



Emerging stronger.
Together.

Integrated Annual Report 2020-21

5th Year

A guide to using this report

-  What's inside
-  Previous
-  Cross-referencing

Our capitals

-  Financial capital
-  Manufactured capital
-  Human capital
-  Social and Relationship capital
-  Intellectual capital
-  Natural capital

UN SDGs

-  Ending Poverty in Slums using the Holistic Ecosystem
-  Extending Health Services
-  Quality Education through Schools
-  Gender Equality
-  Decent Work & Economic Growth through Job Fairs and Skill Training
-  Reduced Inequalities
-  Sustainable Cities & Community
-  Partnerships for the Goals

Welcome to the Equitas ecosystem!

Equitas Small Finance Bank (Equitas) is one of the largest small finance banks in India. As a new-age bank in one of the fastest growing economies, we offer a bouquet of products and services tailored to meet the needs of our customers – individuals with limited access to formal financing channels, as well as affluent and mass affluent, Small & Medium Enterprises (SMEs) and corporates. Our 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.

Quick facts

861	296
Banking outlets	Business correspondents
332	39+ lakhs
ATMs	Customers
16,556	17
Employees	States and UTs

What's inside

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Emerging stronger. Together.

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There comes a time when dramatic changes disrupt the very way of life, throwing open unprecedented challenges and testing our abilities to survive and thrive. The COVID-19 pandemic is one such crisis that brought to the fore the resilient spirit of humanity as a whole.

As a Bank, we have always believed in our customers' dynamism, vibrancy and ability to withstand hardships in life. That belief enabled us to go against conventional wisdom by encouraging all our customers to avail the benefit granted by way of moratorium on loan repayments to help them tide over the crisis by conserving capital needed to restart their small enterprise.

As the unlocking began, our customers bounced back sharply, with the majority regularising their repayments at the end of the moratorium period. We attribute our success in a difficult year to our customers who demonstrated incredible resilience in the face of supposedly insurmountable adversity.

Today, we are witness to thousands of success stories of people borrowing small amounts of money while building financial assets, and creating a formal financial footprint. We remain committed more than ever to being a catalyst in the convergence of increasing income, the evolving access and affordability of financial services.

98%

Customers availed moratorium benefits during the first phase

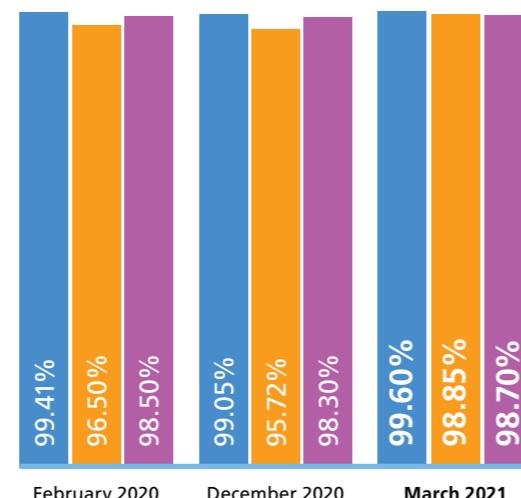
35%

Customers at the end of the moratorium period

2.26%

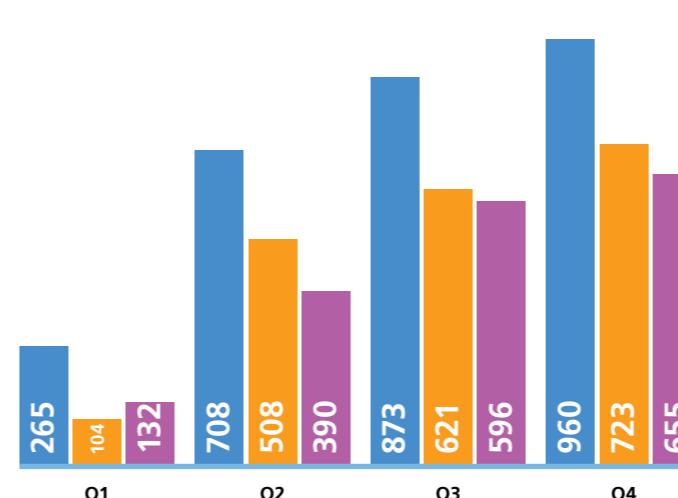
Full year credit cost

X bucket collection efficiency at pre-COVID levels



■ Small Business Loans ■ Vehicle Finance ■ Microfinance

Emergence from COVID (Disbursements top 3 segments) (₹ cr)



■ Small Business Loans ■ Vehicle Finance ■ Microfinance

Growing deposits, account openings and reduction in cost of funds (for FY21)

Deposits* (₹ cr)	Account Opening ('000)	Cost of Funds (%)
11,471	82	7.56%
12,588	118	7.36%
15,691	136	7.27%
16,319	141	7.20%

*Deposits excluding CD

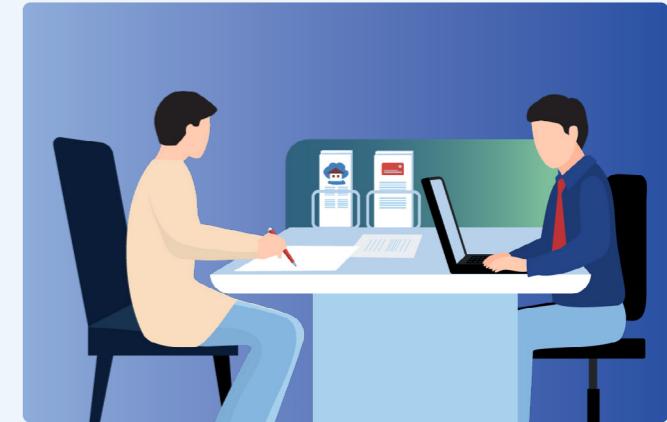
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Emerging stronger. Through challenges.

At Equitas, we are not new to dealing with transformational changes that question the very purpose of existence. Our demonstrated track record across economic cycles and major events such as demonetisation, GST rollout, natural calamities and even the coronavirus outbreak, validates our unwavering focus on building a stable, sustainable and scalable Bank.

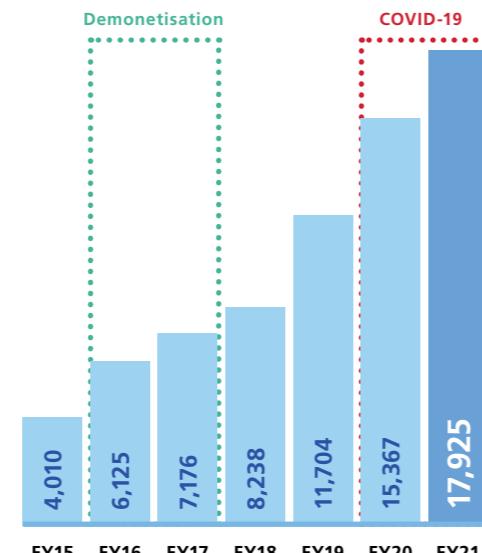
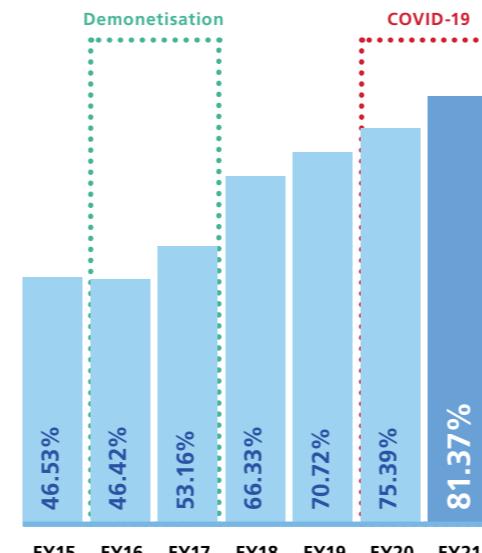
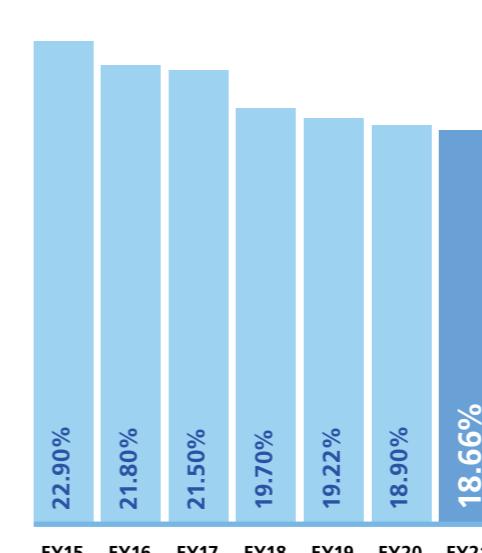
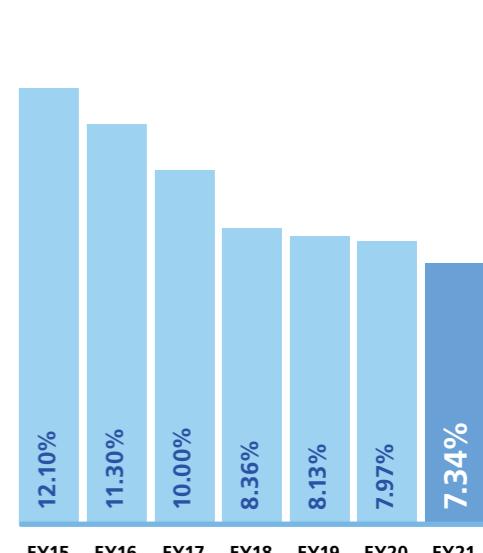
As we grew bigger in size and impact, our focus on governance, compliance and risk management remained unaltered. It is embedded in our DNA and has helped us remain strong and responsive to a rapidly evolving external environment.

Since inception, we have believed that as more people gain access to formal tools to manage their money, their ability to build assets not only improves the welfare of their households, but also sets in motion a virtuous cycle of societal progress.



Building a stable, scalable and sustainable bank

Gross Advances (₹ cr)

23.85%
CAGR

Secured Book

Yield

Cost of Funds


Reflecting on a year like no other

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Q1 Focus on employees and customers

Wage protection of frontline staff during COVID-led national lockdown by providing incentive for 1st quarter, pay-out based on performance during the 4th quarter of last year

Employee COVID package was launched to provide a holistic assistance to employees and family members [27](#)

High moratorium adoption was targeted as it was believed that customers should conserve cash to ensure liquidity to tide over the lockdown period to aid the subsequent start over of their business once the lockdowns eased

Launched Video KYC for on-boarding customers to open savings accounts. Equitas was among a select few banks in India to go live with Video KYC which helped customer acquisition during the lockdowns [13](#)

Q2 Customer engagement and ramping up digital initiatives

Ramped up digital initiatives

80,000

Savings accounts acquired

36,000

FASTags issued through digital marketing

Launched NPS and CSAT, an internal scorecards aimed to measure customer experience [14](#)

Implemented AI-led Bots to manage enquiries from digital campaigns [14](#)

Sharp improvement in collections, as a result, the Bank ended the moratorium period with only 35% of gross advances under moratorium

Q3 Collections

Pre-COVID collection efficiencies across products as customers started to re-open business; implementation of effective customer outreach programmes

X bucket collection efficiency neared pre COVID levels [1](#)

COVID related provisions stood at **₹57.01 cr** after adjusting **₹113.62 cr** against actual provisioning requirements for slippages with respect to specific loan accounts

Bank completed the IPO process and got the shares listed on NSE & BSE on November 2, 2020. The offer comprised a fresh issue of ₹280 cr and an offer for sale by Equitas Holdings Limited of ₹7.2 cr shares [36](#)

Q4 Emergence out of COVID

Advances grew by 17% over the previous year and ended at **₹17,925 cr**

New product – used car advances cross **₹120 cr**

CASA crossed **₹5,600 cr**

CASA ratio at **34%**

141,000 Liability accounts acquired

Launched Video KYC



Virtual Listing Ceremony of Equitas Small Finance Bank

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We owe our resilience to our customers



Arun Ramanathan
Part-Time Chairman and
Non-Executive Independent Director

Dear Stakeholders,

I am happy to present to you the second Integrated Annual Report of Equitas Small Finance Bank Limited (ESFBL) and trace our progress towards building a stable, scalable and sustainable Bank.

In this context, it is crucial at the outset to mention the external environment in which we currently operate. In FY20, COVID-19 impaired economic activity across the board and our customers and staff faced significant challenges. As the crisis unfolded in India, the government took several proactive measures to mitigate the problems faced by sectors of the economy and sections of the population.

Making the moratorium work

During the year, the Bank targeted high moratorium adoption by its customers to help them conserve cash and retain the liquidity to tide over the lockdown and resume income generating activities. As a result, during the first phase of the moratorium, 98% of the Bank's customers availed themselves of the moratorium option. At the end of August 2020, 35% of our customers were under moratorium and by the end of March 2021, collection efficiency had returned close to pre-pandemic levels. In other words, our understanding of the resilience of our customer segment to stresses greatly helped.

A mostly satisfying year

The Bank ended the year with 17% YoY growth in Advances and 58% YoY growth in Deposits. With the unstinted support of all stakeholders, the Bank could report a net profit of ₹384 crores against a net profit of ₹244 crores in the previous year. The Bank improved its return ratios and reported a Return on Assets (RoA) of 1.70% and Return on Equity (RoE) of 12.70% as compared to an RoA of 1.39% and RoE of 9.84%, respectively, in the previous year. Our thrust to grow the liabilities division through investments in Branch Banking, developing digital channels and innovative deposits pricing, yielded results. In all these efforts, the

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

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Bank's Business Continuity Plan bolstered the will and capabilities of a strong Executive Management to act with cohesion and optimal purpose. Even during these difficult times, the Bank conducted virtual customer meets to seek customer feedback for improvement. Our customer focus remains unabated.

Unfortunately, towards the year end and in the first quarter of FY21, there has been a resurgence of the pandemic in the form of a second wave of COVID-19. This has led to localised creeping and full lockdowns which have temporarily disrupted business and sown the fears of a future sinusoidal recovery pattern. Rapid vaccination coverage of the entire population and adoption and enforcement of COVID appropriate behaviour seem the obvious and most practical of ameliorative measures.

Supporting mass vaccination

Equitas, through its network of about 1,000 points of services in 10 states, has been doing significant work with various state governments and the local administration in facilitating mass mobilisation for vaccination across the country.

Community support

Our social initiatives are designed to support people from low income and economically weaker sections. Education forms one of the core focus areas of our mission to promote inclusive development. Eight Equitas Gurukul schools (seven owned schools and one managed school belonging to the VSKD Trust) are functioning well. The schools provide high-quality, affordable education to 5,700 students from low-income households, thus promoting opportunities for a better future. The implementing agency for all this good work is the Equitas Development Initiatives Trust (EDIT) piloted by its dedicated Trustees.

Looking ahead

The coming year will see the Bank measure up to the aftermath of the pandemic and continue on the path of financial inclusion, increasingly leveraging the power and reach of digital technologies and optimal business growth through collaborations. We are aware that the future growth plans of the Bank and the well-being of its customers are inexorably interlinked and they need to reinforce each other. Let me thank all our stakeholders for their support, encouragement and trust we have had the privilege of receiving. We hope we will merit receiving the same from you in the years to come.

Arun Ramanathan
Part-Time Chairman and
Non-Executive Independent Director

Expanding horizons with conviction

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P. N. Vasudevan
MD & CEO

Dear Stakeholders,

Life does not get easier or more forgiving, they say, but we get stronger and more resilient. The global pandemic that caught the world off guard in the beginning of FY21, continues to wreak havoc even today, with a more intense second wave sweeping through India. Its overwhelming impact is being felt by everyone of us, directly and indirectly.

Banks across the country have remained open and provided uninterrupted service during these tough times. At Equitas, we have embraced technology to ensure services remain upbeat and help the Bank grow its depositors. We continue to be in touch with our borrowers and are extending various programmes to help them tide over these tough times.

During the year, we witnessed several of our colleagues battling the virus and, unfortunately, a few succumbed. In order to provide holistic assistance to our employees to tide over the crisis, we rolled out a comprehensive and first-of-its-kind COVID package that also covers immediate family. However, our primary focus has been to work closely with the health authorities to ensure that all our employees are vaccinated as soon as possible and secure the safety of our employees during the pandemic.

We are confident that our customers will bounce back stronger and stand by us as they drive prosperity for their families.

Resilient customers, resilient performance

As an organisation, we are no stranger to events that reshape the operating landscape. Be it demonetisation, conversion to a bank or even natural calamities, we have emerged stronger every time, aided by our strong belief in building a stable, sustainable and scalable organisation, backed by our core values of fairness and transparency, customer first, pride of performance, and respect for people.

As a result, when faced with a once-in-a-century global crisis, we went against conventional wisdom to offer moratorium benefits as a default mode to 98% of our customers during the first phase. Our decision stemmed from the deep understanding of our customer segment's resilience to adversities. We believed such a policy will not only enable our customers to conserve cash and maintain adequate liquidity to tide over the lockdown, but will also facilitate the restart of their income generating activities when the lockdown eased.

At the end of the first phase, most of our customers had regularised their loan payments, with only 35% under moratorium in August 2020. It gives me immense pleasure to report that our collections as of March 2021, are back to pre-pandemic levels. We have also witnessed decent momentum in disbursements, which validates our belief in the customer segments and their resilience. We ended the year with a full year credit cost of 2.26%.

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Successful listing of Equitas Small Finance Bank

Amid a fragile economic recovery, Equitas Small Finance Bank was successfully listed on November 2, 2020 on the National Stock Exchange and the Bombay Stock Exchange, in compliance with the RBI mandate. The offer comprised a fresh issue of ₹280 crores and an offer for sale by the holding company of 7.2 crores shares. Retail subscription was 2.12 times. The Bank's IPO received active participation from mutual fund houses such as Franklin Templeton Mutual Fund, ICICI Prudential Mutual Fund, Mirae Asset Mutual Fund, Invesco Mutual Fund, Sundaram Mutual Fund and Nippon Mutual Fund. Participation of foreign institutional investors was supported by TT International. Insurance companies and Alternate Investment Funds (AIFs) like SBI Life, HDFC Life and IIFL AIF also participated. As on March 31, 2021, the Bank's market capitalisation crossed ₹6,800 crores, delivering 83.69% to IPO investors. We thank our shareholders for their continued support and trust in the Equitas business model.

Robust fundamentals augmenting future readiness

Our balance sheet remains well capitalised with a Tier I capital at 23.23% and Tier II at 0.95%. We have managed to keep our asset quality at comfortable levels, with reported GNPA coming in below pro forma GNPA; our provision coverage increased to 59% at the end of FY21 from 45% a year earlier. The Bank's secured portfolio accounts for 81% of gross advances. Small business loans (SBL) continues to show strong traction, while the MSE finance segment is

performing well, accounting for 7% of our overall book today. On the liabilities front, we recorded a 300% jump in the number of new accounts opened, to 4.76 lakhs, from 1.59 lakhs at the end of FY20, largely backed by our 'digital first' initiatives and improved productivity.

With contactless banking becoming the need of the hour and omnichannel delivery critical to future readiness, our continued investments towards building world-class digital assets have become a key differentiator. In fact, we were among the few banks in India to launch Video KYC during the nationwide lockdown. To further improve efficiency and customer experience, we have now carved out a separate business unit that will focus on partnering with neo-banks and fintech companies.

Shoring up community health infra, delivering social impact digitally

Ensuring access to affordable and quality healthcare to the economically weaker sections has always been one of our core focus areas. It received a significant boost with the decision to set up a 100-bed multispecialty hospital specialised in oncology under the newly established Equitas Health Foundation (EHF). Both EHF and other development initiatives (under EDIT) will be funded through the pledged 5% of net profit. We regularly conduct health screening camps and other interventions through partnerships with various hospitals.

Meanwhile, keeping the health and well-being of our community as a top priority, we continued our focus on delivering our programmes of providing quality

education, and improving livelihood opportunities by leveraging various platforms. We structured the training modules in byte-size information, enabling the beneficiaries to access those even with limited network bandwidth. We also managed to place a significant number of unemployed youth with local business entities through the virtual job fair.

The way forward

That said, the pandemic has altered the way we live, work and engage, yet there are some attributes that remain unaltered in our journey of building a stable, scalable and sustainable Bank. In these challenging times, the customer segment we operate has demonstrated an indomitable spirit in emerging out of the crisis stronger than ever before.

The situation remains fluid, and the economic recovery stays fragile. In this uncertain environment, what can be said with certainty is that like always, we will remain extremely prudent and conservative in the way we do business. We will continue to proactively take steps at the slightest realisation of any possible stress.

I also take this opportunity to thank you all for being part of our exciting journey, and I strongly believe that together with all our stakeholders, we will scale new heights in the coming years. For the time being, stay healthy and stay safe.

P. N. VASUDEVAN
 MD & CEO

One India. One Bank.

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Tough times never last, but tough people do. Our belief in this adage remains unchanged as we navigate through a once-in-a-century global crisis. To celebrate the spirit of unity, we brought together 12 leading musicians in 7 languages to create the 'One India One Bank' anthem – expressing solidarity with the nation's fight against the pandemic and reinforcing our commitment to progress and prosperity.

The anthem spread hope, positivity and motivation while reflecting the nation's collective resolve in restoring normalcy by transforming the local economy. It also narrates how we played a pivotal role in this movement by supporting lakhs of small businesses and vehicle owners and fulfilling aspirations of people by bringing seamless banking closer.



The song received 1 million+ views on YouTube.
You can listen to it here 

Enabling people to avail banking services from anywhere in India

With the onset of the pandemic, we launched a simple Aadhar OTP-based authentication along with online PAN validation system to enable account opening in minutes from the comfort of one's home using a smartphone. Further, to make banking seamless, we launched a host of initiatives:

- DIY services were enabled in mobile/internet banking app which eliminated the need to visit the branch to perform activities such as update your PAN, take a DD, block your account, unlock your account, balance confirmation certificate, Term deposit interest certificate, etc.



- Video banking services were launched in mobile/internet banking. Instead of visiting a branch customers can place a request on the app, and connect to a 'Video banking' staff, who will cross-check the required documents over a video call and process the request



- Toll free services spruced up with more self-service IVR options



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Fuelling a virtuous cycle of progress

Equitas offers financial products and solutions with a focus on India's unserved and underserved segment. Our proprietary credit assessment process enables us to extend loans to customers with limited to no recorded credit or income history. Our portfolio caters to a wide range of needs and provides a one stop shop to borrowers.

On a mission...

To create the most valuable bank for all stakeholders through happy employees

Propelled by our values

Customer first



Pride of performance



Fair and transparent



Respect for people



Ownership

A comprehensive banking universe

Business Segment	Inclusive Banking	Emerging Enterprise Banking	MSE & NBFC Financing	Consumer Banking
Performance Highlights	₹11,207 cr Advances 63% of Total Advances	₹4,530 cr Advances 25% of Total Advances	₹1,962 cr Advances 11% of Total Advances	₹16,392 cr Deposits 70% Retail Deposits*
Products & Services	Small business Loans Microfinance Loans Affordable Housing Loans Loan Against Property Agriculture Loans	Used Commercial Vehicle Finance New Commercial Vehicle Finance Used Car Finance	Term Loans Working Capital Loans NBFC Financing	Savings Account Current Account Salary Account Term & Recurring Deposit Insurance Wealth Management NRI Banking Gold Loans

FY21 performance snapshot**₹2,216 cr**Net Income,
24.66% YoY ↑**24.18%**

Capital Adequacy (CRAR)

81%

Secured Loans vs. 75% in FY20

₹887 crPre Provisioning Operating Profit (PPOP),
48.36% YoY ↑**1.70%**

RoA vs. 1.39% in FY20

34%

CASA Ratio vs. 21% in FY20

₹384 crProfit After Tax (PAT),
57.70% YoY ↑**12.70%**

RoE vs. 9.84% in FY20

70%

Retail Deposits* vs. 58% in FY20

*Term Deposits below 2 Crs + CASA

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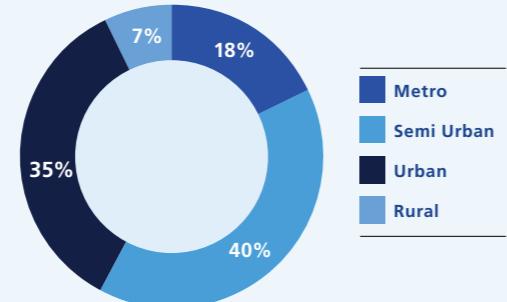
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Building a seamless omnichannel access

We are enabling access to formal banking channels to the remotest corners of India by leveraging our robust physical network and a comprehensive bouquet of digital channels. Since inception, we have invested in augmenting our digital capabilities, which made it possible for us to deliver seamless services during the pandemic-induced restrictions on mobility and physical proximity.

Physical presence

Branch distribution mix



ATMs and Debit Cards

11,73,328

Cards Issued

₹367.82 cr

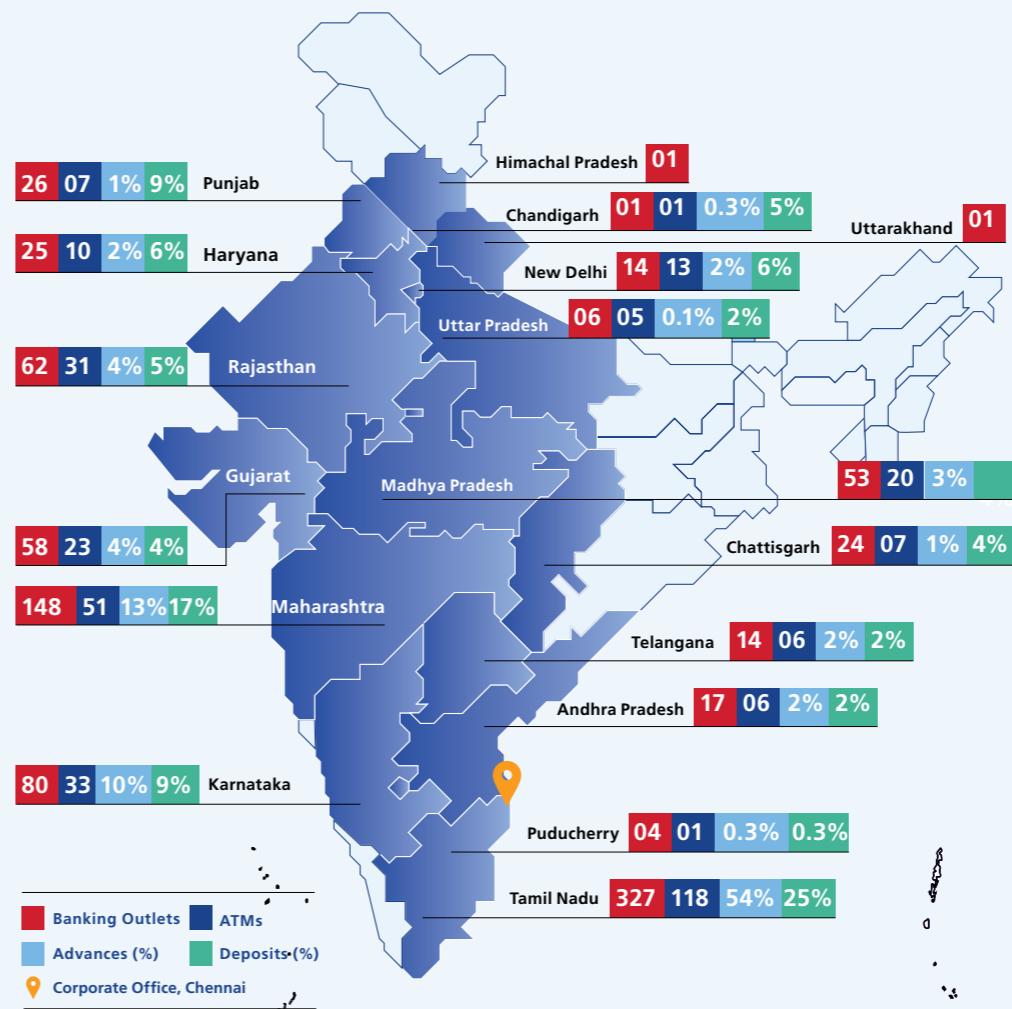
Debit Card Spends

21,11,519

Debit Card Transactions

2,37,238

Unique ATM transactions



Digital outreach

Internet and Mobile Banking in FY21

4,34,112

Transactions through retail internet banking

20,84,577

Transactions through retail mobile banking

5,785

Average volume of mobile and internet banking transactions per day

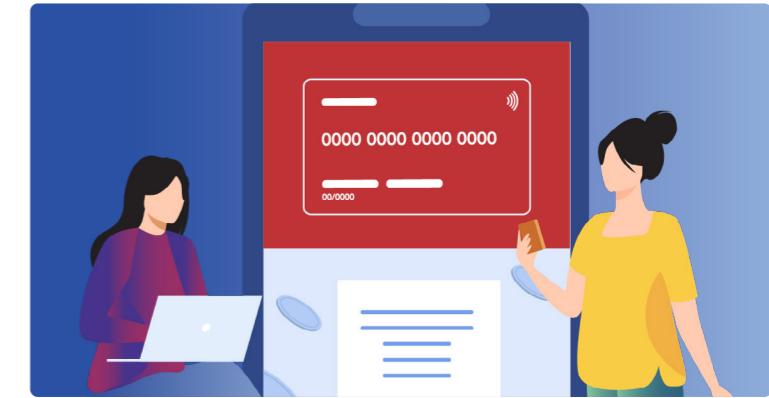
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DIY Services on mobile and video banking

Embarking on the next phase of digital journey

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In line with our 'digital first' approach, we have crafted a well-defined strategy to further leverage best available technologies to create a safe and convenient banking experience for our customers. As part of this strategy and on account of the pandemic, we have launched several initiatives such as Video-KYC based account opening, partnered with fintechs to enable presence-less account opening, revamped digital channels to extend a comprehensive suite of banking services and launching Bot banking integrated with the IVR.



Digital Strategy Framework

Neobanking, fintech alliances and digital business	Digital banking sales and key relationships	Digital channels	Digital payments	Digital acquisition, 'Prepaid', fintech and Business Correspondents (BC) Products'	Digital transaction banking
Challenger (Digital only) Bank API Banking (Assets/ Liability/ Corp/ SME/ MSME) Neobanking programmes across Liability, Assets, Corporate, MSME Fintech programmes Strategic alliances	Digital product sales Digital solutions architecting Direct-to-market programmes	Retail netbanking Corporate netbanking Mobile banking Bot banking Social media banking ATMs/ CDMs CDMs IVRS	Fastag NETC IMT USSD Refunds processing Master Money Send VISA Direct eCollect/ ePayment/ Virtual Ac	Prepaid cards and wallets API banking (payments) POS UPI Bharat QR Payment gateway Business Correspondents (BC) model (AEPS, DMT, BBPS and Micro ATM) Govt. programmes - Payments	Public fund management system Transaction banking products Working capital products Trade products Forex/ AD1/ AD2 partnership products Co-operative Bank sponsorship Govt. programmes - Liabilities eNach

Digital Transformation (Assets, Liabilities)

Digital Garages | 3rd Party Integration | Internal Product Enhancements | Robotic Process Automation | Digital Journeys

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Key highlights for FY21

Neobanking



2-in-1 Wealth + Savings Account launched in March 2021

Opened 5,872 accounts with a balance of ₹2.34 crores
(as on March 31, 2021, programme went live on March 27, 2021)

Pilot programme for online FD opening

690 FDs with balance of ₹2.46 crores
(as on March 31, 2021)

Prepaid engagements

1 lakhs+

Prepaid cards issued

21 lakhs

Transactions processed

₹2,800 crores

Transaction throughput

Live with 3 cooperative societies for prepaid cards

Initiated virtual cards and cashless campus programmes

Digital payments and acquisitions

NETC – FASTag

– Launched India's first FASTag enabled truck terminal at Khalapur for 100% contactless payments

– 181,000+ FASTags issued with monthly transaction throughput of ₹40 crores+

– 2.56 crores issuance transactions worth ₹400 crores+

– 2 lakhs+ acquiring transactions worth ₹5 crores+

Micro-ATM

– On-boarded 50,000+ Micro ATM devices

– 3.2 crores+ transactions worth ₹10,000 crores

– Monthly cash-out of ₹1,000 crores

UPI acquiring

– ~24 crores+ transaction throughput

– 2.5 lakhs+ transactions

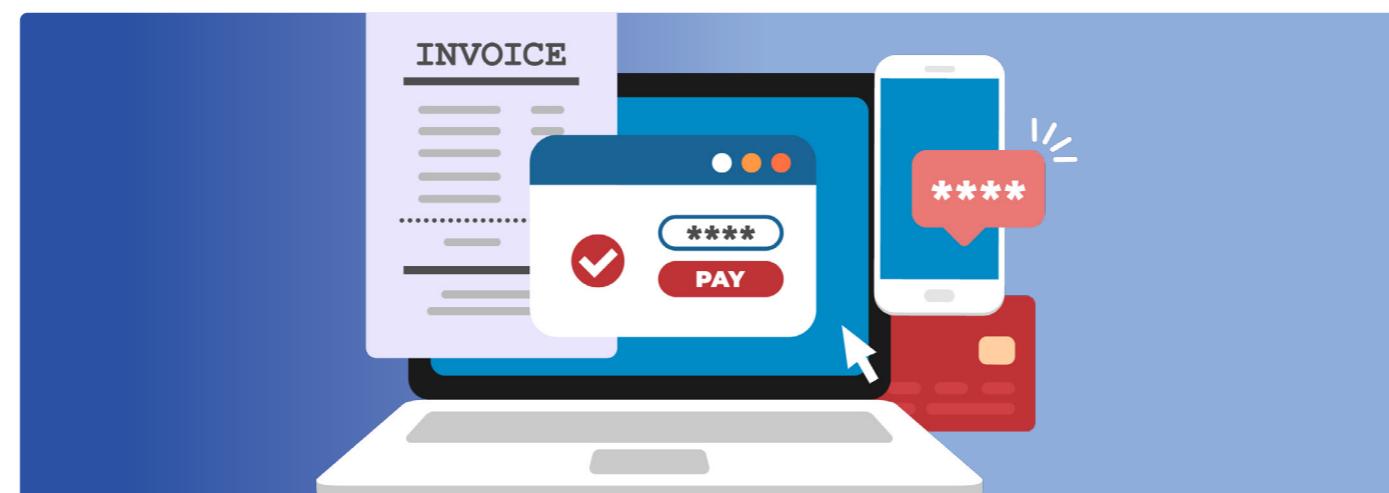
POS acquiring

– ~₹500 crores+ transaction value

– 10 lakhs+ transactions

BBPS

– Launched autopay setup for recurring bill payments across utilities



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Key highlights for FY21

Digital transaction banking

Corporate payment services

₹1,162 crores+

Transaction value

10 lakhs+

Transactions

Aadhaar enrolment and eKYC

6 lakhs+

Successful eKYC and authenticated transactions

60,000+

Enrolments across 75 branches

Digital channels

Internet and Mobile Banking

-40% registration for mobile banking

-30% penetration for retail FD through internet banking

Video banking

-650+ requests processed on customer servicing through video call initiated via internet banking and mobile banking

-300 accounts opened and converted using Video KYC

Launched Bot banking with IVR integration



Digital transformation

Launched video banking and DIY services on IB and MB as part of contactless and safe banking initiatives

Launched Video KYC for account opening

2,34,870

Opened Selfie Savings

33,094

Selfie accounts converted to full KYC account

3,968

Selfie Fixed Deposits opened

Enabled online lead generation for NRI accounts

Programme partners



Enriching customer lifecycle

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CX in motion



Voice of Customer (VOC) framework

To capture customer feedback and garner insights, we have put in place a well-defined VOC framework, which will enable our dedicated CX delivery team to drive innovation in further improving customer journeys.

Insights

CSAT

NPS

FGD

Mystery Shopping

UX Feedback

Surveys

1. Customer Satisfaction Surveys and Net Promotor Scores (NPS)

- Journey on excellence across touchpoints was launched in Q3 FY21
- NPS of 72 from the mass affluent customer segment

2. Collaboration with AI-based partners specialised in 'customer lifecycle' management

AI Bot based customer engagements

- Leads generated through marketing serviced instantly by an AI-powered Bot to collect all the required information to be passed on to the branches for quick fulfilment
- 10 days prior to the term expiry of FD, calls are made by the AI Bot to customers seeking consent to renew the FD. On confirmation, the FD is renewed
- AI Bot/IVR-based payment reminders to enable customers to pay on time. Welcome call/risk-based calling is done by the AI Bot and the feedback with customer responses are shared with Equitas for necessary action
- Lead generation done by the AI Bot as a cross-sell and warm leads are passed on to the executive for calling

Outbound tele calling

- Tele collections done by DRA certified professional executives to our small business loans and vehicle finance customers
- Telesales done on warm leads where customers are intimated about various products

Robust visibility among market participants

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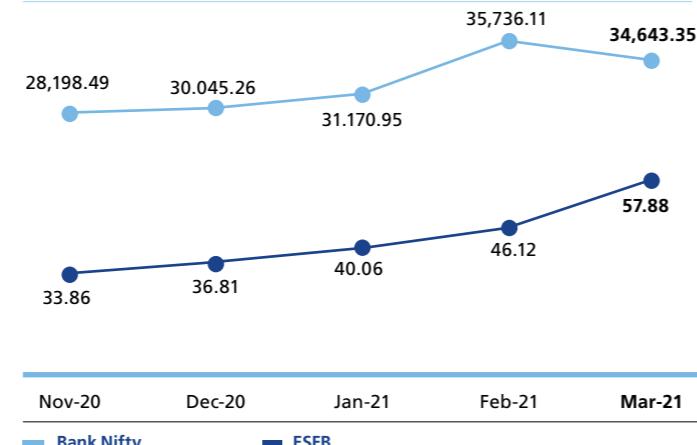
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We are committed to nurturing long-lasting relationships with all our stakeholders. As we started a new journey in November 2020, as a listed entity in an extremely challenging external environment, we focused on engaging with our shareholders and investors, keeping them abreast of the latest developments and providing transparency through increased disclosures.

Our successful listing in a volatile market environment, and steady share price appreciation since listing reflect the confidence of our stakeholders in the Bank's fundamentals and Mission.

Share price performance since listing



83.68%*

Shareholder return since Listing

* till March 31, 2021

Engaging regularly with market participants

Our management team engaged with investors during the year through virtual meetings to provide constant updates on the trends seen in the Industry, business and future prospects. They also participated in multiple broker-hosted conferences to showcase the Investment Story of Equitas Small Finance Bank. Additionally, as the Bank was meandering through the crisis, it relied on periodic press releases to keep the market abreast of its performance.

13

Investor conferences attended

130

Investor meetings

6

Press releases/ Presentations during pandemic

86

Data Disclosures

Further, we focused on enhancing management visibility among capital market participants by organising meetings with analysts and investors, where the Senior Leadership team showcased specific strategies.



Scan to view the webcast

1. Building a Small Finance Bank

Bernstein Fireside Chat

P.N. Vasudevan
MD & CEO



Scan to view the webcast

2. Building Retail Liabilities

Investec Fireside Chat

Murali Vaidyanathan
Head Liabilities



Scan to view the webcast

3. Key Digital Initiatives & Strategies

IIFL Fireside Chat

Vaibhav Joshi
Chief Digital Officer

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Augmenting data-led decision-making

We have developed a Business Intelligence Unit (BIU) to leverage the power of data analytics in driving superior management reporting, cross-selling, customer engagement and internal control systems. With the objective of ensuring data quality, timeliness and making data the 'single source of truth', we have set up three major Data Marts – one each for advances, liability and marketing.

Aided with the latest technologies in visualisation, reporting and analysis, the BIU will support all lines of business and functions in the Bank.

Our BIU strategy framework is based on 5Ps

The framework is integrated with our core operations. We are also creating an Enterprise Data Warehouse (EDW) for real-time reporting, data analysis, scorecards for a comprehensive KPI-led monitoring, and predictive analytics. We also engage with various agencies to enrich data, build insights and help leverage data for business more efficiently.



