Equitas Small Finance Bank

Now & Next:
Pathways to Progress

Integrated Annual Report 2023-24

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INVESTOR INFORMATION

Market Capitalisation (as on March 31, 2024)	₹ 10,503.38 Crores
CIN	L65191TN1993PLC025280
BSE Code	543243
NSE Symbol	EQUITASBNK
Bloomberg Code	INE063P01018
Dividend Recommended	₹ 1 per share
AGM Date/Venue	September 10, 2024 at 11:00 AM IST / Video Conferencing

Disclaimer: This document contains statements about expected future events and financials of Equitas Small Finance Bank ('The Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions, and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

Corporate Overview: Except Statutory and Financial sections, the ratio calculation in rest of the sections are based on the Inclusion or otherwise of IBPC book or Securitization book, Daily or Monthly average for certain line items, etc.

About the Report

Reporting Principles

This report has been prepared in accordance with principles of Integrated Reporting as laid out by the International Integrated Reporting Council (IIRC) and Business Responsibility and Sustainability Reporting (BRSR) guidance issued by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations of 2015. The Report aims to provide valuable insights into how the Equitas Small Finance Bank (The Bank) generates value by sharing both financial and non-financial information. In line with the prescribed nine guiding principles for Reporting by the BRSR, the Bank places a strong emphasis on Environmental, Social and Governance (ESG) impacts, risks, and opportunities.

Reporting Period

This report covers the financial and non-financial performance of the Bank from April 01, 2023 to March 31, 2024.

Reporting Boundary

This report comprehensively covers the financial and non-financial information pertaining to the activities and progress of Equitas Small Finance Bank Limited, specifically focussing on the Bank's operations. The Report presents significant details regarding our strategy, business model, operating context, stakeholder interests, performance, prospects, and governance, offering valuable material information.

Responsibility Statement

Our management recognises its responsibility to ensure the accuracy and reliability of the information presented in this report. The Report has undergone a thorough review by our senior management, affirming that it covers all critical material issues concerning the Bank and its stakeholders. Furthermore, the Report has also been reviewed and approved by Those Charged with Governance (TCWG) to ensure the highest standards of accuracy, completeness, and relevance of the information provided.

Forward-looking Statements

This report includes statements that pertain to the future operations and performance of the Bank. It is important to note that actual results may significantly differ from the suggestions made by these statements. This variance can be attributed to various risks associated with our expectations, including but not limited to future circumstances such as technological advancements, changes in banking regulations, and other regulatory shifts in India and other jurisdictions. Additionally, factors such as natural calamities, inflation, deflation, unexpected fluctuations in interest rates, foreign exchange rates, equity prices, or other rates and prices, as well as the overall performance of the financial markets in India and globally, may also impact the outcomes.

How to Navigate

How to Read this Report

As you navigate this report, you will find detailed answers to the following key questions:

Who governs the Bank, and how do we approach the evolving market dynamics?

What will you find?

- A broad overview of the Bank's current position and future direction
- Our strategic approach towards value creation
- Our approach to macro developments, opportunities, and risks
- The experience and competence of our Board and leadership
- In-depth review of our governance and control framework

Where to Look?

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What are the material issues and risks to the Bank, and how are we addressing them?

What will you find?

- Identification of material issues and mitigation of the same
- Evolution of risk identification and management techniques
- Risk mitigation tools and techniques

Where to Look?

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What are the key strategies of the Bank that guide us towards growth?

What will you find?

- Our long-term vision
- Strategies employed to progress better
- Initiatives taken in line with the strategies

Where to Look?

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What do we do that makes us true to our name - EQUITAS?

What will you find?

- Our operating philosophy
- Our governance strategies
- Initiatives taken towards financial and social inclusivity

