-	-	-	4,374	19,618

The following tables provide a summary of the Group's forbearance 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 terms & conditions	Refinancing	Total performing forborne loans	Forbearance ratio (Note 1)
Loans	45,787	-	23	-	23	-	32,705	-	32,705	2.55%
Total	45,787	-	23	-	23	-	32,705	-	32,705	

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	Total performing forborne loans	Stage 1 Individual	Stage 1 Collective	Stage 2 Individual	Stage 2 Collective	Total
Loans	23	32,705	13,059	45,787	-	-	1	-	1,155	5,401
Total	23	32,705	13,059	45,787	-	-	1	-	1,155	5,401

54 Total Market Risk exposure

	As at 31-Mar-2022			As at 31-Mar-2021		
	Carrying amount	Traded risk	Non-traded risk	Carrying amount	Traded risk	Non-traded risk
Assets						
Financial assets						
Cash and cash equivalents	2,12,955	-	2,12,955	3,37,924	-	3,37,924
Bank balance other than cash and cash equivalents	17	-	17	21	-	21
Loans and advances	20,03,874	-	20,03,874	17,50,991	-	17,50,991
Trade receivables	926	-	926	481	-	481
Investment						
At Amortised cost	3,80,618	-	3,80,618	3,10,707	-	3,10,707
Fair value through other comprehensive income	68,705		68,705	66,572	7,911	58,661
Fair value through profit and loss account	5,460	5,460	-	6,504	6,504	-
Other Financial Asset	18,333	-	18,333	17,145	-	17,145
Total	26,90,888	5,460	26,85,428	24,90,345	14,415	24,75,930
Financial liabilities						
Financial liabilities						
Trade Payables						
Total outstanding dues of creditors other than micro enterprises and small enterprises	19,256	-	19,256	15,751	-	15,751
Debt securities	15,025	-	15,025	22,006	-	22,006
Borrowings (other than debt securities)	3,35,714	-	3,35,714	4,68,417	-	4,68,417
Deposits	18,73,482	-	18,73,482	16,26,027	-	16,26,027
Other financial liabilities	53,851	-	53,851	43,267	-	43,267
Total	22,97,328	-	22,97,328	21,75,468	-	21,75,468

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

55 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-22	Financial services	Government	Micro and small enterprises	Vehicle	Housing	Micro finance	Business Loan	MSE	Others	Total
Financial Assets										
Cash and cash equivalents	2,12,955	-	-	-	-	-	-	-	-	2,12,955
Bank balance other than cash and cash equivalents	17	-	-	-	-	-	-	-	-	17
Loans and advances		-	8,03,479	5,07,248	1,46,436	3,91,205	572	1,84,201	31,966	20,65,107
Debt instruments at amortised cost	-	3,80,618	-	-	-	-	-	-	-	3,80,618
Debt securities at fair value through OCI	-	68,669	-	-	-	-	-	-	36	68,705
Other Financial Asset	18,333	-	-	-	-	-	-	-	-	18,333
Total	2,31,305	4,49,287	8,03,479	5,07,248	1,46,436	3,91,205	572	1,84,201	32,002	27,45,735

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	1,14,570	18,480	17,98,190
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	17,145	-	-	-	-	-	-	-	-	17,145
Total	4,33,743	3,77,244	7,03,215	4,58,130	92,439	3,23,942	8,761	1,14,570	18,515	25,30,559

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

56 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.

57 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 Consolidated Financial Statements

for the year ended March 31, 2022

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

57.1 Maturity Pattern

Analysis of Maturity pattern of Assets and Liabilities by remaining residual maturities as at 31 March 2022:

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	1,56,255	16,574	39,349	777	2,12,955
Bank balance other than cash and cash equivalents	17	-	-	-	17
Loans and Advances (including trade receivables)	1,97,544	4,93,516	8,66,120	4,47,620	20,04,800
Investments	1,93,425	75,092	1,81,146	5,120	4,54,783
Other financial assets	14,256	101	1,713	2,263	18,333
Total	5,61,497	5,85,283	10,88,328	4,55,780	26,90,888
Debt Securities	-	15,025	-	-	15,025
Borrowings (other than debt securities)	25,990	1,87,990	1,21,734	-	3,35,714
Deposits	2,94,433	4,51,951	11,25,956	1,142	18,73,482
Other Financial liabilities	31,734	12,901	7,424	1,792	53,851
Total	3,52,157	6,67,867	12,55,114	2,934	22,78,072

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 trade receivables)	1,47,985	3,95,192	7,68,554	4,39,741	17,51,472
Investments	1,63,135	83,796	1,34,666	2,186	3,83,783
Other financial assets	13,535	153	1,517	1,940	17,145
Total	6,28,754	4,92,214	9,25,151	4,44,226	24,90,345
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	18,352	12,398	10,997	1,520	43,267
Total	3,58,317	7,20,862	10,77,656	2,882	21,59,717

57.2 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.

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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 LCR :

Particulars	As at 31-Mar-2022	As at 31-Mar-2021
High quality liquid Assets(HQLA)	5,48,357	6,62,661
Net outflow	2,86,509	4,07,174
LCR	191.39%	162.75%

57.3 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.