BIU project highlights

- Snapshot view for management to get a preview of the performance of line of business
- Automated risk management indicators to monitor asset quality, security cover and deviations, credit concentration and customer behaviours
- Fully integrated Credit Bureau alerts to monitor MSE customers' financial health post loan disbursement
- Customer Engagement models to drive product penetration, debit card usage and customer activities
- Audit Dashboards for Reporting Solutions (ADRS), a proprietary dashboard to monitor platform usage, ETL delays, major failure reasons and concurrent usage of BI systems

FY21 achievements

8

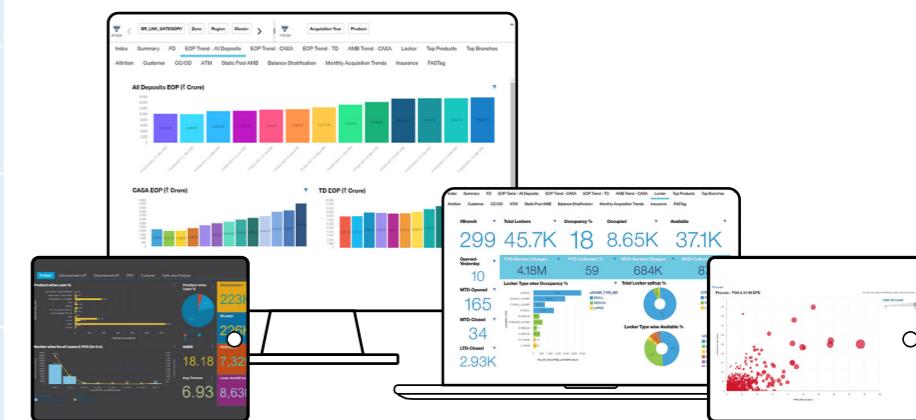
Performance monitoring dashboards

80+

Management reports created and circulated daily through automated emailers

350+

Executable reports on the BIU platform which are accessible anywhere anywhere



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Resonating in the heart and mind

We undertook focused branding initiatives to increase the Equitas brand's recall among our target audience.

During the year, we leveraged the digital channels for engagement across the stakeholder spectrum through relevant campaigns. We are undertaking a renewed brand positioning to establish our purpose, core values and stories of people whom we have transformed over the years through financial inclusion.

We focused on brand awareness in the branch locality, using consistent brand building through specific medium, at least for six months, to increase visibility and lead generation in locations like Chennai, Coimbatore, Hyderabad, Delhi and Chandigarh.

Our digital marketing efforts include affiliate marketing, influencer outreach, search engine optimisation, search engine marketing and social media. The increased engagement on social media has led to first time visitors to the Bank's website. Our ongoing social initiatives also result in strong brand equity.

Digital channels bring opportunities for more targeted marketing, deeper engagement and stronger connection between the Bank and its customers. We have implemented multi-channel marketing automation from customer on-boarding to cross-sell. We have also initiated the virtual bank concept to activate all dormant and inactive customers through D2C campaigns. This automation helps us identify products that are best suited for each individual basis their lifecycle, behaviour and relationship with the Bank.

60%

Growth in first-time visitors on our website

2.5 lakhs

Customers acquired in six months of Selfe Savings launch

Social media following

**1,09,000****92,468****4,605****14,800****4,655****Eva**

We launched a women-specific savings account 'Eva' by roping in ace Indian cricketer, Smriti Mandhana, as the brand ambassador. Eva is a unique savings account for women to address the well-being of women in every aspect such as health, wealth and prosperity.

Selfe Savings

We make use of digital marketing as our customer acquisition strategy through 'Selfe Savings' – Instant online account opening feature and 'Selfe FD' – standalone FDs that can be booked from any bank account online.

Partnering with Chennai Super Kings

We partnered with Chennai Super Kings as cricket is more than just a sport uniting every Indian's irrespective of its diversity. Relevant and meaningful content like Live Cricket Quiz with Ace Quiz Whiz, Sumanth C. Raman, pre-and post-match analysis with Hari Shankar, insightful webinar, a comic web series, Durai Shakes, helped us to reach households and families.



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Breaking free, realising dreams

A dream doesn't come true through magic, they say, it takes sweat, determination and hard work. The story of Sachin Bikkad is a classic example of how one man chose not to let his financial circumstances come between him and his dreams.

Growing up in the Naholi village in Maharashtra, Sachin and his father toiled hard to make ends meet on less than an acre of land. However, it was not enough to provide a decent living to Sachin's growing family. He had only completed his higher secondary education, and thus, had limited options beyond farming to improve the family's standard of living.

In 2008, Sachin went to Kolhapur to try his luck as a heavy commercial vehicle (HCV) driver in a transport company. With his hard work and dedication, he became a skilled driver and started getting noticed by various other transporters in the region.

After working as a driver for eight long years, Sachin realised that to advance in life, he needed to be on the driver's seat of his own destiny. Sachin approached Equitas in 2018 with the hope of securing financial assistance that would enable him to start his own business.

Today, Sachin is the proud owner of two HCVs, which he and his brother drive. Their economic circumstances have improved significantly, and he along with his family are living a happy and contented life. However, his dreams are far from over; Sachin now wants to buy a land parcel to build his own house and move out of their rented accommodation. His story is indeed an inspiration to those who are willing to go the distance with a strong resolve to move up the socio-economic ladder.



Customer image used for representation purpose only

How we create value

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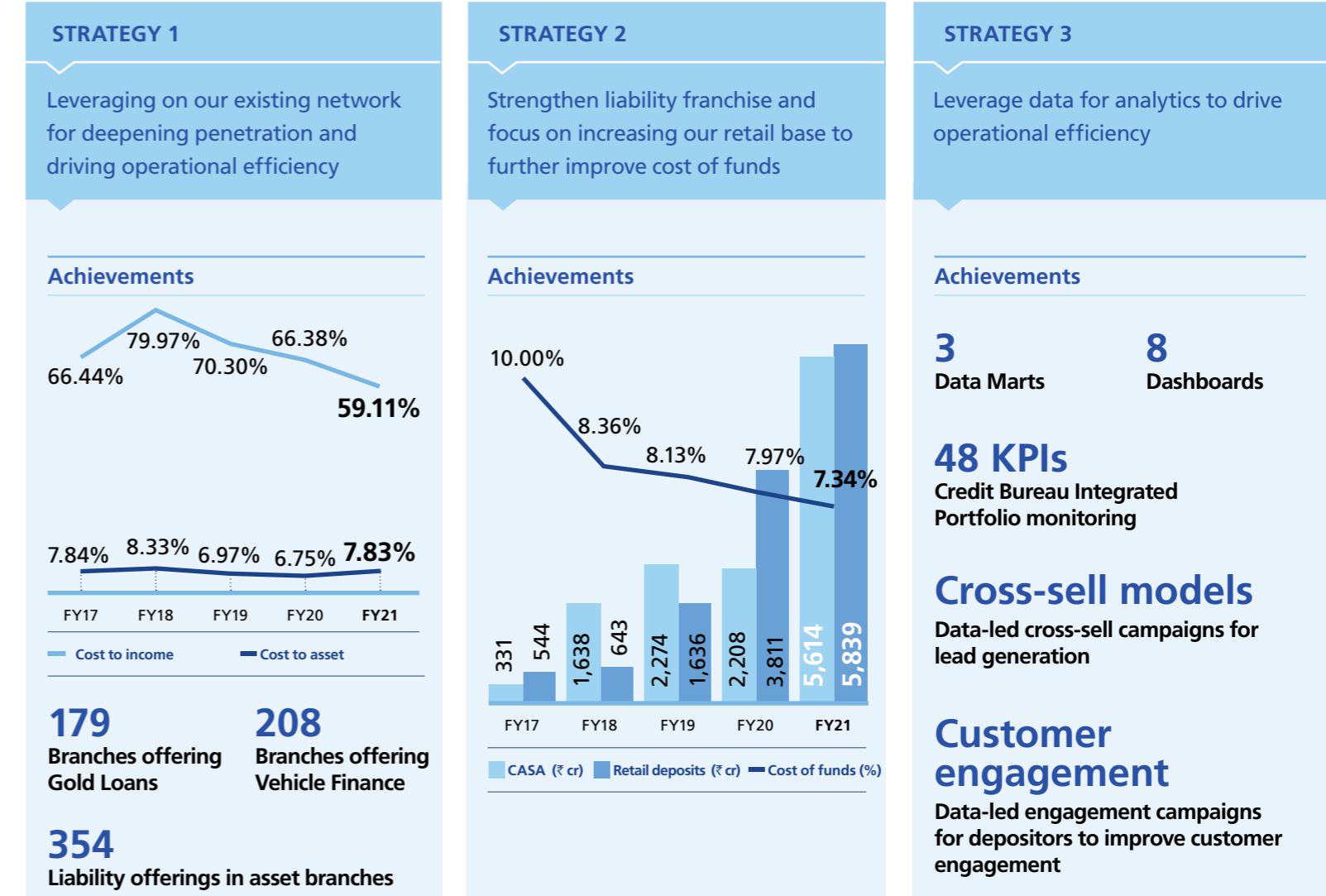
Our capitals	Core business activities	Output	Outcomes		
<p>On a mission...</p> <p>To create the most valuable bank for all stakeholders through happy employees</p> <p>Propelled by our values</p> <ul style="list-style-type: none"> Customer first Pride of performance Fair and transparent Ownership Respect for people <p>Strategic focus areas</p> <ul style="list-style-type: none"> Leveraging Infrastructure Retail Deposit Growth Data Analytics Digital Product Creation Cross Selling Opportunities Fee Income Avenues 	<p>Out offerings/ segments</p> <ul style="list-style-type: none"> Inclusive Banking Emerging Enterprise Banking MSE Finance NBFC Finance Consumer Banking <p>ADVANCES</p> <table border="1"> <tr> <td>Net creditors Bottom of the pyramid customers</td> <td>Total advances ₹17,925 crores</td> </tr> </table> <p>Growth enablers</p> <ul style="list-style-type: none"> Untapped market and huge informal economy Diversified array of products and services (both assets and liabilities) Customer-centric approach with a deep understanding of the unbanked or underbanked masses Digitalisation leading a rapid growth A strong infrastructure of vast banking outlets and ATMs underpinning the growth of SFBs Customised credit assessment procedures for effective credit risk management Professional management, experienced leadership and trained employee base Management depth with relevant industry knowledge 	Net creditors Bottom of the pyramid customers	Total advances ₹17,925 crores	<p>Net interest income ₹1,797.96 crores</p> <p>Non-interest income ₹418.05 crores</p> <p>Total advances ₹17,925 crores</p> <p>Total deposits ₹16,392 crores</p>	<p>Financial</p> <ul style="list-style-type: none"> Net Profit: ₹384.22 crores GNPA: 3.59% NNPA: 1.52% RoA: 1.70% RoE: 12.70% <p>Manufactured</p> <ul style="list-style-type: none"> The largest network of banking outlets in the SFB sector with an equally large ATM network Over 96.37% of transactions were done through digital channels in FY21 Mobile app offers over 18 DIY/Assisted Services Enhanced customer-centricity 14 <p>Human</p> <ul style="list-style-type: none"> Employee base of 16,556 as on March 31, 2021 2,762 man days of classroom learning programmes conducted in FY21 2,97,450 man hours of e-learning programmes in FY21 12,823 man days of VC learning programmes conducted in FY21 Women employees constitute 10.27% of the total workforce of the bank <p>Intellectual</p> <ul style="list-style-type: none"> Launched Video KYC for account opening Launched video banking and DIY services on IB & MB as part of contactless and safe banking initiatives Bank has 317 API libraries Migrated to new platform for Micro Finance In-house development of lead management system Launched India's 1st FASTag enabled truck terminal at Khalapur <p>Social and relationship</p> <ul style="list-style-type: none"> 2,88,750 CSR beneficiaries Supported 22,305 persons with disabilities in FY21 under the Micro Finance loan programmes 2,51,886 beneficiaries from health & eye check-up camps Over 5,700 students enrolled across 8 schools 1,638 candidates placed through job placement fairs 12,617 participants in skill training programmes <p>Natural</p> <ul style="list-style-type: none"> 1,660 online training programmes for employees 3,07,058 paperless account opening
Net creditors Bottom of the pyramid customers	Total advances ₹17,925 crores				

Progressing with unwavering confidence

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At Equitas, we have put in place a roadmap to build a **stable, scalable and sustainable bank**. Our strategic focus areas are a result of our deep understanding of the chosen customer segments and markets where we operate. We constantly scan the external environment to calibrate our strategy, with prudence at the core of decision-making.

The Leadership Team of the Bank over the last few years has conceptualised the following key strategic priorities and achievements under each of the strategies:



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STRATEGY 4

Continue to focus on digital products and technology to grow operations

Achievements**18****DIY services on mobile and internet banking****3****Virtual Relationship Managers (VRM) for NR banking****36****Tie up with fintechs****9****Video banking services**

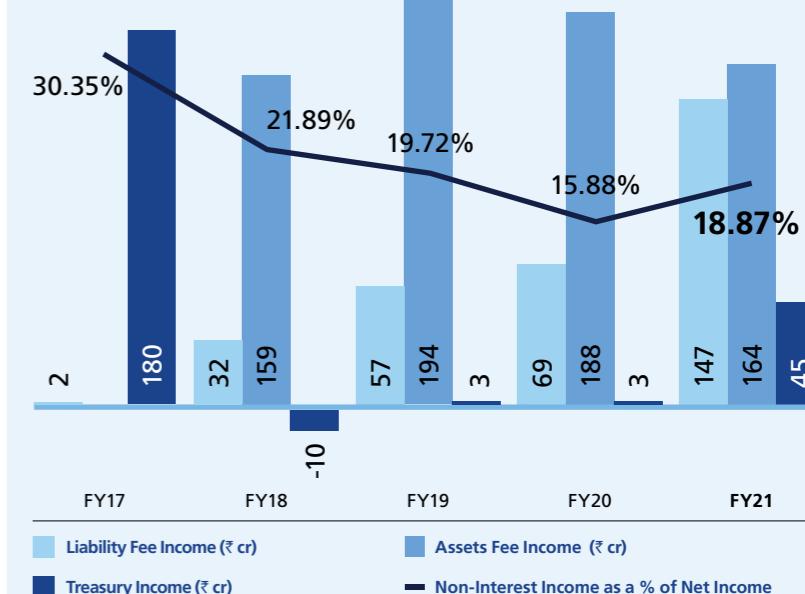
To read more about Digital Banking & Initiatives [11](#)

STRATEGY 5

Continue to diversify product offerings and leverage cross-selling opportunities

Achievements**(₹ cr)****46.53%****Share of Secured Advances in FY15****RD from Micro Finance customers****₹58 cr** in FY20**4,52,593****Liability products to asset customers****₹81 cr** in FY21**STRATEGY 6**

Increasingly focus on non-interest income sources

Achievements

Creating enduring bonds

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Customers	Shareholders/ Investors	Employees	Regulators	Society & Community
HOW WE ENGAGE <ul style="list-style-type: none"> Customer Relationship Managers Regular engagement via social media, email, SMS, Mobile app, postal communication and call centre Meets organised at branches Surveys for seeking feedback Offer personal support and advice Customer lifecycle management team 	HOW WE ENGAGE <ul style="list-style-type: none"> Annual General Meeting Annual Report Investor presentations Investor/ analyst meets Media releases Conference / video calls Investor conferences Investor webinars 	HOW WE ENGAGE <ul style="list-style-type: none"> Internal publications and circulars Performance updates Feedbacks and surveys Learning and development initiatives Employee engagement portal 	HOW WE ENGAGE <ul style="list-style-type: none"> Periodic meetings with regulatory bodies Representation through various trade bodies and forums Other forms of communication like emails, letters, etc. 	HOW WE ENGAGE <ul style="list-style-type: none"> Equitas Development Initiatives Trust (EDIT) Focus on three core areas - health, education and employment CSR projects Supporting government initiatives
WHAT MATTERS TO THEM <ul style="list-style-type: none"> Knowledgeable and friendly staff Availability of relevant products and services Quick resolution of problems Convenience of carrying out activities Fairness and Transparency Availability of Credit 	WHAT MATTERS TO THEM <ul style="list-style-type: none"> Timely communication of material information Shareholder value creation Strong corporate governance and ethics Clear and consistent business strategy Disclosure of non-financial metrics Compliance and transparency 	WHAT MATTERS TO THEM <ul style="list-style-type: none"> Career development opportunities Responsive grievance handling process Regular training to learn and develop new skills Work-life balance 	WHAT MATTERS TO THEM <ul style="list-style-type: none"> Timely reporting, statutory and legal compliance Fair treatment of customers Effective and efficient management of regulatory changes Financial inclusion 	WHAT MATTERS TO THEM <ul style="list-style-type: none"> Community development Addressing various social issues Providing financial literacy
HOW WE DELIVER <ul style="list-style-type: none"> Being guided by our core values and 'customer first' philosophy, Equitas is known for being fair and transparent to its stakeholders A dedicated customer service team focused on improving customer experience Continuous training of employees Tech led omni channel strategy 	HOW WE DELIVER <ul style="list-style-type: none"> Increased investor engagement Communicating the business strategy through the quarterly results and conferences Non-financial disclosures included in the Annual Report by adopting the Integrated Reporting framework We are associated with various renowned domestic and foreign institutional investors 	HOW WE DELIVER <ul style="list-style-type: none"> Employee-centricity reflected through various initiatives like optional work from home and leave policies Invested ₹0.91 crores in employees' learning and development initiatives in FY21 Conducted 225 culture workshops 2,762 man days of classroom learning programmes 2,97,450 man hours of e-learning programmes Club exclusively for the high achievers Annual Awards programs Large ESOP Scheme 	HOW WE DELIVER <ul style="list-style-type: none"> A dedicated team for communicating with regulators and responding timely Playing a proactive role in creating awareness about financial inclusion 	HOW WE DELIVER <ul style="list-style-type: none"> Uplifting the economically weaker sections (EWS) and low-income groups (LIG) Rehabilitation of pavement dwellers in Chennai Skill training programmes empowering the people with sustainable livelihood

Note: The listing of areas of importance is not as per the order of importance to the stakeholder

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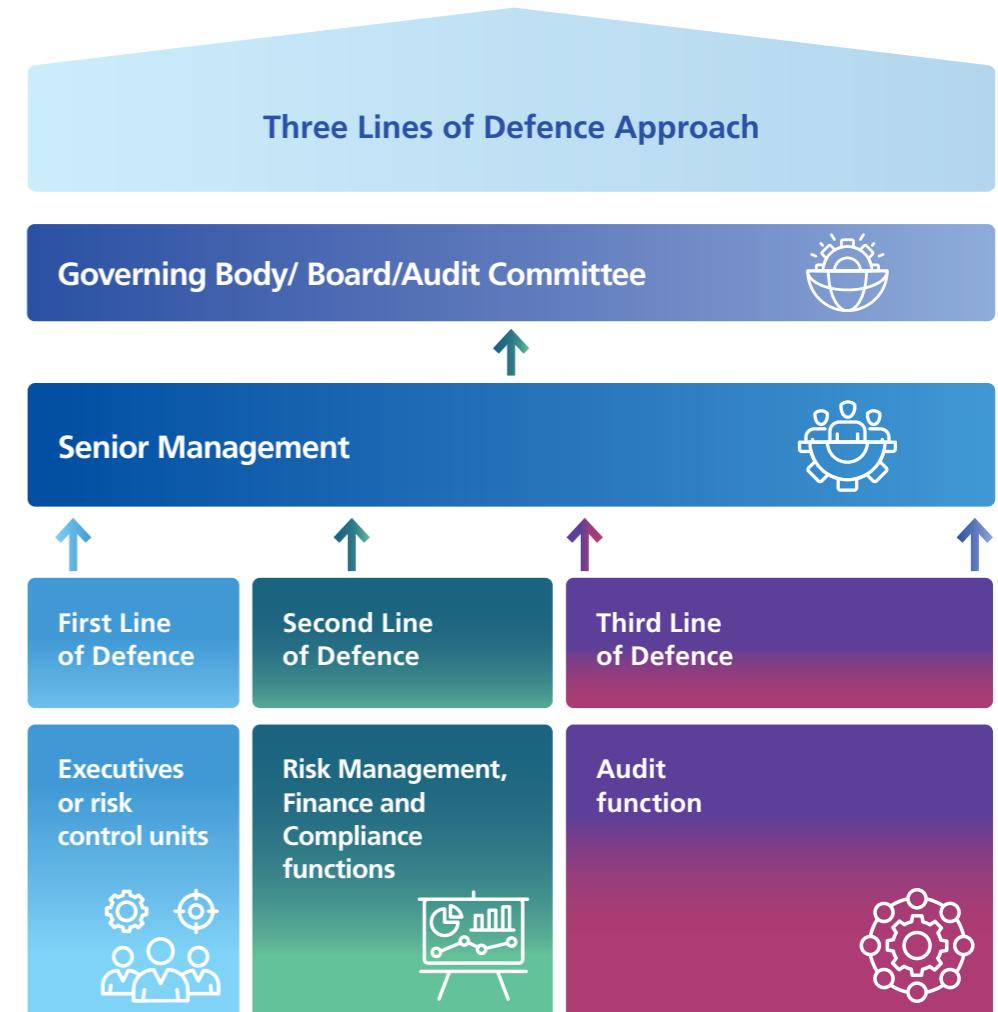
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Countering risks with agility

At Equitas, we have adopted an integrated and balanced approach to risk and reward, mitigating potential loss or damage while optimising financial growth opportunities. Our risk management framework aims at aligning capital to business strategy to protect the Bank's financial strength, reputation and ensure support to various business activities while enhancing stakeholder value.

Our risk management comprises 'three lines of defence', which ensures that risk management is part of the culture, and effectively cascaded throughout the organisation. This multi-layered structure augments our risk evaluation and management capabilities while providing the flexibility to adapt effectively and efficiently to the changing business and regulatory environment.

- The first line of defence is the different business lines, which assume risk-taking positions on a day-to-day basis within the approved framework and boundaries. There are executives or risk control units who manage and monitor the risk on an ongoing basis as per the laid out policies and processes.
- The second line of defence comprises the 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 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.



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Risk management

The Risk Management department is headed by the Chief Risk Officer (CRO) who reports directly to the Managing Director and is responsible for identifying, measuring, monitoring and managing risks. The function primarily addresses credit risk, operational risk, ALM and market risk, and information security risk. We have built a risk management framework for each of the key risk areas as per the guidelines laid down by the regulator (RBI).

Credit risk management

The function is responsible for formulating the credit risk management policy, monitoring the risks and providing all required information to the management, establishing scoring and rating framework, assessing capital for credit risk, periodic review of portfolio, monitoring of large borrowers and risk limits, credit concentration, assessing portfolio quality, early warning signals, stress testing etc. The Credit Risk Management Committee oversees the adequacy and effectiveness of the credit risk management framework.

ALM and market risk management

This unit is independent of the dealing as well as the settlements functions, and is responsible for identifying and escalating any risk, and limiting excesses on a timely basis. It is also tasked with formulating a comprehensive risk management policy to identify, measure and manage liquidity and interest rate risks. The other responsibilities include: establishing linkages between ALM system and other risk management systems to monitor the risks on an integrated basis; identifying ALM risks associated with the Bank's portfolio, developing appropriate risk measurement methodology for managing and mitigating the ALM risk; providing inputs for capital planning to meet future funding requirements, with the set goal of profit planning/business growth; conducting ALCO at least on a monthly basis to apprise the management and enable informed decision-making.

Operational risk management

The objective of operational risk management function is to create a robust policy to identify the inherent operational risk across all products and 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. Our Operational Risk Management Committee (ORMC) oversees all material operational risks, responds to risk issues and ensures adequacy and effectiveness of operational risk controls.

Information and cyber security

We have an independent information security division, which addresses information and cyber security related risks. The Bank 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. The Information and Cyber Risk Committee provides direction for mitigating cyber security and Information security risks identified across the entire IT landscape. A risk-based cyber-security framework has been put in place.

Enterprise risk management (ERM)

- Assess and measure the Bank's 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

Risk governance

The Board supervises the Risk Management Committee (RMC) and other management level committees as part of the Risk Governance framework. The RMC is a Board-level sub-committee, which decides risk policies and strategy for integrated risk management containing various risk exposures of the Bank. The Bank has management level committees to address various risks including credit risk, ALM and market risk, operational risk and information security risk.

The Audit Committee assists the Board in carrying out its oversight responsibilities as they relate to our financial and other reporting practices, internal control, and compliance with laws, regulations, and ethics. From a risk management perspective, it reviews the adequacy of the Bank's risk management policies and processes and reports to the Board of Directors.

Ensuring continuity amid the 'Big Reset'

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The COVID-19 crisis was not only disruptive but also created a 'Big Reset' in the way we work, as quick and responsive action was necessary to keep the crisis from escalating further. A Special Task Force comprising Chief People Officer, Chief Technology Officer and Chief Risk Officer along with the Senior Leadership Team swung into action to ensure business continuity. The team focused on the following four key levers to help leaders and teams navigate through the pandemic and recovery.

Gearing up for the new normal and business continuity

Re-imagining business strategy and business model

Timely and regular communication with the team

Leading with compassion/ demonstrating empathy

Demonstrating care and compassion

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Happy employees are at the core of our growth. The year of the pandemic not only necessitated an immediate shift to 'home office', but also posed significant challenges while adapting to the new normal. We constantly engaged with our employees to address concerns related to business impact, job security, performance appraisal, and overall safety and well-being. We also rolled out various policies, especially for those lower down the organisational hierarchy.

Our technology architecture enabled us to shift to remote working across all departments. Instantly at the Head Office, laptops and desktops were shifted to employee homes, enabled with Virtual Private Network (VPN) access. By May 2020, 91% of our total workforce had moved to home office. To facilitate collaboration remotely, we invested in various online collaborations tools while ensuring stringent compliance with Information Security guidelines.

Employee engagement

Audio townhalls

Our MD connected on an audio bridge with employee groups across all locations to infuse a sense of security amid industry announcements related to job and pay cuts. Subsequent to the discussions, an employee suggestion box, ideas@equitasbank.com was launched where the employees could send their ideas for improvement of workings at Equitas.

Health champions

We appointed Health Champions in the states we operate in. Health Champions are employees who belong to a family that has members in the medical profession. Backed by the respective regional HR managers, these employees used WhatsApp and other social media groups to connect with all employees in the state/region and extend support in case of need.

Awareness emailers, SMS and DYK series

The central and regional HR teams reiterated Equitas' focus on employee health and safety, and compliance with local laws regarding opening of branches and offices. The communications also emphasised the importance of social distancing, regular sanitising and similar health advisories. A 'Did You Know Series' was created to showcase positive stories during the pandemic.

Managing stress, ensuring wellness

In addition to addressing health and safety aspects, we launched several initiatives that brought the creative persona of our employees to the fore with fun quizzes and contests. The programmes ranged from stress management during COVID times, women wellness, online yoga, office ergonomics, to webinars with leading doctors. We also ran contests for our employees' children such as painting competition, fancy dress and talent show.

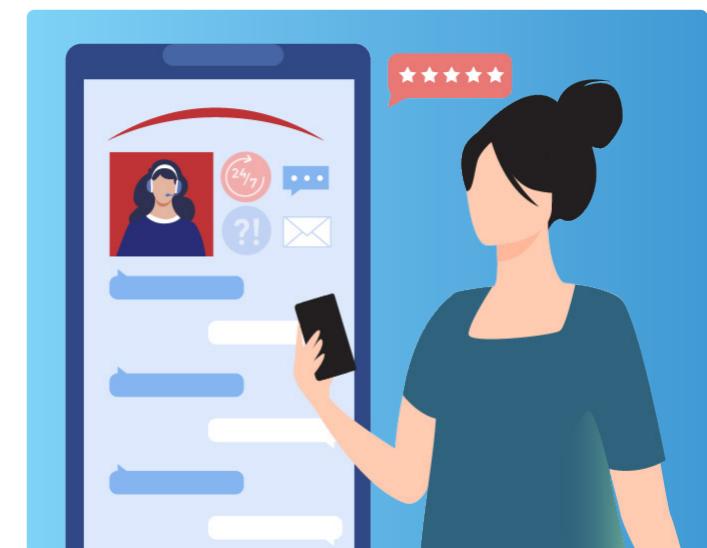
Supporting frontline employees

Incentives

In a much lauded move in the industry, the average incentive earned by our frontline employees were paid as an ex-gratia amount. About 6,600 employees benefited on a monthly basis from the scheme.

Salary increments

While the industry was doling out pay cuts, we handed out increments and promotions to employees across levels, albeit over staggered timelines. The entire exercise was completed and effected by the end of Q2.



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Employee surveys
Remote Work Pulse Survey

We rolled out a Pulse Survey for Branch Managers and above in partnership with SAP. The survey contained 30 questions which could be answered anonymously and were phrased to get specific feedback on goals clarity, support from managers, materials and resources availability and overall work-life balance, especially during the lockdown period.

Sampark

As a part of this initiative, each of our 16,000+ employees were called by their respective HR contacts, who enquired on their health and safety. The survey also captured their professional, supervisor support and happiness quotient.

New Joinee Survey

We conducted the survey on Day 1, 30, 90 and 180 day to understand how the new employees were settling down and to take necessary early actions.

HR Services Feedback Survey

To get specific feedback on HR services, this survey was conducted among Function/Unit/Branch Heads. Our top three HR services were: 1) Connect – HR business partners' accessibility, responsiveness and empathy; 2) Culture – propagation and inculcation, and 3) Performance Management – process, transparency and objectivity.

Performance Management Survey

The primary objective of this survey was to understand and get feedback about the Performance Management process (efficiency and effectiveness). Employees were also encouraged to write back to the Top Management in case they are not satisfied with the performance review process.

WFH redesign

For the post-COVID era, we conducted an exercise to identify people at the Head Office and zonal offices who could be permanently moved to WFH. Further, temperature meters, sanitisers and masks were made available to all offices. Some offices were remodelled, keeping in mind social distancing norms, and to enable touch-free entry and exit. Glass enclosures for cubicles, and boundary lines for one-way movement inside offices were also created.


One-of-its kind package to tide over the pandemic

Our employee focused COVID Policy continues to be in force and is helping employees deal with urgent needs.

COVID Policy highlights

- Special leave of 30 days for all affected employees
- Donate Your Leave scheme to employees with insufficient leave balance
- COVID-19 test reimbursement for employees to the extent of ₹4,500 and for their immediate families to the extent of ₹2,500
- Supplementary benefits in addition to hospitalisation benefits directly provided by the Bank
- Waiver of Co-Pay in case of parents' hospitalisation for COVID-19
- Post-hospitalisation benefits of up to ₹10,000 to enable junior employees to supplement their diets and well-being suitably
- Interest-free employee loan assistance amounting to six times the monthly salary to help them tide over any financial hardships

Doctor on Call tie-up with Rela Hospitals in Chennai and Employee Assistance Programme through Work Place Options for employees to seek professional mental health assistance



Driving sustainable development agenda

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At Equitas, we have always believed in giving back to society and helping build a stronger tomorrow for 'Bharat'. In doing so, we undertake several measures to empower the economically weaker sections (EWS) and low income groups (LIG) under the aegis of the Equitas Development Initiatives Trust (EDIT). As most of our interventions require on-ground engagement with stakeholders, our outreach was constrained by the severe restrictions on mobility and physical proximity. However, we leveraged our digital capabilities to deliver optimal impact.

Board of Trustees of Equitas Development Initiatives Trust (EDIT)

Dr. C.K. Gariyal
IAS (Retd.)

Mr. M.B. Nirmal
Founder, Exnora International

Ms. Jayshree Nambiar
Educationist

Ms. Sabitha,
IAS (Retd.)

Mr. Anoop J. Aiswa
IPS (Retd)

Mr. P.N. Vasudevan
MD & CEO,
Equitas Small
Finance Bank Limited

Focus areas



Health

Objective
Amidst the pandemic, the importance of a healthy and hygienic lifestyle has only become more relevant. At Equitas, we realise the adverse impact of an unhealthy lifestyle, especially for people earning daily wages, even leading to loss of income.



Education

Objective
At Equitas, we recognise the importance of education. Education forms the base of a strong community. Hence, providing quality education plays a pivotal role in creating a self-sustained and strong society.



Employment

Objective
With the increasing population across the country, employment has been one of the biggest concerns. At Equitas, we recognise this concern and try and address it by generating employment opportunities for the young population.

Activities

Health education and health camps to raise awareness
Sugam Clinics

Activities

Equitas Gurukul Schools
Centres of Academic Excellence
Partner Schools

Activities

Home-based skill training for women
Job fairs for unemployed youth

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Our social activities designed to support the low income and underprivileged communities continue to deliver value and improve the livelihood of the society we operate in. We are confident that such initiatives over the long term will reduce business risks that arise from the inherent vulnerability of such societies among all participants in the ecosystem.

EDIT impact snapshot FY21

34,345	599	134
Eye-camp participants	Free spectacles distributed	Free cataract operations sponsored
2,17,541	12,617	11,638
Other medical camps organised	Participants in skill training programmes	Placements for unemployed youth
12,360	110	139
Swasth Mahila Health Education – No. of women covered	Equitas Birds Nest [Pavement Dwellers Rehabilitation programme]	People accessed Health Helpline



Equitas Gurukul

Equitas endeavours to provide good quality education to the children from the economically weaker section. Equitas Gurukul was established in 2010 with a mission to "Nurture and empower children by providing holistic education and transform them into responsible individuals." The first schools were in Trichy and Dindigul, and since then the programme has expanded to Salem, Coimbatore, Sivakasi, Cuddalore, Karur and Kumbakonam. The schools are recognised by the Tamil Nadu Matriculation Board with classes from LKG to standard XII.

The Principals, Coordinators and teachers mentor the students who are mostly first generation learners throughout their learning to enable them to achieve their goals by continually reviewing and providing corrective action. At present, 5,698 students from across all eight Gurukuls receive holistic education, facilitated by a staff of 405 teachers and administrators. In April 2020, 79 Gurukul students had appeared for the XII standard board exams, 132 for the XI standard board exams and 211 for the X standard board exams. All our Gurukuls achieved 100% pass rate.



Circle of Life – A pavement dweller's journey of identity

Mrs. Shanthi, now a contract worker for Indian Railways, shares her inspiring story of transformation—a journey towards earning her identity in society. She is an epitome of resilience and hard work. While you bank with us, you just don't earn a rewarding interest, you also contribute in building a better society. We invest up to 5% of our profit back in the communities, thus making money a force for good, towards bringing sustainable social change.

You can watch the story here

Steering in the right direction

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Board of Directors

Arun Ramanathan
 Part-time Chairman and Non-Executive Independent Director (AR)

Vasudevan Pathangi Narasimhan
 MD & CEO (VPN)

Arun Kumar Verma
 Non-Executive Independent Director (AKV)

Narayanaswamy Balakrishnan
 Non-Executive Independent Director (NB)

Navin Avinashchander Puri
 Non-Executive Independent Director (NAP)

Sridhar Ganesh
 Non-Executive Independent Director (SG)

Narasimhan Srinivasan
 Non-Executive Independent Director (NS)

Tabassum Abdulla Inamdar
 Non-Executive Independent Director (TAI)

Vinod Kumar Sharma
 Non-Executive Independent Director (VKS)

Ramesh Rangan
 Non-Executive Independent Director (RR)


Strong governance structure

Committees of the Board

- C Audit Committee
- C Nomination and Remuneration Committee
- C Stakeholders' Relationship Committee
- C Corporate Social Responsibility Committee
- C Risk Management Committee
- C Listing Committee (Dissolved on November 9, 2020)

 C Chairperson
 M Member

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Skills/Expertise/Competencies	Arun Ramanathan	Arun Kumar Verma	Narayanaswamy Balakrishnan	Navin Avinashchander Puri	Sridhar Ganesh	Narasimhan Srinivasan	Tabassum Abdulla Inamdar	Vinod Kumar Sharma	Ramesh Rangan	P.N. Vasudevan
Banking	★			★		★	★	★	★	★
Business Strategy, Sales, Marketing & Administration	★	★		★	★	★			★	★
Accounting, Finance & Taxation	★	★					★	★		★
Law		★								★
Human Resources					★					
Information Technology				★	★					
Research & Risk management				★	★			★		
Rural Economy, Small Scale Industry & Agriculture	★					★			★	★

Board demographics

14

Number of Board meetings

94.57%

Board committee attendance

10%

Proportion of female Board members

96.15%

Board attendance

4.5 Years

Median Director tenure

Board independence

9

Number of Independent Directors

9

Number of non-management Directors

8 Years

Term limit of Independent Directors

Other committees

In addition to the committees mentioned previously, our Bank has constituted various other committees, such as Business Committee, Customer Service Committee, Information Technology Strategy Committee, Credit Committee, Special Committee of Board for Monitoring High Value Frauds, Review Committee for Identification of Wilful Defaulters, Policy Formulation Committee and Outsourcing Committee to oversee and govern various internal functions and activities of the Bank.

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Leadership team

P.N. Vasudevan
Managing Director
& Chief Executive Officer



Sridharan N
Chief Financial Officer



H.K.N Raghavan
Senior President -
Retail Assets



Rohit Gangadharrao Phadke
President & Head -
Retail Assets



Ramasubramanian K
President - MSE &
Corporate Banking



Murali Vaidyanathan
President &
Country Head –
Liabilities, Wealth
Management &
Marketing



Natarajan Muthusubramanian
Executive Vice President
& Head - Treasury



Dheeraj Mohan
Senior Vice
President & Head -
Strategy, Investor
Relations, Business
Intelligence &
Customer Experience



Narayanan E
Chief Technology
Officer



Prabhakaran A
Executive Vice
President & Head
- Centralised
Processing Centre
& Customer
Service



Pallab Mukherji
Chief People Officer



Sethupathy S
President -
Process & Quality
Assurance



Srinivasan Purohit
Chief Compliance
Officer



Sathyananda Prabhu
Executive Vice
President & Head -
Internal Audit



Siby Sebastian
Executive Vice
President -
Centralised
Processing Centre



Sampathkumar K. Raghunathan
Company Secretary
and Compliance
Officer



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Awards and accolades



(from left to right)

1. Best Product Proposition – Savings Account
2. Best Innovative Insurance Solution – COVID Indemnity Policy
3. Best Campaign – One India One Bank
4. Best Innovative CEO – Mr. P.N. Vasudevan (MD & CEO)

**Economic Times**

Best Brand Award 2020

**FICCI Tamil Nadu**

Best HR Practices – Large Organisations – Banking



ASSOCHAM National E-Summit & Awards Banking & Financial Lending Companies Digital Financial Services: Response to Aatmanirbhar Bharat



1. Winner under the Digital Deposit – Small Finance Bank category
2. Winner under the Digital Service – Small Finance Bank category

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About the report

Equitas Small Finance Bank's Integrated Annual Report for FY21 provides a holistic assessment of the Bank's financial and non-financial performance. The report also throws light on the Bank's strategy, governance, risks, and prospects to better understand the activities and progress of the Bank.

Reporting principles and frameworks

The Integrated Report is prepared in accordance with the framework prescribed by the International Integrated Reporting Council (IIRC). The financial information presented in this report is complaint with the requirements of the Companies Act, 2013 (including the rules made thereunder), the Indian Accounting Standards and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Materiality and scope

This report also includes information about material issues of all stakeholders of the Bank and provides an overview of its business and related activities. The report discloses those material matters that have an extensive impact on the Bank's ability to create value and could influence decisions of providers of financial capital.

Reporting boundary

The financial and non-financial information in this report largely covers the activities and progress of Equitas Small Finance Bank Limited on a standalone basis.

Forward looking statements

This report contains statements that relate to future operations and performance of the Bank. Actual results may differ materially from those suggested by such statements due to certain risks associated with our expectations with respect to, but not limited to, future circumstances such as technological changes, the impact of changes in banking regulations and other regulatory changes in India and other jurisdictions, natural calamities, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, etc.

Responsibility statement

The contents of this report have been reviewed by the senior management of the Bank, and reviewed and approved by Those Charged with Governance (TCWG) to ensure accuracy, completeness and relevance of the information presented.

Our capitals



Financial capital



Manufactured capital



Human capital



Social and relationship capital



Intellectual capital



Natural capital

Financial capital entails our ability to raise, lend and manage funds prudently. It includes customer deposits, loans and advances, shareholder equity and retained earnings, among others.

Our manufactured capital includes our banking outlets, ATMs, customer touchpoints and our entire IT infrastructure. The IT infrastructure helps us engage with customers at large.

People are our biggest asset, and the diversity of our manpower across skill sets, expertise and knowledge is what enables our growth momentum.

Maintaining enduring relationship with the communities by indulging in various corporate social responsibility activities is the prime focus of social and relationship capital.

Intellectual capital encompasses the knowledge and expertise embedded within our systems, processes and procedures. Leveraging the various tenets of intellectual capital such as technology and data analytics, we are improving operational efficiencies and customer experience.