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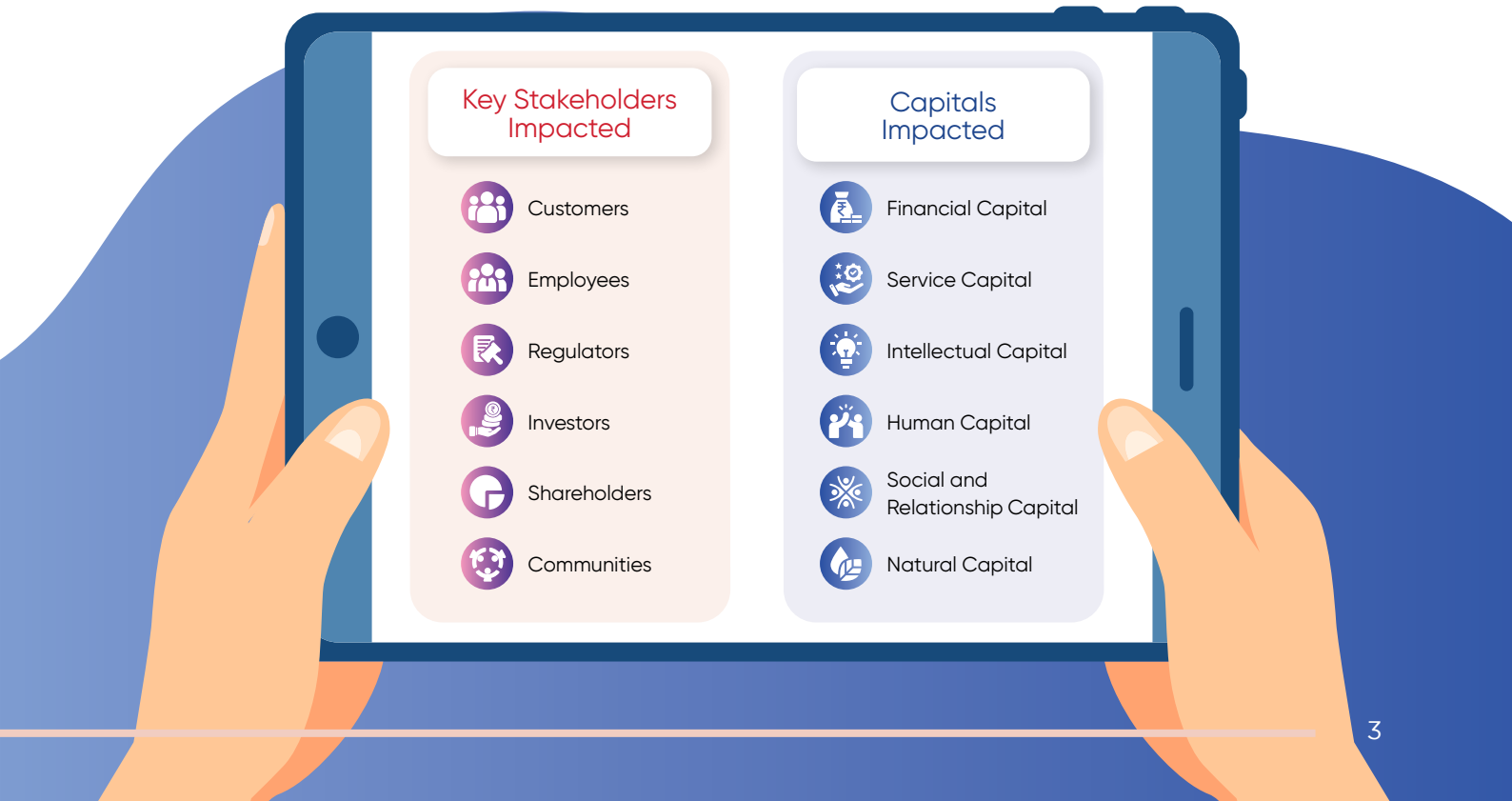


Our Philosophy

Equitas Guiding Pathways

A Beacon of Progressive Banking

At Equitas Small Finance Bank ('Equitas' or 'The Bank' or 'The Company' or 'We'), our name embodies our ethos: fairness and transparency. Committed to these values, we adopt a dual philosophy that blends business acumen with social responsibility, aiming to make a significant impact. Our mission is clear – 'To create the most valuable Bank for all stakeholders through happy employees'. This mission has steered our evolution from a modest microfinance institution to a diverse Non-Banking Financial Company (NBFC), and now to a full-fledged well-diversified Bank.

Our 3S Philosophy

Our evolution reflects a deep commitment to a '**3S**' business philosophy encompassing **stability, sustainability and scalability**. This philosophy has paved our pathway, helping us build a stable business model with scalable service and product offerings while maintaining sustainable governance and business practices. It permeates every aspect of our operations, laying the foundation for Equitas' next phase of growth.

To ensure stability, we have built a diversified lending portfolio across states, addressing various customer segments and needs. We aim to insulate the portfolio from economic cycles and black swan events by securing about 80% of it with collateral. Our stability is further strengthened by a strong deposit franchise, supported by over **399 banking outlets** focussed on servicing mass and affluent individual depositors. Additionally, we leverage wholesale markets to benefit from favourable interest cycles.

Our focus on sustainability guides us to enter markets and products that allow us to build a high-quality business aligned with **Equitas' standards of governance**. These practices ensure long-term risk management and regulatory compliance. While sustainable practices may appear cautious or risk-averse, at Equitas, we believe this approach ensures longevity.

Our objective is to establish an organisation that is both stable and sustainable, while also being scalable. Through the products and solutions offerings positioned for growth, we are focussed to seize the untapped opportunities in India's informal economy and also by building a strong non-interest revenue stream and customer base through digital and third-party product initiatives. Our ventures into products like Fast Tag, API banking solutions, and future endeavours in credit cards, personal loans and forex businesses provide us with opportunities for scaling business in the long run. We envision a future where our comprehensive loan portfolio **empowers individuals and businesses to realise their full potential.**

A
Stable,
Sustainable &
Scalable Bank

Our CSR Philosophy

Equitas was setup with a purpose of creating a better society not only through financial inclusion but also by focussing on uplifting the society through various initiatives outside the realms of banking – what we call '**Beyond Banking**'. Over the years, our beyond banking focus has grown into a machinery that transforms lives by setting up social infrastructure that is stable, sustainable and has a scalable impact over time.

Equitas stands as a proof to progressive banking, balancing commercial success with societal progress. Through our guiding principles, innovative approach, and objective to make a tangible difference, we redefine banking to ensure our legacy is one of impactful inclusivity and transformative progress. We believe in creating an exemplary institution, which is not only limited to generating superlative returns for shareholders with sound governance, but also to ensuring the society we serve, progresses through our growth.

The Equitas Ecosystem

Touching Lives...

Transforming Future...