57.4 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 Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

58 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 2022

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	17,10,557	10,952	16,99,605	8,273	2,679
	Stage 2	2,48,382	8,891	2,39,491	15,602	(6,711)
Non-Performing Assets (NPA)						
Substandard	Stage 3	73,441	33,887	39,554	18,487	15,400
Doubtful - up to 1 year	Stage 3	15,181	4,174	11,007	7,361	(3,187)
1 to 3 years	Stage 3	9,328	1,926	7,402	3,641	(1,715)
More than 3 years	Stage 3	5,138	780	4,358	3,434	(2,654)
Subtotal for doubtful		29,647	6,880	22,767	14,436	(7,556)
Loss		3,080	623	2,457	2,479	(1,856)
Subtotal for NPA		1,06,168	41,390	64,778	35,402	5,988
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	20,182	29	20,153	-	-
	Stage 2	1,418	2	1,417	-	-
	Stage 3	-	-	-	-	-
Subtotal		21,600	31	21,569	-	-
Total	Stage 1	17,10,557	10,952	16,99,605	8,273	2,679
	Stage 2	2,48,382	8,891	2,39,491	15,602	(6,711)
	Stage 3	1,06,168	41,390	64,778	35,402	5,988
	Total	20,65,107	61,233	20,03,874	59,277	1,956

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	15,93,341	11,209	15,82,132	7,495	3,714
	Stage 2	1,11,059	3,507	1,07,552	2,611	896
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)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

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)
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	13,011	24	12,987	-	-
	Stage 2	64	-	64	-	-
	Stage 3	-	-	-	-	-
Subtotal		13,075	24	13,051	-	-
Total	Stage 1	15,93,341	11,209	15,82,132	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	17,98,190	47,199	17,50,991	45,973	1,226

59 Share based payments

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, 2022, 51,976 (As at March 31, 2021 - 1,10,420) options were outstanding, which were granted at various exercise prices. The following are the outstanding grants as at March 31, 2022:

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

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-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	March 31, 2022		March 31, 2021	
	Number of Shares	Weighted Average Exercise Price (₹)	Number of Shares	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,10,420	153	1,72,308	149
Granted During the period	-	-	-	-
Exercised during the year	-	-	120	55
Expired during the year	58,444	154	61,768	154
Transferred during the year	-	-	-	-
Outstanding at the end of the year	51,976	152	1,10,420	153
Options exercisable at the end of the year	51,976	152	1,04,803	153

Notes to Consolidated Financial Statements

for the year ended March 31, 2022

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

Particulars	March 31, 2022	March 31, 2021
Range of exercise price (₹)	40 to 183	40 to 183
Weighted average remaining contractual life (in years)	0.70	1.26
Weighted average fair value of options granted	-	-
Weighted average market price of shares on the date of exercise(₹)	-	91.70

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 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	-	-	-

60 The Group has not advanced or loaned or invested (either from borrowed funds or share premium or any other sources or other kind of funds) to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

The Group has not received any funds (which are material either individually or in the aggregate) from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

61 Additional disclosures/ Regulatory information as required by Notification No. GSR 207(E) dated 24.03.2021 (To the extent applicable):

61.1 Compliance with number of layers of companies:

No layers of companies has been established beyond the limits prescribed under clause 87 of section 2 of the Companies Act, 2013 read with Companies (Restriction on number of Layers) Rules, 2017.

61.2 Relationship with Struck off Companies:

The Group does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956 during the year ended 31 March 2022 and 31 March 2021.

61.3 Undisclosed income:

Details of transactions not recorded in the books of account that has been surrendered/ disclosed as income during the year in the tax assessments ₹ Nil (Previous year ₹ Nil)

Notes to Consolidated Financial Statements

for the year ended March 31, 2022
(All amounts are in lakhs of Indian Rupees, unless otherwise stated)

61.4 The Group has not traded or invested in Crypto currency or Virtual Currency during the year ended 31 March 2022 and 31 March 2021.

62 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 28, 2022 by the Board of Directors of the Company.

63 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 **V Sankar Aiyar & Co.**
Chartered Accountants
ICAI Firm Registration Number: 109208W

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

per **Karthik Srinivasan**
Partner
Membership no.514998

Place : Chennai
Date : 28 May 2022

N Rangachary
Chairman
DIN:00054437

Place: Bangalore
Date : 28 May 2022

John Alex
ED and CEO
DIN: 08584415

Place: Chennai
Date : 28 May 2022

S Viswanatha Prasad
Director
DIN:00574928

Place: Bangalore
Date : 28 May 2022

Srimathy R
Chief Financial Officer

Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary
Membership no: A35488
Place : Chennai
Date : 28 May 2022

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	125,202.76	2,509.60
5	Reserves and surplus	288,992.00	(1,594.63)
6	Total assets	2,756,812.51	1,190.71
7	Total liabilities	2,756,812.51	1,190.71
8	Investment in Shares / Mutual Funds	3,385.25	-
9	Turnover (Revenue from Operations)	402,164.06	2,018.69
10	Profit before taxation	33,932.59	248.05
11	Provision for taxation	8,762.01	-
12	Profit after taxation	25,171.08	248.05
13	Total comprehensive income	24,937.11	253.11
14	Proposed Dividend	Nil	Nil
15	% of Shareholding	74.59%	99.62%

There are no Subsidiaries which are yet to commence operations or which have been liquidated or sold during the year . The aforesaid financial information arae extracted from the respective financial statements of ESFBL and ETPL under Ind-AS.

Part "B": Associated and Joint Ventures - Nil

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

N Rangachary
Chairman
DIN:00054437

Place: Bangalore
Date : 28 May 2022

John Alex
ED and CEO
DIN: 08584415

Place: Chennai
Date : 28 May 2022

S Viswanatha Prasad
Director
DIN:00574928

Place: Bangalore
Date : 28 May 2022

Srimathy R
Chief Financial Officer

Place : Chennai
Date : 28 May 2022

Deepti R
Company Secretary
A35488
Place : Chennai
Date : 28 May 2022

212

213

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. V. Sankar Aiyar & Co.,
Chartered Accountants
202-301 Satyam Cinema Complex
Ranjit Nagar Community Centre,
New Delhi - 110008
Tel : +91-11 2570 5232
Email : newdelhi@vsa.co.in

Registrar and Share Transfer Agent

KFin Technologies 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