Although banking by nature of operations is considered environment friendly, our operations do require direct and indirect utilisation of natural capital. We undertake a host of initiatives to minimise our impact on natural capital.

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Global Economic Overview

Global economic prospects remain extremely uncertain one year into the pandemic. New virus mutations and the accumulating human toll raise worries, while increasing vaccine coverage lifts sentiment. The outlook depends on the impact of virus and the effectiveness of vaccines; it additionally centres on how effectively economic policies are deployed under such uncertain times.

The International Monetary Fund (IMF) projects global economic growth at 6% for 2021, moderating to 4.4% in 2022, which points to a stronger-than-expected recovery than what was expected in the October 2020 World Economic Outlook, which pegged the growth rate at 5.2% for 2021. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and the continued adaptation of economic activity to subdued mobility. High uncertainty surrounds the economic outlook, and the path to recovery hinges on the effectiveness of the policies adopted and the speed of vaccination roll-out.

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



Indian Economic Overview

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

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

Government expenditures in FY21 were initially directed towards providing immediate relief to the vulnerable sections, and were then re-oriented to boost overall demand and capital spending once the lockdown was unwound. India's forex reserves reached an all-time high of US\$ 586.1 billion as on January 8, 2021. The RBI's interventions in forex markets ensured financial stability and orderly conditions, controlling the volatility and one-sided appreciation of the Indian rupee. Accommodative monetary policy in 2020 soothed the financial markets, with repo rate cut by 115 basis points since

March 2020. The RBI undertook various conventional and unconventional measures like Open Market Operations (OMO), Long Term Repo Operations (LTRO) and Targeted Long Term Repo Operations (TLTRO) during the year.

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

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

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



Indian Banking Industry Review

Small Finance Banks (SFBs)

The RBI, with an aim to drive financial inclusion for the unbanked and underbanked sections of the economy, introduced Small Finance Banks (SFBs).

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

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

Source – Crisil, CMIE, IRR Advisory

Factors driving growth of the SFB industry

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

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Management Discussion & Analysis (MD&A)

Equitas Small Finance Bank Overview

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

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

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

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

Listing of Equitas Small Finance Bank

As a precondition to small finance bank licensing guidelines issued by the RBI, the Bank's equity shares were required to be listed in a recognised stock exchange within three years from the date of commencement of operations as an SFB (i.e., September 5, 2016). As indicated last year, the Bank had received an in-principle approval from the stock exchanges (National Stock Exchange of India Limited and BSE Limited), and observations from SEBI on its DRHP.

In March 2020, the Bank filed a revised DRHP after addressing SEBI's comments, and was in the process of completing the IPO. However, due to the COVID-19 pandemic and consequent lockdowns across the country, the listing was put on hold. As business operations normalised, the Bank initiated steps to complete the IPO and got listed on the NSE and the BSE on November 2, 2020. Since listing, the Bank's share price has appreciated by 83.69% (as on March 31, 2021).



Scan to view the virtual listing ceremony of Equitas Small Finance Bank IPO

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Management Discussion & Analysis (MD&A)



Financial Performance

In FY21, we delivered robust all-round performance, emerging strong from the crisis. Net Interest Income rose 20.24% to ₹1,797.96 crores from ₹1,495.31 crores in FY20 on account of growth in interest income from loans and income from investments. Non-Interest Income grew by 48.06% to ₹418.05 crores from ₹282.35 crores due to growth in fee income from the sale of Priority Sector Lending Certificates (PSLC) and increased traction from treasury income. Operating expenses rose to ₹1,329.43 crores from ₹1,180.08 crores a year ago. We increased our employee strength during the year, which resulted in higher staff expenses. The cost-to-income ratio improved to 59.11% from 66.38%. Total provisions and contingencies were at ₹375.32 crores as compared to ₹246.64 crores. Our Provision Coverage Ratio was at 58.59%.

Our Gross Non-Performing Assets (GNPA)* were at 3.59%, as against 2.72% in FY20. Net NPA stood at 1.52%, as against 1.51% in FY20. Profit before Tax grew by 45.68% to ₹511.26 crores. After providing for Income Tax of ₹127.04 crores, Net Profit increased by 57.70% to ₹384.22 crores from ₹243.64 crores. RoA was at 1.70%; RoE was at 12.70%. As on March 31, 2021, our total balance sheet size increased to ₹24,715.22 crores from ₹19,295.55 crores, as on March 31, 2020.

* on advances including IBPC

Profit and Loss summary

	₹ in crores	FY21	FY20
Net interest income	1,797.96	1,495.31	
Non-interest income	418.05	282.35	
Operating revenue	2,216.01	1,777.66	
Operating expenses	1,329.43	1,180.08	
Operating profit	886.58	597.58	
Provisions and Contingencies, incl. Write-off on Advances	375.32	246.64	
Profit before tax (PBT)	511.26	350.94	
Provision for tax	127.04	107.30	
Profit after tax (PAT)	384.22	243.64	

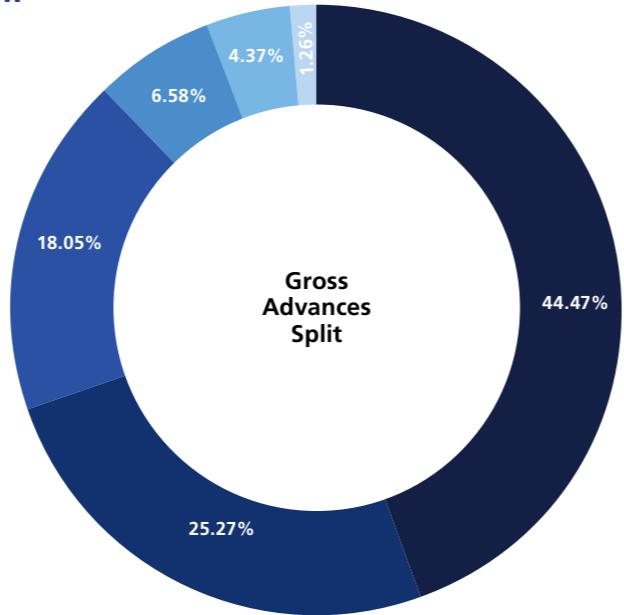
Key ratios

	FY21	FY20
Yield on advances	18.66%	18.90%
Cost of funds	7.43%	7.97%
Spread	11.23%	10.93%
Net interest margin (NIM)	8.44%	9.11%
GNPA	3.59%	2.72%
Credit cost	2.26%	1.84%
Provision coverage	58.59%	45.22%
NNPA	1.52%	1.51%
RoA	1.70%	1.39%
RoE	12.70%	9.84%

Balance sheet

	₹ in crores	FY21	FY20
Capital and liabilities			
Capital	1,139.28	1,053.40	
Reserves and surplus	2,257.06	1,690.75	
Deposits	16,391.97	10,788.41	
Borrowings	4,165.32	5,134.87	
Other liabilities and provisions	761.59	628.12	
Total	24,715.22	19,295.55	
Assets			
Cash and balances with RBI	514.81	380.86	
Balances with banks and money at Call and short notice	2,863.90	2,155.98	
Investments	3,705.17	2,342.51	
Advances	16,847.95	13,728.24	
Fixed assets	185.05	212.77	
Other assets	598.34	475.19	
Total	24,715.22	19,295.55	

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100 FINANCIAL STATEMENTS**Management Discussion & Analysis (MD&A)****Business Review****Advances**

- Small Business Loans (incl. Housing Finance)
- Vehicle Finance
- Micro Finance
- MSE Finance
- NBFC
- Others

Vertical wise performance

Particulars	FY21	FY20	YoY %
● Small Business Loans (incl. Housing Finance)	7,971.14	6,279.49	26.94%
● Vehicle Finance	4,530.11	3,759.98	20.48%
● Micro Finance	3,235.73	3,616.16	(10.52%)
● MSE Finance	1,179.67	669.41	76.23%
● NBFC Finance	782.66	818.06	(4.33%)
● Others*	225.25	223.85	0.62%
Total	17,924.56	15,366.95	16.64%

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

Small Business Loans (including Housing Finance)

The Small Business Loans (SBL) segment witnessed the fastest growth, recording a CAGR of 45% over the past four years on the back of our innovative cash flow-based credit assessment model, robust distribution network and strong community presence. With our unwavering focus on financial inclusion, we are meaningfully addressing the large unmet financing needs of these unbanked and underbanked entrepreneurs.

Housing Finance

Primarily targeted towards self-employed individuals with limited access to loans from banks and larger housing finance companies, we provide loans for purchase of a plot or a house, construction of a house and home improvement/ restoration/extension. We plan to scale housing finance into a full-fledged business vertical.

**FY21 HIGHLIGHTS**

₹7,971 crores
AUM

₹2,806 crores
Disbursements

17.73%
Yield

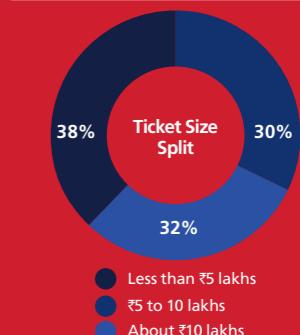
3.34%
GNPA

₹5.74 lakhs
ATS at Disbursements*

₹3.41 lakhs
ATS at Portfolio*

100%
Secured Portfolio

5%
Share of Housing Finance in Loan Book



*ATS represents Average Ticket Size

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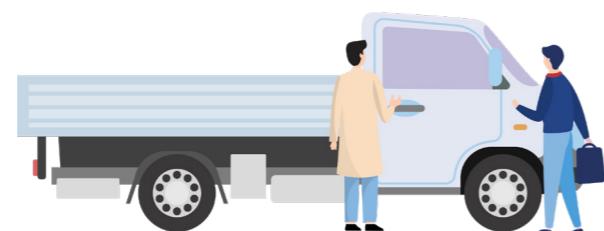
Vehicle Finance

We provide vehicle loans to mostly first-time 'formal financial channel' borrowers purchasing used commercial vehicles, who have experience in logistics and small fleet operators. Our vehicle loan customers typically have limited access to bank loans and mostly have limited or no credit history.

Starting from 2018, to support existing customers who have grown over the time from driver-cum-owner category to small fleet operator category and want to replace their old vehicles with new vehicles to drive efficiency, we ventured into offering new vehicle financing loans by leveraging the existing team. Our OEM market share in NCV space as on March 31, 2021 stands as:

8.24%	Tata Motors Limited
7.16%	Ashok Leyland
1.54%	Mahindra & Mahindra Pickups
0.98%	M&M SCV
5.10%	Maruti Suzuki
1.06%	Volvo Eicher Commercial Vehicles Limited

In FY20, we launched used passenger car loans; our customer base in this segment has grown to ~3,800 with a loan book of ₹122 crores.



FY21 HIGHLIGHTS

₹4,530 crores
AUM

₹1,956 crores
Disbursements

17.64%
Yield

3.76%
GNPA

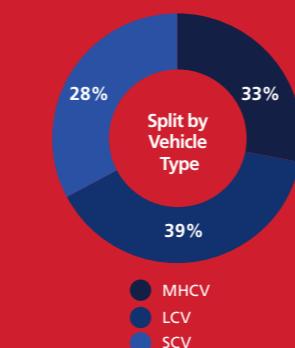
₹4.10 lakhs
ATS at Disbursements*

₹3.33 lakhs
ATS at Portfolio*

34%
New CV Portfolio

63%
Used CV Portfolio

3%
Used Car Portfolio



*ATS represents Average Ticket Size

Micro Finance

Microfinance customers comprises mainly of farmers, dairy farmers, micro entrepreneurs like vegetable-vendors, fruit and flower sellers, and others. We provide group loans to women customers to encourage them to start their small businesses or other income generating activities. The loans are offered for a tenure of two years, at interest rates between 23% and 24% per annum. Unsecured with no collaterals, these loans are in effect secured through a peer-guarantee model to promote credit discipline through mutual support within the group, prudent financial conduct among the group, and prompt repayment of their loans.

We have a 100% paperless loan disbursement process in this segment.

FY21 HIGHLIGHTS

₹3,236 crores
AUM

₹1,773 crores
Disbursements

21.82%
Yield

3.41%
GNPA

₹0.30 lakhs
ATS at Disbursements

₹0.18 lakhs
ATS at Portfolio*

4,52,593
Opened Recurring Deposit Accounts for Micro Finance Customers

30%
Non Tamil Nadu AUM

*ATS represents Average Ticket Size



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Management Discussion & Analysis (MD&A)

Micro and Small Enterprise (MSE) Finance

The MSE Finance aims at facilitating the expansion and modernisation of businesses, including acquiring fixed assets and meeting working capital needs. We reach out to enterprises engaged in business activities that maintain formal records for credit evaluation, primarily in urban and semi-urban areas.

- Working capital loans are offered in the form of
- Fund-based facilities, including cash credit limits, overdraft limits
 - Non-fund-based facilities like bank guarantees and letters of credit

We also offer Term Loans for specific purposes to businesses with an annual turnover of ₹10-15 crores. These advances are predominantly secured by primary and collateral security in the form of stock, book debts, machinery, commercial or industrial premises and residential properties of promoters/proprietors. MSE customers are also provided overdraft facility and corporate internet banking solutions.



FY21 HIGHLIGHTS

₹1,180 crores

AUM

₹344 crores

Disbursements

10.92%

Yield

2.83%

GNPA

₹51.98 lakhs

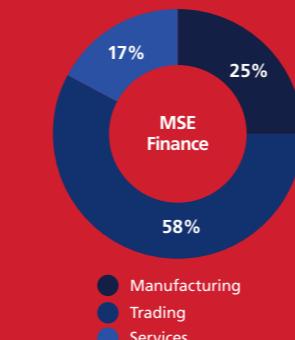
ATS at Disbursements*

₹67.41 lakhs

ATS at Portfolio*

100%

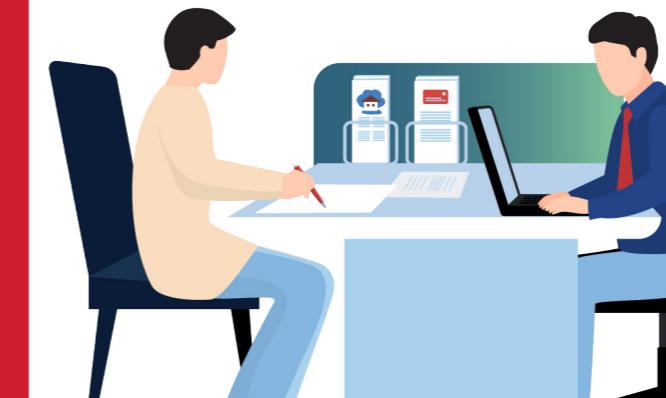
Secured Portfolio



*ATS represents Average Ticket Size

NBFC Finance

We provide Term Loans to NBFCs, which are further lent to retail customers in the form of microfinance, vehicle finance, housing finance and similar sectors.



FY21 HIGHLIGHTS

₹783 crores

AUM

₹481 crores

Disbursements

9.74%

Yield

0.70%

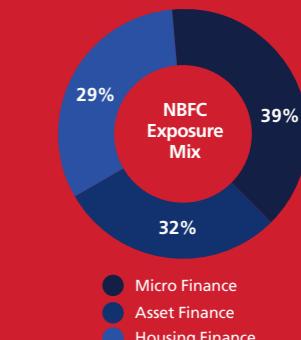
GNPA

₹2,002 lakhs

ATS at Disbursements*

₹319.45 lakhs

ATS at Portfolio*



*ATS represents Average Ticket Size

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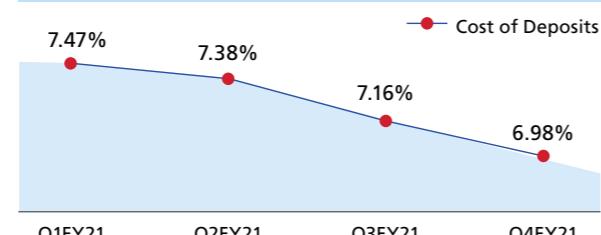


Liabilities

We offer liability products in the form of deposits that we source from mass and mass-affluent customers located in urban and semi-urban areas. The sourced deposits contribute significantly towards meeting our funding requirements.

Type of Deposits	FY21	FY20	YoY
Demand Deposits	520.06	349.63	48.77%
Savings Bank Deposits	5,093.76	1,858.58	174.07%
Term Deposits	10,778.15	8580.20	25.62%
Retail Deposits	5,868.84	3,811.29	53.99%
Bulk Deposits	4,909.31	4,768.91	2.94%
Total Deposits	16,391.97	10,788.41	51.94%

Consistent reduction in Cost of Deposits



Savings Account

As of March 31, 2021, **9,03,551** customers maintained savings account with us.

Current Account

As of March 31, 2021, **1,06,414** customers maintained current account with us.

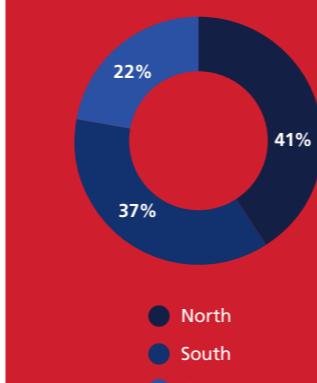
Salary Account

As of March 31, 2021, **41,955** customers maintained salary account with us.

Term Deposits

As of March 31, 2021, **over 5,40,996** customers maintained term deposits with us.

55%	Retail Term Deposits
₹43 crores	Deposits Per Branch
₹5,369 crores	CASA & TD Balances of Mass Affluent Customers



Third Party Products

Customers enjoy a one-stop shop for all their investment and insurance needs with us. We enjoy an open architecture where we distribute schemes from multiple asset management companies and insurance companies. Through the distribution of these products, we ensure to service the needs of our customers. We actively cross-sell insurance to our borrowers as a protection to the family in case of any unforeseen circumstances.

FASTag

Conceived with a vision to reduce vehicular traffic at toll plazas, FASTag is a reloadable tag that enables automatic deduction of toll charges and allows vehicles to pass through the toll plaza without stopping for cash transaction. Linked to a customer account, we issue a card for use at toll plazas. We actively engage with car dealers for issuing these cards.

Mutual Funds

Customers prefer making prudent investment decisions and mutual funds are their preferred choice. We are empanelled with asset management companies to distribute their mutual fund products through the branch network.

Insurance

We maintain bancassurance relationships with life insurance companies, general insurance companies and health insurance companies and distribute their insurance products.

1,80,963
FASTag Issued

₹7.24 crores
FASTag Income

₹132 crores
Mutual Funds AUM

14,882
Mutual Fund Customers

₹255.85* crores
Premium Collected

86,811
Policies Sold

24,202
COVID Insurance Sold Online

*New and Renewal Premium

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We continue to make significant investments in technology, aligned with our 'Digital First' approach. In FY20, we re-launched Selfe platform to provide customers with an even faster digital on-boarding option from the comfort of their homes. In FY21, we opened 2,65,829 accounts through the digital channel. We plan to further elevate customer experience with digitally enabled customer life cycle management featuring Video KYC fulfilment Video Banking and Virtual RM interactions. We also introduced a tab-based on-boarding facility for bank personnel, to meet prospective customers and complete their on-boarding digitally, in minutes.

Further, we are gearing up to a world of possibilities by opening up our API kit enabling Banking as a Service (BAAS), that makes it possible for us to partner with Fintech talent for innovation-led co-creation. We entered our first partnership with an emerging Fintech (BankOpen) to drive new corporate customer acquisition; customers are provided with a rich suite of products through the BankOpen portal (invoicing/GST payments/expense dashboard) combined with API-based banking services.

We are also live on various NPCI payment products, offering services like Micro ATM (AePS/Card+PIN enabled), and UPI /IMPS/e-NACH, prepaid cards and ETC-enabled transactions through API plug-ins for partners and clients to avail payment services through direct (host-to-host) integration, lending greater flexibility and scale of business.

We have successfully set up our own DEM (Data Exchange Model) for Cheque Truncation System (CTS) with enhanced security, replacing the existing Clearing House Interface (CHI). We have implemented a Data Mart for centralised MIS reporting and analytics. Our strong technology backbone enabled us to immediately move most of our staff to Work From Home, when the need arose towards the end of March 2020.

**Treasury Operations**

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

Treasury is active in SLR trading and investments, generating incremental revenue in addition to interest income earned with a focus on maximising portfolio yield. Treasury also participates in the equity primary market, focusing on additional revenue generation and diversification. During FY21, Treasury raised funds using a mix of instruments such as Certificates of Deposit (CDs), Term Money, Inter Bank Participatory Certificates (IBPCs) and refinance from financial institutions at optimal cost.

Treasury functions as our interface for market counterparts and has successfully leveraged excellent rapport built up with them, to aid in fund raising and other activities. Treasury also closely works with the Liabilities team to aid deposit mobilisation, while optimising cost of funds and seeking to broaden our liabilities profile. Treasury function has raised borrowings of ₹3,460 crores at an average rate of 5.56% as against the average funding cost of 7.34% for the year.

**Risk Management**

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

The Bank has an independent integrated risk management vertical whose functions include credit risk, market risk, assets liabilities management (ALM), operational risk and information security risk functions. The risk function is headed by the Chief Risk Officer (CRO), who reports to the MD & CEO of the Bank. The Risk Management Committee (RMC) of the Board is responsible for overall governance framework for the risk management of the Bank. The RMC of the Board is supported by various management level committees – Executive Risk Management Committee, Asset Liability Committee, Credit Risk Management Committee, Operational Risk Management Committee and Information Security & Cyber Risk Committee. During the year, the Risk Management function performed creditably taking on board the new issues arising from the effects of COVID-19. Assessment of liquidity and other risks was carried out on daily, fortnightly and monthly intervals and reported to the Board, as a monitoring and decision support information base.

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**Compliance**

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

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

**Internal Audit**

The Bank's Internal Audit function provides independent assurance to the Board of Directors on an ongoing basis on the quality and effectiveness of its internal controls, risk management, governance systems and processes. The Internal Audit Department undertakes various audits such as Risk Based Internal Audit [RBIA] of the branches, Credit Audit, Revenue Audit, Information System Audit, Thematic Audits and Management Audit of the Head Office Departments. Concurrent Audit is being carried out for various areas like Treasury operations, KYC compliance, Payroll, Operations of central processing units, other expenditure etc., based on the risk assessment and regulatory requirements. Despite the restricted mobility during the year, Internal Audit was carried out diligently and the reports were reviewed at appropriate levels and remedial actions taken.

**Human Resources**

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

Equitas needed to create a safe environment for employees to deliver to their full potential. The two-pronged approach of Employee Care and Employee Connect stood us in good stead especially during the pandemic, giving confidence to the employees. Our practices and processes are well geared to make significant impact in our business deliverables. The financial industry, the contract between the customer and the Bank is based on trust. Being a retail-oriented organisation, where the customer base is largely singular individual or family, each of our employees are true brand ambassadors of our Bank, delivering trust at the remotest corners of Tamil Nadu and across 16 other states of India.

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

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

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

We clocked a total of 4,22,000+ man-hours through VC learning and 80+ e-Learning modules in the functional, technical and behavioural space covering all our employees during FY21. Providing effective training to geographically dispersed staff, especially during these challenging times, served the dual purpose of skill enhancement and engagement. The Learning team actively worked with Business leaders to ensure that training initiatives continue smoothly.

Employees undergoing skill upgradation training

	FY21
Permanent Employees	11,485
Permanent Women Employees	1,235
Employees with Disabilities	119

* 1,235 is included in 11,485

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

Response to COVID-19

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

1. Gearing up for the new normal and business continuity
2. Re-imagining business strategy and business model
3. Timely and regular communication with the team
4. Leading with compassion/demonstrating empathy



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

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

Highlights of CSR activities

- Managing eight schools (seven owned schools and one belonging to the VSKD Trust) – total student strength for the 2019-20 academic year stands at around 5,700
- Skill development of women through training in tailoring and embroidery, doll making, artificial jewellery making, candle making, etc.
- Pavement dwellers rehabilitation programmes (Equitas Birds Nest)
- Placement coordination for unemployed youth of low income communities by networking with employers through job fairs
- Conducting primary health camps through tie-ups with hospitals



Activity	FY21	Cumulative
No. of eye-camp participants [A]	34,345	25,33,937
No. of spectacles [free of cost]	599	1,17,163
No. of cataract operations [free of cost]	134	32,654
People covered in other Medical camps [B]	2,17,541	38,25,880
Total [Eye camps + Med. Camps] [A]+[B]	2,51,886	63,59,817
Participants in skill training programmes	12,617	5,62,570
No. of people accessing Health Helpline	139	32,195
Placements for Unemployed youth - Nos. placed	11,638	1,98,725
Swasth Mahila Health Education - No. of women covered	12,360	2,80,580
Pavement Dwellers Rehabilitation programme – No. families rehabilitated	110	2,101

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Management Discussion & Analysis (MD&A)

In addition, the Bank through its Micro Finance loan programmes supported about **22,305 persons** with disabilities during FY21 and cumulatively over **73,154 persons**. Of these, **13,502 visually challenged persons** were supported during the year, cumulatively **21,317**. Encouraged by this inclusive model, we have also recognised **208 transgender people** in the women's group.



Outlook

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

We primarily focus on the micro and small enterprises that belong to the underbanked and unbanked segment of the society. These tiny enterprises mostly engage in the non-discretionary consumption sectors that have shown resilience to economic cycles in the past and also during the pandemic. These customer segments were the quickest to recover post the lifting of lockdowns. As these enterprises reopen and generate cash flows, we are optimistic about sustaining growth, maintaining our asset quality, and continuing on our journey of driving financial inclusion.

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

For and on behalf of the Board of Directors

Place: Chennai

Date: June 01, 2021

P.N. Vasudevan

MD & CEO

Arun Ramanathan

Chairman

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Directors' Report

TO
The Members
Equitas Small Finance Bank limited

Your Directors have pleasure in presenting the Fifth Annual Report together with the audited accounts of the Bank for the financial year ended March 31, 2021 (FY 2020-21).

1. Financial Results

The summary of Bank's financial performance for the FY 2020-21 compared to the previous year 2019-20 is given below:

Particulars	For the Year ended March 31, 2021	For the Year ended March 31, 2020	(₹in lakhs) Y-o-Y %
Deposits & Other Borrowings	20,55,729.17	15,92,327.91	29.10%
Advances	16,84,794.67	13,72,824.15	22.72%
Total Income	3,61,246.79	2,92,779.55	23.39%
Operating Profits (Profits before Provision, Depreciation and Taxation)	96,301.96	69,403.33	38.76%
Less: Depreciation	7,643.32	9,645.45	(20.76%)
Less: Provision and contingencies	37,531.96	24,663.85	52.17%
Less: Provision for Taxation	12,704.36	10,730.49	18.39%
Net Profit	38,422.32	24,363.54	57.70%
Add: Profit brought forward from previous year	64,313.84	46,800.88	37.42%
Total Profit Available for Appropriation	1,02,736.16	71,164.42	44.36%
Appropriations			
Transfer to Statutory Reserve	9,605.58	6,090.89	57.70%
Transfer to Special Reserve	742.44	483.39	53.59%
Transfer to Capital Reserve	2,366.08		
Transfer to/ (from) Investment Reserve	0	0	
Transfer to/ (from) Investment Fluctuation Reserve	198.20	276.30	(28.27%)
Proposed Dividend	0	0	
Tax including Surcharge and Education cess on Dividend	0	0	
Balance carried over to Balance Sheet	89,823.86	64,313.84	39.66%

2. Dividend

The Reserve Bank of India (RBI) vide its notification reference RBI/ 2021-22/ 23/ DOR.ACC.REC.7/ 21.02.067/ 2021-22 dated April 22, 2021, stated that in view of the continuing uncertainty caused by the ongoing second wave of COVID-19 in the country, it is crucial that banks remain resilient and proactively raise and conserve capital as a bulwark against unexpected losses. While allowing banks to pay dividend on equity shares at the half of that permitted vide circular dated May 4, 2005, the said circular requires the Board of Directors of the Bank to consider projected capital position and requirements, adequacy of provisions, etc., before deciding upon payment of dividend. Accordingly, considering the need to preserve capital in these uncertain times, the Board did not recommend any dividend for the financial year ended March 31, 2021.

3. Transfer to Reserves

As per the requirement of RBI Regulations, the Bank has transferred the following amount to various reserves during FY 2020-21

Amount transferred to	₹in lakhs
Statutory Reserve	9,605.58
Special Reserve	742.44
Capital Reserve	2,366.08
Investment Fluctuation Reserve	198.20

4. Deposits

Being a Banking Company, your bank receives and accepts deposits. The details of the deposits are enumerated in the financial statements for FY 2020-21.

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5 Capital Adequacy

The Capital Adequacy ratio stood at 24.18% as on March 31, 2021 as against the minimum requirement of 15% stipulated by RBI. The Net Worth of the Bank as on the said date was ₹3,39,634.11 lakhs.

6 Material changes after the Balance Sheet Date as at March 31, 2021

There have been no material changes and commitments between the end of FY 2020-21 and the date of this report, affecting the financial position of the Bank except the impact of COVID-19 pandemic and enforced lockdown on the business of the Bank, details of which are covered under Management Discussion & Analysis, forming part of this Report.

7 Share Capital

During the year, the Bank has raised ₹28,000 lakhs through an Initial Public Offer (IPO) to meet the terms and conditions of the grant of Small Finance Bank (SFB) license. The Equity Shares of the Bank were listed on BSE Limited and National Stock Exchange of India Limited on November 2, 2020.

The Bank has also allotted in aggregate 10,28,164 Equity Shares to employees of the Bank under the ESFB Employees Stock Option Scheme, 2019.

Except for the above, there is no capital infusion and as on March 31, 2021, total paid up share capital stood at ₹11,39,27,82,500 (One thousand One Hundred and thirty nine crores twenty seven lakhs eighty two thousand five hundred) comprising of 1,13,92,78,250 equity shares of ₹10 each

8 Information about Financial Performance / Financial Position of the Subsidiaries, Associates and Joint Venture Companies

The Bank does not have any subsidiaries, associates and Joint Venture Companies.

9 Operational highlights

The details of operations and state of affairs are given in the Management Discussion and Analysis [MD&A] Report.

10 Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility Report

The enclosed MD&A Report, Report on Corporate Governance and Business Responsibility Report form part of this Report.

11 Corporate Social Responsibility (CSR)

The Bank has laid down a Corporate Social Responsibility (CSR) Policy, which is available on our website. A CSR Committee of the Board has been set up to recommend CSR contributions, monitor and review progress of CSR activities. In accordance with the Policy, the Bank contributes higher of 5% of its net profits or 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 trusts for carrying out CSR activities on its behalf. A report on Corporate Social Responsibility is enclosed as **Annexure I**.

12 Listing of Equity Shares of the Bank

During the year the Equity Shares of the Bank got listed on November 2, 2020 to meet the terms and conditions of the grant of Small Finance Bank (SFB) license. The Equity Shares of the Bank were listed on BSE Limited and National Stock Exchange of India Limited on November 2, 2020. The entire proceeds of the IPO of the Bank have been utilized in the manner specified in the prospectus, as detailed in Schedule no. 1 of the financial statements for FY 2020-21.

13 Meetings of the Board

During FY 2020-21, our Board met Fourteen (14) times. The details of 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.

14 Directors and Key Managerial Personnel

As on the date of this Report, the Bank has Ten Directors out of which there are nine Independent Directors including a Woman Independent Director.

Change in Directors

14.1 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.

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The Bank has only one Director viz., Mr. P N Vasudevan, MD & CEO liable to retire by rotation. Mr. P N Vasudevan will retire in the ensuing AGM of the Bank and being eligible, offers himself for reappointment. The Directors recommend his re-appointment and the same is being placed for approval of the shareholders at the ensuing Annual General Meeting.

14.2 During the year, Ms. Lalitha Lakshmanan, Independent Director and Mr. Nagarajan Srinivasan, Non-executive, Non-Independent Director resigned from the Board citing personal reasons w.e.f. July 1, 2020 and November 17, 2020, respectively.

The Board of Directors place on record their appreciation for the valuable services rendered by Ms. Lalitha Lakshmanan and Mr. Nagarajan Srinivasan during their tenure as Directors of the Bank.

14.3 The Board of Directors of the Bank at its Meeting held on November 9, 2020, appointed Mr. Ramesh Rangan as Additional Director (Independent) of the Bank w.e.f. close of business hours of November 09, 2020.

The Bank has familiarised the Independent Directors of the Bank of their roles and responsibilities in the Bank, nature of industry in which the Bank operates, business model of the Bank, etc. The details of the familiarisation programme imparted to Independent Directors are available on the website of the Bank link.

The terms and conditions of appointment of Independent Directors are also available on the website of the Bank, www.equitasbank.com

The appointment of Independent Director during the year was made with satisfaction of the Board after ascertaining the integrity, expertise, experience and proficiency of the Directors. Appropriate resolution recommending his appointment as Independent Director for a period of five years with effect from November 9, 2020 is placed for approval of shareholders at the ensuing Annual General Meeting.

There were no change in the Key Managerial Personnel during the year.

15. Declaration from Independent Directors

The Board has received declarations from the Independent Directors as required under Section 149(7) of the Act and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Act.

16. Evaluation of Board Performance

The performance of the Board, Committees of the Board, Chairman, Individual Directors & the Key Managerial Personnel, were evaluated on the basis of criteria as approved by the Board for the FY 2020-21. All the Directors were provided the criteria for evaluation and forms, which were duly filled. The feedback from the Directors was collated and were shared with the respective Directors and feedback relating to the Committees and the Board were discussed in the Board.

17. Policy on Directors' appointment, remuneration and other details

Pursuant to the provisions of Section 178 of the Companies Act, 2013, the Bank has formulated and adopted a Policy on selection of Directors and Remuneration, which are disclosed in our website, www.equitasbank.com.

18. Directors' Responsibility Statement

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

- i) in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures,
- ii) such accounting policies as specified in Schedule 17 to the Financial Statements have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Bank as at March 31, 2021 and of the profit of the Bank for the year ended on that date,
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities,
- iv) annual accounts have been prepared on a going concern basis,

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- v) internal financial controls to be followed by the Bank were laid down and that the same were adequate and were operating effectively, and
- vi) proper systems to ensure compliance with the provisions of all applicable laws was in place and the same were adequate and operating effectively.

19. Key Managerial Personnel (KMP)

There were no changes in KMPs during the Financial Year 2020-21. As at March 31, 2021, the Bank had the following KMPs:

S. No.	Name of the Key Managerial Person	Designation
1	Mr. P N Vasudevan	MD & CEO
2	Mr. Sridharan N	Chief Financial Officer (CFO)
3	Mr. Sampathkumar K R	Company Secretary (CS)

20. Overall Remuneration:

Details of all elements of remuneration of all the Directors are given in the Corporate Governance Report. The Non-Executive Directors of the Bank are not entitled to stock options.

Details of remuneration as required under Section 197 (12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below.

- (i) Ratio of Remuneration of Each Director with Median Employees Remuneration.

The ratio of remuneration of each Director to median employee remuneration is as below:

Chairman	4.72 : 1
Chairman, Audit Committee	3.54 : 1
MD & CEO	50.93:1
Mr. Ramesh Rangan (who joined on November 9, 2020)	1.92 : 1
Other Directors except Mr. Nagarajan Srinivasan**	2.36:1

** Mr. Nagarajan Srinivasan, resigned Director had waived his right to receive remuneration payable to him as a Director of the Bank.

There has been no increase in remuneration* of Independent Directors during FY 2020-21 as compared to FY 2019-20.

The increase in remuneration of Key Managerial Personnel is provided below:

Chief Executive Officer - Nil#

Chief Financial Officer – 6%

Company Secretary - 6%

*does not include sitting fees

#excluding the variable pay component as the separate application needs to be made to RBI every year seeking approval. During the year 2020-21, the Board approved an increase in remuneration of MD & CEO, to align the same with RBI Circular dated November 4, 2019. The proposal is submitted to RBI and awaiting approval.

- (ii) the percentage increase in the median remuneration of employees in the financial year;

3.03%

- (iv) the number of permanent employees on the rolls of the Bank as on March 31, 2021

16,556

There was no increase in the remuneration of managerial person viz, MD & CEO during FY 2020-21.

- (v) Average percentage 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 8.6%.

- (vi) affirmation that the remuneration is as per the remuneration policy of the Bank.

The remuneration is as per the Remuneration Policy of the Bank.

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In accordance with Section 136 of the Act, the report and accounts is being sent to the Members and others entitled thereto, excluding the statement prescribed under rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The aforesaid information is available for inspection at the registered office of the Bank during the business hours on working days of the Bank. If any member is interested in obtaining a copy, such member may write to the Company Secretary in this regard.

21. Whistle Blower Policy/ Vigil Mechanism

The Bank has adopted a Whistle Blower Policy and Vigil Mechanism in compliance with the relevant provisions of Companies Act, 2013 and Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Policy provides an opportunity to address concerns of employees & Directors relating to fraud, malpractice or any other activity or event which is against the interest of the Bank or society as a whole. The Policy is available in the Bank's website, <https://www.equitasbank.com/regulatory-disclosure.php>

During the year under review, the Bank received nine complaints under the Whistle Blower Policy of the Bank, all of which were redressed and reported to Audit Committee. The functioning of the Mechanism is reviewed by the Audit Committee from time to time. No employee of the Bank has been denied access to the Audit Committee for raising a whistle blower complaint.

22. Ratings of Debt Instruments

Instrument	Rating	Rating Agency	Amount
Long Term Borrowings	CRISIL A+ Stable	CRISIL Ratings Ltd	₹600 crores
Non-Convertible Debentures / Subordinated Debt	CRISIL A+ Stable / CARE A+ Stable / IND A+ Stable	CRISIL Ratings Ltd CARE Ratings Ltd India Ratings & Research P Ltd	₹220 crores
Certificate of Deposit	CRISIL A1+	CRISIL Ratings Ltd	₹1,000 crores

23. Auditors

M/s T R Chadha & Co LLP (TRC), Chartered Accountants, were appointed as Statutory Auditors of the Bank for four years till the conclusion of the eighth Annual General Meeting (AGM) to be held in the year 2024.

RBI has issued a circular on April 27, 2021 providing Guidelines on Appointment of Statutory Auditors of Banks. In accordance with the said circular, for the Bank, the statutory audit should be conducted under joint audit of a minimum of two audit firms. The said circular has also prescribed eligibility requirements for being appointed as statutory auditors of the banks.

Subject to approval of RBI and shareholders and after ascertaining their eligibility under applicable statutes, notifications and rules thereunder including the aforesaid RBI Circular, the Board of Directors in the Meeting held on April 29, 2021 has approved the appointment of existing Statutory Auditors – TRC as one of the joint auditors of the Bank for FY 2021-22 to hold office from the conclusion of the ensuing fifth AGM of the Bank scheduled in the year 2021. The Bank is in the process of identifying and seeking approval of RBI for the second joint auditors for FY 2021-22. Upon receipt of RBI approval, necessary resolutions for appointment of joint auditors

will be placed for approval of shareholders at the ensuing AGM.

24. Details of Employee Stock Options Scheme (ESOS)

The Bank, pursuant to the resolutions passed by the Board and the Shareholders of the Bank on January 31, 2019, adopted the ESFB Employee Stock Option Scheme (ESOS), 2019. The Bank has amended the ESFB ESOP Plan 2019 pursuant to the resolutions of the Board and Shareholders of our Bank dated November 7, 2019 and November 22, 2019, respectively. The Bank may grant an aggregate number of up to 11,00,00,000 employee stock options under ESOS. The objective is to enable the Bank to attract and retain the best available talent to contribute and share in the growth of the Bank. During the year, the ESFB ESOP plan 2019 was ratified by the shareholders of the Bank post listing as required under SEBI (SBEB) regulations through postal ballot.

The Scheme is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Bank.

Information as required under Section 62 of the Act and Rule 12 of the Companies (Share Based

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Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations)

Particulars	Total
Number of options granted during the year	96,94,716
Number of options forfeited / lapsed during the year	48,92,349
Number of options vested during the year	3,12,81,672
Number of options exercised during the year	10,28,164
Number of shares arising as a result of exercise of options	10,28,164
Money realized by exercise of options (₹), if scheme is implemented directly by the Company	2,78,52,332
Loan repaid by the Trust during the year from exercise price received	NA
Option Granted but not vested	1,45,55,437
Options Vested but not exercised	2,92,62,683
Options Available for Grant	6,51,59,220

Employee Wise details of the options granted to

A) Key Managerial Personnel

S. No	Name of Employee	Designation	No of options granted	Exercise Price	% of options granted
1	Sridharan N	CFO	Nil	Nil	Nil
2	Sampathkumar KR	Company Secretary	26,960	56	0.27%

B) any other employee who receives a Grant of options in any one year, of options amounting to 5% or more of options granted during that year

S. No	Name of Employee	Designation	No of options granted	Exercise Price	% of options granted
Nil	Nil	Nil	Nil	Nil	Nil

C) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and Conversions) of the Company at the time of Grant. - Nil

Other details relating to Stock Options as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are displayed on the Bank's website <https://ir.equitasbank.com/reports-and-presentations>

25. Secretarial Auditors

The Secretarial Audit Report of M/s B Ravi & Associates, Practising Company Secretaries (C.P. 3318) is enclosed as Annexure – II. The Bank has complied with the applicable Secretarial Standards relating to 'Meetings of the Board of Directors' and 'General Meetings' during the year.