Our philosophy focusses on making a lasting difference by developing infrastructure under **Equitas Development Initiative Trust (EDIT)** and **Equitas Healthcare Foundation** like Equitas Gurukul School and our recently developed Sringeri Saradha Equitas Cancer Hospital and undertaking other initiatives that directly benefit the underprivileged and contribute to societal well-being. With the social framework of improving household income and decreasing expenditure and improving quality of life, the Bank focuses on various initiatives like:

- Improving vocational skills
- Conducting focussed job fairs for improving employment
- Medical interventions
- Food security programmes
- Free cataract surgeries
- Women empowerment
- Transgender inclusion
- Quality education to low-income households
- Rehabilitating pavement dwellers

> Improving the quality of life through health care, education and skill development
>
> – Our CSR Philosophy

Chairman's Message

Guiding us with a Vision

The Bank's current and future initiatives resonate with Equitas' mission to create 'the most valuable bank for all stakeholders through happy employees' while seamlessly blending continuity and evolution.

Dear Esteemed Stakeholders,

As we navigate 2023-24, I am honoured to begin my first year with Equitas and embark on this exciting journey with you.

It is my pleasure to present the Equitas Small Finance Bank's annual report, which chronicles our journey through challenges, reflecting our commitment to inclusive growth and sustainable development.

Overview of the Global Economy

The global economic landscape has been characterised by significant volatility and uncertainties, posing challenges that have tested the resilience of nations and businesses. The United States and several large emerging markets and middle-income economies displayed notable performance, driven by stronger-than-expected private consumption amid still-tight-though-easing labour markets. In the USA, aggregate demand was supported by private consumption, with fiscal forecasts for CY 2025 estimated at 1.9% of GDP.

The Euro Area had the smallest upside growth surprise due to weak consumer sentiment and lingering high energy prices, with fiscal forecasts for CY 2025 at 1.5%of GDP. In China, the fiscal stance was mildly tighter than expected by 4.1 % of GDP, and inflation fell unexpectedly, driven by sharply lower domestic food prices and their pass-through effects on underlying core inflation. However, the road to sustained global economic recovery remains arduous, requiring concerted efforts from policymakers, businesses, and stakeholders to navigate the complexities and mitigate risks effectively.

India's Positioning in the Global Context

Amid this challenging global environment, India has emerged as a shining beacon of hope and economic prowess. The Reserve Bank of India (RBI) gave a 8.2% real GDP growth for 2023-24, marking the third consecutive year of growth exceeding 7%. This strong performance has attracted significant foreign investment, with FIIs and FPIs increasing their investment bucket into the Indian market, further fuelling economic growth. The influx of foreign capital contributed to an improved balance of payments position, with the current account swinging to a surplus in January-March 2024 for the first time in eleven quarters. This positive trend in the balance of payments has been accompanied by a rise in foreign exchange reserves, which have hit a lifetime high of

US$ 645.58 Billion as of April 2024, providing a strong buffer against potential economic shocks and enhancing India's financial stability.

The strengthening of forex reserves aligns with the RBI's focus on building a substantial buffer to weather future economic challenges. Meanwhile, the banking sector is also showing positive signs, with credit growth expected to be in the range of 14-14.5% for 2024-25 driven by broader growth across segments and increased capital expenditure. This credit growth is likely to further stimulate economic activities and investments. Despite potential challenges, banks are anticipated to maintain robust deposit growth of 12-13% year-on-year for 2024-25, indicating continued confidence in the banking sector, while providing a sufficient and stable funding base for future lending activities.

Performance Highlights

The financial year 2023-24 was a good one for the Bank. We navigated the rising interest rate cycle effectively, maintaining margins, yields, and profitability. On a full year basis, the Bank registered a balance sheet growth of 30%. Achieved a net profit after tax of ₹ 799 Crores in 2023-24, marking a 39% increase from 2022-23. Our asset quality improved, with Gross Non-Performing Assets (GNPA) at 2.52% compared to 2.6% in 2022-23, and Net Non-Performing Assets (NNPA) at 1.12%, down from 1.14% in 2022-23. Despite rising costs of funds, we sustained a Net Interest Margin (NIM) of 8.36% for 2023-24. This year's performance has laid a solid foundation for continued growth and success. The Bank remains well-capitalised, with a Capital to Risk-weighted Assets Ratio (CRAR) of 21.70%, exceeding the 15% regulatory requirement. We have been trying to build consistency and registered a ROA of 2% and ROE of 14.43% for 2023-24.

During the year, investments for the future were made mainly in new product segments like credit cards, personal loans and various remittance products under the AD1 license. Additionally, the Bank continues to invest in technology to create platforms that are scalable and be able to quickly adopt emerging trends. A robust single loan origination and Super App are the two platforms we are most excited about.

Vision for the future

The Bank's current and future initiatives resonate with Equitas' mission to create "the most valuable bank for all stakeholders through happy employees" while seamlessly blending continuity and evolution, which is exemplified through our 'Now & Next' approach.

While the term 'Now' represents our long-standing commitment to financial empowerment, transparency, and tailored value propositions for underserved segments, 'Next' signifies our forward-thinking approach. This transition aims to position the Bank as mass retail consumer focussed and technology driven.

Social Impact

Since inception, your Bank has dedicatedly invested 5% of its net profit towards CSR initiatives while also being involved in the entire process that impacts lives. Through the Equitas Development Initiatives Trust (EDIT) and the Equitas Healthcare Foundation (EHF), we focus on health, education, upskilling, employment, and rehabilitation, thereby empowering individuals in our communities. Our Equitas Gurukul Schools aim to nurture and empower children by providing not only education but transforming them into responsible individuals.

30%
Balance Sheet Growth Y-o-Y

39%
Growth in PAT Y-o-Y

During the year, we achieved an important milestone of inaugurating the Sringeri Sharada Equitas Hospital (SSEH) a joint venture with Sringeri Sharada Mutt. The Mutt generously provided land in Chennai for a hospital dedicated to cancer care. The hospital, managed by the Equitas Healthcare Foundation, aims to provide high-quality cancer care at affordable rates. Through their support, we have successfully developed a pricing model that significantly reduces health care costs for economically weaker sections and lower-income households.