26. 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 either by the Statutory Auditors or Secretarial Auditors.

27. Information as per Section 134 (3) (q) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

27.1 During FY 2020-21, the Bank had no activity relating to conservation of energy or technology absorption.

27.2 During FY 2020-21, the Bank had incurred foreign currency expenditure of ₹37.97 lakhs.

28. Particulars of contracts or arrangements with Related Parties

During FY 2020-21, there were no transactions requiring reporting under Section 188(1) of the Act in Form AOC-2.

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

There have been no frauds reported by Auditors during FY 2020-21.

30. Risk Management

The Bank has formulated and adopted a robust Risk Management framework. The Bank has also constituted Risk Management Committee of the Board, which periodically reviews the risks faced by the Bank and the practices/ processes followed to manage them. Details of the same are covered in the MD&A report.

31. Internal Financial Controls

The Bank has clear delegation of authority and standard operating procedures, which are reviewed periodically by the Audit Committee. These measures help in ensuring adequacy of internal financial controls commensurate with the nature and size of operations of the Bank. The Board also reviews the adequacy and effectiveness of the Bank's internal financial controls with reference to the financial statements. The procedures and internal controls relating to the latter provide reasonable assurance on the preparation of financial statements and the reliability of financial reporting. The Bank also ensures that the internal controls are operating effectively.

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32. IND AS Implementation

The Ministry of Corporate Affairs (MCA), Government of India has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015. Further, a Press Release was issued by MCA on January 18, 2016 outlining the roadmap for implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS) for banks. Banks in India were required to comply with the Indian Accounting Standards (IND AS) for financial statements for accounting periods beginning from April 1, 2018 onwards, with comparatives for the periods ending March 31, 2018 or thereafter.

On April 5, 2018, the RBI has announced deferment of implementation date by one year for scheduled commercial banks. Subsequently, on March 22, 2019, RBI has deferred implementation of Ind AS for banks until further notice, pending necessary legislative amendments to the Banking Regulation Act, 1949. The same is yet to be notified.

33. Loans / Guarantees / Investments

Pursuant to Section 186 (11) of the Companies Act, 2013, the provisions of Section 186 of Companies Act, 2013, except sub-section (1), do not apply to a loan made, guarantee given or security provided

by a Banking Company in the ordinary course of business. The particulars of investments made by the Bank are disclosed in Schedule 8 of the Financial Statements as per the applicable provisions of Banking Regulation Act, 1949.

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

The Bank has in place, a Policy on Prevention of Sexual Harassment at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up for redressal of complaints. During FY 2020-21, six complaints were received under the Policy out of which five complaints were resolved during the year. The one pending complaint has since been resolved.

35. Depository System

As the Members are aware, the Bank's Equity Shares are tradable in electronic form. As on March 31, 2021, out of the Bank's total equity paid up share capital comprising of Equity Shares, only 130 equity shares were in physical form and the remaining shares were in electronic form. In view of the numerous advantages offered by the Depository

System, the Members holding shares in physical form are advised to avail themselves of the facility of dematerialisation.

36. The Annual Return MGT-7 as required under the Act is available at the website of the Bank, <https://ir.equitasbank.com/shareholder-services/>.

37. There have been no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the future operations of the Bank.

Acknowledgement

The Directors are grateful to RBI, other Government and Regulatory Authorities, other Banks and Financial Institutions for their support and guidance. The Directors gratefully acknowledge the excellent relationship with the Board of the Holding Company and the guidance provided to the various activities of the Bank. The Directors also 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 all the employees of the Bank for their unstinted commitment to the growth of the Bank.

For and on behalf of the Board of Directors

Place: Chennai
Date: June 01, 2021

P N Vasudevan **Arun Ramanathan**
MD & CEO Chairman

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Annexure - I

Corporate Social Responsibility (CSR) Report

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

1. A brief outline on the Bank's CSR policy

CSR Policy of the Bank is available on our website, www.equitasbank.com. As per the CSR Policy, the Bank makes contribution upto higher of 5% of its net profits of the immediately preceding financial year or 2% of average profits of the Bank for the past three years for undertaking such CSR projects or activities as specified by CSR Committee from time to time. The oversight of Projects undertaken by implementing agencies, is done by the CSR Committee and the Board. A brief note on various projects undertaken by the Bank is enclosed as annexure.

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

S No	Name of the Director	Designation/ Nature of directorship	No of Meetings of CSR Committee during the year	No of Meetings attended
1	Ms. Tabassum Inamdar	Independent Director	4	3
2	Mr. Sridhar Ganesh	Independent Director	4	4
3	Mr. Srinivasan N	Independent Director	4	4
4	Mr. Navin Puri	Independent Director	4	4
5	Mr. P N Vasudevan	MD & CEO	4	4

Apart from approving the budget, the CSR committee reviews the progress of CSR projects and activities every quarter. Some of the Directors have in the past years visited the CSR projects to gain personal insights and assess the quality of outputs and outcomes.

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 Bank <https://equitasbank.com/education>

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

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

be conducted for the period 2019-2021 once the pandemic eases and life returns to normalcy.

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

S No	Financial Year	Amount available for set-off from preceding financial year (₹ in lakhs)	Amount required to be set-off for the financial year, if any (₹ in lakhs)
1	2019-20	959.45	Not applicable
2	2018-19	660.36	Not applicable
3	2017-18	Nil	Not applicable

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

Particulars	₹ in lakhs
Profit - 2019-20	36,447.01
Profit - 2018-19	33,259.73
Profit - 2017-18	4,639.80
Average Profit for CSR purpose	24,782.18

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Annexure - I

7. CSR Obligation for the financial year

Particulars	₹in lakhs
2% of average profits for the past three years	495.64
Surplus arising out of the CSR projects or programmes or activities of the previous financial years.	Nil
Amount required to be set off for the financial year, if any	Nil
Total CSR obligation for the financial year (a + b - c).	495.64

8. CSR Expenditure during the year

a) CSR Amount spent or unspent for the financial year

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
S No	Name of project	Item from list of activities in Sch VII	Local Area (Y/N)	Location of project	Project duration	Amount allocated (₹ lakhs)	Amount spent in current financial year (₹ lakhs)	Amount transferred to unspent CSR Account	Mode of Implementation	Direct or through implementing agency	CSR Number
1	Hospital construction	Health care	Y	TN	Kanchipuram	2020-21 to 2023-24	1,356.00	197.46	NA	NA	Equitas Healthcare Foundation
				State	District		1,356.00	197.46			

The unspent amount on the ongoing project would be utilized by the implementing agency within the next three financial years.

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
S No	Name of project	Item from list of activities in Sch VII	Local Area (Y/N)	Location of project	Amount spent for the project (₹ lakhs)	Mode of Implementation Direct or through implementing agency	Name	CSR Number
1	Equitas Gurukul School - Trichy	Education	Y	TN Trichy	80.80	Implementing agency	Equitas Development Initiatives Trust	CSR00001339
2	Equitas Gurukul School - Dindigul	Education	Y	TN Dindigul	63.91			
3	Equitas Gurukul School - Coimbatore	Education	Y	TN Coimbatore	51.40			
4	Equitas Gurukul School - Salem	Education	Y	TN Salem	2.59			
5	Equitas Gurukul School - Karur	Education	Y	TN Karur	64.52			
6	Equitas Gurukul School - Cuddalore	Education	Y	TN Cuddalore	39.59			
7	Equitas Gurukul School - Kumbakonam	Education	Y	TN Kumbakonam	50.32			
8	Equitas Health Camp	Health care	Y	TN Camp	30.67			
Total					383.81			

d) Amount spent in administrative overheads - Nil**

**The expenditure by the Bank incurred on monitoring of CSR activities is not included in the CSR expenditure of the Bank.

e) Amount spent on impact assessment, if applicable - Nil

f) Total Amount spent by implementing agencies in financial year (b+c+d+e) - ₹581.27 lakhs

(Total CSR contribution to the implementing agencies during the year was ₹1,573 lakhs)

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

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

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

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

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

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

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

NA
NA
NA
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 Bank has always been in excess of the minimum CSR obligation prescribed under the Act.

For and on behalf of the Board of Directors

Place: Chennai

Date: June 01,2021

P N Vasudevan
MD & CEOMs Tabassum Inamdar
Chairperson – CSR Committee

Annexure to CSR Report – FY 2020-21

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The mission of Equitas Group is “Empowering through Financial Inclusion”.

In line with this mission, besides providing finance at reasonable cost to those who are not effectively serviced by the mainstream financial institutions, Equitas has also developed a wide range of ecosystem initiatives towards improving the quality of life of people belonging to Economically Weaker Sections (EWS) and Low Income Groups (LIG).

These initiatives are carried out through two not-for-profit trusts viz., Equitas Development Initiatives Trust (EDIT) and Equitas Healthcare Foundation (EHF), registered Public Charitable Trusts established by Equitas Holdings Limited.

As per the CSR Policy, the Bank, in addition to carrying out direct CSR activities in the form of conducting health camps, contributes upto 5% of its net profits every year to EDIT and EHF to carry on CSR initiatives on behalf of the Bank.

CSR activities carried out by the Bank directly and through the implementing agencies are detailed below:

A. Educational Initiatives

Education is a key lever to enable upward social mobility for low-income Self-Help Group members' children. Equitas has rolled out its Gurukul initiatives to "empower children from low income households, through high quality education at affordable cost".

EDIT is currently running seven such schools at Trichy, Dindigul, Salem, Karur, Cuddalore, Coimbatore and Kumbakonam with around 5,270

students. More than three fourths of the students are from Economically Weaker Sections and socially disadvantaged sections of the society.

B. Skill development

Equitas has imparted training to more than 5,62,570 Self Help Group women members in skills such as tailoring & embroidery, agarbatti / candle making, detergent / phenyl manufacturing and preparing processed food such as pickles & jams. These training programs are structured as week-long programs.

The skill development program has helped to improve the income of the beneficiaries. Studies reveal that 52% of the trained members earn additional supplemental income in the range of ₹500 to ₹2,000 per month using the newly acquired skills.

C. Pavement dwellers rehabilitation program (Equitas Birds Nest)

This programme was commenced in 2010 for "Rehabilitation of Pavement Dwellers" in Chennai. Under this program, the Trust pays the rent on their behalf for 6 months during which they are taught livelihood skills and linked to local markets. From the 7th month onwards, they are required to make the rent payment by themselves. These families have attained self sustenance status through this intervention from Equitas. Many people have received Voter ID cards and have applied for ration cards for the first time in their lives. In 2020-21, 110 families have been moved into houses, taking the cumulative beneficiaries under the program to about 2,101 families.

Out of these rehabilitated families, under a graduation program, members were formed into a group. After inputs on financial literacy and counselling, following all the regular MF process, MFI loan was sanctioned. 100% collection was observed in those loans till date. Encouraged by this positive response, 19 more groups have been included in the program, thus mainstreaming them into the community and fulfilling their dream of economic empowerment.

D. Placement Cell:

In another proactive step, Equitas facilitates conduct of job fairs for unemployed youth of low-income communities, with the help of recruiters and employers. Till date, gainful employment to over 198725 youth has been arranged in companies and retail outlets like textile showrooms, malls, hospitals, BPOs etc.

E. Health care services

Equitas understands that access to affordable healthcare is of paramount importance.

1. **Health Education for Healthy living:** A team of 500 women skill trainers have been trained with Technical support from "Freedom from Hunger" to impart Health Education to Members which would help in early detection of non-communicable diseases. Cumulatively imparted to over 2.80 lakhs women.
2. **Medical Camps:** Through a tie up with about 900 hospitals spread across 7 states, Equitas

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conducts nearly 400 medical camps every month, benefiting about 20,000 people every month. Cumulatively nearly 6.35 million people have benefited so far under this program.

3. **Hospital Project:** Equitas has identified lack of access to affordable healthcare as a key pain point for the marginalized sections of the society. Accordingly, a separate trust – Equitas Healthcare Foundation (EHF) has been established to provide access to affordable healthcare to the underprivileged sections with an emphasis on cancer care. During the year, EHF has initiated the construction of a cancer-cum-multi specialty hospital, which is expected to be completed in the next two to three years.
4. **Equitas Sugam Clinics** Equitas has piloted this new service, specifically to address the need among families belonging to Low Income Households (LIH) for doctors' consultation. Under this model at EDIT clinic, a qualified doctor will be available from 10 am to 1 pm. The patient's history is documented and medicines are prescribed as per the need. EDIT is running two such clinics.

F. Health care services done directly by the Bank

1. **Primary Health Care:** The Bank has conducted free primary health care medical camps benefiting cumulatively 63,59,871 members so far.
2. **Secondary Health Care & Health Help line:** The Bank has also tied up with a large number of hospitals to help our clients get inpatient treatment for serious illnesses at a discount to normal cost. This initiative has benefited nearly 32,195 members.

COMPOSITION OF BOARD OF TRUSTEES OF THE TRUSTS AS ON MARCH 31, 2021

Equitas Development Initiatives Trust (EDIT)

1. Dr. C K Gariyali, IAS (Retd)
2. Mr. M B Nirmal, Founder, Exnora International
3. Ms. Jayshree Nambiar, Educationist
4. Ms. Sabitha D, I.A.S (Retd.)
5. Mr. Anoop Jaiswal IPS (Retd)
6. Mr. P N Vasudevan, MD& CEO, Equitas Small Finance Bank Limited

Equitas Healthcare Foundation (EHF)

1. Mr. Rangachary N, Chairman, Equitas Holdings Limited
2. Dr. Gariyali C K, IAS (Retd)
3. Mr. P N Vasudevan, MD& CEO, Equitas Small Finance Bank Limited

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Annexure -II

The Members,
EQUITAS SMALL FINANCE BANK LIMITED
CIN: U65191TN1993PLC025280
4th Floor, Phase II, Spencer Plaza,
No.769, Mount Road, Anna Salai,
Chennai 600002.

Dear Members,

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

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

For and on behalf of the Board of Directors
S/d

Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318

MANAGING PARTNER
B RAVI & ASSOCIATES

Firm Registration Number: P2016TN052400
Name of Company Secretary in practice: Dr. B Ravi

Place: Chennai
Date: April 15, 2021

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SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
EQUITAS SMALL FINANCE BANK LIMITED
CIN: U65191TN1993PLC025280
4th Floor, Phase II, Spencer Plaza,
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 SMALL FINANCE BANK 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 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, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act 2013("the Act") and the rules made thereunder issued by the Ministry of Corporate Affairs from time to time;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') as amended to the extent applicable:
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (was not applicable to the Company during the period under review)
- g) The Securities and Exchange Board of India (Buyback of Securities), Regulations,2018; (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 (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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(vi) The Following Industry Specific Laws and the rules, regulations, directions, guidelines, circulars and instructions framed thereunder:

- a) Reserve Bank of India Act (RBI), 1934, The Banking Regulation Act, 1949 read with the rules, regulations, directions, guidelines, licenses and circulars issued by RBI for compliance by Small Finance Bank;
- b) Prevention of Money-Laundering Act (PMLA), 2002 and The Prevention of Money-Laundering (Maintenance of Records, etc) Rules, 2005;
- c) Negotiable Instruments Act, 1881.
- d) Insurance Regulatory and Development Authority of India Act, 1999 read with the rules, regulations and notifications thereon.

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 including the returns to be filed with the Reserve Bank India 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 Debt Listing Agreement entered into by the Company with BSE Limited;

(iii) 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.

The Board of Directors of the Company is duly constituted with proper balance of Executive Director(s), Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act and SEBI (LODR).

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

All decisions were taken unanimously at the Board meeting and the committee meetings and with requisite majority at the Annual General Meeting and Postal

Ballot. There was no Extra-ordinary General Meeting convened during the period under review.

We further report that during the audit period:

1. The members approved the following special resolutions through Postal ballot-
 - a. To Ratify the "ESFB EMPLOYEES STOCK OPTION SCHEME, 2019"
 - b. To ratify the resolutions passed for grant of options to employees of the Holding Company under the "ESFB EMPLOYEES STOCK OPTION SCHEME, 2019"
2. The members in the Annual General meeting held on 28.07.2020, approved the appointment of M/s T R Chadha & Co LLP, Chartered Accountants as Statutory Auditors of the Company for a period of 4 years from the conclusion of the 4th Annual General Meeting until the conclusion of the 8th Annual General Meeting
3. The Board of Directors, in the Meeting held on 28.01.2021 appointed Mr. Srinivasan K Purohit as Chief Compliance Officer of the Bank for a period of three years with effect from 28.01.2021
4. The Nomination and Remuneration Committee in its Meeting held on 09.01.2021 approved the appointment Mr. Narayanan Easwaran as Chief Technology Officer of the Bank
5. The company in its Board Meeting held on 17.03.2021 has appointed Mr. Sibi PM as Chief Risk Officer of the Bank for a period of five years from the date of his joining

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6. The Board has accorded consent for registering the Bank as a
 - a. Sponsor Bank in the National Payments Corporation of India (NPCI)
 - b. Money Lending Institution (MLI) with National Credit Guarantee Trust Corporation (NCGTC) for availing the guarantee cover under Emergency Credit Line Guarantee Scheme for the additional lending facilities to eligible
 - c. Banker to an issue (BTI) Business
7. The Company vide letter dated 15.02.2021 has reported to the RBI explaining the circumstances relating to appropriation of sum from the Securities Premium Account due to adjustment of the Expenditure made in connection with the IPO of the Bank.
8. The Company was listed and admitted to the exchanges, BSE Limited and National Stock Exchange of India Limited with effect from 02.11.2020 (Scrip Code: 543243).
9. The RBI vide its letter dated 09.11.2020 have lifted the regulatory restrictions imposed on the company with regard to opening of new branches and the freezing of the remuneration of the MD & CEO.
10. The bank has written a letter dated 17.11.2020 to SEBI to seek prior permission of SEBI under the circulars dated 13.11.2015 and 22.02.2018 to allow the bank to meet the minimum public shareholding norms through the scheme of arrangement.
11. The Bank vide letter dated 07.01.2021 has made an application to the SEBI requesting to permit allotment of shares arising out of exercise of employee stock options granted under ESOP 2019 and to list the shares so allotted with the stock exchanges by seeking in-principle approval notwithstanding that the said allotment could result in increase in public shareholding. The SEBI vide its letter dated 20.01.2021 has decided to permit the shares allotted through ESOP to be counted towards Minimum Public shareholding requirements.
12. The Company approved granting of 96,94,716 options.
13. The Company has allotted 10,28,164 equity shares through ESOP Scheme.
14. The Board of Directors through Circular Resolution dated 02.03.2021 has accorded consent to apply to Pension Fund Regulatory Development Authority (PFRDA) for obtaining a license for the Bank to function as Point of Presence- Sub Entity (POP- SE) to be able to sell National Pension Scheme (NPS) products to its customers in partnership with the entity holding a valid Point of Presence (POP) license

S/d

Name of Company Secretary in practice: Dr. B Ravi
 FCS No.: 1810 CP No.: 3318

MANAGING PARTNER
B RAVI & ASSOCIATES

Place: Chennai Firm Registration Number: P2016TN052400
 Date: April 15, 2021 UDIN: F001810C000078865

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Report on Corporate Governance

Corporate Governance Philosophy

The philosophy of the Bank on Corporate Governance envisages adherence to the highest levels of transparency, accountability and fairness, in all areas of its operations and in all interactions with its stakeholders. The Bank deals with borrowers who are mostly from the economically weaker sections of the society with poor linkages to the mainstream financial markets. Right from inception, the Bank's policies and processes have been fine-tuned to ensure utmost clarity and fairness while dealing with such clients.

Recognition for Corporate Governance

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

Board Composition



Independent Directors 9

Executive Director 1

The Board of Directors ("Board") currently comprises of ten Directors drawn from diverse fields/professions, out of which nine are Independent Directors (including one Woman Director). The composition of the Board is in conformity with the provisions of Companies Act, 2013 and Banking Regulation Act, 1949.

During the year 2020-21, the Board met 14 times viz, April 23, 2020, May 14, 2020, May 29, 2020, July 28, 2020, August 06, 2020, September 04, 2020, September 14, 2020, September 17, 2020, October 10, 2020, October 11, 2020, November 09, 2020, December 17, 2020, January 28, 2021 and March 17, 2021 the gap between any two Meetings has been less than 120 days. The names and categories of Directors on the Board, their attendance at Board Meetings and at the last AGM and the number of Directorships are given below:

Name of the Director	No. of Board Meetings attended during FY 2020-21 (No of Meetings held)	Attendance at the last AGM	No. of Directorships in public companies\$		Number of Committee positions in public companies\$\$		Directorship in other listed entities
			Membership	Chairmanship	Membership	Chairmanship	
Mr. Arun Ramanathan (Chairman)	14 (14)	Yes	2	-	2	1	Equitas Holdings Limited Thirumalai Chemicals Limited
Mr. Arun Kumar Verma	12 (14)	Yes	-	-	-	-	-
Prof. Balakrishnan N	14 (14)	Yes	1	-	1	-	IFCI limited
Mr. Navin Puri	14 (14)	No	3	-	1	-	Ugro Capital Limited
Mr. Sridhar Ganesh	14 (14)	Yes	1	-	-	-	-
Mr. Srinivasan N	14 (14)	Yes	-	-	-	-	-
Ms. Tabassum Inamdar	12 (14)	Yes	-	-	-	-	-
Mr. Vinod Kumar Sharma	14 (14)	Yes	-	-	-	-	-

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Name of the Director	No. of Board Meetings attended during FY 2020-21 (No of Meetings held)	Attendance at the last AGM	No. of Directorships in public companies\$		Number of Committee positions in public companies\$\$		Directorship in other listed entities
			Membership	Chairmanship	Membership	Chairmanship	
Mr. Ramesh Rangan*	4 (4)	NA	1	-	1	-	Sumedha Fiscal Services Limited
Mr. P N Vasudevan	13 (14)	Yes	-	-	-	-	-

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

\$\$Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies alone are considered.

*Mr. Ramesh Rangan was appointed as Director w.e.f. November 09, 2020.

There is no relationship between Directors inter-se and there are no convertible instruments held by the Directors. The Board has received declarations from the Independent Directors as required under Section 149(7) of the Act and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Act.

Separate Meeting of the Independent Directors

During FY 2020-21, the Independent Directors had a separate meeting on June 10, 2020 without the presence of the Management team and the Non-Independent Directors of the Bank. At the said Meeting, Independent Directors evaluated and 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 based on the evaluation criteria set by the NRC and approved by the Board.

Training of Board Members

All Independent Directors inducted into the Board are given an orientation at the commencement of Directorship. The Bank also facilitates the continuing education requirements of the Directors by arranging interactive sessions with industry experts. The details of the familiarization programme imparted to Independent Directors are available on the website of the Company. <https://ir.equitasbank.com/exchange-filings/>.

Skills/ Expertise/ Competencies of the Board

The Bank's Board comprises of qualified Members who possess 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 Bank's Board adheres to the highest standards of Corporate Governance.

The Bank, 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.equitasbank.com/ESFB-Investor-Info> and other 'fit and proper criteria'.

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In the opinion of the Board, the following are the list of skills/expertise/competencies required in the context of the Bank's businesses and which are available with the Board and of the individual Directors:

Skills/Expertise/Competencies	AR	AKV	NB	NP	SG	NS	TI	VKS	RR	PNV
Banking	x			x	x	x	x	x	x	x
Business Strategy, Sales, Marketing & Administration	x	x		x	x			x	x	
Accounting & Finance , Taxation	x	x					x	x		x
Law			x							x
Human Resources						x				
Information Technology				x	x					
Research & Risk management				x	x			x		
Rural Economy, Small Scale Industry & Agriculture			x			x		x	x	x

AR- Arun Ramanathan , AKV- Arun Kumar Verma, NB- Balakrishnan N , NP -Navin Puri , SG- Sridhar Ganesh , NS- N Srinivasan , TI- Tabassum Inamdar , VKS- Vinod Kumar Sharma , RR- Ramesh Rangan & PNV- P N Vasudevan.

Information to the Board

In advance of each Meeting, the Board is presented with relevant information on various matters relating to the Bank's businesses, especially those that require deliberation and guidance at the highest level. Presentations are made to the Board by business heads / functional heads on their segments from time to time. Directors have separate and independent access to the Management. In addition to items which are required to be placed before the Board for its noting and/or approval, information on all significant matters are provided. The Bank diligently ensures that the information furnished by Management to the Board of the Company are comprehensive and timely.

Committees of the Board

The Board at present has Thirteen (13) Committees of the Board, constituted in accordance with the provisions of Companies Act, 2013 and RBI Guidelines and Directions issued to banks from time to time viz.,

1. Audit Committee,
2. Risk Management Committee,
3. Nomination & Remuneration Committee,
4. Corporate Social Responsibility Committee,
5. Stakeholders Relationship Committee,
6. Customer Service Committee,

7. Special Committee for Monitoring High Value Frauds,
8. Business Committee,
9. Review Committee for identification of Wilful Defaulters,
10. IT Strategy Committee,
11. Credit Committee,
12. Policy Formulation Committee and
13. Outsourcing Committee.

During the year, there was a Committee named "Listing Committee" to monitor the IPO and ensure that Bank shares were listed. The said Committee was disbanded after successful listing of the Bank's shares in NSE and BSE.

The Board fixes the terms of reference of Committees and also delegates powers from time to time. The Minutes of the Meetings of the Committees are placed before the Board for its information.

Audit Committee

Composition

As on March 31, 2021, the Audit Committee comprised of four (4) Independent Directors.

1. Mr. Arun Kumar Verma, Chairman
2. Ms. Tabassum Inamdar
3. Mr. Vinod Kumar Sharma
4. Mr. Ramesh Rangan

Meetings & Attendance

The Committee held Twenty Three (23) Meetings during the year on April 16, 2020, April 29, 2020, May 13, 2020,

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Name	No. of Meetings	
	Held	Attended
Mr. Arun Kumar Verma, Chairman	23	22
Ms. Tabassum Inamdar	23	21
Mr. Vinod Kumar Sharma	23	23
Mr. Sridhar Ganesh*	7	6
Ms. Lalitha Lakshmanan**	5	4
Mr. Ramesh Rangan***	8	8

* Was a member of the Committee till July 01, 2020.

** Resigned w.e.f. July 01, 2020

***Inducted into the Committee in the Board Meeting held on December 17, 2020.

Terms of Reference

The terms of reference of the Audit Committee include:

- Oversight of the Bank's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor, the remuneration and terms of appointment of auditors of the Bank;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement and the Board's report in terms (c) of sub-section 3 of section 134 of the Companies Act, 2013
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by Management
 - Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with accounting and other legal requirements relating to financial statements
 - Disclosure of related party transactions
 - Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the Management, the statement of uses / application of funds raised through an issue (preferential issue, rights issue, etc), the statement of funds utilized for purposes other than those stated in the offer document / notice and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Bank with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Bank, wherever it is necessary;
- To review and identify the Stressed assets for sale in accordance with the relevant Board-approved Policy.
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading

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- the finance function or discharging that function) after assessing the qualifications, experience and background, etc of the candidate;
21. Review on quarterly basis, the securitization / bilateral assignment transactions and investment activities of the Bank.
 22. Review on quarterly basis complaints under Policy on Prevention of Sexual Harassment of Women at Workplace.
 23. Annual review of the Bank's Policies, pertaining to Audit and Accounts, framed pursuant to RBI Guidelines/ Regulations/ Directions and suggesting changes, if any required to the Board for adoption.
 24. To discuss and follow up the observations relating to Inspection Report/ Risk Assessment Report of the RBI
 25. To obtain and review quarterly/ half-yearly reports of the Compliance Officer appointed by the Bank, in terms of RBI instructions
 26. To review compliance with KYC/ AML guidelines including periodic review of audit reports on adherence to KYC/AML guidelines at branches
 27. To review penalties imposed/ penal action taken against Bank under various laws and statutes and correction action taken
 28. To review IT Governance & Infrastructure and Information Security Risk related aspects of the Bank.
 29. Any other requirement in accordance with the applicable provisions of the Companies Act, RBI Regulations and SEBI Regulations as may be applicable from time to time.

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

RISK MANAGEMENT COMMITTEE**Composition**

As on March 31, 2021, the Risk Management Committee of the Board comprised of four (4) Independent Directors and the MD & CEO.

1. Mr. Vinod Kumar Sharma, Chairman
2. Mr. Arun Kumar Verma

3. Prof. Balakrishnan N
4. Mr. Ramesh Rangan
5. Mr. P N Vasudevan, MD & CEO

Meetings & Attendance

The Committee held Seven (7) Meetings during the year on April 17, 2020, May 12, 2020, July 28, 2020, September 16, 2020, December 08, 2020, January 25, 2021 and February 20, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Vinod Kumar Sharma, Chairman	7	7
Mr. Arun Kumar Verma	7	6
Prof Balakrishnan N	7	7
Mr. Ramesh Rangan*	2	2
Ms. Lalitha Lakshmanan**	2	2
Mr. P N Vasudevan, MD & CEO	7	7

* Inducted into the Committee in the Board Meeting held on December 17, 2020.

** Resigned w.e.f. July 01, 2020

Terms of Reference

The terms of reference of the Risk Management Committee include

- 1) 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.
- 2) Apprising the Board of Directors at regular intervals regarding the process of putting in place a progressive risk management system, risk management policy and strategy.

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- 3) To decide the policy and strategy for integrated risk management containing various risk exposures including credit, market, liquidity, operational and reputational risk.
- 4) To obtain regular risk management reports to enable the Committee to assess risks involved in Bank business and give clear focus to current and forward looking aspects of risk exposure.
- 5) To review the Asset Liability Management (ALM) of the Bank on a regular basis.
- 6) To review risk return profile of the Bank, capital adequacy based on risk profile of Bank balance sheet, business continuity plan, disaster recovery plan, key risk indicators and significant risk exposures.
- 7) To carry out prudent risk diversification ensuring that credit exposure to any group or industry does not exceed the internal limits.

NOMINATION & REMUNERATION COMMITTEE

Composition

As on March 31, 2021, the Nomination & Remuneration Committee comprised of five (5) Independent Directors:

1. Mr. Sridhar Ganesh, Chairman
2. Prof. Balakrishnan N
3. Mr. Srinivasan N
4. Mr. Vinod Kumar Sharma
5. Mr. Navin Puri

Meetings & Attendance

The Committee held twelve (12) Meetings during the year on April 17, 2020, May 13, 2020, July 20 & July 24 2020, July 28, 2020, October 30, 2020, November 04, 2020, November 09, 2020, November 24, 2020, December 09, 2020, December 21, 2020 & January 04, 2021, January 09, 2021 and January 28, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Sridhar Ganesh, Chairman	12	12
Prof Balakrishnan N	12	12
Mr. Navin Puri	12	12
Mr. Srinivasan N	12	12
Mr. Vinod Kumar Sharma	12	12
Mr. Nagarajan Srinivasan*	7	2

*resigned w.e.f. November 17, 2020.

Terms of reference

The terms of reference of the Nomination and Remuneration Committee include

- 1) 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;
- 2) To undertake a process of due diligence to determine the suitability of any person for appointment/ continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity other 'fit and proper' criteria, positive attributes and independence (if applicable) and formulate the criteria relating thereto.
- 3) Formulation of criteria for evaluation of Independent Directors and the Board;

- 4) Devising a policy of Board diversity;
- 5) 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 succession planning for Directors.
- 6) To review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy;
- 7) To assess the independence of Independent Non-Executive Directors;
- 8) To review the results of the Board performance evaluation process that relate to the composition of the Board;
- 9) Annual appraisal of the performance of the Managing Director and fixing his/her terms of remuneration.
- 10) Annual appraisal of the Senior Management team reporting to the Managing Director.
- 11) Annual Performance Review of the staff
- 12) Framing guidelines for the Employee Stock Option Scheme (ESOS) and decide on the grant of stock options to the employees and Whole Time Directors of the Bank and its subsidiaries.

Performance evaluation criteria

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

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REMUNERATION OF DIRECTORS

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 link .The compensation to the Managing Director 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 MD & CEO are paid Sitting Fee for attending Meetings of Board and Committees. During the year the sitting fee payable was revised on November 09, 2020 as stated here in.

Nature of Meetings	Existing until November 09, 2020	After revision
Board	₹50,000/- per Meeting	₹60,000/- per Meeting
Audit Committee/ Business Committee	₹40,000/- per Meeting	₹50,000/- per Meeting
All other Committees	₹30,000/- per Meeting	₹40,000/- per Meeting
Meeting of Independent Directors	₹30,000/- per Meeting	₹40,000/- per Meeting
Chairman for Board	₹10,000/- per Meeting	₹10,000/- per Meeting
Chairman other Committees	₹5,000/- per Meeting	

Details of Remuneration Sitting Fees paid to Directors for the period ended March 31, 2021 along with their shareholding in the Bank are as under:

Name	Remuneration (₹)	Sitting Fees (₹)		No. of equity shares held as on March 31, 2021
		Board	Committee#	
Mr. Arun Ramanathan (Chairman)	12,00,000	8,80,000	30,000	Nil
Mr. Arun Kumar Verma	9,00,000	6,40,000	20,05,000	Nil
Prof. Balakrishnan N	6,00,000	7,40,000	12,95,000	Nil
Ms. Lalitha Lakshmanan\$\$	1,51,233	1,00,000	4,45,000	Nil
Mr. Nagarajan Srinivasan**	-	-	-	Nil
Mr. Navin Puri	6,00,000	7,40,000	16,20,000	Nil
Mr. Sridhar Ganesh	6,00,000	7,40,000	13,55,000	Nil
Mr. Srinivasan N	6,00,000	7,40,000	18,15,000	Nil
Ms. Tabassum Inamdar	6,00,000	6,30,000	21,50,000	74,700
Mr. Vinod Kumar Sharma	6,00,000	7,40,000	24,30,000	Nil
Mr. Ramesh Rangan*	2,35,068	2,40,000	9,30,000	Nil

\$\$ Ms. Lalitha Lakshmanan resigned as Director w.e.f. July 01, 2020.

** Mr. Nagarajan Srinivasan resigned as Director w.e.f. November 17, 2020. Mr. Nagarajan Srinivasan has waived his right to receive remuneration/ commission/ sitting fee payable to him as Director of the Bank.

* Mr. Ramesh Rangan was appointed as Director w.e.f November 09, 2020. Hence, he is entitled to attend the meeting post his appointment.

#Includes sitting fee paid in respect of the Meeting of Independent Directors

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There are no performance linked incentives, service contracts, notice period or severance fees. The Non-Executive Directors are not eligible for Stock Options.

REMUNERATION TO MANAGING DIRECTOR

Details of the remuneration of the Managing Director for the year ended March 31, 2021 are as follows:

S. No	Nature of Payment	Amount (₹ in lakhs)
1	Salary	147.90
2	Perquisite value of car	0.32
3	Others-Employer's contribution to Provident Fund	5.67
	TOTAL	153.89

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

As on March 31, 2021, the Corporate Social Responsibility Committee comprised of four(4) Independent Directors and the MD & CEO:

1. Ms. Tabassum Inamdar, Chairperson
2. Mr. Navin Puri
3. Mr. Sridhar Ganesh
4. Mr. Srinivasan N
5. Mr. P N Vasudevan, MD & CEO

Meetings & Attendance

The Committee held four (4) Meetings during the year on May 13, 2020, November 07, 2020, January 27, 2021 and March 08, 2021:

Name	No. of Meetings	
	Held	Attended
Ms. Tabassum Inamdar, Chairperson	4	3
Mr. Navin Puri	4	4
Mr. Sridhar Ganesh	4	4
Mr. Srinivasan N	4	4
Mr. P N Vasudevan, MD & CEO	4	4
Mr. Nagarajan Srinivasan*	2	-

*resigned w.e.f. November 17, 2020.

Terms of reference

The terms of reference of the Corporate Social Responsibility Committee include:

- 1) Review the Mission of the Organisation from time to time and ensure it stays aligned to changing contexts of the Organisation.
- 2) Ensure alignment of the Business goals and objectives of the Bank in line with the Mission of the Organisation.
- 3) Bring specific focus on certain excluded segments of client community and set benchmarks for the same.
- 4) Review all the social activities of the Bank and suggest to the Board of Trustees suitable measures for enhancing the efficacy of these activities.
- 5) Deploy such tools of measurement as may be relevant and available from time to time to study the impact of the Social Performance activities of the Bank and benchmark the same with other organisations in India and around the world.

- 6) Disseminate information related to the Social Performance of the Organisation in such manner as deemed appropriate.

- 7) To review the amount spent on social activities and to advise the Board and the Trustees on its efficacies.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

As on March 31, 2021, the Stakeholders Relationship Committee comprised of three (3) Independent Directors:

1. Mr. Navin Puri, Chairman
2. Mr. Arun Kumar Verma
3. Mr. Vinod Kumar Sharma

Meetings & Attendance

The Committee held one (1) Meeting during the year on January 13, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Navin Puri, Chairman	1	1
Mr. Arun Kumar Verma	1	1
Mr. Vinod Kumar Sharma	1	1

Terms of reference

- 1) To resolve the grievances of the security holders of the Bank including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

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- 2) To review measures taken for effective exercise of voting rights by shareholders;
- 3) To review adherence to the service standards adopted by the Bank in respect of various services being rendered by the Registrar & Share Transfer Agent;
- 4) To review the various measures and initiatives taken by the Bank for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Bank;
- 5) Issue of duplicate certificates and new certificates on split / consolidation / renewal;
- 6) To allot shares on exercise of vested options granted to employees of the Bank under the ESFB ESOP Plan 2019 or any such other scheme formulated by the Bank from time to time;
- 7) To carry out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.

Details of Investor complaints received and redressed during FY 2020-21 are as follows:

There were no investor complaints received during FY 2020-21 and no investor complaints were pending as on March 31, 2021.

CUSTOMER SERVICE COMMITTEE**Composition**

As on March 31, 2021, the Customer Service Committee comprised of four (4) Independent Directors and the MD & CEO:

1. Mr. Sridhar Ganesh, Chairman
2. Prof Balakrishnan N
3. Mr. Navin Puri
4. Ms. Tabassum Inamdar
5. Mr. P N Vasudevan, MD&CEO

Meetings & Attendance

The Committee held 4 (four) Meetings during the year on July 02, 2020, September 15, 2020, December 14, 2020 and March 17, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Sridhar Ganesh, Chairman	4	4
Prof Balakrishnan N	4	4
Mr. Navin Puri	4	4
Ms. Tabassum Inamdar	4	4
Mr. P N Vasudevan, MD&CEO	4	4

Terms of reference

The terms of reference of the Customer Service Committee include:

- 1) To review the level of customer service in the Bank including customer complaints and the nature of their resolution,
- 2) To provide guidance in improving the level of customer service,

- 3) To ensure that the Bank provides and continues to provide best-in-class services across all its categories of customers to help the Bank in protecting and growing its brand equity,
- 4) To formulate a comprehensive Deposit Policy incorporating issues such as claims, nomination and/or operations in such accounts due to death of a depositor, annual survey of depositor satisfaction, product approval process and triennial audit of customer services,
- 5) To oversee the functioning of the internal committee for customer service,
- 6) To evolve innovative measures for enhancing the quality of customer service and improving the overall satisfaction level of customers,
- 7) To ensure implementation of directives received from RBI with respect to rendering of services to Bank customers.

BUSINESS COMMITTEE**Composition**

As on March 31, 2021, the Business Committee comprised of four (4) Independent Directors and the MD & CEO:

1. Mr. Srinivasan N, Chairman
2. Mr. Navin Puri
3. Mr. Ramesh Rangan
4. Ms. Tabassum Inamdar
5. Mr. P N Vasudevan, MD & CEO

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Meetings & Attendance

The Committee held Eight (8) Meetings during the year on April 17, 2020, May 13, 2020, July 27, 2020, November 07, 2020, November 25, 2020, January 27, 2021, March 09, 2021 and March 11, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Srinivasan N, Chairman	8	8
Mr. Navin Puri	8	8
Mr. Ramesh Rangan**	3	3
Ms. Tabassum Inamdar	8	7
Mr. P N Vasudevan, MD & CEO	8	8
Mr. Sridhar Ganesh\$	5	5
Mr. Nagarajan Srinivasan#	4	3
Ms. Lalitha Lakshmanan*	2	2

**Inducted into the Committee in the Board Meeting held on December 17, 2020.

*Resigned w.e.f. July 01, 2020

Resigned w.e.f. November 17, 2020

\$ Was a member of the Committee till December 16, 2020.

Terms of reference

The Committee reviews and submits its recommendations to the Board on the following matters:

1. Formulation of Annual Business Plans
2. Review of business performance vs the approved business plan
3. Mid-year review and revision of business plan, if warranted by the circumstances
4. New Business Initiatives proposed to be undertaken by the Bank

IT STRATEGY COMMITTEE

Composition

As on March 31, 2021, the IT Strategy Committee comprised of two (2) Independent Directors and the MD & CEO:

1. Prof Balakrishnan N, Chairman
2. Mr. Navin Puri
3. Mr. P N Vasudevan, MD & CEO

Meetings & Attendance

The Committee held Five (5) Meetings during the year on July 02, 2020, September 15, 2020, December 17, 2020, December 29, 2020 & March 11, 2021:

Name	No. of Meetings	
	Held	Attended
Prof Balakrishnan N, Chairman	5	5
Mr. Navin Puri *	4	4
Mr. P N Vasudevan, MD & CEO	5	5

*Inducted into the Committee in the Board Meeting held on July 28, 2020.

Terms of reference

1. To approve IT strategy and policy documents.
2. To ensure that management has an effective strategic planning process.
3. To ensure that IT strategy is aligned with business strategy.
4. To ensure that investments in Information Technology represent a balance of risks and benefits for sustaining Bank's growth and within the acceptable budget.

5. To monitor IT resources required to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

6. To oversee implementation of processes and practices and ensuring that maximum value is delivered to business.

7. To ensure that all critical projects have a component for 'project risk management' from IT perspective (by defining project success measures and following up progress on IT projects).

8. To define and ensure effective implementation of standards of IT Governance, Business Continuity and Data Governance.

9. To ensure that there is an appropriate framework of information security risk assessment within the Bank.

10. To assess exposure to IT Risks and its controls, and evaluating effectiveness of management's monitoring of IT risks.

11. To provide direction to IT architecture design and ensure that the IT architecture reflects the need for legislative and regulatory compliance, the ethical use of information and business continuity.

12. To approve capital and revenue expenditure in respect of IT Procurements.

CREDIT COMMITTEE

Composition

As on March 31, 2021, the Credit Committee comprised of Four (4) Independent Directors and the MD & CEO:

1. Mr. Ramesh Rangan, Chairman
2. Mr. Srinivasan N
3. Ms. Tabassum Inamdar

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- 4. Mr. Navin Puri
- 5. Mr. P N Vasudevan, MD & CEO

Meetings & Attendance

The Committee held Seven (7) Meetings during the period on May 11, 2020, July 28, 2020, August 04, 2020, August 13, 2020, December 16, 2020, January 27, 2021 and March 11, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Ramesh Rangan, Chairman\$*	2	2
Mr. Srinivasan N	7	7
Ms. Tabassum Inamdar	7	6
Mr. Navin Puri**	5	5
Mr. P N Vasudevan, MD & CEO##	1	-
Ms. Lalitha Lakshmanan\$\$	1	1

\$ Inducted into the Committee in the Board Meeting held on December 17, 2020.

* Appointed as Chairman of the Committee in the Board Meeting held on January 28, 2021.

** Inducted into the Committee in the Board Meeting held on July 28, 2020.

Inducted into the Committee in the Board Meeting held on January 28, 2021.

\$\$Resigned w.e.f. July 01, 2020

Terms of reference

The Committee considers and approve loans exceeding ₹50 crores.

POLICY FORMULATION COMMITTEE

Composition

As on March 31, 2021, the Policy Formulation Committee is chaired by an Independent Director and comprises of four (4) Independent Directors:

- 1. Mr. Vinod Kumar Sharma, Chairman
- 2. Mr. Arun Kumar Verma
- 3. Mr. Ramesh Rangan
- 4. Mr. Srinivasan N

Meetings & Attendance

The Committee held Nine (9) Meetings during the year on May 12, 2020, August 14, 2020, September 04, 2020, September 17, 2020, November 07, 2020, January 25, 2021, February 20, 2021, March 17, 2021 and March 30, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Vinod Kumar Sharma, Chairman	9	9
Mr. Arun Kumar Verma	9	8
Mr. Ramesh Rangan**	4	4
Mr. Srinivasan N	9	9
Ms. Lalitha Lakshmanan\$	1	1

** Inducted into the Committee in the Board Meeting held on December 17, 2020.

\$ Resigned w.e.f. July 01, 2020

Terms of reference

The Committee makes suitable recommendations to the Board on formulation, review and amendment of the Policies of the Bank as it deems fit and in line with the regulations of RBI and other applicable laws.

OUTSOURCING COMMITTEE

Composition

As on March 31, 2021, the Outsourcing Committee is chaired by an Independent Director and comprises of three (3) Independent Directors and the MD & CEO:

- 1. Prof. Balakrishnan N, Chairman
- 2. Mr. Navin Puri
- 3. Mr. Vinod Kumar Sharma
- 4. Mr. P N Vasudevan, MD & CEO

Meetings & Attendance

The Committee held two (2) Meetings during the year on November 17, 2020 and March 26, 2021

Name	No. of Meetings	
	Held	Attended
Prof. Balakrishnan N, Chairman	2	2
Mr. Navin Puri	2	2
Mr. Vinod Kumar Sharma	2	2
Mr. P N Vasudevan, MD & CEO	2	2

Terms of reference

- a. Approving a framework to evaluate the risks and materiality of all existing and prospective outsourcing and the policies that apply to such arrangements;
- b. Laying down appropriate approval authorities for outsourcing depending on risks and materiality.
- c. Undertaking regular review of outsourcing strategies and arrangements for their continued relevance, and safety and soundness and
- d. Deciding on business activities of a material nature to be outsourced, and

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- e. Approving specific outsourcing arrangements.

SPECIAL COMMITTEE FOR MONITORING HIGH VALUE FRAUDS

Composition

As on March 31, 2021, the Committee comprised of three (3) Independent Directors and the Managing Director & CEO:

1. Mr. Srinivasan N, Chairman
2. Mr. Arun Kumar Verma
3. Ms. Tabassum Inamdar
4. Mr. P N Vasudevan, MD&CEO

Meetings & Attendance

The Committee held one (1) Meeting during the year on March 30, 2021:

Name	No. of Meetings	
	Held	Attended
Mr. Srinivasan N, Chairman	1	1
Mr. Arun Kumar Verma	1	1
Ms. Tabassum Inamdar	1	1
Mr. P N Vasudevan, MD&CEO	1	1

Terms of reference

The Committee monitors and reviews all frauds of ₹1 crore and above so as to:

- 1) Identify the systemic lacunae, if any that facilitated perpetration of the fraud and put in place measures to plug the same.
- 2) Identify the reasons for delay in detection, if any, in reporting to the top management of the Bank and RBI.

- 3) Monitor progress of CBI/Police investigation and recovery position.

- 4) Ensure that staff accountability is examined at all levels in all the cases of frauds and staff side action, if required, is completed quickly without loss of time.
- 5) Review the efficacy of the remedial action taken to prevent recurrence of frauds, such as strengthening of internal controls.
- 6) To put in place other measures as may be considered relevant to strengthen preventive measures against frauds.

REVIEW COMMITTEE FOR IDENTIFICATION OF WILFUL DEFAULTERS

Composition

As on March 31, 2021, the Review Committee for Identification of Wilful Defaulters comprised of three (3) Independent Directors and MD & CEO:

1. Mr. P N Vasudevan, MD & CEO, Chairman
2. Mr. Arun Kumar Verma
3. Prof. Balakrishnan N
4. Mr. Vinod Kumar Sharma

Meetings & Attendance

The Committee did not hold any Meeting during FY 2020-21.

Terms of reference

The Committee reviews the decisions of the Executive Committee for identification of Wilful defaulters/ non-cooperative borrowers and finalise the same.

LISTING COMMITTEE

Consequent on the listing of the Bank's shares, the listing committee was dissolved on November 02, 2020. Prior to its dissolution, the Committee held six (6) Meetings during the year on September 14, 2020, September 24, 2020, October 11, 2020, October 19, 2020, October 24, 2020 and October 28, 2020. The attendance of the meetings are as follows:

Name	No. of Meetings	
	Held	Attended
Mr. Srinivasan N, Chairman	6	6
Mr. Arun Kumar Verma	6	4
Ms. Tabassum Inamdar	6	6
Mr. P N Vasudevan, MD & CEO	6	6

Terms of reference

(a) To decide on the timing and subject to the applicable provisions of the Articles of Association of the Company the pricing and all the terms and conditions of the issue of the Equity Shares for the Issue, including the number of the Equity Shares to be issued in the Issue, price and any discount as allowed under Applicable Laws that may be fixed and determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;

(b) To ascertain and determine, subject to the applicable provisions of the Articles of Association of the Company, the quantum of shares to be offered for sale (OFS) by the existing shareholders of the Company which will form part of the Issue, decide on the size, timing, pricing and any discount as allowed under applicable laws that may be fixed and determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;

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- (c) To approve appointment and arrangement with the book running lead managers ("BRLMs"), underwriters to the Issue, syndicate members to the Issue, brokers to the Issue, escrow collection bankers to the Issue, refund bankers to the Issue, registrar(s), legal advisors, advertising agency(ies) and any other agencies or persons or intermediaries to the Issue and authorize one or more officers of the Company to negotiate, finalise and amend the terms of their appointment, including but not limited to execution of the mandate letter with the BRLMs, negotiation, finalisation and execution and if required, amendment of the issue agreement with the BRLMs, etc.;
- (d) To approve and authorize one or more officers of the Company to negotiate, finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement, agreements with the registrar to the Issue and the advertising agency(ies) and all other documents, deeds, agreements, memorandum of understanding or any amendments thereto and other instruments whatsoever with the registrar to the Issue, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/ intermediaries in connection with the Issue;
- (e) To approve and adopt the DRHP, the RHP, the Prospectus, the Bid-cum-Application Form, the preliminary and final international wrap for the issue of Equity Shares and authorize one or more officers of the Company to take all such actions as may be necessary for filing of these documents including incorporating such alterations/corrections/modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities;
- (f) To approve making of applications, if necessary, to the Reserve Bank of India, the Foreign Investment Promotion Board or to any other statutory or governmental authorities in connection with the Issue and to authorize one or more officers of the Company to take all such actions as may be necessary for filing of these applications;
- (g) To approve any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the listing agreement to be entered into by the Company with the relevant stock exchanges;
- (h) To authorize one or more officers of the Company to seek, if required, the consent of the lenders to the Company, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in relation to the Issue;
- (i) To authorize one or more officers of the Company to open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Issue and to execute all documents/deeds as may be necessary in this regard;
- (j) To authorize one or more officers of the Company to open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to execute all documents/deeds as may be necessary in this regard;
- (k) To determine and finalise, subject to the Articles of Association of the Company, the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Issue (including issue price for anchor investors), approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLMs and the selling shareholders (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Issue including any alteration, addition or making any variation in relation to the Issue;
- (l) To approve issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s) and authorize one or more officers of the Company to sign all or any of the afore stated documents; agencies, as may be required in this connection and to negotiate, finalize, settle, execute and deliver all or any of the afore-stated documents;
- (m) To authorize one or more officers of the Company to finalize applications for listing of the shares in one or more recognised stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
- (n) To authorize one or more officers of the Company to do all such deeds and acts as may be required to dematerialise the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar & transfer agents and such other agencies,

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as may be required in this connection and to negotiate, finalize, settle, execute and deliver all or any of the afore-stated documents;

- (o) To approve and authorize one or more officers of the Company to finalize the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Issue;
- (p) To authorize and approve notices, advertisements in relation to the Issue in consultation with the relevant intermediaries appointed for the Issue;
- (q) To authorize withdrawing of the DRHP, RHP and the Issue at any stage, if deemed necessary;
- (r) To settle any question, difficulty or doubt that may arise in connection with the Issue including the issue and allotment of the Equity Shares as aforesaid and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit;
- (s) To authorize one or more officers of the Company to negotiate, finalize, settle, execute and deliver any and all other documents, certificates, confirmations, letters or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Issue and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing.

The committee was dissolved post listing of the Bank's Equity shares by the resolution passed at the Board of directors held on December 17, 2020.

Joint Meetings of Committees

Besides the above Committee Meetings, there were also three Joint Meetings of Audit Committee of the Board and IT Strategy Committee during the year on April 14, 2020, September 10, 2020 and March 26, 2021 and one Joint Meeting of Audit committee of the Board, IT Strategy Committee and Risk Management Committee held on April 18, 2020. Attendance of the Meetings are mentioned below:

Name	No. of Meetings	
	Held	Attended
Prof. Balakrishnan N, Chairman	4	4
Mr. Arun Kumar Verma	4	3
Mr. Vinod Kumar Sharma	4	4
Ms. Tabassum Inamdar	4	4
Mr. Navin Puri	2	2
Mr. Sridhar Ganesh**	1	1
Mr. Ramesh Rangan*	1	1
Mr. P N Vasudevan, MD & CEO	4	4
Ms. Lalitha Lakshmanan#	2	2

* Inducted into the Committee in the Board Meeting held on December 17, 2020.

Resigned w.e.f. July 01, 2020

** Was a member of Audit Committee till December 16, 2020.

ANNUAL GENERAL MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location/Mode	No. of Special Resolution [s] passed
2020	July 28, 2020	05.30 PM	Video Conferencing	Nil
2019	August 1, 2019	05.30 PM	4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Three Anna Salai, Chennai – 600 002	
2018	July 26, 2018	05.30 PM	4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Nil Anna Salai, Chennai – 600 002	

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

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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)	Ratification of the "ESFB EMPLOYEES STOCK OPTION SCHEME, 2019"	Ratification of the resolutions passed for grant of options to employees of the Holding Company under the "ESFB EMPLOYEES STOCK OPTION SCHEME, 2019"
Name of the Scrutiniser	Dr B Ravi, Practising Company Secretary	
Date of completion of Postal Ballot	February 08, 2021	
Date of Report of Scrutiniser	February 09, 2021	
Date of declaration of Results	February 09, 2021	
Particulars	Voting pattern	
Valid Ballots/Votes	363333705	363333876
In favour	353618498	353615626
Percentage (%) in favour of the resolution	97.33%	97.33%
Against	9712780	9718250
Percentage (%) against the resolution	2.67%	2.67%
Invalid Ballots/Votes	4040	4040

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.

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.equitasbank.com> under the Investor Information Section.

The financial results and other information filed by the Company from time to time are also available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited. The said stock exchanges have introduced NSE Electronic Application Processing System (NEAPS) and BSE Listing centre. Various compliances as required / prescribed under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are filed through these systems.

5.1 GREEN INITIATIVES

Pursuant to the Companies (Accounts) Rules, 2014 and as a measure of promoting Green Initiatives, the Company proposes to send the financial statements for the year ended March 31, 2021 and Notice of 5th Annual General Meeting by electronic mode to the Members whose email IDs are registered with the Depository Participant(s)/ Company for communication purposes. For Members who have not registered their email address, physical copies will be sent in the permitted mode.

The Company seeks your support in promoting the Green Initiatives, as it is designed to protect our fragile environment.

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6. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting Date	August 12, 2021
Time	11.00 A.M.
Mode	By Video-conferencing/ other audio visual means
Financial year	April to March
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):	<p>BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001</p> <p>National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex (BKC) Bandra (East) Mumbai – 400051</p> <p>Listing fees payable to the stock exchanges for the financial year 2020-21 have been paid in full.</p>
Listing Fees	
Stock Code	BSE – 543243 NSE – EQUITASBNK
ISIN	INE063P01018
Book Closure Date	August 06, 2021 to August 12, 2021 (Both days Inclusive)
Market price data- high, low during each month in last financial Year	Details are provided in the table below
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index, etc.	Details are provided in the chart below
Registrar and Share Transfer Agents;	Kfin Technologies Private Limited Karvy Selenium Tower B, Plot No 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad – 500 032 Phone: +91 40 67161604
Share transfer system	99.99% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the Depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with RTA at the address mentioned above. Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.
Distribution of shareholding (as on 31.03.2021)	Details are provided in the table below
Dematerialization of shares and liquidity (as on 31.03.2021)	The total shares in dematerialized form are 99.99%
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

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Commodity price risk or foreign exchange risk and hedging activities

Debenture Trustees:

Nil

Ms. Anjalee Athalye
 IDBI Trusteeship Services Ltd
 Asian Building, Ground Floor,
 17 R Kamani Marg,
 Ballard Estate, Fort,
 Mumbai – 400001

Ms. Deesha Trivedi
 Catalyst Trusteeship Limited
 Windsor, 6th Floor, Office No – 604,
 C.S.T. Road, Kalina,
 Santacruz (East)
 Mumbai – 400098

Nil

Company Secretary
 Equitas Small Finance Bank Limited
 4th Floor, Phase-II, Spencer Plaza,
 No.769, Mount Road, Anna Salai, Chennai – 600 002
 Phone: +91 44 42995000; Fax: +9144 42995050
 Email: cs@equitasbank.com

Plant locations

Address for correspondence

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

Month	BSE		NSE	
	High	Low	High	Low
Mar-21	68.20	46.50	68.25	47.00
Feb-21	51.50	39.65	51.60	39.45
Jan-21	42.55	37.20	42.50	37.05
Dec-20	40.00	33.05	40.00	34.05
Nov-20	38.95	30.10	39.00	30.05
Oct-20				
Sep-20				
Aug-20				
Jul-20			Not listed	
Jun-20				
May-20				
Apr-20				

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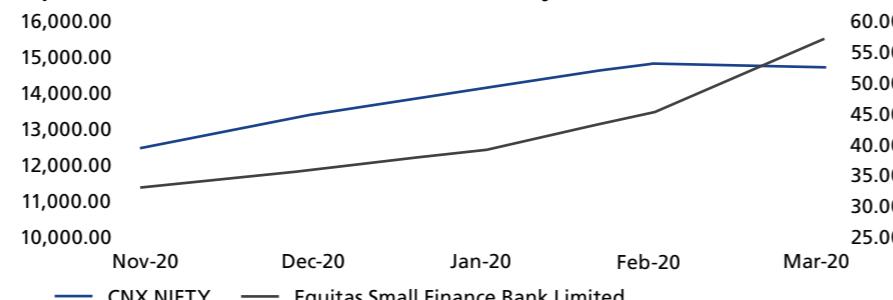
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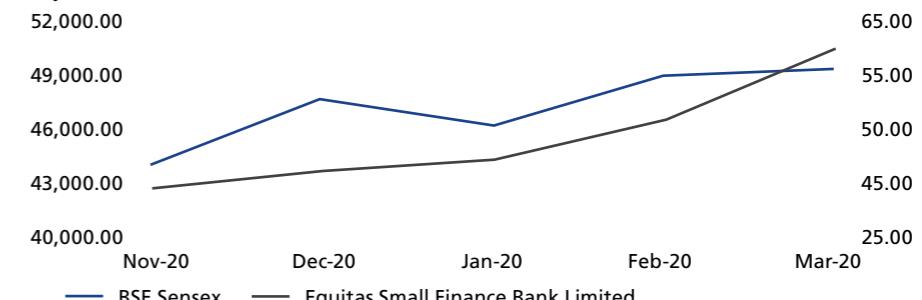
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Equitas Small Finance Bank Ltd* and CNX Nifty



Equitas Small Finance Bank Limited Ltd* and S&P BSE Sensex



Shareholding Pattern as on March 31, 2021

Description	Shares	% Equity
Indian promoter companies	93,39,43,349	81.98
Promoter group	14	0
Mutual funds	6,68,55,123	5.87
Alternative investment fund	5,53,04,783	4.85
Foreign portfolio - corp	1,16,42,445	1.02
Qualified institutional buyer	2,33,42,371	2.05
Resident individuals	4,19,53,464	3.68
H U F	10,46,617	0.09
Employees	10,18,977	0.09
Non resident indians	8,07,703	0.07
NRI non-repatriation	3,15,236	0.03
Trusts	2,77,000	0.02
Bodies corporates	18,95,681	0.17
Clearing members	8,75,487	0.08
Total:	1,13,92,78,250	100

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Distribution of equity shareholding as on March 31, 2021:

Category (No. of shares)	No. of Shareholders	% Shareholders	Total Shares	Amount	% of Amount
01-500	62,024	80.59	1,58,62,403	15,86,24,030	1.39
501- 1000	9,660	12.55	73,56,544	7,35,65,440	0.65
1001- 2000	2,595	3.37	38,27,442	3,82,74,420	0.34
2001- 3000	1,441	1.87	36,19,947	3,61,99,470	0.32
3001- 4000	270	0.35	9,61,653	96,16,530	0.08
4001- 5000	248	0.32	11,68,558	1,16,85,580	0.10
5001- 10000	444	0.58	32,38,409	3,23,84,090	0.28
10001& Above	277	0.36	1,10,32,43,294	11,03,24,32,940	96.84
TOTAL	76,959	100	1,13,92,78,250	11,39,27,82,500	100

The Non-Convertible Debentures (NCDs) of the Bank have been issued in dematerialized form and all outstanding NCDs have been listed in the Bombay Stock Exchange (BSE). The details of ISIN Nos. and Stock Code of such listed NCDs which are currently outstanding are as follows:

Sl. No.	Nature of NCDs	Issue Size [₹]	Outstanding as on March 31, 2021 [₹]	ISIN No	Scrip Code
1*	16.00%- unsecured	30,00,00,000	30,00,00,000	INE186N08025	951924
2	13.80%- unsecured	30,00,00,000	30,00,00,000	INE186N08033	952815
3	14.05%- unsecured	1,20,00,00,000	1,20,00,00,000	INE186N08041	952812
4*	14.95%-unsecured	40,00,00,000	40,00,00,000	INE063P08013	951930

*The ISIN INE186N08025 and INE063P08013 were redeemed on April 30,2021.

Name, designation and address of Compliance Officer:

Company Secretary
Equitas Small Finance Bank Limited
4th Floor, Phase-II, Spencer Plaza,
No.769, Mount Road, Anna Salai, Chennai – 600 002
Phone: +91 44 42995000; Fax: +9144 42995050
Email: cs@equitasbank.com

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DISCLOSURES IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The particulars of complaints received during the year under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

a. Number of complaints filed during the financial year	6
b. Number of complaints disposed of during the financial year	5
c. Number of complaints pending as on end of the financial year.	1*

*the pending complaint as on 31 March 21, stands closed

FAIR PRACTICES CODE

The Bank has adopted the Fair Practices Code pursuant to the RBI guidelines issued in this regard, which is placed on the Bank's website and displayed at all Branches of the Bank.

MD & CEO/CFO CERTIFICATION

MD & CEO and CFO certificate to the Board as per Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 has been obtained. (**Annexure-I**)

CODE OF CONDUCT

As per the Bank's policy on Code of Conduct for Directors and Senior Management, all Directors and Senior Management Personnel have affirmed compliance with the Code for the FY 2020-21. The Declaration to this effect signed by MD & CEO has been annexed with this Report. (**Annexure-II**)

REGULAR UPDATES

The Bank keeps the Board and stakeholders updated on the happenings of the Bank and all events and happenings of importance in the sector.

DISCLOSURES

A. Related Party Transactions

The particulars of transactions between the Bank 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 Bank's website <https://www.equitasbank.com/ESFB-Investor-Info>. There were no materially significant related party transactions having potential conflict with the interests of the Bank, during the year 2020-21.

B. Details of non-compliances by the company, penalties, and 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 Bank has established a Whistle Blower Policy pursuant to which Directors, employees and vendors of the Bank can report their concerns on unethical and improper behavior, practices, actual or suspected fraud or violation of the Bank's Code of Conduct or any other wrongful conduct in the

Bank or of its employees. No employee of the Bank was denied access to the Audit Committee for raising any whistle blower complaint.

D. Mandatory Requirements

The Bank is in compliance with the mandatory requirements.

E. Non-Mandatory Requirements

The Bank has a record of unqualified financial statements since inception.

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

The Bank has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer. Mr. Arun Ramanathan is the Chairman of the Board and Mr. P N Vasudevan is the Managing Director & Chief Executive Officer of the Company.

F. 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

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securities of the Bank. The Code inter alia requires Designated Persons obtaining pre-clearance from the appropriate authority in the bank 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. The period of trading window closure is intimated to all concerned well in advance from time to time.

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

H. Details of fee remitted to Statutory Auditors
The total fees incurred by the Bank for the services rendered by Statutory auditors for FY 2020-21 is given below:

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

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 November 02, 2020	Nil	Nil
Shareholders who approached the Company for transfer of shares from demat suspense account during the year	Nil	Nil
Shareholders to whom shares were transferred from the demat suspense account during the year	Nil	Nil
Aggregate number of shareholders and the outstanding shares in the demat suspense account of the Company as on March 31, 2021	Nil	Nil

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 and amendments thereto, as applicable, with regard to Corporate Governance.

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

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

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

For and on behalf of the Board of Directors

Place: Chennai
Date: June 01, 2021

P N Vasudevan Arun Ramanathan
MD & CEO Chairman

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MD & CEO / CFO Certificate

The Board of Directors

Equitas Small Finance Bank Limited

This is to certify that:

1. We have reviewed the Financial Statements and the Cash Flow Statement for the Financial Year ended March 31, 2021 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the Bank'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 Bank during the year which are fraudulent or illegal or violative of Bank's Code of Conduct.

3. We accept responsibility for establishing and maintaining internal controls for Financial Reporting. We have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting and the same were found to be adequate.
4. We have indicated to the Auditors and the Audit Committee:
 - a. Significant changes in internal control over financial reporting during the year; NIL

b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; NIL and

c. Instances of significant frauds of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Bank's internal control system over financial reporting. NIL

Place: Chennai

Date: June 01, 2021

Sridharan N
Chief Financial Officer

P N Vasudevan
Managing Director and Chief Executive Officer

Declaration regarding compliance by Board Members and Senior Management personnel with the Bank's Code of Conduct

The Bank has, in respect of the financial year ended 31st March, 2021 received a declaration in writing from all Members of the Board and Senior Management team of the Bank affirming their adherence to the Code of Conduct adopted by the Bank.

Place: Chennai

Date: June 01, 2021

P N Vasudevan

Managing Director and Chief Executive Officer

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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 SMALL FINANCE BANK LIMITED (the 'Company'), CIN: U65191TN1993PLC025280, having its registered office at 4th Floor, Phase II, Spencer Plaza No.769, Mount Road, Anna Salai, Chennai - 600002 and verification of disclosures and declarations given by the Directors under applicable statutes and also based on the verification of facts regarding the Board of Directors of the Company, available in the public domain, we hereby certify that as on 31.03.2021, none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies either by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

Signature:

Name of Company Secretary in practice: Dr. B Ravi

FCS No.: 1810 CP No.: 3318

MANAGING PARTNER**B RAVI & ASSOCIATES**

Firm Registration Number: P2016TN052400

UDIN: F001810C000228718

Place: Chennai

Place: Chennai

Date: May 03, 2021

Independent Auditor's Report on compliance with the conditions of Corporate Governance

as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Members of Equitas Small Finance Bank Limited

1. The Corporate Governance Report prepared by Equitas Small Finance Bank Limited (hereinafter the "Bank"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations") ("Applicable criteria") for the year ended March 31, 2021 as required by the Bank for annual submission to the Stock exchange.

Management's Responsibility

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

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion

whether, the Bank has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
 - i. Read and understood the information prepared by the Bank and included in its Corporate Governance Report;
 - ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
 - iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that at least one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of Annual General Meeting held on July 28, 2020;
 - v. Obtained and read the minutes of the following meetings of the Board of Directors/ Committees held between April 1, 2020 and March 31, 2021:
 - (a) Board of Directors;
 - (b) Audit Committee;
 - (c) Nomination and Remuneration Committee;
 - (d) Stakeholders Relationship Committee;
 - (e) Risk Management Committee
 - (f) Corporate Social Responsibility Committee and
 - (g) IT Strategy Committee
 - vi. Obtained necessary declarations from the directors of the Bank.
 - vii. Obtained and read the policy adopted by the Bank for related party transactions.
 - viii. Obtained the schedule of related party transactions during the year and balances at

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Independent Auditor's Report on compliance with the conditions of Corporate Governance (Contd.)

as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

- ix. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
- 8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Bank taken as a whole.

Opinion

- 9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Bank has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2021, referred to in paragraph 4 above.

Other matters and Restriction on Use

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

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

For **T R CHADHA & CO LLP**

Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per **Sheshu Samudrala**

Partner

Membership Number: 235031

UDIN: 21235031AAAAAZ3747

Place: Chennai

Date: 15.06.2021

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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 Small Finance Bank Limited ("The Bank") has adopted a Stakeholder Centric Sustainability Framework to strategically drive its sustainability initiatives. The disclosures in this report are aligned to the Principles of Business Responsibility as prescribed under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, Government of India. This report provides transparent and relevant information on the Bank'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	U65191TN1993PLC025280
2	Name of the Company	Equitas Small Finance Bank Limited
3	Registered address	4th Floor, Phase II, Spencer Plaza No.769, Mount Road, Anna Salai Chennai TN 600002
4	Website	www.equitasbank.com
5	Email id	cs@equitasbank.com
6	Financial year reported	2020-21
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K : Financial and Insurance Activities Code : 64191
8	Three key products/services of the Company (as in balance sheet)	Assets Products Micro Loan against Property Commercial Vehicle Finance lending Micro Finance lending
9	Number of international locations	Liabilities Products Demand Deposits Time Deposits Fee Based Products viz., distribution of insurance and mutual fund products, providing of locker facility, etc.
10	Number of National locations	Nil The Bank operates from 861 locations across 17 States/Union Territories (including National Capital Territory) of the country.
11	Markets served by the Company – Local/State/National/ International	National

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Section B: Financial details of the company

Sr. No.	Particulars	Details
1.	Paid up capital (₹in lakhs)	1,13,927.83
2	Total turnover (₹in lakhs)	3,61,246.79
3	Total profit after taxes (₹in lakhs)	38,422.32
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	4.09%
5	List of activities in which expenditure in 4 above has been incurred	<p>The Bank undertakes various CSR activities in accordance with its 'Policy on Corporate Social Responsibility', which includes:</p> <ol style="list-style-type: none"> Educational Initiatives – Running schools in 7 locations across Tamil Nadu Imparting of skill training to Joint Liability Group (JLG) women members to improve their income levels Health care initiatives – Health care and medical camps, Equitas Sugam Clinics for the underprivileged and a Cancer hospital being set up. Holding job fairs for placement of unemployed youth in suitable jobs Rehabilitation of Pavement Dwellers <p>Additional information on the Bank's CSR initiatives is discussed in CSR Report forming part of Annual Report</p>

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?	No
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)	Not applicable
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 | 01550885 |
| 2. Name | Mr. P N Vasudevan |
| 3. Designation | MD & CEO |

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- | | |
|------------------------|----------------------|
| 1. DIN (if applicable) | 01550885 |
| 2. Name | Mr. P N Vasudevan |
| 3. Designation | MD & 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)

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

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

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

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

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

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

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.

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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 The Bank 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 displayed in the Bank website, www.equitasbank.com under Investor section.

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.

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

Particulars	Complaints received during 2020-21	% of complaints resolved
Customer complaints	2,649	97.7%*
Investor complaints	Nil	Nil

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

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

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

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be mindful and responsible in lending to guard the borrowers from getting over leveraged. The Bank carries out due diligence to ascertain the repayment capacity of the borrowers before lending.

Micro Finance: Micro lending is targeted at women who belong to the economically weaker sections of the society (with household income less than ₹1.6 lakhs per annum). Most of these loans are for income generation purposes, which provide assistance to our customers to increase their household income, develop financial independence over time and for most of our customers, an opportunity to become part of the formal financial system. All of our customers are included in the Credit Bureau database thereby ensuring their inclusion into the formal economy.

Vehicle Finance: These loans are provided predominantly to first time entrepreneurs in the commercial logistics service industry, who have the expertise but lack capital to own a commercial vehicle of their own. This loan provides 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 crores. The loan sizes typically vary between ₹10 – 100 lakhs.

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

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

(b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

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

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

We pursue other sustainable practices to reduce our impact on the environment and promote efficient consumption of resources viz. Heating, Ventilation and Air Conditioning (HVAC) run time observing, installation of CFL and other low energy consuming office gear, limited printer and copier utilization.

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

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

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

A significant number of the financial products offered by the Bank are 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.

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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.

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

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

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

Helps drive engagement by motivating and rewarding learners across the organization with digital badges. These visuals, shareable and portable records of accomplishment can inspire learners to continue their professional journey.

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

- Training on Credit, Risk & Treasury:** This workshop on credit, risk and treasury provided the requisite knowledge to the Senior Management of the Branch Banking division on the concept of credit, risk and treasury operations.

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

1 Total number of Employees	16,556
2 Total number of employees hired on contractual basis	24
3 Number of permanent women employees	1,701
4 Number of permanent employees with disabilities	219
5 Is there an employee association that is recognized by management	The Bank engages with employees through various fora to obtain constructive feedback. Regular Audio bridges are conducted offering an opportunity for all employees to directly express their views, ideas and feedback to the top management.
6 Percentage of your permanent employees who are members of this recognized employee association	While there is a structured employee grievance redressal mechanism in place, employees are also encouraged to directly approach CEO and Audit Committee in case of serious grievances or unethical practices.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.
No. Category No. of complaints filed during the financial year No. of complaints pending as at the end of financial year

No. Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of financial year
1 Child labour/ forced labour/ involuntary labour	Nil	Nil
2 Sexual Harassment	6	1*
3 Discriminatory Employment	Nil	Nil

*the pending complaint as on 31 March 21, stands closed

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- Training on Relationship management and cross selling: Imparted training to the top performing Business Development Officers (BDOs) & Personal Bankers (PBs) to groom and upskill them and thereby create a bench strength for the next role.
- Training on Wealth Management: Imparted training on Wealth Management to Relationship Managers to enable them to acquire the required knowledge and skills to become Investment Counsellors.
- Training on Operations and Regulatory Compliance: Imparted training to Branch Managers, Service & Operations Manager and Customer Service Officers on regulatory aspects.

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

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

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

Byte Sized Learning: We tied up with Navitus Education for a Mobile Learning Platform and provided access to all our 16,000+ employees to promote Anywhere, Anytime 'On the Go' learning.

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

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

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

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

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

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

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

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

1. Has the company mapped its internal and external stakeholders?

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

- i) Customers
- ii) Employees
- iii) Investors
- iv) Vendors / Service Providers
- v) Regulators
- vi) Society and Community

The Bank 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?

The Bank 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

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

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

EDIT actively conducts job fairs across India for unemployed youth of low income communities, thereby providing gainful employment to over 1,98,725 unemployed youth from lower income segment. The recruitment and employment practices of the Bank are also attuned towards talent spotting and acquisition from among marginalized sections of the society.

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

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? if so, provide details thereof, in about 50 words or so.
 The Bank, directly or through its implementing agency, Equitas Development Initiatives Trust (EDIT) engages with stakeholders such as women, people with disabilities, unemployed youth and pavement dwellers to create a positive impact through community development initiatives.

EDIT runs seven schools primarily for socially and economically weaker sections of society. These

schools provide affordable schooling to students belonging to economically weak backgrounds, with an emphasis on the quality of the education imparted. Around 5,700 students have benefitted from these schools.

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

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

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

Principle 5: Businesses should respect and promote human rights

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?

The Bank 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 SFB 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 Bank 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 SFB focuses on decreasing the utilization of paper to lessen the carbon footprint. Towards this end, the Bank has

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

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

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

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

Equitas SFB 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, the Bank, through its initiatives, is aware of the importance of safeguarding the environment. Being a bank, it

cannot own/execute any non-banking projects (such as CDM) as per RBI regulations.

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, the Bank 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 Bank 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 the Bank 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 the Bank do not result in any significant environmental or pollution related issues. No notices were received by the Bank as on March 31, 2021.

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

1. Is your company a member of any trade and chamber or association? If Yes, name only those major ones that your business deals with: Some of the key trade and industry associations where the 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

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literacy, creation of a more transparent financial system, ease of credit access to the underbanked/unbanked, operational ease of providing loans to economically excluded sections of the economy, etc.

Principle 8: Businesses should support inclusive growth and equitable development

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

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

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

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

The focus of the Bank 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.

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

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

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

1. Ending Poverty in slums using the Holistic Ecosystem
 2. Extending Health Services
 3. Quality Education through its Schools
 4. Gender Equality
 5. Decent work & Economic growth through its job Fairs and skill training
 6. Reduced inequalities
 7. Sustainable Cities & Community
 8. Partnership for the Goals
 4. What is your company's direct contribution to community development projects - amount in ₹ and the details of the projects undertaken?
- During the year, the Bank has contributed ₹1,573 lakhs to the implementing agencies – Equitas Development Initiatives Trust (EDIT) (₹217 lakhs) and Equitas Healthcare Foundation (EHF) (₹1,356 lakhs) for carrying out CSR activities. Details of the said activities have been provided in the CSR Report, forming part of the Annual Report.

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

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

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

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

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

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

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

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

2.3% of the customer complaints are pending as at the end of the Financial Year 2020-21. All the pending complaints have since been resolved within the prescribed timelines.

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

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

For and on behalf of the Board of Directors

Place: Chennai
Date: June 01, 2021

P N Vasudevan
MD & CEO

Arun Ramanathan
Chairman

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Independent Auditor's Report

To the Members of Equitas Small Finance Bank Limited

Report on the Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of Equitas Small Finance Bank Limited (the "Bank"), which comprise the Balance Sheet as at March 31 2021, the Profit and Loss Account, the Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Banking Regulation Act, 1949, as well as the Companies Act, 2013 ('Act') and circulars and guidelines issued by the Reserve Bank of India ('RBI'), in the manner so required for banking companies and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31 March 2021, and its profit and its cash flows for the year ended on that date.

Key Audit Matters

Identification of non-performing advances and provisioning for advances

Advances form a material portion of the Bank's assets and the quality of the Bank's loan portfolio is measured in terms of the proportion of non-performing assets (NPAs) to the total loans and advances. Identification, classification and provisioning of NPAs are governed by the prudential norms on Income Recognition and Asset Classification ("IRAC") and the specific guidelines relating to COVID-19 Regulatory Package issued by the Reserve Bank of India (RBI) which include rule-based and judgmental factors. Management is also required to make estimates of stress, recoverability issues, and security erosion in respect of specific borrowers or groups of borrowers, on account of specific factors that may affect such borrowers/groups (including factors relating to economic stress arising out of the COVID-19 pandemic).

2. Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of our report. We are independent of the Bank in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

3. Emphasis of Matter

We draw attention to Schedule 17.2.2 to the accompanying financial statement which describes the extent to which the Covid -19 pandemic will continue to impact the Bank's operations and financial statements will depend on ongoing and future developments, which are highly uncertain.

How our audit addressed the key audit matter

We considered the Bank's accounting policies for NPA identification, and provisioning and assessing compliance with the IRAC norms prescribed by the RBI read with the RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020.

We tested the operating effectiveness of the controls (including application and IT dependent controls) for borrower wise classification of loans in the respective asset classes viz., standard, sub-standard, doubtful and loss with reference to their days-past-due (DPD) status (including consideration of the moratorium on loans offered under the Regulatory Package).

Our opinion is not modified in respect of this matter.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2021. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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Key Audit Matters

Further, the classification of accounts were made standstill and no NPA was declared by the bank based on the Supreme Court decision upto the last week March 2021. In those cases, bank has made a stand still provision for the advances which otherwise may slipped into NPA. However, Supreme Court has lifted the standstill provision in the month of March 2021, and accordingly the bank has classified the advances and made provisions in line with IRAC norms.

Further, during the year RBI has provided the Resolution Framework for COVID-19-related Stress. Based on which bank has also extended the resolution package to their customers who are in stress and restructured the few eligible customers.

A matter of error or omission in the process of NPA identification, Restructuring of eligible accounts or provisioning may result in a material misstatement of the financial statements, and also potentially result in a non-compliance of applicable regulatory guidelines. In view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.