Expression of Gratitude

I would like to take a moment to express my sincere gratitude to our outgoing Chairman, Mr. Arun Ramanathan, for his outstanding leadership at Equitas Small Finance Bank. His strategic guidance has been pivotal in navigating challenges and reinforcing our commitment to becoming a mass retail Bank, empowering unbanked and underserved communities, and making a positive impact on countless lives. We are grateful for his efforts in promoting integrity, excellence, and compassion within our culture. On behalf of the entire ESFB team, we wish him luck as he pursues new endeavours, confident that his principles and visionary approach will continue to benefit organisations and drive positive transformations.

Our success is a collective effort, and we extend our heartfelt gratitude to our valued stakeholders – our customers, employees, partners, and shareholders – whose trust and support have been the driving force behind our achievements. Your belief in our vision and your commitment to our shared goals have been instrumental in propelling us forward.

The success of the Bank evidences the collective faith placed in our vision. We are committed to carrying this legacy forward, continuously empowering our customers to achieve their aspirations.

Warm regards,

Anil Kumar Sharma
Part-Time Chairman and
Non-Executive Independent Director

MD & CEO's Message

Leading with Purpose

At Equitas, we are driven by a mission to redefine banking and transform lives. We recognise the immense potential at the base of the economic pyramid, where domestic consumption growth outpaces GDP growth.

Dear Esteemed Stakeholders,

At Equitas, we are driven by a mission to redefine banking and transform lives. We recognise the immense potential at the base of the economic pyramid, where domestic consumption growth outpaces GDP growth. We distinguish ourselves as one of the select multi-product bank actively engaged with this segment of the society.

Through a year of prudent investments in products, people, technology, and other initiatives to strengthen the Bank, we have continued creating value for our stakeholders as we build a stable, sustainable and scalable organisation.

Setting the Highest Standards in Corporate Governance

At Equitas, our governance ethos embodies fairness and transparency, aligning with our name's essence. Two key principles drive our approach: 'When in doubt, favour the regulator over the Bank', prioritising regulatory compliance over internal convenience; and 'Never play at the edges, always play at the centre', guiding us to operate well within regulatory boundaries. These principles stress our commitment to risk mitigation, regulatory alignment and building sustainable business practices. We believe this approach fosters trust among our stakeholders and establishes Equitas as a benchmark for ethical banking practices.

Now and Next

'Now and Next' captures the core of our transformation journey—from our current success, built on a foundation of fairness and transparency, to our future ambition of becoming a large retail bank focussed primarily on the informal economy. 'Now', we are a successful small finance bank with 565 assets and 399 liability branches spread across 18 states, with customers across tier 1 to 6 towns. Our transition from a micro finance institution to our position today is guided by the philosophy of a stable business model, sustainable governance practices, and scalable service and product offerings. Our singular goal is to act as a bridge, mobilising deposits from our mass and affluent depositors and using that to drive economic growth amongst people who are at the bottom of the pyramid. We enable financial empowerment of a large section of the society who have traditionally been unserved or underserved by the banking system.

'Next' represents our ambition to transform from a small finance bank catering to the underbanked to a mass retail bank with a robust competitive edge in the segments we operate.

This evolution will broaden our funding sources by cultivating loyal depositors who view us as their primary bank. This, in turn, enables us to offer competitive lending rates and maintain our position as the preferred lender in our segments, even as competition intensifies.

A Year of Consistent Performance

During the year 2023-24, our gross advances grew by 23% compared to the previous year to ₹ 34,337 Crore, while our total deposits surged by 43% to ₹ 36,129 Crore during the same period. Notably, our Current and Savings Accounts (CASA) contributed 32% to the total deposits, indicating a healthy deposit mix. As a result of a strong performance, our financial ratios showcased substantial improvements. The total Return on Assets (RoA) improved from 1.89% in 2022-23 to 2.00% in 2023-24, while the Return on Equity (RoE) rose to 14.43% for the same period. Additionally, our asset quality witnessed a considerable enhancement, with the Gross Non-Performing Assets (GNPA) standing at a pre-covid level of 2.52% as of March 31, 2024.

We continue to focus on expanding our Small Business Loan (SBL) portfolio, capitalising on the vast opportunities for secured funding among our microfinance customers as they graduate to SBL. In Vehicle Finance segment, we moderated our lending to new commercial vehicles and concentrated more on Used CV and Used Cars. Our strategic emphasis on building a high-quality Housing Finance book yielded positive results, with the GNPA in this segment being less than 1% as of March 31, 2024. Furthermore, the contribution from our Housing Finance portfolio improved from 10% to 12% with 46% growth in advance book.

On the liability front, our deposits rose by 43%, driven by a strong growth in retail term deposits. During the year, the Bank made concerted efforts to improve the Credit-Deposit (CD) ratio, resulting in an improvement from 103.4% as of March 31, 2023 to 86.98% as of March 31, 2024.

We closed the year with a Profit after Tax (PAT) of ₹ 799 Crore, a 39% increase over the previous year.

CSR Initiatives: The Bank's Commitment to Social Impact

Our approach to CSR is to transform the quality of life of the under-privileged by focussing on Healthcare, Education, and Employment. By increasing household incomes through skill development, job fairs for the youth, and reducing expenses via medical and vaccination camps, affordable healthcare services, and health awareness programmes, we are working to improve their financial stability.