How our audit addressed the key audit matter

To test the identification of loans with default events and other triggers, we selected a sample of performing loans and independently assessed as to whether there was a need to classify such loans as NPAs.

We considered the special mention accounts ("SMA") reports submitted by the Bank to the RBI's central repository of information on large credits (CRILC) and made inquiries of personnel in the Bank's credit and risk departments regarding indicators of stress or the occurrence of specific event(s) of default or other factors affecting the loan portfolio / particular loan product category, that may affect NPA identification and/or provisioning.

We have also considered banks policies on the RBIs circular on Resolution Framework for COVID-19-related Stress dated 6th August 2020 and (MSME) sector – Restructuring of Advances dated 6th August 2020.

We have verified the borrowers request letters on sample basis for the restructuring of accounts and also verified the process adopted by the bank in restructuring the same.

Selected the borrowers based on quantitative and qualitative risk factors for their assessment of appropriate classification as NPA including computation of overdue ageing to assess its correct classification and provision amount as per extant IRAC norms and Bank policy.

We performed analytical procedures which considered both financial and non-financial parameters, in relation to identification of NPAs and provisioning there against.

We also read the RBI Annual Financial Inspection report for the financial year ended 31 March 2020 and other communication with the regulators.

Information Technology ("IT") Systems and Controls

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

There has been a major enhancement in the information technology (IT) infrastructure of the Bank in the current year. During the current year, as the IT systems and processes continue to mature in view of the evolving business and regulatory landscape, changes in the technology environment have been carried out by the Bank.

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

Due to the pervasive nature and complexity of the IT environment and considering that several systems and processes have been implemented in recent past, and as a result the IT control environment may not have matured, it is considered a key audit matter.

For testing the IT general controls, application controls and IT dependent manual controls relevant for financial reporting, we involved IT specialists as part of the audit. The team also assisted in testing the accuracy of the information produced by the Bank's IT systems.

We tested the design and operating effectiveness of the Bank's IT access controls over the key information systems that are related to financial reporting.

Access rights were tested over applications, operating systems, networks, and databases, which are relied upon for financial reporting.

We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls. These included testing that requests for access to systems were reviewed and authorized.

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

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

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Independent Auditor's Report (Contd.)

5. Other Information

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

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

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

6. Responsibilities of Management for the Financial Statements

The Bank's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows of the Bank in accordance with provisions of accounting standards as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank, and other accounting principles generally accepted in India as applicable to banking companies and the applicable requirements of

the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by Reserve Bank of India from time to time.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

7. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole

are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 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) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and

to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. Other Matter

The annual financial statement of the Bank for the year ended March 31, 2020, have been audited by the predecessor auditors who expressed their unmodified opinion on those financial statement on 14th May 2020. We did not audit the financial statements for the year ended 31st March 2020, included in the financial statement.

Our opinion is not modified in respect of this matter.

9. Report on Other Legal and Regulatory Requirements

- The Balance Sheet and the Profit and Loss Account have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949 read with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of

the Act, read with the Companies (Accounts) Rules, 2014 (as amended).

- As required sub section (3) of section 30 of the Banking Regulation Act, 1949 and the appointment letter dated July 30, 2020, we report that:

i. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;

ii. The transactions of the Bank, which have come to our notice, have been within the powers of the Bank; and

iii. The financial accounting systems of the Bank are centralized and therefore, accounting returns for the purpose of preparing financial statements are not required to be submitted by the branches. We performed procedures necessary for the purpose of our walkthrough of processes and test of controls at branches by inspection of documents obtained from branches.

- With respect to the matter to be included in the Auditor's Report under section 197(16) of the Act, we report that since the Bank is a banking company, as defined under Banking Regulation Act, 1949, the reporting under section 197(16) in relation to whether the remuneration paid by the Bank is in accordance with the provisions of section 197 of the Act and whether any excess

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- remuneration has been paid in accordance with the aforesaid section, is not applicable.
- d. As required by Section 143(3) of the Act, based on our audit we report that:
- i. 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;
 - ii. In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;
 - iii. The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - iv. In our opinion, the aforesaid financial statements comply with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 (as amended) to the extent they are not inconsistent with the accounting policies prescribed by RBI;
 - v. On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
 - vi. With respect to the adequacy of the internal financial controls with reference to financial statements of the Bank with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 1" to this report;
 - vii. 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), as amended in our opinion and to the best of our information and according to the explanations given to us:
- a. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Schedule 12 and Schedule 18.20 to the financial statements;
- b. The Bank did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Bank

For **T R CHADHA & CO LLP**
Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per **Sheshu Samudrala**
Partner

Membership Number: 235031
UDIN: 21235031AAAAAL4485

Place: Chennai
Date: 29.04.2021

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Annexure 1

To the Independent Auditor's Report of EY on the Financial Statements of Equitas Small Finance Bank Limited

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

To the Members of Equitas Small Finance Bank Limited

We have audited the internal financial controls with reference to financial statements of Equitas Small Finance Bank Limited (the "Bank") as of March 31, 2021 in conjunction with our audit of the financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Bank's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Bank's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to 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 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 financial statements.

Meaning of Internal Financial Controls with reference to Financial Statements

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

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Annexure 1 (Contd.)

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that

the degree of compliance with the policies or procedures may deteriorate.

essential components of internal control stated in the Guidance Note.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Bank considering the

Place: Chennai
Date: 29.04.2021

For **T R CHADHA & CO LLP**

Chartered Accountants

ICAI Firm registration number: 006711N/N500028

per **Sheshu Samudrala**

Partner

Membership Number: 235031

UDIN: 21235031AAAAAL4485

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Balance Sheet

as at March 31, 2021

(All amounts in ₹000, unless otherwise specified)

Particulars	Schedule	As at 31-Mar-21	As at 31-Mar-20
CAPITAL AND LIABILITIES			
Capital	1	1,13,92,783	1,05,34,016
Reserves and Surplus	2	2,25,70,628	1,69,07,473
Deposits	3	16,39,19,717	10,78,84,055
Borrowings	4	4,16,53,200	5,13,48,736
Other Liabilities and Provisions	5	76,15,918	62,81,188
TOTAL		24,71,52,246	19,29,55,468
ASSETS			
Cash and Balances With Reserve Bank of India	6	51,48,080	38,08,637
Balances With Banks and Money At Call and Short Notice	7	2,86,39,044	2,15,59,788
Investments	8	3,70,51,661	2,34,25,062
Advances	9	16,84,79,467	13,72,82,415
Fixed Assets	10	18,50,500	21,27,694
Other Assets	11	59,83,494	47,51,872
TOTAL		24,71,52,246	19,29,55,468
Contingent Liabilities	12	1,25,061	2,69,794

Summary of significant accounting policies

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Notes forming part of financial statements

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The accompanying notes are an integral part of the financial statements

As per our report of even date

For T R Chadha & Co LLP, Chartered Accountants For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

Chartered Accountants

Firm Registration No.:006711N/ N500028

per Sheshu Samudrala

Partner

Membership No: 235031

Place: Chennai

Date: April 29, 2021

Arun Ramanathan

Chairman

DIN: 00308848

Place: Chennai

Date: April 29, 2021

Vasudevan PN

Managing Director and Chief Executive Officer

DIN: 01550885

Place: Chennai

Date: April 29, 2021

Arun Kumar Verma

Director

DIN: 03220124

Place: Bhubaneswar

Date: April 29, 2021

N Sridharan

Chief Financial Officer

Place: Chennai

Date: April 29, 2021

Sampathkumar KR

Company Secretary

M. No: A27466

Place: Chennai

Date: April 29, 2021

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Statement of Profit and Loss

for the year ended March 31, 2021

(All amounts in ₹000, unless otherwise specified)

Particulars	Schedule	Year ended 31-Mar-21	Year ended 31-Mar-20
I INCOME			
Interest earned	13	3,19,44,132	2,64,54,439
Other income	14	41,80,547	28,23,516
TOTAL		3,61,24,679	2,92,77,955
II EXPENDITURE			
Interest expended	15	1,39,64,529	1,15,01,381
Operating expenses	16	1,32,94,286	1,18,00,786
Provisions and contingencies		50,23,632	35,39,434
TOTAL		3,22,82,447	2,68,41,601
III PROFIT			
Net Profit from ordinary activities		38,42,232	24,36,354
Net Profit for the year		38,42,232	24,36,354
TOTAL		38,42,232	24,36,354
IV APPROPRIATIONS			
Transfer to Statutory reserves		9,60,558	6,09,089
Transfer to Special reserve account		74,244	48,339
Transfer to Capital Reserve		2,36,608	-
Transfer to Investment Fluctuation Reserve		19,820	27,630
Balance carried over to Balance Sheet		25,51,002	17,51,296
Total		38,42,232	24,36,354

Summary of significant accounting policies

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Notes forming part of the financial statements

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Earning per share (Basic) (in ₹)

18.10.4

3.53

2.39

Earning per share (Diluted) (in ₹)

18.10.4

3.49

2.39

Face Value per share (in ₹)

10

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The accompanying notes are an integral part of the financial statements

As per our report of even date

For T R Chadha & Co LLP, Chartered Accountants

Chartered Accountants

Firm Registration No.:006711N/ N500028

For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

per Sheshu Samudrala

Partner

Membership No: 235031

Place: Chennai

Date: April 29, 2021

Arun Ramanathan

Chairman

DIN: 00308848

Place: Chennai

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Cash Flow Statement

for the year ended March 31, 2021

(All amounts in ₹000, unless otherwise specified)

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Cash Flow from Operating activities		
Profit Before Tax	51,12,668	35,09,403
Adjustments for:		
Depreciation on fixed assets	7,64,332	9,64,545
Amortization on held to maturity securities	1,14,008	60,039
Provision for standard assets	3,70,255	1,51,301
General Provision under COVID-19 – Regulatory Package	(9,96,300)	9,96,300
Bad debts written off	24,47,328	7,15,044
Provision for Non performing assets	18,79,058	6,04,154
Other Provision and Contingencies	52,447	(448)
(Profit) /Loss on sale of fixed assets	(372)	2,597
Interest expenses on borrowings	45,96,866	43,61,728
Interest income on bank balances not considered as cash and cash equivalents	(4,372)	(5,541)
	1,43,35,918	1,13,59,122
Adjustments for:		
(Increase)/Decrease in investments	(1,37,40,607)	(40,560)
(Increase)/Decrease in advances	(3,55,23,438)	(2,28,41,568)
Increase/(Decrease) in deposits	5,60,35,662	1,78,16,692
(Increase)/Decrease in other assets	(9,63,863)	(12,30,600)
Increase/(Decrease) in other liabilities and provisions	18,34,713	6,73,834
Direct taxes paid	(15,38,966)	(13,40,766)
Net cash (used in) / generated from operating activities (A)	2,04,39,419	43,96,154
Cash flow from investing activities		
Purchase of fixed assets	(4,99,828)	(7,43,718)
Proceeds from sale of fixed assets	13,062	22,244
(Increase)/Decrease in bank balances not considered as cash and cash equivalents	53,576	(622)
Interest received from bank balances not considered as cash and cash equivalents	5,145	4,796
Net cash (used in) / generated from investing activities (B)	(4,28,045)	(7,17,300)

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Cash Flow Statement

for the year ended March 31, 2021

(All amounts in ₹000, unless otherwise specified)

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Cash flow from financing activities		
Borrowings taken during the year	28,40,42,471	32,37,75,706
Borrowings repaid during the year	(29,37,38,007)	(31,21,57,231)
Proceeds from issue of share capital (including share premium)	28,27,852	25,00,100
Share issue Expenses	(1,48,163)	(38,150)
Interest paid on borrowings	(45,23,252)	(49,97,627)
Net cash generated from / (used in) financing activities (C)	(1,15,39,099)	90,82,798
Net increase/ (decrease) in cash and cash equivalents (A)+(B)+(C)	84,72,275	1,27,61,652
Cash and Cash equivalents at beginning of the year (Refer Notes below)	2,53,14,849	1,25,53,197
Cash and Cash equivalents at end of the year (Refer Notes below)	3,37,87,124	2,53,14,849
Notes to cash flow statement:		
Cash and Cash equivalents include the following		
Cash and Balances With Reserve Bank of India (Schedule 6)	51,48,080	38,08,637
Balances With Banks And Money At Call And Short Notice (Schedule 7)	2,86,39,044	2,15,59,788
Balances not considered as part of cash and cash equivalents:		
Bank deposits with an original maturity of more than three months or Bank deposits under lien	-	(53,576)
Cash and Cash equivalents at end of the year	3,37,87,124	2,53,14,849

The accompanying notes are an integral part of the financial statements

As per our report of even date

For T R Chadha & Co LLP, Chartered Accountants For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

Chartered Accountants

Firm Registration No.:006711N/ N500028

per Sheshu SamudralaPartner
Membership No: 235031
Place: Chennai
Date: April 29, 2021**Arun Ramanathan**Chairman
DIN: 00308848
Place: Chennai
Date: April 29, 2021**Vasudevan PN**Managing Director and Chief Executive Officer
DIN: 01550885
Place: Chennai
Date: April 29, 2021**Arun Kumar Verma**Director
DIN: 03220124
Place: Bhubaneswar
Date: April 29, 2021**N Sridharan**Chief Financial Officer
Place: Chennai
Date: April 29, 2021**Sampathkumar KR**Company Secretary
M. No: A27466
Place: Chennai
Date: April 29, 2021

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SCHEDULES TO BALANCE SHEET

As at March 31, 2021

(All amounts in ₹000, unless otherwise specified)

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 1 - CAPITAL		
Authorised capital		
1700,000,000 Equity Shares of ₹10 each	1,70,00,000	1,70,00,000
Issued, subscribed and paid-up capital		
1139,278,250 (Previous year: 1053,401,602) Equity Shares of ₹10 each (Refer Note below)	1,13,92,783	1,05,34,016
TOTAL	1,13,92,783	1,05,34,016

During year ended March 31, 2021, the Bank successfully completed Initial Public Offer (IPO) of its shares comprising issue of 8,48,48,484 equity shares of ₹10 each at premium of ₹23 per share, thereby raising ₹280 crores and an offer for sale of 7,20,00,000 equity shares @ ₹33 per share, by the Equitas Holdings Limited. The equity shares of the Bank got listed on November 2, 2020 on National Stock Exchange (NSE) and BSE Ltd, thereby complying with licensing condition of listing shares of the Bank.

The Bank, during the year ended March 31, 2021, has allotted 10,28,164 equity shares of ₹10 each, fully paid up, on exercise of options by its employees and employees of the Holding company (Equitas Holdings Limited) in accordance with the Banks's Employee Stock Option Scheme.

Entire amount of ₹280 crores has been utilised for augmentation of Bank's Tier I capital funds. There is no amount unspent.

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 2 - RESERVES AND SURPLUS		
I Statutory reserve		
Opening Balance	23,76,667	17,67,578
Add: Transfer from Profit and Loss account	9,60,558	6,09,089
Deductions during the year	-	-
Total - (A)	33,37,225	23,76,667
II Capital reserve		
Opening Balance	1,32,798	1,32,798
Additions during the year	2,36,608	-
Deductions during the year	-	-
Total - (B)	3,69,406	1,32,798
III Securities premium account		
Opening Balance	74,69,984	54,82,616
Received during the year (1)	19,69,086	20,25,518
Deductions during the year (2)	(1,48,163)	(38,150)
Total - (C)	92,90,907	74,69,984

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	As at 31-Mar-21	As at 31-Mar-20
IV Special reserve account u/s 36(1)(viii) of Income Tax Act, 1961		
Opening Balance	1,07,310	58,971
Add: Transfer from Profit and Loss account	74,244	48,339
Deductions during the year	-	-
Total - (D)	1,81,554	1,07,310
V Revenue and Other reserves		
Opening Balance	2,54,400	2,54,400
Additions during the year	-	-
Deductions during the year	-	-
Total - (E)	2,54,400	2,54,400
VI Investment Reserve		
Opening Balance	23,000	23,000
Additions during the year	-	-
Deductions during the year	-	-
Total - (F)	23,000	23,000
VII Investment Fluctuation Reserve		
Opening Balance	1,11,930	84,300
Additions during the year	19,820	27,630
Deductions during the year	-	-
Total - (G)	1,31,750	1,11,930
VIII Balance in Surplus in profit and loss account		
Opening Balance	64,31,384	46,80,088
Profits for the year	25,51,002	17,51,296
Closing balance in Surplus in profit and loss account (H)	89,82,386	64,31,384
TOTAL (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)	2,25,70,628	1,69,07,473

1. Securities Premium received on issue of equity shares.
2. Towards share issue expenses

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	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 3 - DEPOSITS		
A I Demand deposits		
(i) From banks	5,21,057	3,37,551
(ii) From others	46,79,619	31,58,781
II Savings bank deposits	5,09,37,568	1,85,85,796
III Term deposits		
(i) From banks	4,31,96,331	3,53,92,165
(ii) From others	6,45,85,142	5,04,09,762
TOTAL	16,39,19,717	10,78,84,055
B I Deposits of branches in India	16,39,19,717	10,78,84,055
II Deposits of branches outside India	-	-
TOTAL	16,39,19,717	10,78,84,055
SCHEDULE 4 - BORROWINGS		
I Borrowings in India		
(i) Reserve Bank of India	1,10,000	23,30,000
(ii) Other banks	-	5,00,000
(iii) Other institutions and agencies	3,93,43,200	4,63,18,736
(iv) Tier II Capital (Non Convertible Debentures)	22,00,000	22,00,000
(v) Bonds and Debentures (excluding subordinated debt)	-	-
TOTAL	4,16,53,200	5,13,48,736
II Borrowings outside India		
TOTAL	4,16,53,200	5,13,48,736
Secured borrowings included in above	62,500	26,90,936

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(All amounts in ₹000, unless otherwise specified)

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 5 - OTHER LIABILITIES AND PROVISIONS		
I Bills payable	13,10,777	5,14,721
II Interest accrued	13,83,492	12,86,979
III Income Tax Payable (Net of tax paid in Advance)	63,492	-
IV Others (including provisions)*	48,58,157	44,79,488
TOTAL	76,15,918	62,81,188

*Includes:-

Provision for standard assets (including Provision for restructured standard assets) ₹831,210 (March 31, 2020: ₹4,60,955)

General provision of ₹Nil (March 31, 2020: ₹9,96,300) made by Bank in respect of accounts in default but standard against the potential impact of COVID-19. Also Refer Schedule 18.5.2 and Schedule 17.3.0.

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 6 - CASH AND BALANCES WITH RESERVE BANK OF INDIA		
I Cash in hand	9,74,205	13,84,895
II Balances with Reserve Bank of India:		
(a) In current accounts	41,73,875	24,23,742
(b) In other accounts	-	-
TOTAL	51,48,080	38,08,637

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 7 - BALANCES WITH BANKS AND MONEY AT CALL AND SHORT NOTICE		
I In India		
(i) Balances with banks:		
(a) In current accounts	7,89,044	7,06,212
(b) In other deposit accounts (Refer Note below)	-	53,576
(ii) Money at call and short notice:		
(a) With banks	-	-
(b) With other institutions	-	-
(c) Lending under Reverse Repo	2,78,50,000	2,08,00,000
TOTAL	2,86,39,044	2,15,59,788

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	As at 31-Mar-21	As at 31-Mar-20
II Outside India		
(i) In current accounts	-	-
(ii) In deposit accounts	-	-
(iii) Money at call and short notice	-	-
TOTAL	2,86,39,044	2,15,59,788
TOTAL	-	18,276
Note: Comprises deposits under lien	-	18,276
Deposits with original maturity of more than three months	-	53,576

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 8 - INVESTMENTS		
I Investments in India in (Net of provision)		
(i) Government securities	3,63,07,153	2,29,23,062
(ii) Other Approved securities	-	-
(iii) Shares	2,000	2,000
(iv) Debentures and Bonds	7,42,508	5,00,000
(v) Subsidiaries and / or Joint Ventures	-	-
(vi) Others	-	-
	3,70,51,661	2,34,25,062
Gross Investments	3,70,51,661	2,34,25,062
Less: Depreciation	-	-
Net Investments	3,70,51,661	2,34,25,062
II Investments outside India	-	-
TOTAL	3,70,51,661	2,34,25,062

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 9 - ADVANCES (Net of provision)		
A (i) Bills purchased and discounted	10,87,819	-
(ii) Cash credits, overdrafts and loans repayable on demand	77,87,063	57,88,572
(iii) Term loans	15,96,04,585	13,14,93,843
TOTAL	16,84,79,467	13,72,82,415

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	As at 31-Mar-21	As at 31-Mar-20
B (i) Secured by tangible assets	13,65,65,486	10,40,02,882
(ii) Covered by bank / government guarantees	-	-
(iii) Unsecured	3,19,13,981	3,32,79,533
TOTAL	16,84,79,467	13,72,82,415
C I Advances in India		
(i) Priority sector*	9,97,42,193	9,45,32,486
(ii) Public sector	-	-
(iii) Banks	93,192	39
(iv) Others	6,86,44,082	4,27,49,890
Total Advances in India	16,84,79,467	13,72,82,415
II Advances outside India		
(i) Due from banks	-	-
(ii) Due from others	-	-
(a) Bills purchased and discounted	-	-
(b) Syndicated loans	-	-
(c) Others	-	-
Total Advances Outside India	-	-
TOTAL	16,84,79,467	13,72,82,415

*Priority sector includes ₹4,800.00 crores (previous year: ₹2,000.00 crores), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 10 - FIXED ASSETS		
A Premises		
Cost		
As at beginning of the year	11,99,039	11,31,934
Additions during the year	58,537	69,028
Deductions during the year	(1,936)	(1,923)
Depreciation	12,55,640	11,99,039
As at beginning of the year	5,02,436	3,61,398
Additions during the year	1,39,868	1,42,961
Deductions during the year	(1,936)	(1,923)
Depreciation to date	6,40,368	5,02,436
Net block	6,15,272	6,96,603

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	As at 31-Mar-21	As at 31-Mar-20
B Other fixed assets (including furniture and fixtures)		
Cost		
As at beginning of the year	43,04,506	37,39,455
Additions during the year	4,55,188	6,68,195
Deductions during the year	(93,523)	(1,03,144)
	46,66,171	43,04,506
Depreciation		
As at beginning of the year	28,96,141	21,52,860
Additions during the year	6,24,464	8,21,584
Deductions during the year	(80,833)	(78,303)
Depreciation to date	34,39,772	28,96,141
Net block	12,26,399	14,08,365
C Capital work-in-progress		
TOTAL	8,829	22,726
	18,50,500	21,27,694

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 11 - OTHER ASSETS		
I Interest accrued	22,73,309	23,06,382
II Tax paid in advance (Net of provision for tax)	-	66,790
III Deferred tax asset	15,32,185	11,33,373
IV Stamps	828	125
V Others*	21,77,172	12,45,202
TOTAL	59,83,494	47,51,872

*During the current Financial year 2020-21 ₹Nil and during previous Financial Year 2019-20, includes expenses amounting to ₹8.68 crores relating to listing of shares under Initial Public Offer ("IPO"). These expenses have been adjusted against the Securities Premium Reserve on completion of the IPO in accordance with the provisions of Companies Act 2013 and the Banking Regulation Act 1949.

	As at 31-Mar-21	As at 31-Mar-20
SCHEDULE 12 - CONTINGENT LIABILITIES		
I Claims against the bank not acknowledged as debts		
(a) Service tax	12,545	12,545
(b) Others	20,152	17,151
II Guarantees given on behalf of constituents		
In India	92,364	2,40,098
Total	1,25,061	2,69,794

Also Refer Note 20 in Schedule 18.

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SCHEDULES TO PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2021

(All amounts in ₹000, unless otherwise specified)

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 13 - INTEREST EARNED		
I Interest on advances	2,90,08,290	2,42,00,067
II Income from investments	21,93,847	15,76,517
III Interest on balance with RBI and other inter-bank funds	7,41,995	6,77,855
IV Others	-	-
Total	3,19,44,132	2,64,54,439

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 14 - OTHER INCOME		
I Commission, exchange and brokerage	2,51,909	2,10,407
II Profit / (loss) on sale of investments (net)	4,47,043	33,774
III Profit / (loss) on sale of Fixed assets (net)	372	(2,597)
IV Miscellaneous income*	34,81,223	25,81,932
Total	41,80,547	28,23,516

*Includes ₹61.99 crores (Previous year ₹22.34 crores) of income from sale of PSL Certificates.

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 15 - INTEREST EXPENDED		
I Interest on deposits	96,96,676	73,81,185
II Interest on RBI / inter-bank borrowings	1,34,630	2,73,279
III Other interest	41,33,223	38,46,917
Total	1,39,64,529	1,15,01,381

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SCHEDULES TO PROFIT AND LOSS ACCOUNT

for the year ended March 31, 2021

(All amounts in ₹000, unless otherwise specified)

	Year ended 31-Mar-21	Year ended 31-Mar-20
SCHEDULE 16 - OPERATING EXPENSES		
I Payments to and provisions for employees	79,14,496	70,97,890
II Rent, taxes and lighting	10,42,610	9,80,924
III Printing and stationery	77,468	1,03,331
IV Advertisement and publicity	1,24,440	1,81,934
V Depreciation	7,64,332	9,64,545
VI Directors' fees, allowances and expenses	26,351	19,370
VII Auditors' fees and expenses [#]	7,270	9,647
VIII Law Charges	2,14,679	2,35,475
IX Postage, telegram, telephone etc.	1,94,303	2,11,112
X Repairs and maintenance	2,19,138	2,15,596
XI Insurance	1,17,105	82,486
XII Commission and Brokerage	1,59,433	1,82,021
XIII Information Technology Expenses	5,48,547	4,75,242
XIV Travel & Conveyance	3,53,282	4,83,659
XV Bank and Other finance charges	5,26,757	58,616
XVI Cash handling charges	1,18,104	77,337
XVII CSR contributions	1,57,300	1,32,700
XVIII Other expenditure	7,28,671	2,88,901
Total	1,32,94,286	1,18,00,786

*excluding ₹0.68 crores (previous year ₹1.58 crores which have been recorded under other assets) paid for services in relation to listing of shares under Initial Public offer (IPO), have been adjusted from Securities premium Account. Also refer Schedule 11 and note thereunder.

Schedule 17 – Significant accounting policies forming part of the financial statements

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Corporate information

1(a). Background

Equitas Small Finance Bank Limited (CIN: U65191TN1993PLC025280) ("ESFBL" or the "Bank", or the "Company") was incorporated in 1993 as V.A.P Finance Private Limited later renamed as Equitas Finance Private Limited in August 2011. In 2011, Equitas Holdings Limited acquired the Company. The Company's name was subsequently changed to Equitas Finance Limited in September 2015 consequent to it becoming a Public Limited Company. Pursuant to a scheme of amalgamation approved by the Hon'ble High Court of Judicature at Madras (the "Scheme"), and upon fulfilment of all conditions specified under the said Scheme, Equitas Micro Finance Limited and Equitas Housing Finance Limited amalgamated with the Company, and the Company was renamed Equitas Small Finance Bank Limited ("ESFBL"). Consequent to the above amalgamation the microfinance and housing finance businesses of the erstwhile EMFL and EHFL were transferred to the Company effective September 2, 2016. ESFBL commenced its banking operations after the receipt of final banking license from the Reserve Bank of India on September 5, 2016.

The Bank is engaged in retail banking business with focus on micro-finance, commercial vehicle finance, home finance, loan against-property finance, corporate finance, and providing financing solutions for individuals and micro and small enterprises (MSEs) that are underserved by formal financing channels while providing a comprehensive banking and digital platform for all.

2. Basis of Preparation

The Financial Statements have been prepared and presented under the historical cost convention and on accrual basis of accounting in accordance with provisions of accounting standards as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank, and other accounting principles generally accepted in India as applicable to banking companies and the applicable requirements of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by Reserve Bank of India from time to time. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the most recent financial year.

2.1 As part of small finance bank licensing guidelines, Reserve Bank of India (RBI) has mandated listing of shares of the Bank within 3 years from the date of commencement of operations (i.e., from 5th September 2016). In the absence of Securities Exchange Board of India's ("SEBI") approval to a scheme of arrangement, which would have resulted in the listing of the Bank's shares, and the consequent non-compliance with the relevant listing condition, RBI vide its letter dated September 06, 2019 had imposed regulatory action on the Bank, by way of restriction on opening of new branches and on the remuneration of the MD & CEO of the Bank, till further advice. (However, in December 2019, the Bank obtained specific approval of the RBI for opening 240 banking outlets).

During year ended March 31, 2021, the Bank successfully completed Initial Public Offer (IPO) of its shares comprising issue of 8,48,48,484 equity shares of ₹10/- each at premium of ₹23 per share,

thereby raising ₹280 crores and an offer for sale of 7,20,00,000 equity shares @ ₹33 per share, by the Equitas Holdings Limited. The equity shares of the Bank got listed on November 2, 2020 on National stock exchange (NSE) and BSE Ltd thereby complying with the licensing condition of listing the shares of the Bank. Subsequently, RBI lifted the previously mentioned restrictions vide its letter dated November 9, 2020.

2.2. The COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict nation-wide lockdown in India in March 2020 to contain the spread of the virus. Subsequently, while the national lockdown was lifted, regional lockdowns continued in many parts of the country with significant number of COVID-19 infections.

This lockdown coupled with change in customer behaviours and pandemic scare has led to significant disruptions and dislocations for individuals and businesses, with consequential impact on regular banking 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 Bank's operations, and financial metrics (including impact on provisioning on advances) is uncertain as on date and will depend on future developments, including new information on severity of the new and evolving virus variants, government and regulatory guidelines, which are uncertain and incapable of estimation at this time.

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3. Significant accounting policies

3.0 Accounting impact on account of COVID-19 pandemic and related regulatory guidelines

a. In terms of the COVID-19 Regulatory Package of the RBI, vide guidelines dated March 27, 2020, April 17, 2020, and May 23, 2020 the Bank has granted a moratorium of six months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers, in accordance with the policies approved by the Bank's Board. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Assets Classification and Provisioning ("IRAC") norms .The Bank held a provision of ₹170.63 crores as on September 30, 2020 against the likely impact of COVID-19, including the RBI mandated provision. During the year ended March 31, 2021 the bank has adjusted ₹170.63 crores against the actual provisioning requirements for slippages from the loan accounts.

b. As regards interest income during the moratorium period, the Bank continues to recognise interest on the loans outstanding as at February 29, 2020, on loans to borrowers to whom moratorium benefit has been extended in accordance with COVID-19 Regulatory Package issued by RBI, which are collected based on revised repayment schedules.

(Also Please refer 18.5.4 and 18.5.5 Notes to Accounts)

3.1. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses for the reporting period. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

3.2. Investments

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into three categories (hereinafter called "categories") as below:

- i) Held to Maturity ("HTM") – Securities acquired with the intention to hold till maturity
- ii) Held for Trading ("HFT") – Securities acquired with the intention to trade
- iii) Available for Sale ("AFS") – Securities which do not fall within the above two categories

Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. Under each of these categories, investments are further classified under six groups (hereinafter called "groups") – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments.

Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of classification:

Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments in the equity of subsidiaries / joint ventures are categorised as HTM in accordance with the RBI guidelines. Investments which are not classified in the above categories are classified under AFS category.

Acquisition cost:

The cost of investment is determined on weighted average cost basis. Broken period interest on debt instruments is treated as a revenue item. The transaction cost, including brokerage, commission etc., paid at the time of acquisition of investments are charged to revenue in accordance with the requirements of valuation norms prescribed by RBI.

Transfer between categories

Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation:

Investments classified under AFS and HFT categories are 'marked to market' as per the RBI guidelines. The securities are valued scrip wise and depreciation /

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appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Investments classified under HTM category are carried at their acquisition cost or at amortised cost, if acquired at a premium over face value. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight-line basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in subsidiaries / joint ventures, if any, is provided for.

Quoted Investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices periodically declared by Financial Benchmark India Pvt. Ltd. [FBIL], based on relevant RBI circular.

The market value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is valued as per rates published by FBIL.

The valuation of other unquoted fixed income securities (viz., state government securities, other approved securities, bonds and debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FBIL.

In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by FBIL and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FBIL is adopted for this purpose.

Unquoted equity shares are valued at the break-up value if the latest balance sheet is available, or at ₹1, as per the RBI guidelines.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost.

Security receipts, if any, are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the aforesaid six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in the six groups is not recognised except to the extent of depreciation already provided. The book value of individual securities is not changed after the valuation of investments.

Non-performing investments are identified and depreciation / provision is made thereon based on

the RBI guidelines. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

In accordance with RBI Circular, Repurchase (Repo) and Reverse Repurchase (Reverse Repo) transactions (including transactions under Liquid Adjustment Facility [LAF] and Marginal Standing Facility [MSF]) with RBI are accounted for as borrowings and lending, as the case may be. Accordingly, amounts outstanding in Repo and Reverse Repo account as at the Balance Sheet date is shown as part of Borrowings and Money at Call and at Short Notice respectively and the accrued expenditure and income till the Balance Sheet date is recognised in the Profit and Loss account.

Disposal of investments:

Profit / Loss on sale of investments under AFS and HFT categories are recognised in the Profit and Loss Account.

Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines.

In the event, provisions created on account of depreciation in the AFS or HFT categories are found to be in excess of the required amount in any year, the excess is credited to the Profit and Loss account and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such excess provisions) is appropriated to an Investment Reserve Account (IRA).

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With a view to building up of adequate reserves to protect against increase in yields in future, in accordance with extant RBI circular, an amount not less than the net profit on sale of investments during the year or net profit for the year less mandatory appropriations is created as Investment Fluctuation Reserve (IFR) until the bank achieve a reserve balance of 2% of the HFT and AFS portfolio.

3.3. Advances

Classification:

Advances are classified as Performing Assets (Standard) and Non-performing Assets (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

The Advances are stated net of specific provisions made towards NPAs, unrealised interest on NPAs, bills rediscounted, if any etc. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

The bank transfers advances through interbank participation with and without risk, which are accounted for in accordance with the RBI guidelines, as follows. In the case of participation with risk, the aggregate amount of participation transferred out of the Bank is reduced from advances; and participations transferred in to the Bank are classified under advances. In the case of participation without risk, the aggregate amount of participation issued by the Bank is classified under borrowings; and where the bank is participating in, the aggregate amount of participation is shown as due from banks under advances.

Provisioning:

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time - direct advances to sectors agricultural and SME at 0.25%, commercial real estate at 1.00%, restructured standard advances progressively to reach 5.00%, commercial real estate-residential housing at 0.75% and for other sectors at 0.40%.

Provision for non-performing advances comprising Sub-standard, Doubtful and Loss Assets is made at a minimum in accordance with the RBI guidelines. In addition, specific loan loss provisions in respect of non-performing assets are made based on management's assessment and estimates of the degree of impairment of advances, based on past experience, evaluation of security and other related factors; the nature of product and delinquency levels. Loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies. Advances are disclosed, net of provisions in the Balance Sheet (Also refer Note 18.11.1).

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as Floating Provision. Creation of Floating Provision is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, Floating Provisions are utilised up to a level approved by the Board with prior permission of RBI, only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts.

The Bank considers restructured account, if any, as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, amongst others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of the asset is made. Restructuring of an account, if any, is done at a borrower level.

Non-performing advances are written-off in accordance with the Bank's policies. Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under 'Other Income'.

Recording and Presentation

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in the financial statements, provision created is netted against gross amount of advance. Provision held against an individual account is adjusted against account balance at individual level only at the time of write-off / settlement of the account.

Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

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3.4. Securitisation transactions and direct assignments and transfer of assets

The Bank transfers its loan receivables both through Direct Assignment route as well as transfers to Special Purpose Vehicles (SPV).

The securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognized as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains / losses are recognized only if the Bank surrenders the rights to the benefits specified in the loan contracts.

In terms of RBI guidelines, profit / premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognized in the Profit and Loss Account in the period in which the sale occurs.

3.5. Fixed Assets (Property, Plant and Equipment (PPE) and depreciation)

Property, Plant and Equipment, capital work in progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities, if any.

Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the

cost of replacing part of the plant and equipment. When significant parts of the plant and equipment are required to be replaced at intervals, the Bank depreciates them separately based on its specific useful lives. Assets under development as at balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

Depreciation on PPE has been provided on the straight-line method as per the useful life prescribed in Schedule II to the 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 Bank	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
Automated Teller Machines (ATMs)	7 Years	15 Years
Modems, Routers, switches, servers, network and related IT equipment	5 Years	6 Years

- Leasehold improvements are depreciated over the primary lease period or over the remaining useful life of the asset, whichever is lower.

- 'Point of Sale' terminals are fully depreciated in the year of purchase.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the Balance Sheet date and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Profit and Loss Account when the asset is derecognized.

PPE held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the Profit and Loss Account.

3.6. Intangible Assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

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Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 5 years or license period, whichever is lower.

The amortization period and the amortization method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Profit and Loss Account when the asset is derecognized.

3.7. Impairment of Assets

The carrying values of assets / cash generating units at the Balance Sheet date are reviewed for impairment, if any indication of impairment exists. If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Profit and Loss Account, unless the asset is carried at revalued

amount, in which case, any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Profit and Loss Account, to the extent the amount was previously charged to the Profit and Loss Account.

3.8. Transactions involving foreign exchange

Initial recognition

Transactions in foreign currencies entered into by the Bank 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 Bank, 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 Bank 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 Bank are recognised as income or expense in the Profit and Loss Account.

3.9. Revenue Recognition

Interest Income on loans, advances and investments (including deposits with banks and other institutions) are recognised on accrual basis. Income on Non-performing Assets is recognized upon realisation as per RBI norms.

Fee and Commission income are recognised as income when due, except in cases where the Bank is uncertain of its ultimate collection.

Bank Guarantee commission and commission on letter of credit, and locker rent are recognised on a straight-line basis over the period of contract. Interest Income on deposits / investments is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Income on discounted instruments is recognised over the tenor of the instruments on a straight line basis.

Dividend income, if any, is accounted for, when the right to receive the same is established.

In accordance with the RBI guidelines on Securitisation Transactions, gains arising from assignment / securitisation are amortised over the life of the underlying portfolio loans. In case of any

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loss, the same is recognised in the Profit and Loss Account immediately.

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the Profit and Loss Account.

3.10.Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Bank's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made when the services are rendered by the employees.

Defined Benefits Plan

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Profit and Loss Account in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested while otherwise, it is amortised on a straight-line basis over the average period until the benefits become vested. 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.

Short term Employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long term Employee benefits

The Bank accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Banks' obligation is determined using the Projected Unit Credit Method as at the Balance Sheet date. Actuarial gains / losses are recognised in the Profit and Loss Account in the year in which they arise.

Employee Stock Compensation Cost

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. The Bank measures compensation cost relating to the employee stock options using the intrinsic value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

3.11.Lesales

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the lease term.

3.12.Accounting of Priority Sector Lending Certificate (PSLC)

The Bank enters into transactions for the sale or purchase of Priority Sector Lending Certificates (PSLCs). In the case of a sale transaction, the Bank sells the fulfilment of priority sector obligation and in the case of a purchase transaction the Bank buys the fulfilment of priority sector obligation through the RBI trading platform. There is no transfer of risks or loan assets. The fee received for the sale of PSLCs is recorded as Other Income and the fee paid for purchase of the PSLCs is recorded as other Expenditure in Profit and Loss Account. These are amortised over the period of the Certificate.

3.13.Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the

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provisions of the Income Tax Act, 1961 and other applicable Income tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Bank has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realizability (Also refer Note 18.11.1.a.(i)).

At each reporting date, the Bank re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

3.14. Earnings per Share

Basic earnings per share is computed by dividing the profit after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

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.

3.15. Proposed Dividend

Proposed dividend after the balance sheet date is accrued in the books of the Bank in the year in which the dividend is declared / approved.

3.16. Segment reporting

The disclosure relating to segment information is in accordance with the guidelines issued by RBI. In accordance with guidelines issued by RBI, the bank has adopted segment reporting as under:

Treasury includes all investment portfolios, Profit/Loss on sale of investments, PSLC Fee, Profit/Loss on foreign exchange transaction, equities, income from derivatives and money market operations. The expenses of this segment consist of interest expenses on funds borrowed from external sources as well as internal sources and depreciation/amortisation of premium on HTM category investments.

Corporate / Wholesale Banking includes all advances to trusts, partnership firms, companies and statutory bodies, which are not included under 'Retail Banking'.

Retail Banking includes lending to and deposits, from retail customers and identified earnings and expenses of the segment.

Other Banking Operations includes all other operations not covered under Treasury, Corporate / Wholesale Banking and Retail Banking.

Unallocated includes Capital and reserves and other un-allocable assets, liabilities, income and expenditure.

Geographic segment

The Bank operations are predominantly confirmed within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

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3.17. Provisions and Contingencies

A provision is recognized when the Bank has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Bank or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises

in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Bank does not recognize a contingent liability but discloses its existence in the financial statements.

3.18. Cash and Cash Equivalents

Cash and cash equivalents comprises of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice. Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less.

3.19. Short sale transactions

In respect of the short sale transactions in Central Government dated securities, the short position is covered by outright purchase of an equivalent amount of the same security within a maximum period of three months including the day of trade.

The short position is reflected as the amount received on sale in a separate account and is classified under 'Other Liabilities'. The short position is marked to market and loss, if any, is charged to the Profit and Loss account, while gain, if any, is not recognised. Profit or loss on settlement of the short position is recognised in the Profit and Loss account.

3.20. Reward Points

The Bank runs a loyalty program, which seeks to recognize and reward customers based on their relationship with the Bank. Under the program, eligible customers are granted loyalty points redeemable in future, subject to certain conditions. The Bank estimates the probable redemption of such loyalty/reward points using an actuarial method at the Balance Sheet date by employing an independent actuary. Provision for the said reward points is then made based on the actuarial valuation report as furnished by the said independent actuary.

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SCHEDULE 18 - Notes forming part of the financial statements

for the year ended March 31, 2021

(All amounts in ₹ crores, unless otherwise specified)

1 Capital adequacy

The Capital Adequacy Ratio [“CRAR”] of the Bank, calculated as per the Standardised approach for Credit Risk under Basel II regulation is set out below. Market Risk and Operational Risk are not considered for computation of Risk Weighted Assets in the current year as per Guidelines applicable for Small Finance Banks.

S. No Particulars	As at 31-Mar-21	As at 31-Mar-20
1 Common Equity Tier 1 capital ratio (as a percentage of Credit RWA)	23.23%	22.44%
2 Tier 1 capital ratio (as a percentage of Credit RWA)	23.23%	22.44%
3 Tier 2 capital ratio (as a percentage of Credit RWA)	0.95%	1.17%
4 Total Capital Ratio (CRAR)	24.18%	23.61%
5 Amount of equity capital raised (at Face Value @ ₹10 each)*	85.88	47.46
6 Amount of Additional Tier 1 capital raised; of which Perpetual Non Cumulative Preference Shares (“PNCPS”): Perpetual Debt Instruments (“PDI”):	-	-
7 Amount of Tier 2 capital raised; of which Debt capital instruments: Preference Share Capital Instruments: [Perpetual Cumulative Preference Shares (“PCPS”) / Redeemable Non Cumulative Preference Shares (“RNCPS”) / Redeemable Cumulative Preference Shares (“RCPS”)]	-	-

*During year ended March 31, 2021, the Bank successfully completed Initial Public Offer (IPO) of its shares comprising issue of 8,48,48,484 equity shares of ₹10 each at premium of ₹23 per share, thereby raising ₹280 crores and an offer for sale of 7,20,00,000 equity shares @ ₹33 per share, by the Equitas Holdings Limited. The equity shares of the Bank got listed on November 2, 2020 on National Stock Exchange (NSE) and BSE Ltd, thereby complying with the licensing condition of listing the shares of the Bank.

The Bank, during the year ended March 31, 2021, has allotted 10,28,164 equity shares of ₹10 each, fully paid up, on exercise of options by its employees and employees of the Holding company (Equitas Holdings Limited) in accordance with the Banks's Employee Stock Option Scheme.

*The Bank issued 47,458,239 equity shares of face value of ₹10 each on preferential basis at a premium of ₹42.68 each for total cash consideration of ₹250.01 crores on December 11, 2019.

2 Business Ratio

S. No Ratio	As at 31-Mar-21	As at 31-Mar-20
(i) Interest Income as a percentage to Working Funds*	13.70%	15.02%
(ii) Non interest income as a percentage to Working Funds*	1.79%	1.60%
(iii) Operating Profit as a percentage to Working Funds^*	3.80%	3.39%
(iv) Return on Assets ^*	1.65%	1.38%
(v) Business (deposits plus advances) per employee # & (₹in crores)	1.80	1.35
(vi) Profit per employee & (₹in crores)	0.024	0.016

*Working funds represents average of total assets as reported to the RBI in Form X under Section 27 of the Banking Regulation Act, 1949.

^Return represents net profit for the year. Return on assets is computed with reference to average working funds (i.e. total of assets excluding accumulated losses, if any).

#Business is the total of net advances and deposits (net of inter-bank deposits)

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& Productivity ratios are based on average employee numbers, which excludes contract staff, intern etc.

^ Operating profit is profit for the year before provisions and contingencies.

3 Investments**3.1 Category-wise details of Investments (Net of provision for depreciation):**

S. No Particulars	As at 31-Mar-2021			As at March 31, 2020		
	HTM	AFS	HFT	HTM	AFS	HFT
i) Government securities	3,046.42	584.30	-	1,782.86	504.50	4.95
ii) Other approved securities	-	-	-	-	-	-
iii) Shares	-	0.20	-	-	0.20	-
iv) Debentures and bonds	-	74.25	-	-	50.00	-
v) Subsidiaries and/ or Joint Ventures	-	-	-	-	-	-
vi) Other Deposits under RIDF scheme with NABARD, Security Receipts/Pass through Certificates, investments in Mutual funds, Commercial papers, etc.,	-	-	-	-	-	-
Total	3,046.42	658.75	-	1,782.86	554.70	4.95

3.2 Details of investments

S.No Particulars	As at 31-Mar-21	As at 31-Mar-20
1 (1) Value of Investments		
(i) Gross Value of Investments		
(a) In India	3,705.17	2,342.51
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	3,705.17	2,342.51
(b) Outside India	-	-
2 (2) Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	108.02	6.46
(iii) Less: Write off / write back of excess provisions during the year	108.02	6.46
(iv) Closing balance	-	-

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Sl.no	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31-Mar -2021*
1	Securities sold under repo	-	725.61	242.93	11.00
	i. Government securities	-	-	-	-
	ii. Corporate debt securities	-	-	-	-
2	Securities purchased under reverse repo	500.00	4,250.00	2,144.96	2,785.00
	i. Government securities	-	-	-	-
	ii. Corporate debt securities	-	-	-	-

*Repo and Reverse Repo Transactions (including LAF) are disclosed above in Face Value terms.

As at 31-Mar-20

Sl.no	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on 31-Mar -2020*
1	Securities sold under repo	-	750.40	131.64	233.00
	i. Government securities	-	-	-	-
	ii. Corporate debt securities	-	-	-	-
2	Securities purchased under reverse repo	300.00	2,600.14	1,244.40	2,080.00
	i. Government securities	-	-	-	-
	ii. Corporate debt securities	-	-	-	-

*Repo and Reverse Repo Transactions (including LAF) are disclosed above in Face Value terms.

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S.No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	2	3	4	5	6	7
1	PSUs	-	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	-	-	-	-	-
4	Private Corporates	74.45	25.20	-	0.20	0.20
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provision held towards depreciation	-	-	-	-	-
Total		74.45	25.20	-	0.20	0.20

Note: Amounts reported under columns 4, 5 6 and 7 are not mutually exclusive.

b) Issuer composition of Non SLR investments As at 31-Mar-20:

S.No	Issuer	Amount	Extent of Private Placement	Extent of 'Below Investment Grade' Securities	Extent of 'Unrated' Securities	Extent of 'Unlisted' Securities
1	2	3	4	5	6	7
1	PSUs	-	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	-	-	-	-	-
4	Private Corporates	50.20	50.20	-	0.20	0.20
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others	-	-	-	-	-
7	Provision held towards depreciation	-	-	-	-	-
Total		50.20	50.20	-	0.20	0.20

Note: Amounts reported under columns 4, 5 6 and 7 are not mutually exclusive.

3.5 Non performing Non-SLR investments

The Bank does not have any non performing non SLR investments in the Current year and in the Previous year.

3.6 Sale and transfer of securities to / from HTM category

During the year, the Bank had sold SLR securities from HTM category through direct selling in secondary market (Book Value - ₹681.33 Crores), OMOs conducted by RBI and re-purchase of government securities by GOI (Book Value - ₹1,144.70 Crores). As on 31 March 2021, Market value of the investments held in the HTM category is ₹3,042.37 crores and the excess of book value over market value is ₹4.05 crores.

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The Bank had availed option provided by RBI vide press release dated 06-Nov-20 on repayment of Targeted Long Term Repo Operations borrowings. Consequently, associated Non-SLR securities (invested out of funds borrowed in TLTRO) of Book Value ₹123.59 crores were shifted from HTM to AFS category in conformity with RBI guidelines.

The Bank has not sold or transferred any security to/from HTM category in the Previous year 2019-20.

4 Derivatives/ Exchange traded interest derivatives/ Risk exposures in derivatives

The Bank has not entered into any derivative instruments for trading / speculative purposes either in Foreign Exchange or domestic treasury operations. The Bank does not have any Forward Rate Agreement or Interest rate swaps.

5 Asset Quality**5.1 Non-Performing Assets**

S.no	Particulars	As at 31-Mar-21	As at 31-Mar-20
(i)	Net NPAs to Net Advances (%)	1.58%	1.67%
(ii)	Movement of NPAs (Gross)		
(a)	Opening balance	417.32	295.71
(b)	Additions during the year	589.37	409.30
(c)	Reductions during the year	363.91	287.69
(d)	Closing balance	642.78	417.32
(iii)	Movement of Net NPAs		
(a)	Opening balance	228.62	167.42
(b)	Additions during the year	147.36	251.00
(c)	Reductions during the year	109.81	189.80
(d)	Closing balance	266.17	228.62
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
(a)	Opening balance	169.70	109.29
(b)	Additions during the year	442.01	158.30
(c)	Reductions during the year	254.10	97.89
(d)	Closing balance	357.61	169.70

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Particulars	As at 31-Mar-21	As at 31-Mar-20
Gross NPAs as at April 1	417.32	295.71
Additions during the year	589.37	409.30
Subtotal - (A)	1,006.69	705.01
Less:		
(i) Upgradations	38.02	101.19
(ii) Recoveries (excluding recoveries made from upgraded accounts)	81.16	114.99
(iii) Technical or Prudential write offs	191.85	17.27
(iv) Write offs other than those under (iii) above	52.88	54.24
Subtotal - (B)	363.91	287.69
Gross NPAs as at March 31	642.78	417.32

5.1.2 Movement in technical/prudential written off accounts is set out below:

Particulars	As at 31-Mar-21	As at 31-Mar-20
Opening balance of Technical / Prudential written off accounts as at April 1	184.35	169.23
Add: Technical / Prudential write offs during the year	191.85	17.27
Subtotal - (A)	376.20	186.50
Less: Recoveries made from previously technical / prudential written off accounts during the year - (B)	1.65	2.15
Less: Actual writeoff during the year - (C)	-	-
Closing balance as at March 31 (A-B-C)	374.55	184.35

5.1.3 Overseas assets, NPAs and revenue

The Bank does not have any overseas branches and hence the disclosure regarding overseas assets, NPAs and revenue is not applicable (Previous Year: Nil).

5.1.4 Off Balance Sheet SPVs sponsored

There are no Off-Balance Sheet SPVs sponsored by the Bank, which need to be consolidated as per accounting norms.

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Disclosure as per RBI Circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 on COVID-19 Regulatory Package - Asset Classification and Provisioning (COVID circular)

Particulars	As at 31-Mar-21	As at 31-Mar-20
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the COVID circular	996.30	996.30
Respective amount where asset classification benefits is extended in respect of such accounts	9,403.60	29.78
Provisions made during the Q4FY2020, Q1FY2021 and Q2FY2021 in terms of paragraph 5 of the COVID circular	170.63	99.63
Provisions adjusted against slippages during the year in terms of paragraph 6 of the covid circular	170.63	Nil
Residual provisions in terms of paragraph 6 of the COVID circular	Nil	99.63

5.3.1 Details of Loans Restructured under Resolution Framework for COVID-19-related Stress

Disclosure as per RBI Circular RBI/2019-20/220 DOR.No.BP.BC/3/21.04.048/2020-21 dated August 6, 2020 -Resolution Framework for COVID-19-related Stress.

Type of Borrower	A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons* of which, MSMEs	-	-	-	-	-
Others	8224	434.33	-	2.88	25.33
Total	8,224	434.33	-	2.88	25.33

*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

5.3.2 Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances

The Bank has restructured the accounts as per the RBI Circular DBR.No.BP.BC.100/21.04.048/2017-18,DBR.No.BP.BC.108/21.04.048/2017-18 dated June 6, 2018, DBR.No.BP.BC.18/21.04.048/2018-19 dated January 1, DOR.No.BP.BC.34/21.04.048/2019-20 February 11, 2020 and DOR.No.BP.BC/4/21.04.048/2020-21 August 6, 2020.

Particulars	FY 2020-21	FY 2019-20
No. of accounts Restructured	5,663	Nil
Amount	361.46	Nil

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5.4 The Honourable Supreme Court of India (Hon'ble SC), in a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 ("Interim Order"), had directed banks that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Accordingly, the Bank did not classify any account which was not NPA as of August 31, 2020 as per the RBI IRAC norms, as NPA after August 31, 2020.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial Manufacturers Association vs. UOI & Ors. and other connected matters. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Bank has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms with effect from September 01, 2020.

5.5 Department of Financial Services, Ministry of Finance, Government of India vide notification no. F.No.2/12/2020-BOA.I dated October 23, 2020 conveyed that in view of the unprecedented and extreme COVID-19 situation, the Central Government has approved "Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to

borrowers in specified loan accounts, (March 01, 2020 – August 31, 2020)". The benefits under the Scheme routed through lending institutions (as defined in the notification). The Management of the Bank has put in place a process note in line with the operational guidelines and pronouncements issued in this regard and conducted the aforesaid exercise of crediting the benefit in the respective accounts of eligible borrowers and filed the claim with the Government of India within the prescribed timeline. The effect of the Notification and the resultant credits to the loan accounts of eligible borrowers has been made in these financial statements.

In accordance with the instructions in the aforesaid circular dated April 07, 2021, the Bank is required to refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such 'interest on interest' has been finalised by the Indian Banks Association (IBA) vide letter CE/IBA/2021 dated April 21, 2021 in consultation with other industry participants / bodies vide letter CE/IBA/2021 dated April 21, 2021. The Bank has calculated the said amount of ₹0.89 crores and recognised a charge in Profit and Loss account for the year ended March 31, 2021.

5.6 Divergence in the asset classification and provisioning

The Financial statement for the year ended March 31, 2021 have not been subjected to inspection by Reserve Bank of India as on the date of the financials and accordingly, the disclosure on divergence in Asset classification and provisioning as per RBI Circular: DBR.BP.BC.No. 63/21.04.018/2016-17 dated April 18, 2017 is not applicable.

5.7 (a) Details of financial assets purchased/sold

During the year, there was no sale of non-performing financial assets to Securitisation Company / Reconstruction Company for asset reconstruction (Previous year: Nil)

(b) Details of book value of investment in security receipts:

The Bank has not invested in security receipts during the Current year and in the Previous year.

5.8 Details of Non-performing assets purchased/sold

The Bank did not sell/buy non-performing assets during the year (Previous year: Nil). Assets repossessed / hypothecated to bank are not considered as non banking assets of the bank.

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Particulars	As at March 31, 2021	As at March 31, 2020
Provision towards standard assets	55.91	45.99
Provisions for restructured standard advances	27.21	0.11
Total	83.12	46.10

*Does not include general provision of ₹99.63 crores made by bank in respect of accounts in default but standard against the potential impact of COVID-19 as on March 31, 2020 and Nil as on March 31, 2021.

5.10 Disclosures on Change in Ownership of Projects Under Implementation

The Bank does not have any account which are currently under the scheme of Change in Ownership of Projects Under Implementation as on March 31, 2021, (Previous year: Nil).

5.11 Resolution of Stressed Assets – Revised Framework

The Bank does not have any stressed Assets (Revised Framework) as per RBI Circular RBI/2017 -131 DBR.No.BP.BC. 101/21.04.048/2017-18 and RBI/2018-19/203 DBR.No. BP.BC.45/21.04.048/2018-19 as on March 31, 2021 (Previous year: Nil).

5.12 Details of Loan Assets subjected to Restructuring as on 31-Mar-21

SI No	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
1	Restructured Accounts as on April 1,2020	No. of borrowers	-	-	-	-	-	-	-	-	-	2,679	118	85	-	2,882	2,679	118	85	-	2,882
		Amount outstanding	-	-	-	-	-	-	-	-	-	2.27	1.58	0.08	-	3.93	2.27	1.58	0.08	-	3.93
		Provision thereon	-	-	-	-	-	-	-	-	-	0.11	0.25	0.08	-	0.44	0.11	0.25	0.08	-	0.44
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	7,070	82	86	-	7,238	7,070	82	86	-	7,238
		Amount outstanding	-	-	-	-	-	-	-	-	-	443.78	10.64	0.24	-	454.66	443.78	10.64	0.24	-	454.66
		Provision thereon	-	-	-	-	-	-	-	-	-	27.17	1.70	0.24	-	29.11	27.17	1.70	0.24	-	29.11
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	607	(36)	(571)	-	-	607	(36)	(571)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	0.54	(0.02)	(0.52)	-	-	0.54	(0.02)	(0.52)	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	0.03	(0.00)	(0.52)	-	(0.50)	0.03	(0.00)	(0.52)	-	(0.50)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2019-20 and hence need not be shown as restructured standard advances at the beginning of the next FY 2020-21	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

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SI No	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Asset Classification	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss
5	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	(1,023)	331	692	-	-	(1,023.00)	331.00	692.00	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	(0.92)	(1.15)	2.07	-	-	(0.92)	(1.15)	2.07	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	(0.05)	(0.10)	0.93	0.78	0.78	(0.05)	(0.10)	0.93	-	0.78
6	Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	1,354	317	160	1,831	1,831	1,354	317	160.00	-	1,831
		Amount outstanding	-	-	-	-	-	-	-	-	-	1.92	0.33	0.35	2.60	2.60	1.92	0.33	0.35	-	2.60
		Provision thereon	-	-	-	-	-	-	-	-	-	0.06	0.08	0.17	0.31	0.31	0.06	0.08	0.17	-	0.31
7	Restructured Accounts as on March 31,2021	No. of borrowers	-	-	-	-	-	-	-	-	-	7,979	178	132	8,289	8,289	7,979	178	132	-	8,289
		Amount outstanding	-	-	-	-	-	-	-	-	-	443.75	10.72	1.51	455.98	455.98	443.75	10.72	1.51	-	455.98
		Provision thereon	-	-	-	-	-	-	-	-	-	27.21	1.76	0.55	29.52	29.52	27.21	1.76	0.55	-	29.52

*Write-off of restructured accounts includes ₹1.51 crores (1,210 Accounts and ₹0.09 crores Provision there on) recoveries in existing balances.

The figures under Sr. No. 2 includes ₹454.66 Crores of fresh/additional sanction (7,238 accounts and ₹29.11 Crores Provision there on).

5.13 Details of Loan Assets subjected to Restructuring as on 31-Mar-20

SI No	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Asset Classification	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss
1	Restructured Accounts as on April 1,2019	No. of borrowers	-	-	-	-	-	-	-	-	-	2,955	143	287	-	3,385	2,955	143	287	-	3,385
		Amount outstanding	-	-	-	-	-	-	-	-	-	5.15	0.06	0.18	-	5.38	5.15	0.06	0.18	-	5.38
		Provision thereon	-	-	-	-	-	-	-	-	-	0.26	0.01	0.18	-	0.45	0.26	0.01	0.18	-	0.45
2	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	223	4	6	233	233	223	4	6	-	233
		Amount outstanding	-	-	-	-	-	-	-	-	-	0.55	1.57	0.00	2.12	2.12	0.55	1.57	0.00	-	2.12
		Provision thereon	-	-	-	-	-	-	-	-	-	0.03	0.24	-	0.27	0.27	0.03	0.24	-	-	0.27
3	Upgradations to restructured standard category during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	360	(110)	(250)	-	-	360	(110)	(250)	-	-
		Amount outstanding	-	-	-	-	-	-	-	-	-	0.10	(0.03)	(0.08)	(0.01)	(0.01)	0.10	(0.03)	(0.08)	-	(0.01)
		Provision thereon	-	-	-	-	-	-	-	-	-	-	(0.01)	(0.08)	(0.09)	-	-	(0.01)	(0.08)	-	(0.09)
4	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY 2018-19 and hence need not be shown as restructured standard advances at the beginning of the next FY 2019-20	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
		Amount outstanding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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SI No	Type of Restructuring	Under CDR Mechanism					Under SME Debt Restructuring Mechanism					Others					Total				
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
5	Down gradations of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	-	(131)	85	46	-	-	(131.00)	85.00	46.00	-	-
6		Amount outstanding	-	-	-	-	-	-	-	-	-	(0.19)	0.13	0.06	-	-	(0.19)	0.13	0.06	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	(0.01)	0.03	0.06	0.08	0.08	(0.01)	0.03	0.06	-	0.08
		Write-offs of restructured accounts during the year	No. of borrowers	-	-	-	-	-	-	-	-	728	4	4	736	736	728	4	4.00	-	736
		Amount outstanding	-	-	-	-	-	-	-	-	-	3.34	0.14	0.08	3.57	3.57	3.34	0.14	0.08	-	3.57
		Provision thereon	-	-	-	-	-	-	-	-	-	0.17	0.03	0.08	0.28	0.28	0.17	0.03	0.08	-	0.28
7	Restructured Accounts as on March 31,2020	No. of borrowers	-	-	-	-	-	-	-	-	-	2,679	118	85	2,882	2,882	2,679	118	85	-	2,882
		Amount outstanding	-	-	-	-	-	-	-	-	-	2.27	1.58	0.08	3.93	3.93	2.27	1.58	0.08	-	3.93
		Provision thereon	-	-	-	-	-	-	-	-	-	0.11	0.25	0.08	0.44	0.44	0.11	0.25	0.08	-	0.44

*Write-off of restructured accounts includes recoveries in existing balances.

The figures under Sr. No. 2 includes ₹2.12 Crores of fresh/additional sanction (233 accounts and ₹0.27 Crores Provision there on).

6 Asset Liability Management

6.1 Maturity pattern of certain items of assets and liabilities

a) As at 31-Mar-21

Particulars	Day 1	2-7 days	8-14 days	15 to 30 days	31 days to 2 Months	2 Months to 3 Months	months and upto 6 months	Over 3 months and upto 1 year	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	310.80	629.72	175.84	397.92	776.92	469.59	1,979.46	3,362.16	8,265.83	9.81	13.92	16,391.97	
Advances	9.99	146.02	151.97	180.06	481.56	511.10	774.88	2,497.83	6,129.30	2,393.43	3,571.81	16,847.95	
Investments	940.01	148.00	-	199.87	203.47	69.33	289.40	493.52	1,295.34	44.50	21.73	3,705.17	
Borrowings	-	17.45	220.73	70.00	172.18	122.18	432.79	621.88	1,978.11	530.00	-	4,165.32	
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	

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Particulars	Day 1	2-7 days	8-14 days	15 to 30 days	31 days to 2 Months	2 Months to 3 Months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Deposits	158.92	462.12	134.11	364.53	471.33	594.76	1,456.96	3,044.12	4,099.33	1.21	1.02	10,788.41
Advances	0.55	32.27	-	(400.00)	(175.17)	281.78	780.37	2,526.38	6,224.14	1,975.84	2,482.08	13,728.24
Investments	243.98	-	-	138.10	149.76	95.34	284.73	474.90	898.22	41.27	16.21	2,342.51
Borrowings	-	-	55.73	-	172.18	126.43	542.05	1,013.34	2,619.99	603.23	1.92	5,134.87
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

In computing the above information, certain assumptions have been made by management of the Bank which have been relied upon by the auditors and the same are used for submitting the regulatory returns. The actual outflows may be lower than the above estimates as deposits rollover assumptions are not considered in the maturity profile . Also the liquid assets in the form of Reverse Repo for ₹2,785 crores as on March 31, 2021 with residual maturity upto 9 days (March 31, 2020 ₹2,080 crores) were not included in the above disclosure.

7 Exposures to sensitive sectors**7.1 Exposures to Real Estate Sector**

SI No	Particulars	As at 31-Mar-21	As at 31-Mar-20
(a) Direct Exposures			
(i) Residential Mortgages - Lending fully secured by Mortgages on residential property that is or will be occupied by the borrower or that is rented - of which housing loans eligible for inclusion in priority sector advances are rendered	7,834.10	6,150.08	
(ii) Commercial Real Estate	767.87	463.71	
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	168.47	114.94	
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –			
a. Residential	-	-	
b. Commercial Real Estate	-	-	
(b) Indirect Exposures			
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	252.82	242.41	
Total exposure to Real Estate Sector	8,255.39	6,507.43	

Exposure represents the higher of the sanctioned or outstanding to Real estate sector.

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The above disclosure a (i) and a (ii) includes the IBPC exposure of ₹700 crores. (Previous year ₹1,050 crores) and above disclosures (a) and (b) includes a) Exposure to Home Loans, Loan against property against Residential mortgages other than classified under CRE-RH b) Exposure to Real Estate Builders/ Developers c) Exposures where the primary source of cash flow, i.e. more than 50% of cash flows, for repayment / recovery is from lease or rental payments and such assets are taken as security and d) Indirect exposure to HFC. Commercial Real estate exposure classification is based on RBI circular DBOD.BP.BC.No. 42/08.12.015/2009-10 dated September 9, 2009.

7.2 Exposures to Capital Market

SI No	Particulars	As at 31-Mar-21	As at 31-Mar-20
i	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	0.20	0.20
ii	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity oriented mutual funds;	0.06	0.20
iii	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
iv	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
v	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
vi	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
vii	Bridge loans to companies against expected equity flows / issues;	-	-
viii	Underwriting commitments taken up by the banks in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds;	-	-
ix	Financing to stockbrokers for margin trading;	-	-
x	Venture Capital Funds (both registered and unregistered);	-	-
Total exposure to Capital market		0.26	0.40

7.3 Risk Category-wise exposure to country risk

The Bank does not have any country risk exposure other than "home country" exposures and accordingly, no provision is maintained with regard to country risk exposure. (Previous year: Nil).

7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the bank.

During the year, the Bank has not exceeded the prudential credit exposure limit as prescribed by the Reserve Bank of India in respect of Single Borrower and Group Borrowers. (Previous year: Nil).

7.5 Unsecured Advances

The Bank has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc., (Previous year Nil). The unsecured advances of ₹3,191.40 crores (March 31, 2020: ₹3,327.95 crores) as disclosed in Schedule 9 are without any collateral security.

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8 Disclosures relating to Penalties imposed by RBI

During the year ended March 31, 2021 (Previous year: Nil), RBI has not imposed any penalties on the Bank. (Also, refer Note 17.2.1 for the regulatory action taken by the RBI during the year ended March 31, 2020).

9 Disclosure on remuneration
Qualitative disclosures

The Nomination and Remuneration Committee is chaired by an Independent Director and comprises of five (5) Independent Directors.

(a) Remuneration Policy of the Bank covers remuneration payable for directors and employees of the Bank and all aspects of the compensation structure such as fixed pay, perquisites, bonus, guaranteed pay, severance package, stock, pension plan and gratuity.

The functions of the committee include: recommendation of appointment of Directors to the board, evaluation of performance of the Directors, approval of the policy for remuneration payable to the employees, including senior management and key management personnel, framing guidelines for the Employee Stock Option Scheme (ESOP Scheme) and deciding on the grant of stock options to the employees and Whole Time Directors of the Bank. Also, refer Schedule 17.2.1.

(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

The Bank believes in a sound compensation practice that ensures effective governance of compensation, alignment of compensation with prudent risk taking and effective supervisory oversight and stakeholder engagement. This policy is framed in accordance with the guidelines laid down by Reserve Bank of India (RBI) vide their Circular Reference no DOR. Appt. BC. No. 23/ 29.67.001/ 2019-20 dated November 4, 2019.

(c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

The Board of Directors through the Nomination and Remuneration Committee ("NRC") shall be responsible for formulating and making the necessary amendments to the Remuneration Policy for the Directors, Key Managerial Persons ("KMP") and Senior Executives of the Bank from time to time. The NRC may consider different aspects like risk-return alignment, cost to income ratio in framing the remuneration.

The Non-Executive Directors ("NED") including Independent Directors of the Bank shall be paid remuneration as a percentage of the net profits of the Bank for the financial year as may be fixed by the Board from time to time, calculated as per the provisions of the Companies Act, 2013 and subject to the limits fixed by the Reserve Bank of India, from time to time.

Further, within the above ceiling, the remuneration payable to the Chairman of the Board shall be two times the amount payable to other Non-Executive Directors and

Independent Directors and further subject to approval of RBI and the remuneration payable to the Chairman of the Audit Committee shall be 1.5 times the amount payable to other Non-Executive Directors and Independent Directors.

NEDs are to be paid such sitting fee for each meeting of the Board/ Committees of the Board attended by them, as may be approved by the Board pursuant to provisions of Section 197 of the Companies Act, 2013 read with Section 35B (1) of the Banking Regulation Act 1989. NEDs including Independent Directors shall be reimbursed any out of pocket expenses incurred by them while performing duties for the Bank.

The remuneration payable to Managing Director ("MD")/Chief Executive Officer ("CEO") shall be based on the scope and responsibility that goes with such positions, shall be comparable to the compensations of MD/CEO of similar profiles in similar organizations and would be performance linked. From time to time, the NRC may fix a maximum ceiling on the fixed/variable component of compensation; subject the approval of Reserve Bank of India. The remuneration payable to the Managing Director has been structured in compliance with RBI circular Appt. BC. No. 23/ 29.67.001/ 2019-20 dated November 4, 2019.

On November 22, 2019, the Board of the Bank approved an ESOP scheme for the Bank for eligible employees as determined from time to time by the NRC of the Bank.

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For the other categories of staff, the compensation is structured taking into account all relevant factors such as the level of the position, roles and responsibilities and the prevailing compensation structure in the industry for the similar role.

- (d) Description of the ways in which the Bank seeks to link performance during a performance measurement period with levels of remuneration

The Bank follows Annual Performance Review (12 months period) to link performance. Remuneration is fixed based on the grade and merit rating for all the employees. Individual performances are assessed in line with business or individual deliveries of the Key Result Areas (KRA), top priorities of business, budgets, risks etc.

- (e) A discussion of the bank's policy on deferral and vesting of variable remuneration and a discussion of the Bank's policy and criteria for adjusting deferred remuneration before vesting and after vesting

The Bank has restructured the remuneration for Material Risk Takers in line with the RBI circular dated November 4, 2019. Accordingly, the variable pay of identified MRT was determined to be between 100% to 300% of fixed pay. This variable pay was further divided into cash and ESOPs. Both the cash and ESOPs of the said MRTs is to be deferred over a period of three years in line with the risk taken and prudent governance principles. Each such MRT has performance measures aligned to risk measures and the vesting of variable pay is also pro-rated till the end of the deferral period.

- (f) Description of the different forms of variable remuneration (i.e. cash, shares, ESOPs and other forms) that the Bank utilizes and the rationale for using these different forms.

Employees of the Bank are eligible for variable pay in terms of both cash and ESOPs. At field level variable pay is typically in cash and are to simple Key Performance Indicators. Other roles may be given variable pay based on their performance ratings linked to their KRAs. The variable pay amount varies depending on both the role of the individual as well as his/her performance levels.

Employees above defined grade are eligible to participate in the Employee Stock Options Plan of the Bank as determined by the Nomination and Remuneration Committee. These options are granted annually based on performance ratings and role of the individual. Junior employees in cases of consistent exemplary performance are also granted options being part of High Achievers Club.

In very select instances, employees are offered options over a four year period, with a quarter of the options vesting every year. The vesting of the options is dependent on continuity of service and performance rating of the said individual.

In addition, some of the employees are holding stock options issued by the Holding company under the Holding Company's Employee Stock Option scheme (Equitas ESOP Scheme 2015).

Variable pay for MRTs have been explained in (e) earlier.

As on the reporting date, the Bank does not have any form of variable remuneration other than as stated above.

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Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Number of meetings held by the Remuneration Committee during the year	12	6
Remuneration paid to its members	0.21	0.08
(i) Number of employees having received a variable remuneration award during the year	-	-
(ii) Number and total amount of sign on awards made during the year	-	-
(iii) Details of guaranteed bonus, if any, paid as joining / sign on bonus	-	-
(iv) Details of severance pay, in addition to accrued benefits, if any.	-	-
(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	-	-
(ii) Total amount of deferred remuneration paid out in the year	-	-
Breakdown of amount of remuneration awards for the year to show fixed and variable, deferred and non deferred:		
(i) Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and / or implicit adjustments.	-	-
(ii) Total amount of reductions during the year due to ex post explicit adjustments.	-	-
(iii) Total amount of reductions during the year due to ex post implicit adjustments.	-	-

The quantitative disclosures are provided in respect of Whole Time Directors / Chief Executive Officer/ Other Risk Takers.

10 Disclosures- Accounting Standards**10.1 Segment Reporting (AS 17)**

The business of the Bank is divided into three segments: Treasury, Wholesale Banking and Retail Banking business. These segments have been identified and reported taking into account the target customer profile, the nature of products and services, the different risks and returns, and the guidelines prescribed by RBI.

As at 31-Mar-21

Business Segments	Treasury	Retail Banking	Corporate / Wholesale Banking	Other Banking Business	Total
Segment Revenue	398.12	3,053.03	99.55	61.77	3,612.47
Segment Results	273.61	209.37	15.68	32.82	531.48
Unallocated (income)/expenses					20.21
Operating profit					511.27
Income taxes					127.05
Net Profit					384.22

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Business Segments	Treasury	Retail Banking	Corporate / Wholesale Banking	Other Banking Business	Total
Other information					
Segment assets	4,219.97	19,210.64	1,131.39	-	24,562.00
Unallocated assets					153.22
Total assets					24,715.22
Segment liabilities	3,659.97	16,661.32	981.25	-	21,302.54
Unallocated liabilities					16.35
Total liabilities					21,318.89
Net assets / Capital employed	560.00	2,549.32	150.14	-	3,259.46
Unallocated Net assets / Capital employed					136.87
Total Capital Employed					3,396.33
Additional information					
Capital expenditure	-	47.20	2.78	-	49.98

As at 31-Mar-20

Business Segments	Treasury	Retail Banking	Corporate / Wholesale Banking	Other Banking Business	Total
Segment Revenue	248.69	2,557.59	86.37	35.15	2,927.80
Segment Results	118.84	221.60	14.28	12.65	367.36
Unallocated (income)/expenses					16.42
Operating profit					350.94
Income taxes					107.30
Net Profit					243.64
Other information					
Segment assets	2,723.37	15,438.85	1,013.31	-	19,175.53
Unallocated assets					120.02
Total assets					19,295.55
Segment liabilities	2,353.31	13,325.48	862.55	-	16,541.34
Unallocated liabilities					10.06
Total liabilities					16,551.40
Net assets / Capital employed	371.03	1,616.54	84.57	-	2,634.20
Unallocated Net assets / Capital employed					109.95
Total Capital Employed					2,744.15
Additional information					
Capital expenditure	-	69.79	4.58	-	74.37

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The Bank's operations are confined to one geography (India).

Segmental information is provided as per the MIS/reports maintained for internal reporting purposes, which includes certain estimates and assumptions.

10.2 Related Party Transactions (AS 18)**i. Names of Related Parties and Nature of Relationship**

Holding Company	Equitas Holdings Limited
Fellow Subsidiaries	Equitas Technologies Private Limited
Key Management Personnel	Vasudevan PN, MD & CEO N Sridharan, Chief Financial Officer Sampathkumar KR, Company Secretary
Entities under the same Management	Equitas Development Initiatives Trust Equitas Dhanyakosha India Equitas Healthcare Foundation

ii. Transactions with the Related Parties

Transaction	Name of the Related Party	Year ended 31-Mar-21	Year ended 31-Mar-20
Expenses			
CSR Contribution	Equitas Development Initiatives Trust Equitas Healthcare Foundation	2.17 13.56	10.90 2.37
Deposits			
Term deposits received	Equitas Holdings Limited Equitas Technologies Private Limited Equitas Development Initiatives Trust Key Management Personnel	287.91 0.20 0.24 1.62	60.34 - 10.75 0.67
Term deposits closed	Equitas Holdings Limited Equitas Technologies Private Limited Equitas Development Initiatives Trust Key Management Personnel	241.87 0.20 4.23 -	55.20 - 6.70 0.31
Interest on Term Deposits	Equitas Holdings Limited Equitas Development Initiatives Trust Key Management Personnel Equitas Technologies Private Limited	16.70 0.30 0.07 0.00	14.83 0.30 0.03 -

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Interest on Savings Deposits	Equitas Development Initiatives Trust	0.27	0.31
	Equitas Healthcare Foundation	0.51	0.07
	Key Management Personnel	0.08	0.06
Savings Deposits	Equitas Development Initiatives Trust	17.87	39.61
	Equitas Healthcare Foundation	16.37	2.75
	Key Management Personnel	4.31	2.40
Demand Deposits	Equitas Technologies Private Limited	20.42	9.26
	Equitas Holdings Limited	559.34	73.79
	Equitas Dhanyakosha India	-	0.00
Withdrawals and fund transfers from Savings Deposits	Equitas Development Initiatives Trust	17.54	38.38
	Key Management Personnel	3.66	2.27
	Equitas Healthcare Foundation	1.85	0.01
Withdrawals and fund transfers from Demand Deposits	Equitas Holdings Limited	561.25	72.88
	Equitas Dhanyakosha India	-	0.02
	Equitas Technologies Private Limited	19.81	9.62
Reimbursement of IPO expenses	Equitas Holdings Limited	14.83	-
Guarantees released during the period	Equitas Holdings Limited	52.00	-
Remuneration paid to Key Management Personnel (excludes employer's share of contribution to various funds and non-monetary perquisites)	Vasudevan PN, MD & CEO	1.48	1.65
	N Sridharan, Chief Financial Officer	0.92	0.94
	Sampathkumar KR, Company Secretary	0.24	0.24

Under the ESFB Employees Stock Option Scheme, 2019 (ESFB ESOP, 2019) of the Bank, the Key Management Personnel were allotted the following shares:

Name of the Key Management Personnel	Year ended 31-Mar-21	Year ended 31-Mar-20
N Sridharan	47,500	-
Total	47,500	-

The remuneration to KMP does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Bank as a whole.

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Particulars	Name of the Related Party	As at 31-Mar-21	As at 31-Mar-20
Payables			
Term Deposit outstanding	Equitas Holdings Limited Equitas Development Initiatives Trust Key Management Personnel	227.66 0.15 2.19	181.62 4.14 0.56
Interest Payable on term deposits	Equitas Holdings Limited Equitas Development Initiatives Trust Key Management Personnel	2.55 0.00 0.02	2.13 0.04 0.01
Demand Deposits			
Savings Deposit	Equitas Holdings Limited Equitas Technologies Private Limited Equitas Development Initiatives Trust Equitas Healthcare Foundation Key Management Personnel	0.44 0.62 5.98 17.85 1.42	2.35 0.01 5.38 2.82 0.70
Others			
Corporate Guarantees	Equitas Holdings Limited	-	52.00

iv. Maximum Outstanding during the year

Particulars	Name of the Related Party	Maximum Outstanding during FY 2020-21	Maximum Outstanding during FY 2019-20
Term Deposit	Equitas Holdings Limited Equitas Development Initiatives Trust Equitas Technologies Private Limited Key Management Personnel	357.66 4.38 0.20 2.19	182.72 6.60 - 0.56
Demand Deposits	Equitas Holdings Limited Equitas Dhanyakosha India Equitas Technologies Private Limited Equitas Development Initiatives Trust Equitas Healthcare Foundation Key Management Personnel	227.67 - 1.18 7.60 17.85 2.88	11.63 0.02 1.08 10.04 2.82 1.44
Savings Deposit	Equitas Holdings Limited Equitas Development Initiatives Trust Equitas Healthcare Foundation Key Management Personnel	- 7.60 17.85 2.88	- 10.04 2.82 1.44
Others			
Corporate Guarantees	Equitas Holdings Limited	52.00	52.00

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10.3 Operating leases (AS 19)

The Bank has taken a number of premises on operating leases for branches, offices, ATMs and residential premises for staffs. The Bank has not given any assets on operating lease. The details of maturity profile of future operating lease payments are given below:

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Future lease rentals payable at the end of the year		
- Not later than one year	64.53	64.89
- Later than one year but not later than five years	218.59	239.23
- Later than five years	25.43	62.36
Total minimum lease payments recognised in the Profit and loss account	64.34	64.69
Total of future minimum sub lease payments expected to be received under non-cancellable sub-lease	-	-

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

10.4 Earnings per Share (AS 20)

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Net profit after tax	384.22	243.64
Basic weighted average number of equity shares	1,08,95,31,274	1,02,04,66,103
Diluted weighted average number of equity shares	1,10,14,06,583	1,02,04,66,103
Nominal value of Equity shares (₹)	10.00	10.00
Basic Earnings per share (₹)	3.53	2.39
Diluted Earnings per share (₹)	3.49	2.39

During the year ended March 31, 2021, the Bank granted 96,94,716 options (Previous year 4,14,08,728 options) to its employees and the employees of Equitas Holding Limited under the ESFB Employees Stock Option Scheme 2019. These options have dilutive impact on the earnings per share.