During the year, we inaugurated the Sringeri Sarada Equitas Cancer cum Multi Speciality Hospital. This is a joint initiative between Equitas Healthcare Foundation and Sringeri Sarada Peetham. This is a 100-bed hospital offering high quality cancer care at extremely affordable cost, specifically targeted to the low income segments.

Our Equitas Birds Nest Programme, under which, we relocate pavement dwellers to houses and pay 6 months rent on their behalf while parallelly improving their income earning capacity to sustain on their own after 6 months, has now transformed over 4,500 families.

Through our 8 schools, called Equitas Gurukul Matriculation Schools, we provide high quality English medium holistic education to about 7,000 children from low-income families. These are run by Equitas Development Initiatives Trust.

Looking Ahead

Looking ahead, we remain determined in our mission to be the leading mass retail bank with a highest standards of corporate governance, fairness and transparency. We will continue to invest in technology, and focus relentlessly on operational excellence as we work towards delivering sustainable growth and creating lasting value for all our stakeholders.

With a shared belief of creating a valuable bank for all our stakeholders, we embark on the Next chapter, confident in our ability to empower millions and shape a brighter financial future.

Warm regards,

P. N. Vasudevan
MD & CEO

565
Assets Branches

399
Liability Branches

Now & Next: Pathways to Progress

From the solid ground of **'Now'** to the ambitious heights of **'Next'**, we traverse through the continuum of progress, where each step is both a culmination and a beginning.

At Equitas, our Pathway to Progress commences in **'Now'**, anchored in our profound commitment to serve the underbanked. This commitment is steered by a philosophy of transparency and effective communication, setting us apart in the financial sector.

As we stride towards the **'Next'**, our ambitions soar: transitioning from a small finance bank to a mass retail bank, creating stickiness among depositors, leveraging technology and establishing a brand that provides world-class customer experience, and highest standards of Governance. All these efforts are aimed at constructing a robust foundation, solidifying our position and paving the way for a more equitable tomorrow. By offering a diverse range of innovative offerings, we empower individuals, enabling them to thrive and shape a brighter future.

This evolution isn't just a change—it is a leap towards a future defined by inclusivity, efficiency, and sustainable growth. At Equitas, we are poised to not only meet but exceed customer expectations, reshaping the financial paradigm with a clear, visionary and progressive path forward.

Come, let's deep dive into our narrative about progress and evolution, leveraging the strengths of 'Now' to navigate the ambitious journey towards 'Next'.

This is our story of **consistent advancement**... this is our promise of a **better tomorrow**... this is our **'Now & Next: Pathway to Progress.**

NOW

We are Equitas...

Not just present in the moment – we'are actively crafting it!

Rooted in fairness and transparency.

The first bankers to pioneer many in their financial journeys.

Believe in uniting dreams while governing with the strongest levels of integrity.

Championing the 'Circle of Life,' transforming lives at the base of the pyramid.

We are Equitas - Leading Today's Change, Building Tomorrow's Future.

Explore the key achievements that define our 'Now' and underscore our commitment to growth and responsibility as we Pioneer Progress: Now, Today and Everyday....

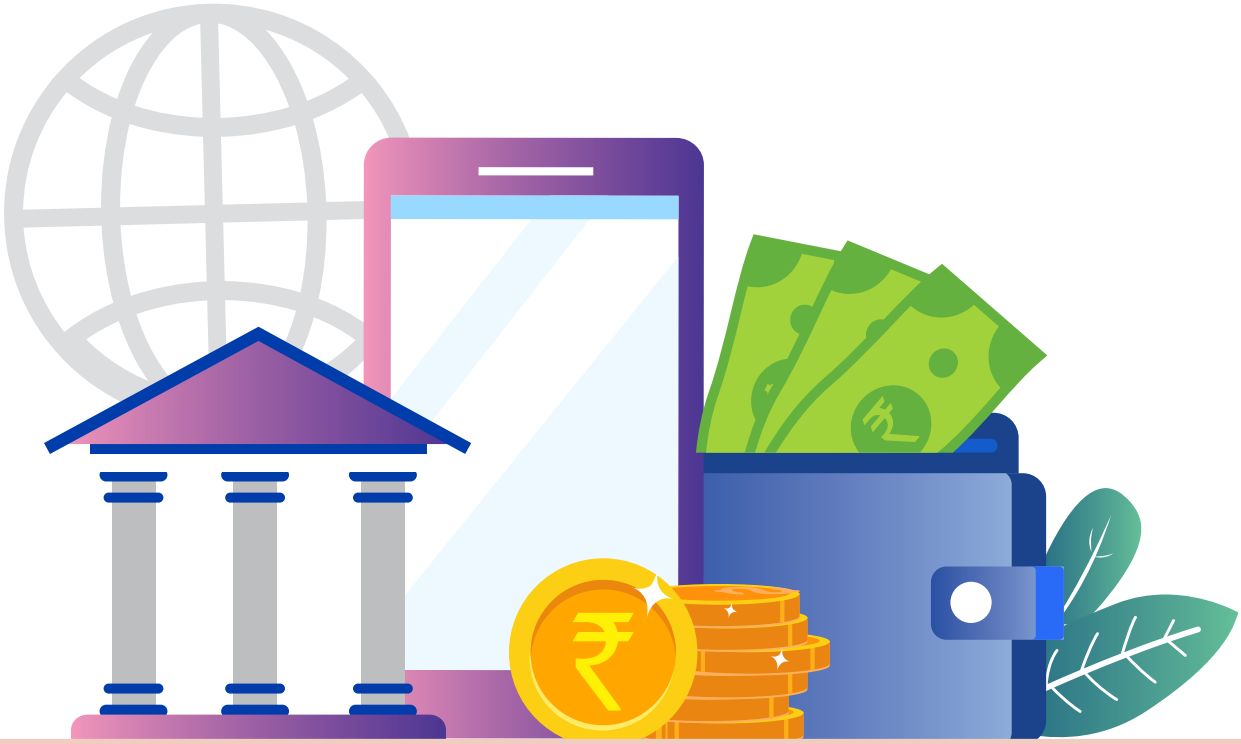
- Secured Loan Portfolio at **82%** in 2023-24
- **62%** Term Deposits from Retail Segment
- Demonstrated **Resilient Asset Quality** Through Rapid Recovery Post-Covid-19 Challenges
- Established Pan India Operations Through **964** Banking Outlets And **365** ATMs In **18** States And Union Territories
- Achieved **32%** of CASA Ratio, Well Above the SFB Industry Average
- Focussed on Graduating Customers From **Jlg Loans** To **Individual Loans** Through **Small Business Loan**
- Crossed **47.88 Lakh** Customer Base
- Scaled Up **Used Car Segment** and Capitalised On Cross Selling Opportunities Through **Merchant OD** Facility