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The major components of deferred tax assets/liabilities are as follows:

Particulars	As at 31-Mar-21		As at 31-Mar-20	
	Assets	Liabilities	Assets	Liabilities
Timing difference on account of:				
Impact of difference between tax depreciation and depreciation/amortization for financial reporting.	20.43	-	16.64	-
Expenditure charged to the profit and loss account but allowed for tax purposes on payment basis.*	32.74	-	22.13	-
Difference between Provisions for doubtful debts and advances and amount allowable under section 36 (1) (viiia) of Income Tax Act, 1961.	67.15	-	28.71	-
Provision for advances	25.70	-	41.46	-
Others	11.77	-	7.10	-
Provision for special reserve u/s 36(i)(viii) of Income Tax Act, 1961	-	4.57	-	2.70
Net closing balance carried to the Balance Sheet (included in Schedule 11 - Others)	157.79	4.57	116.04	2.70
Net Amount	153.22		113.34	

*Amount pertains to Provision for Leave encashment ₹20.58 crores (Previous year: ₹12.54 crores), Provision for Gratuity ₹4.66 crores (Previous year: ₹2.66 crores) and Provision for Bonus and Others ₹7.50 crores (Previous year: ₹6.93 crores).

Also refer note 18.11.1.a.(i) for details of change in statutory income tax rate.

10.6 Employee Benefits (AS 15)

Defined Contribution Plan

Provident Fund

The Bank makes Provident Fund contributions to State administered fund for qualifying employees. The Bank is required to contribute a specified percentage of the payroll costs to the Fund. The Bank recognised ₹38.27 Crores (Previous Year: ₹35.26 Crores) 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.

Defined Benefit Plans**Gratuity**

The Bank 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-21	31-Mar-20
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	32.67	23.50
Current service cost	11.40	10.68
Interest cost	1.94	1.58
Benefits paid	(1.29)	(2.06)

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Particulars	As at 31-Mar-21	As at 31-Mar-20
Actuarial (gains)	(0.69)	(1.03)
Present value of Defined Benefit Obligation at end of the year	44.03	32.67
Change in Fair Value of Assets during the year		
Plan Assets at beginning of the year	22.08	20.63
Add: Adjustments to the opening balance	1.97	-
Expected return on plan assets	1.46	1.45
Actual Bank contributions	-	-
Actuarial gain / (loss)	(0.01)	-
Plan Assets at End of the Year	25.50	22.08
Liability Recognised in the Balance Sheet		
Present value of defined benefit obligation	(44.03)	(32.66)
Fair value of plan assets	25.49	22.08
Net Liability Recognised in the Balance Sheet	(18.54)	(10.58)

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Cost of Defined Benefit Plan for the year		
Current service cost	11.40	10.68
Interest cost	1.94	1.58
Expected return on plan assets	(1.46)	(1.45)
Net actuarial gains	(2.64)	(1.03)
Net Cost Recognized in the Profit and Loss account	9.24	9.78
Return on Plan Assets	1.46	1.45
Assumptions		
Discount rate (Refer Note (b))	5.81%	6.06%
Interest rate (Estimated rate of return on assets)	6.00%	7.00%
Future salary increase (Refer Note (a))	10.00%	10.00%
Attrition rate (Refer Note (a))	20.00%	20.00%

Notes:

- a) 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 Bank.
- b) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

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c) Experience Adjustments:

Particulars	For the year ended 31- Mar-21	For the year ended 31- Mar-20	For the year ended 31- Mar-19	For the year ended 31- Mar-18	For the year ended 31- Mar-17
Projected benefit obligation	44.03	32.66	23.50	17.88	13.53
Fair value of plan assets	25.49	22.08	20.63	11.85	10.49
Surplus/ (Deficit)	(18.54)	(10.58)	(2.87)	(6.03)	(3.04)
Experience adjustments on plan liabilities - gains	(0.69)	(1.03)	(1.71)	(1.50)	6.64
Experience adjustments on plan assets - gains / (losses)	(0.01)	-	(1.18)	(0.95)	(1.04)

d) Category of Plan Assets

Particulars	% of fair value to total plan assets as at 31-Mar-21	% of fair value to total plan assets as at 31-Mar-20
Government securities	0%	0%
Debenture and bonds	0%	0%
Equity shares	0%	0%
Others (Funds with Life insurance corporation of India)	100%	100%

e) During the current and previous year the Bank does not have unamortised gratuity and pension.

Long-term Compensated Absences and Leave Encashment*

The key assumptions used in the computation of provision for long term compensated absences and leave encashment as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Assumptions:		
Discount Rate	5.81%	6.06%
Future Salary Increase	10.00%	10.00%
Attrition rate	20.00%	20.00%

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

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11 Additional disclosures

11.1 Provisions and Contingencies

a) The breakup of provisions and contingencies debited to profit and loss account is given below:

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Provisions for depreciation on Investment	-	-
Provision for NPA (including write off)	432.64	131.92
Net provision / (reversal) towards Standard assets (including provision for restructured standard assets)	37.03	15.13
Floating provision	-	-
Provision for taxes (net)*	166.92	133.08
Deferred tax (net)*	(39.88)	(25.78)
General Provision under COVID-19 Regulatory Package	(99.63)	99.63
Other Provision and Contingencies	5.29	(0.04)
Total	502.37	353.94

*(i) The Bank has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank has recognised provision for income tax for the year ended March 31, 2020 and re-measured the balance of net deferred tax assets, basis the rate prescribed in the aforesaid ordinance. Tax expense for the year ended March 31, 2020 includes ₹24.50 crores resulting from write down of net deferred tax assets pertaining to earlier years.

b) Movement in provision for debit card reward points

Particulars	As at 31-Mar-21	As at 31-Mar-20
Opening provision for reward points	0.22	0.33
Provision for reward points made during the year	0.48	0.22
Utilisation / Write back of provision for reward points	0.22	0.33
Effect of change in rate for accrual of reward points	-	-
Effect of change in cost of reward points	-	-
Closing provision for reward points	0.48	0.22

c) Movement in provision for frauds included under Other Liabilities

Particulars	As at 31-Mar-21	As at 31-Mar-20
Opening provision	1.32	0.42
Provision during the year	2.43	0.96
Utilisation/Write back of provision	0.78	0.06
Closing provision	2.97	1.32

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Particulars	As at 31-Mar-21	As at 31-Mar-20
Opening Balance at the beginning of the year	19.00	19.00
Provisions made during the year	-	-
Drawdown made during the year	-	-
Closing Balance at the end of the year	19.00	19.00

11.3 Drawdown from reserves

The Bank has not drawn down any amount from its opening reserves during the year ended March 31, 2021 and March 31, 2020.

Securities premium

An amount of ₹14.82 crores (Previous Year ₹3.82 crores) being the expenditure in connection with issue of shares during the year has been drawn down from Securities Premium account as permitted under section 52 of the Companies Act 2013. Also refer schedule 11 and the note thereunder.

Appropriations to reserve:**Statutory reserve**

As mandated by the Banking Regulation Act, 1949, all banking companies incorporated in India shall create a reserve fund, out of the balance of profit of each year as disclosed in the profit and loss account and before any dividend is declared and transfer a sum equivalent to not less than twenty five per cent of such profit. The Bank has transferred ₹96.06 crores (Previous year ₹60.91 crores) to Statutory Reserve for the year.

Capital Reserve

During the year, the Bank had appropriated ₹23.66 crores (Previous Year ₹Nil), 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.

Special reserve

As per the provisions under Section 36(1)(viii) of Income Tax Act, 1961, the specified entity is allowed the deduction in respect of any special reserve created and maintained by it, i.e. an amount not exceeding twenty per cent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause). This would be applicable till the aggregate of the amounts carried to such reserve account from time to time exceeds twice the amount of the paid up share capital (excluding the amounts capitalized from reserves) of the entity. During the year, the Bank has transferred an amount of ₹7.42 crores (Previous year ₹4.83 crores) to Special Reserve. There is no drawdown from this reserve during FY 2020-21 and FY 2019-20.

Investment Fluctuation Reserve

During the FY 2020-21, the bank has apportioned ₹1.98 crores (Previous year: ₹2.76 Crores) to Investment Fluctuation Reserve, based on net profit on sale of investment and the value of investments in HFT and AFS category, to protect against future increase in yield, in accordance RBI guidelines.

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The Reserve Bank of India (RBI), vide notification dated December 4, 2020, stated that in view of the ongoing stress and heightened uncertainty on account of COVID-19, banks should continue to conserve capital to support the economy and absorb losses. The notification also stated that in order to further strengthen the banks' balance sheets, while at the same time support lending to the real economy, banks shall not make any dividend payment on equity shares from the profits pertaining to the financial year ended March 31, 2020. The Bank did not declare final dividend for the financial year ended March 31, 2020.

Further, RBI vide its notification reference RBI/2021-22/23/DOR.ACC.REC.7/21.02.067/2021-22 Dated: April 22, 2021, stated that in view of the continuing uncertainty caused by the ongoing second wave of COVID-19 in the country, it is crucial that banks remain resilient and proactively raise and conserve capital as a bulwark against unexpected losses. While allowing banks to pay dividend on equity shares at the half of that permitted vide circular dated May 4, 2005, the said circular requires the Board of Directors of the Bank to consider projected capital position and requirements, adequacy of provisions, etc before deciding upon payment of dividend. Accordingly, considering the need to preserve capital in these uncertain times, the Board did not recommend any dividend for the financial year ended March 31, 2021.

11.4 Disclosure relating to Complaints**A****a) Summary information on complaints received by the bank from customers and from the OBOs****[Nos.]****Complaints received by the bank from its customers**

Sr. No.	Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
1	Number of complaints pending at beginning of the year	54	7
2	Number of complaints received during the year	2,410	1,867
3	Number of complaints disposed during the year	2,401	1,820
3.1	Of which, number of complaints rejected by the bank	4	3
4	Number of complaints pending at the end of the year	63	54
Maintainable complaints received by the bank from OBOs			
5	Number of maintainable complaints received by the bank from OBOs	239	112
5.1	Of 5, number of complaints resolved in favour of the bank by BOs	229	109
5.2	Of 5, number of complaints resolved through conciliation/mediation/advisories issued by BOs	10	0
5.3	Of 5, number of complaints resolved after passing of Awards by BOs against the bank	0	3
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

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Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 day
	2	3	4	5	6
2020-2021					
Internet/Mobile/Electronic Banking	19	920	24% increase	8	
Account opening/difficulty in operation of accounts	10	698	196% increase	28	1
Levy of charges without prior notice/excessive charges/foreclosure charges	7	480	256% increase	3	
Loans and advances	5	295	34% decrease	17	
ATM/Debit Cards	11	178	2% decrease	5	
Others	2	78	67% decrease	2	
Total	54	2649		63	1
2019-2020					
Internet/Mobile/Electronic Banking	0	742	315% increase	19	
Loans and advances	3	449	155% increase	5	
Account opening/difficulty in operation of accounts	2	236	24% increase	10	
ATM/Debit Cards	1	181	41% decrease	11	
Levy of charges without prior notice/excessive charges/foreclosure charges	1	135	29% decrease	7	
Others		236	90% decrease	2	1
Total	7	1979		54	1

11.5 Letters of Comfort

The Bank has not issued any letters of comfort during the year.(Previous year: Nil).

11.6 Provision Coverage ratio

Provision coverage ratio as at March 31, 2021 is 58.59% (March 31, 2020 is 45.22%). The Provision Coverage ratio is computed on the advances as at respective year end.

11.7 Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

Particulars	As at 31-Mar-21	As at 31-Mar-20
On Insurance products	24.34	19.47
On Mutual Fund products	0.65	1.50
Total	24.99	20.97

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Particulars	As at 31-Mar-21	As at 31-Mar-20
Total Deposits of twenty largest depositors*	3,588.65	3,446.45
Percentage of Deposits of twenty largest depositors to Total Deposits of the bank	21.89%	31.95%

*excludes Certificate of Deposits issued.

11.8.2 Concentration of Advances*

Particulars	As at 31-Mar-21	As at 31-Mar-20
Total advances of twenty largest borrowers	858.98	758.85
Percentage of advances of twenty largest borrowers to Total advances of the bank	4.99%	5.45%

*Advances represents Credit Exposure including derivatives furnished in RBI's Master Circular on Exposure Norms.

11.8.3 Concentration of Exposures*

Particulars	As at 31-Mar-21	As at 31-Mar-20
Total Exposure of twenty largest borrowers/customers	907.96	789.64
Percentage of Exposures of twenty largest borrowers/customers to Total exposures of the bank on borrowers/customers	5.17%	5.58%

*Exposure is based on Credit and investment Exposure as prescribed in RBI's Master Circular on Exposure Norms.

11.8.4 Concentration of NPA

Particulars	As at 31-Mar-21	As at 31-Mar-20
Total exposure of top four NPA accounts	18.33	6.80

11.8.5 Inter-bank participation with risk sharing

The aggregate amount of participation issued by the Bank and reduced from advances as per regulatory guidelines is ₹700 crores as on March 31, 2021 (Previous Year: ₹1,450 crores).

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Particulars	As at 31-Mar-21	
	PSLCs bought during the year	PSLCs sold during the year
Agriculture	-	100.00
Small and Marginal Farmers	-	1,000.00
Micro Enterprises	-	3,650.00
General	-	50.00
Total	-	4,800.00

Particulars	As at 31-Mar-20	
	PSLCs bought during the year	PSLCs sold during the year
Agriculture	-	-
Small and Marginal Farmers	-	1,500.00
Micro Enterprises	-	500.00
General	-	-
Total	-	2,000.00

12 Sector-wise advances

Sector	As at 31-Mar-21			As at 31-Mar-20		
	Outstanding Advances	Gross NPAs	% of Gross NPAs to Total advances	Outstanding Advances	Gross NPAs	% of Gross NPAs to Total advances
A. Priority sector						
(a) Agriculture and Allied Activities	10,257.21	427.54	4.17%	9,589.23	308.72	3.22%
(b) Industry	2,783.97	80.47	2.89%	2,461.54	28.79	1.17%
(c) Services	739.60	27.14	3.67%	463.85	15.20	3.28%
(d) Personal Loans*	4,663.57	242.49	0.00%	4,739.41	221.28	0.00%
(e) Others	725.47	20.78	0.00%	443.76	15.85	0.00%
	1,344.60	56.66	4.21%	1,480.67	27.60	1.86%

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B. Non-priority sector	6,967.35	215.24	3.09%	4,327.72	108.60	2.51%
(a) Agriculture and Allied Activities	-	-	0.00%	-	-	0.00%
(b) Industry	924.40	6.54	0.71%	862.96	0.89	0.10%
(c) Services	166.02	26.80	16.14%	124.56	5.23	4.20%
(d) Personal Loans**	5,741.87	181.90	3.17%	3,327.87	102.48	3.08%
(e) Others	135.06	-	0.00%	12.33	-	0.00%
Total	17,224.56	642.78	3.73%	13,916.95	417.32	3.00%

*Personal Loans includes Housing Loans.

**Personal Loans includes Housing Loans, Loan Against Property ,Vehicle Finance Loans, Loans against Gold.

Priority sector includes ₹4,800.00 crores (previous year: ₹2,000.00 crores), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).

The Bank has compiled and furnished the data for the purpose of this disclosure from its internal MIS system / reports.

13.1 Securitisation

The information on securitisation and direct assignment activity of the Bank as an originator as per RBI guidelines "Revisions to the Guidelines on Securitisation Transactions" is given below.

Particulars	As at 31-Mar-21	As at 31-Mar-20
Number of SPVs sponsored by the bank for securitisation transactions	-	2
Total amount of securitised assets as per books of the SPVs sponsored by the Bank	-	233.45
Total amount of exposures retained by the Bank to comply with Minimum Retention Requirement (MRR) as on the date of Balance Sheet	-	-
a) Off-balance sheet exposures	-	21.79
First loss (Corporate Guarantee)	-	-
Others (Corporate Guarantee)	-	-
b) On-balance sheet exposures	-	4.28
First loss (Cash Collateral & Retained Assets)	-	-
Others	-	-
Amount of exposure to securitisation transactions other than MRR	-	-
a) Off-balance sheet exposures	-	-
i) Exposure to own securitisation	-	-
First loss	-	-
Others	-	-
ii) Exposure to third party securitisation	-	-
First loss	-	-
Others	-	-

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Particulars	As at 31-Mar-21	As at 31-Mar-20
b) On-balance sheet exposures		
i) Exposure to own securitisation		
First loss	-	0.21
Others	-	-
ii) Exposure to third party securitisation		
First loss	-	-
Others	-	-

13.2 Assignment

The information on Direct assignment activity of the Bank as an originator as per RBI guidelines "Revisions to the Guidelines on Securitisation Transactions" is given below.

Particulars	As at 31-Mar-21	As at 31-Mar-20
Number of Direct Assignments	1	1
Total amount of Loans directly transferred / Assigned	111.11	111.11
Total amount of exposures retained by the Bank 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	0.00	0.00
Amount of exposure to Assignment transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own Assignment		
First loss	-	-
Others	-	-
ii) Exposure to third party Assignment		
First loss	-	-
Others	-	-

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Particulars	As at 31-Mar-21	As at 31-Mar-20
b) On-balance sheet exposures		
i) Exposure to own Assignment		
First loss	-	-
Others	-	-
ii) Exposure to third party Assignment		
First loss	-	-
Others	-	-

14 Credit Default Swaps

The Bank has not undertaken any Credit Default Swaps (CDS) during the year (Previous year: Nil).

15 Intra-Group Exposure

The Bank does not have any exposure (advances/investments) within the group (Previous year: Nil).

16 Delay in transferring to Depositor Education and Awareness Fund (DEAF):

There were no delay in transfer to Depositor Education and Awareness Fund during the year (Previous year: Nil).

16.1 Transfers to Depositor Education and Awareness Fund (DEAF)

Particulars	Year ended 31-Mar-21	Year ended 31-Mar-20
Opening balance of amounts transferred to DEAF	0.01	-
Add: Amounts transferred to DEAF during the year	0.05	0.01
Less: Amounts reimbursed by DEAF towards claims	-	-
Closing balance of amounts transferred to DEAF	0.06	0.01

17 Unhedged foreign currency exposure

The Bank has made a provision of ₹0.028 crores for unhedged foreign currency exposure as required by RBI guidelines as at March 31, 2021 (March 31, 2020: ₹0.027 crores).

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Quantitative information on Liquidity coverage ratio (LCR) is given below:

Particulars	Quarter ended 30-Jun-20		Quarter ended 30-Sep-20		Quarter ended 31-Dec-20		Quarter ended 31-Mar-21	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		4,198.33		4,730.24		6,937.62		6,626.61
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	739.86	36.99	928.96	46.45	1,123.47	56.17	1,366.26	68.31
(ii) Less stable deposits	3,311.74	331.17	3,883.86	388.39	4,519.72	451.97	5,284.13	528.41
3 Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Non-operational deposits (all counterparties)	2,880.83	2,259.73	3,356.97	2,703.25	3,702.09	2,937.33	4,078.68	3,203.01
(iii) Unsecured debt	126.58	126.58	235.47	235.47	279.10	279.10	325.64	325.64
4 Secured wholesale funding								
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	145.81	46.23	245.24	109.87	227.39	72.06	247.20	92.34
6 Other contractual funding obligations	399.53	399.53	485.69	485.69	328.70	328.70	342.07	342.07
7 Other contingent funding obligations	148.61	6.92	112.93	5.25	136.08	6.69	162.91	7.93
8 TOTAL CASH OUTFLOWS		3,207.15		3,974.37		4,132.02		4,567.71
Cash Inflows								
9 Secured lending (e.g. reverse repos)	1,704.43	0.00	1,277.96	0.00	2,824.04	0.00	2,604.47	0.00
10 Inflows from fully performing exposures	47.38	29.33	285.37	156.04	482.67	255.75	478.12	257.26
11 Other cash inflows	109.73	102.45	75.83	66.73	237.18	167.16	310.60	238.71
12 TOTAL CASH INFLOWS	1,861.54	131.78	1,639.16	222.77	3,543.89	422.91	3,393.19	495.97
13 TOTAL HQLA		4,198.33		4,730.24		6,937.62		6,626.61
14 TOTAL NET CASH OUTFLOWS		3,075.37		3,751.60		3,709.11		4,071.74
15 LIQUIDITY COVERAGE RATIO (%)		136.51		126.09		187.04		162.75

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The Liquidity Coverage Ratio (LCR) is a global minimum standard for bank liquidity. It aims to ensure that a bank has a adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash immediately to meet its liquidity needs for a 30 calendar day liquidity under stress scenario.

The LCR is calculated by dividing the amount of high quality liquid unencumbered assets (HQLA) by the estimated net outflows over 30 calendar day period. The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days.

Liquidity management of the Bank is undertaken by the Treasury department under the central oversight of

the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies and ALCO approved funding plans.

The mandated regulatory threshold as per the transition plan is embedded in the board approved ALM policy of the Bank, with appropriate cushion to ensure maintenance of adequate liquidity buffers. Risk Management Department computes the LCR and monitors the same as per the Operating guidelines for small finance banks. The Bank has been submitting LCR reports to RBI from December 2016.

Currently the Liquidity Coverage Ratio is significantly higher than minimum regulatory threshold. As a strategy, the Bank is investing in Level I assets resulting in comfortable level of HQLA. The Bank follows the criteria laid down by the RBI for the calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-days period. HQLA predominantly comprises

of Government securities viz. Treasury Bills, Central and State Government securities.

The Bank is predominantly funded through long term borrowings viz. Refinances & Customer Deposits. All significant outflows and inflows are determined in accordance with the RBI guidelines and are included in the prescribed LCR computation. The Risk Management Department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios. The Bank assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Bank's ALCO for perusal and review.

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Quantitative information on Liquidity coverage ratio (LCR) is given below:

Particulars	Quarter ended 30-Jun-19		Quarter ended 30-Sep-19		Quarter ended 31-Dec-19		Quarter ended 31-Mar-20	
	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)	Total Unweighted Value (average)	Total Weighted Value (average)
High Quality Liquid Assets								
1 Total High Quality Liquid Assets (HQLA)		2,611.39		3,319.83		3,186.19		3,490.03
Cash Outflows								
2 Retail deposits and deposits from small business customers, of which:								
(i) Stable deposits	381.38	19.07	419.50	20.97	422.92	21.15	629.30	31.47
(ii) Less stable deposits	2,433.32	243.33	2,688.21	268.82	2,906.80	290.68	3,062.87	306.29
3 Unsecured wholesale funding, of which:								
(i) Operational deposits (all counterparties)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Non-operational deposits (all counterparties)	2,776.56	2,155.00	2,780.46	2,148.72	2,559.99	1,961.61	2,855.92	2,209.62
(iii) Unsecured debt	260.51	260.51	323.59	323.59	226.39	226.39	259.70	259.70
4 Secured wholesale funding								
5 Additional requirements, of which								
(i) Outflows related to derivative exposures and other collateral requirements	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	93.24	27.80	148.48	50.56	186.39	56.36	171.34	52.39
6 Other contractual funding obligations	91.67	91.67	133.16	133.16	182.94	182.94	229.27	229.27
7 Other contingent funding obligations	131.55	5.99	153.46	7.12	149.89	6.95	154.27	7.16
8 TOTAL CASH OUTFLOWS		2,803.37		2,952.94		2,746.08		3,095.90
Cash Inflows								
9 Secured lending (e.g. reverse repos)	773.37	0.00	1,232.93	0.00	1,160.38	0.00	1,596.02	0.00
10 Inflows from fully performing exposures	359.99	179.99	393.19	205.26	428.25	225.85	459.61	243.56
11 Other cash inflows	152.32	101.21	158.15	102.01	172.18	118.72	184.89	122.41
12 TOTAL CASH INFLOWS		1,285.68		281.20		1,784.27		307.27
13 TOTAL HQLA		2,611.39		3,319.83		3,186.19		3,490.03
14 TOTAL NET CASH OUTFLOWS		2,522.17		2,645.67		2,401.52		2,729.93
15 LIQUIDITY COVERAGE RATIO (%)		103.54		125.48		132.67		127.84

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The LCR is calculated by dividing the amount of high quality liquid unencumbered assets (HQLA) by the estimated net outflows over 30 calendar day period. The net cash outflows are calculated by applying RBI prescribed outflow factors to the various categories of liabilities (deposits, unsecured and secured wholesale borrowings), as well as to undrawn commitments and derivatives-related exposures, partially offset by inflows from assets maturing within 30 days.

Liquidity management of the Bank is undertaken by the Treasury department under the central oversight of the Asset Liability Management Committee (ALCO) in accordance with the Board approved policies and ALCO approved funding plans.

Currently the Liquidity Coverage Ratio is significantly higher than minimum regulatory threshold. As a strategy, the Bank is investing in Level I assets resulting in comfortable level of HQLA. The Bank follows the criteria laid down by the RBI for the calculation of High Quality Liquid Assets (HQLA), gross outflows and inflows within the next 30-days period. HQLA predominantly comprises of Government securities viz. Treasury Bills, Central and State Government securities.

The Bank is predominantly funded through long term borrowings viz. Refinances & Customer Deposits. All significant outflows and inflows are determined in accordance with the RBI guidelines and are included in the prescribed LCR computation. The Risk Management Department measures and monitors the liquidity profile of the Bank with reference to the Board approved limits on a static as well as on a dynamic basis by using the gap analysis technique supplemented by monitoring of key liquidity ratios. The Bank assesses the impact on short term liquidity gaps dynamically under various scenarios covering business projections under normal as well as varying market conditions. Periodical reports are placed before the Bank's ALCO for perusal and review.

19 Fixed Assets - details of software

Particulars	As at 31-Mar-21	As at 31-Mar-20
Opening cost	79.13	66.67
Additions during the year	21.45	41.53
Less: Deletions	2.91	2.94
Less: Amortization to date	30.33	26.13
Closing balance	67.34	79.13

20 Contingent liabilities

Claims against the Bank not acknowledged as debts includes liability on account of Service tax, and other legal cases filed against the bank. The Bank is a party to various legal proceedings in the ordinary course of business which are contested by the Bank and are therefore subjudice. The Bank does not expect the outcome of these proceedings to have a material adverse impact on the Bank's financial position.

Guarantees represent irrevocable assurances given by the Bank on securitized assets, to make payments in the event of customers failing to fulfil their financial obligations.

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As a part of banking activities, the Bank issues Letter of Guarantees on behalf of its customers, with a view to augment the customer's credit standing. Through these instruments, the Bank undertakes to make payments for its customers obligations either directly or incase the customer fails to fulfill their financial or performance obligations.

21 Corporate Social Responsibility Activities

Operating expenses include the following amounts towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013.

Details of CSR expenditure	Year ended 31-Mar-21	Year ended 31-Mar-20
a) Gross amount required to be spent by the Bank	4.96	3.68
b) Amount spent	-	-
i) Construction/acquisition of any asset	15.73	13.27
ii) On purposes other than (i) above	6.35%	7.22%
% of Average net profit spent for the last three financial years		

22 Dues to Micro, Small and Medium Enterprises

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Based on the information available with the Bank, there are no overdue amounts payable to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as at the Balance Sheet date. Further, the Bank has not paid any interest to any Micro and Small Enterprises during the current and previous year.

23 Employees Stock Option Scheme**a) Equitas ESOP Scheme 2015**

Under the Equitas ESOP Scheme 2015, EHL stock options are granted to some of the eligible employees of the Bank. As the administrator of the Employee Stock Option Scheme, EHL has informed the Bank that there are no costs to be transferred to the Bank with respect to the options granted. The outstanding options as at the respective years is given below.

Particulars	As at 31-Mar-21	As at 31-Mar-20
Options outstanding	1,10,420	1,72,308

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During the previous year ended 31st March 2020, the bank 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 upto 11,00,00,000 options (including 3,34,87,873 options under Grant 1 issued as a replacement option for the Scheme under the Holding Company) to eligible employees of the Bank and the Holding Company. Each option entitles for apply and allotment of one fully paid share on payment of exercise price during the exercise period.

As at March 31, 2021, 4,38,18,120 (previous year 4,00,43,917) (net of forfeitures and cancellation) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at March 31, 2021:

ESOP Scheme	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019	ESFB ESOP 2019
Grant	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11
Date of Grant	22-Nov-19 & 08-Dec-19	12-Dec-19	29-Jan-20	24-Mar-20	26-Sep-20	15-Feb-21	15-Feb-21	15-Feb-21	15-Feb-21	22-Mar-21	22-Mar-21
Date of Board Approval	22-Nov-19 & 08-Dec-19	12-Dec-19	29-Jan-20	24-Mar-20	26-Sep-20	15-Feb-21	15-Feb-21	15-Feb-21	15-Feb-21	22-Mar-21	22-Mar-21
Exercise Price Per Option (₹)	27.00	27.00	38.00	38.00	38.00	33.00	34.00	35.00	40.00	56.00	56.00
Total Options granted	3,34,87,873	12,00,000	64,38,855	2,82,000	38,00,360	1,00,000	1,58,346	2,91,000	4,00,000	38,02,510	11,42,500
Vesting Period	(Vesting over 3 years) 30-Nov-20 to 15-Dec-22	(Vesting over 4 years) 12-Dec-20 to 12-Dec-23	(Vesting over a period of two years) 29-Jan-2021 to 29-Jan-2022.	(Vesting over a period of four years – 25% at the end of each year) 1-Apr-2021 to 1-Apr-2024	(Vesting over a period of one year) 26-Sep-2021	(Vesting over a period of one year) 15-Feb-2022	(Vesting over a period of three years) 22-Feb-2022 to 22-Feb-2024	(Vesting over a period of three years) 22-Feb-2022 to 22-Feb-2024	(Vesting over a period of four years) 22-Feb-2022 to 22-Feb-2025	(Vesting over a period of one year) 22-Mar-2022	(Vesting over a period of four years) 22-Mar-2022 to 22-Mar-2025
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity	Equity

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Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11
Exercise Period	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options	3 years from the date of vesting of the options
1st Vesting	92 % on 12 months and 8 days from the date of grant	25 % on 12 months and 20 days from the date of grant	67 % on completion of One year from the date of grant	25 % on 12 months and 20 days from the date of grant	12 months from the date of grant	12 months from the date of grant	1/3rd on expiry of 12 months from the date of grant	1/3rd on expiry of 12 months from the date of grant	25 % on 12 months from the date of grant	12 months from the date of grant	25 % on 12 months from the date of grant
2nd Vesting	6% on expiry of one year from the 1st vesting date	25% on expiry of one year from the 1st vesting date	33 % on expiry of one year from the 1st vesting date	25% on expiry of one year from the 1st vesting date	NA	NA	1/3rd on expiry of one year from the 1st vesting date	1/3rd on expiry of one year from the 1st vesting date	25% on expiry of one year from the 1st vesting date	NA	25% on expiry of one year from the 1st vesting date
3rd Vesting	2% on expiry of two years from the 1st vesting date	25% on expiry of two years from the 1st vesting date	NA	25% on expiry of two years from the 1st vesting date	NA	NA	1/3rd on expiry of two years from the 1st vesting date	1/3rd on expiry of two years from the 1st vesting date	25% on expiry of two years from the 1st vesting date	NA	25% on expiry of two years from the 1st vesting date
4th Vesting	NA	25% on expiry of three years from the 1st vesting date	NA	25% on expiry of three years from the 1st vesting date	NA	NA	NA	NA	25% on expiry of three years from the 1st vesting date	NA	25% on expiry of three years from the 1st vesting date
Vesting Conditions	Partly based on continuance of service and partly based on performance rating	Partly based on continuance of service and partly based on performance rating	On Continuance of Service	Partly based on continuance of service and partly based on performance rating	On Continuance of Service	On Continuance of Service	Partly based on continuance of service and partly based on performance rating	Partly based on continuance of service and partly based on performance rating	Partly based on continuance of service and partly based on performance rating	On Continuance of Service	Partly based on continuance of service and partly based on performance rating

Exercise Period: Eligible to exercise the options up to three years from the date of vesting.

Manner of vesting: In a graded manner over 3 to 4 years commencing from the date of grant.

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Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11
Date of Grant	22-Nov-19 & 08-Dec-19	12-Dec-19	29-Jan-20	24-Mar-20	26-Sep-20	15-Feb-21	15-Feb-21	15-Feb-21	15-Feb-21	22-Mar-21	22-Mar-21
Outstanding Options as at April 1, 2020	3,22,85,276	12,00,000	62,76,641	2,82,000	-	-	-	-	-	-	-
Options granted during the Period	-	-	-	-	38,00,360	1,00,000	1,58,346	2,91,000	4,00,000	38,02,510	11,42,500
Less: Options Forfeited / Lapsed	41,29,432	30,000	3,91,347	-	2,67,170	-	-	-	-	74,400	-
Options Exercised	10,19,810	-	8,354	-	-	-	-	-	-	-	-
Outstanding options as at March 31, 2021	2,71,36,034	11,70,000	58,76,940	2,82,000	35,33,190	1,00,000	1,58,346	2,91,000	4,00,000	37,28,110	11,42,500
Vested	2,50,04,474	2,70,000	39,88,209	-	-	-	-	-	-	-	-
Yet to vest	21,31,560	9,00,000	18,88,731	2,82,000	35,33,190	1,00,000	1,58,346	2,91,000	4,00,000	37,28,110	11,42,500
Weighted Average of the remaining maturity (in years)	2.77	4.29	3.16	4.51	3.49	3.88	4.88	4.88	5.38	3.98	5.48

(b) The fair value of options used to compute Pro-forma net profit and earnings per Equity Share have been estimated on the date of the grant, using Black-Scholes model by a Merchant Banker.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Variables	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11
Grant Date	22-Nov-19 & 08-Dec-19	12-Dec-19	29-Jan-20	24-Mar-20	26-Sep-20	15-Feb-21	15-Feb-21	15-Feb-21	15-Feb-21	22-Mar-21	22-Mar-21
Risk Free Interest Rate	5.56% to 6.06%	5.85% to 6.59%	5.83 % to 6.12%	5.81 % to 6.41%	4.66%	4.68%	4.68% to 5.46%	4.68% to 5.46%	4.68% to 5.75%	4.82%	4.82% to 5.97%
Expected Life	2.52 to 4.53 yrs	2.50 to 5.51 yrs	2.50 to 3.51 yrs	2.52 to 5.52 yrs	2.50 yrs	2.50 yrs	2.50 yrs to 4.50 yrs	2.50 yrs to 4.50 yrs	2.50 yrs to 5.50 yrs	2.50 yrs	2.50 to 5.51 yrs
Expected Volatility	32.63% to 35.63%	32.71% to 35.41%	32.66% to 32.86%	32.86% to 35.33%	40.98%	42.05%	39.30% to 42.03%	39.30% to 42.03%	39.30% to 42.03%	42.24%	39.21% to 42.13%
Dividend Yield	-	-	-	-	-	-	-	-	-	-	-
Price of the underlying Share at the time of the Option Grant (₹)	27	27	38	38	38	33	34	35	40	56	56
Fair Value of the Option (₹)	7.10	7.17	10.11	10.22	11.35	20.76	20.20	19.65	17.11	16.69	16.66
1st Stage	8.70	8.82	12.41	12.45	NA	NA	22.24	21.73	19.38	NA	19.60
2nd Stage	10.69	10.83	NA	14.53	NA	NA	24.48	23.81	21.63	NA	22.52
3rd Stage	-	12.13	NA	16.94	NA	NA	NA	NA	23.83	NA	25.33
4th Stage	-	-	-	-	-	-	-	-	-	-	-

1 COVER STORY**3 OPERATIONAL HIGHLIGHTS****4 CHAIRMAN'S INSIGHTS****6 MD & CEO'S COMMUNIQUÉ****8 WHO WE ARE****18 HOW WE CREATE VALUE****25 HOW WE INTEGRATE SUSTAINABILITY****33 AWARDS & ACCOLADES****34 ABOUT THE REPORT****35 STATUTORY REPORTS****100 FINANCIAL STATEMENTS****100 Independent Auditor's Report****107 Balance Sheet****108 Statement of Profit & Loss****109 Cash Flow Statement****111 Schedules****Volatility**

Volatility is a measure of the amount by which a price has fluctuated or is expected to fluctuate during a period. The measure of Volatility used in the Black-Scholes option pricing model is the annualized standard deviation of the continuously compounded rates of return on the stock over a period of time.

c) Dividend Yield

Expected dividend yield has been calculated based on the dividend declared for 1 financial year prior to the date of grant. The dividend yield has been derived by dividing the dividend per share by the market price per share on the date of grant.

Had compensation cost for the stock options granted under the Scheme been determined based on the fair value approach, the Bank's net profit / (loss) and earnings per share would have been as per the Proforma amounts indicated below:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Profit as per Statement of Profit and Loss (as reported)	384.22	243.64
Add: Stock Based Employee Compensation Expense included in profit before tax	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	(21.68)	(8.83)
Net Profit - Proforma	362.54	234.81
Basic Earnings per Share of ₹10 each (as reported)	3.53	2.39
Basic Earnings per Share of ₹10 each (Proforma)	3.33	2.30
Diluted Earnings per Share of ₹10 each (as reported)	3.49	2.39
Diluted Earnings per Share of ₹10 each (Proforma)	3.29	2.30
Also refer Note 10.4 of Schedule 18.		

24 Prior period comparatives

Prior period comparatives have been reclassified / regrouped by the management, wherever necessary.

As per our report of even date

For T R Chadha & Co LLP, Chartered Accountants For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

Chartered Accountants

Firm Registration No.:006711N/ N500028

per Sheshu Samudrala

Partner

Membership No: 235031

Place: Chennai

Date: April 29, 2021

Arun Ramanathan

Chairman

DIN: 00308848

Place: Chennai

Date: April 29, 2021

Vasudevan PN

Managing Director and Chief Executive Officer

DIN: 01550885

Place: Chennai

Date: April 29, 2021

Arun Kumar Verma

Director

DIN: 03220124

Place: Bhubaneswar

Date: April 29, 2021

N Sridharan

Chief Financial Officer

Place: Chennai

Date: April 29, 2021

Sampathkumar KR

Company Secretary

M. No: A27466

Place: Chennai

Date: April 29, 2021

Corporate Information

Board of Directors

Mr. ARUN RAMANATHAN
Chairman and Independent Director

Mr. ARUN KUMAR VERMA
Independent Director

Prof. BALAKRISHNAN N
Independent Director

Mr. RAMESH RANGAN
Independent Director

Mr. SRIDHAR GANESH
Independent Director

Mr. SRINIVASAN N
Independent Director

Ms. TABASSUM INAMDAR
Independent Director

Mr. VINOD KUMAR SHARMA
Independent Director

Mr. NAVIN PURI
Independent Director

Mr. VASUDEVAN P N
Managing Director and Chief Executive Officer (MD & CEO)

Registered Office:

4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Anna Salai Chennai – 600002
Tel: +91 44 4299 5000 | Fax: +91 44 4299 5050
Email: Corporate@equitas.in | Website: www.equitasbank.com
CIN: U65191TN1993PLC025280

Statutory Auditors:

M/s. T R Chadha & Co LLP,
5D, 5th Floor, Mount Chambers, 758, Anna Salai, Mount Road, Chennai – 600002
Tel: +91 44 4269 4571 | 4269 4572

Key Managerial Personnel

Mr. SRIDHARAN N
Chief Financial Officer

Mr. SAMPATHKUMAR K R
Company Secretary



Equitas Small Finance Bank Limited