Discover about our journey till 'Now' in the pages ahead...

About the Company

Driving Value for All: A Comprehensive Approach to Banking Solutions

Equitas Small Finance Bank ('Equitas' 'The Bank' 'The Company' 'We') is a leading and pre-eminent name in India's banking sector. The Bank offers a wide array of products and services precisely tailored to meet the diverse and evolving needs of our growing customer base. Our focus is rooted in extending credit to the substantially underserved base of the economic pyramid, positioning us as the quintessential bank for a broader population. We are dedicated to ensuring that our savers derive satisfaction from knowing their capital is being utilised to bring a positive change in someone's journey. With our multi-product strategy, we also offer an array of non-credit services, including insurance products and mutual funds, thereby establishing ourselves as a comprehensive provider of financial solutions.



Comprehensive suite of products tailored to meet diverse needs

Strategic focus on sustainable retail liabilities with **62%** retail deposit ratio

Extensive network of **964** banking outlets and **365 ATMs**

Robust integration of technology in operations

Experienced Board constituting 11 members with an average experience of **35 years**

Rated **'AA-/Stable'** by India Ratings & **CareEdge** Ratings

Mission

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

Values

- Customer first
- Pride of performance
- Fair and transparent
- Respect for people
- Ownership

Equitas caters to a diverse range of customer segments, embodying the ethos of being a 'Bank for All'. Our inclusive approach extends our services to various demographics and accessibility across different customer profiles.

Bank for ALL

- Children
- Senior Citizens
- Entrepreneurs
- Students
- NRIs
- Farmers
- Trust, Association, Society and Club (TASC)
- Millennials
- Women
- Corporates

Physical Presence

We have strategically focussed on expanding the Bank's reach to ensure seamless access to formal banking channels across India. Leveraging a robust omnichannel approach, we have made significant strides in reaching even the remotest corners of the country. By building a comprehensive branch network comprising liability or deposit-accepting branches and asset centres, we have established a strong presence in Metro, Urban, Semi Urban and Rural areas, enhancing our accessibility to a wide range of customers.

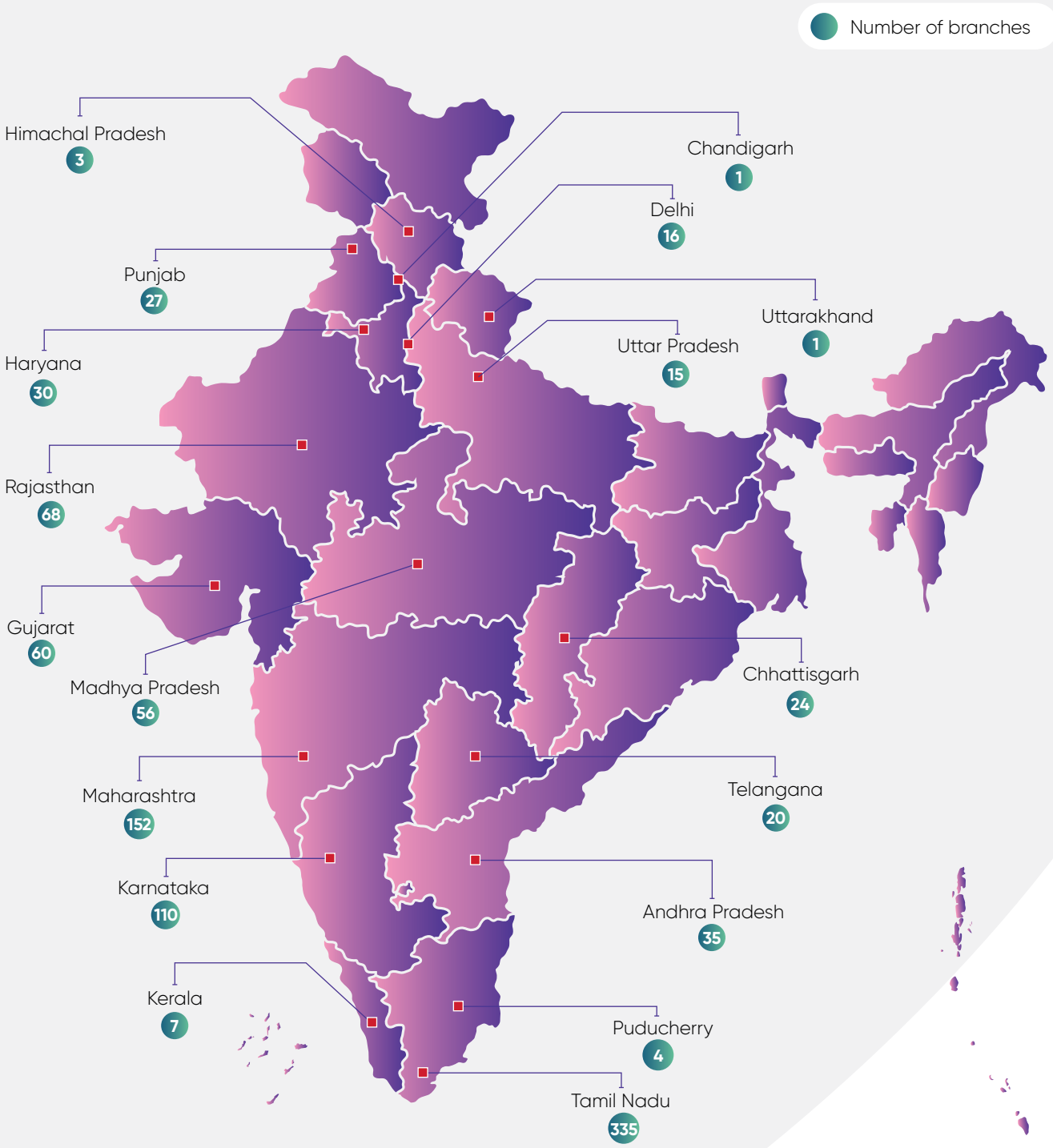
State	Advances (%)	Deposits (%)
Andhra Pradesh	4	3
Chandigarh	-	3
Chhattisgarh	1	2
Delhi	2	8
Gujarat	4	6
Haryana	2	4
Himachal Pradesh	-	-
Karnataka	12	9
Kerala	-	1
Madhya Pradesh	3	4
Maharashtra	14	13
Punjab	2	7
Rajasthan	4	6
Tamil Nadu & Puducherry	49	29
Telangana	2	3
Uttar Pradesh	1	2
Uttarakhand	-	-

18
States and UTs

964
Banking Outlets

365
ATMs

1
Corporate Office



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.

Equitas' Journey

Tracing Our Landmarks of Progress

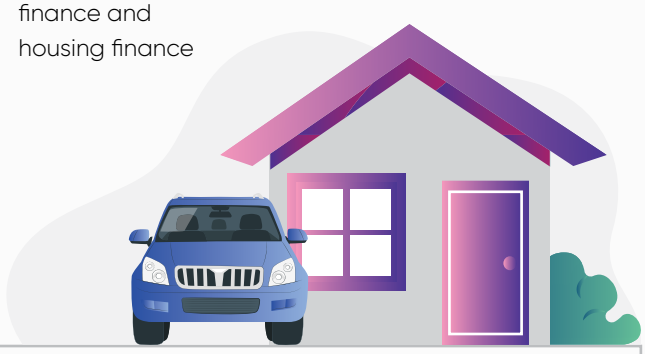
Our transformation from a humble microfinance institution into a leading small finance bank illustrates our journey. The road so far has been driven and marked by a commitment to inclusivity, empowerment, and stakeholder value. Our focus remains on shaping a stable, sustainable, and scalable future, marking each step with significant milestones of growth and innovation as we continue to evolve.

2007

Launched microfinance lending to the underbanked

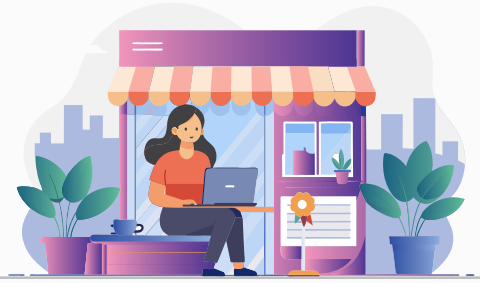
2011

Launched vehicle finance and housing finance



2013

Launched Small Business Loans



2015

Customer base soars to 2.5 Mn

2016

Commenced operations as SFB post receipt of final approval from RBI

2023

- Pioneered Merchant Overdraft loans for small borrowers
- Completed Reverse Merger between Equitas Holdings Limited and Equitas Small Finance Bank
- Networth crossed ₹ 50 Bn
- Declared dividend for the first time - ₹ 1 per share

2024

- Obtained AD1 License
- Introduced new car loans
- Launched 'Selfe Loans' – A customer mobile App for borrowers

2022

- Gross advances exceeded ₹ 205 Bn
- Acquired 23 Lakh liability accounts; Recorded highest-ever CASA Ratio at 52.01%
- Successfully raised ₹ 550 Crore via the QIP route
- Navigated pandemic successfully, Credit cost for 2021-22 at 2.60%

2021

- Balance Sheet size exceeded - ₹ 240 Billion
- Introduced Used Car loans

2020

Completed the IPO and successful listing of Equitas Small Finance Bank

2019

Exceeded ₹ 100 Bn in total deposits

2018

- Commenced MSE Financing product
- Introduced Selfe Savings Account
- Crossed ₹ 100 Bn in Gross Advances
- Partnered with IPL for the first time in IPL 2018 to build the brand

2017

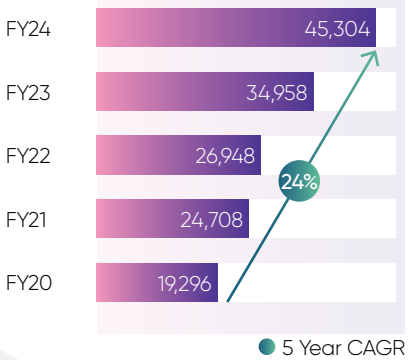
Reported a Net Profit of more than ₹ 1 Bn

Highlights of Financial Performance

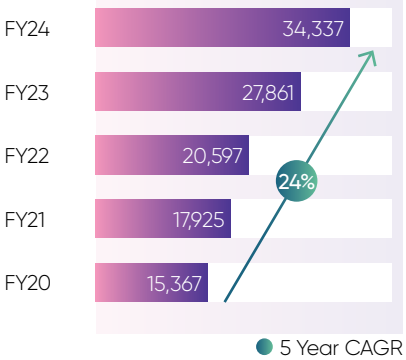
Our Core Metrics of Excellence

We are proud to have demonstrated a year of pronounced growth and resilience. By strategically diversifying our offerings and improving growth trends, we have achieved better yields and enhanced financial stability. Advances continued to rise, reflecting strong demand across various segments, while diligent risk management ensured improved asset quality. Trends in net interest income showcase our adept financial stewardship, bolstering our ability to harness economic opportunities and effectively address challenges. This performance sets the stage for a year marked by sustainable growth, operational efficiency, and strategic expansion.

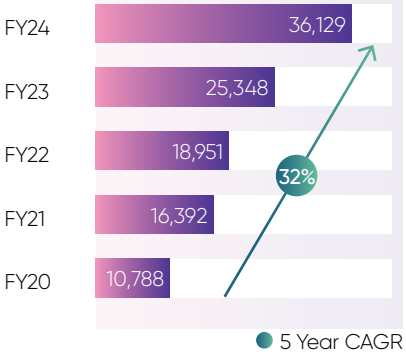
Balance Sheet (In ₹ Crore)



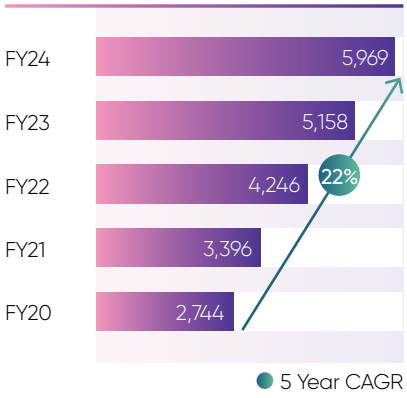
Gross Advances (In ₹ Crore)



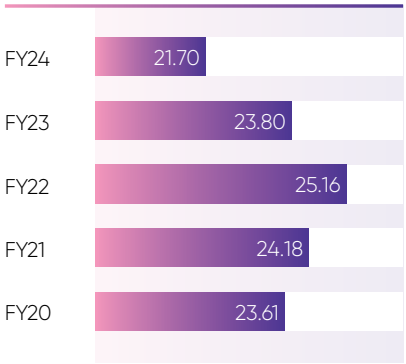
Total Deposits (In ₹ Crore)



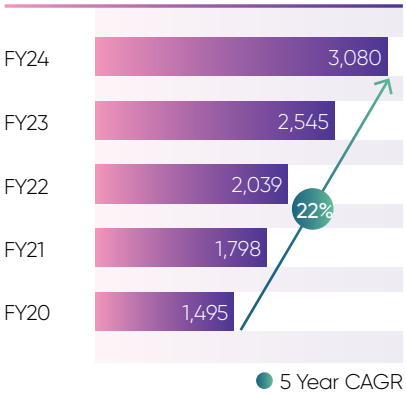
Net Worth (In ₹ Crore)



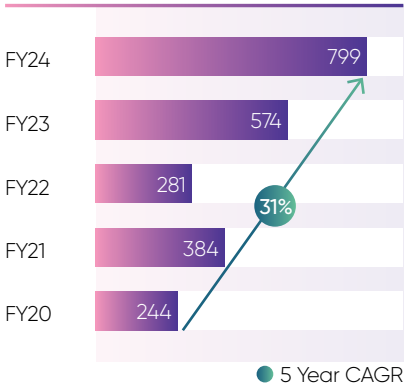
Capital Adequacy Ratio (In %)



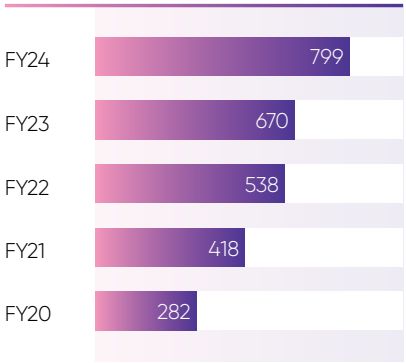
Net Interest Income (In ₹ Crore)



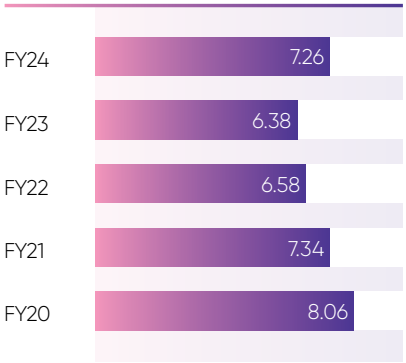
Profit After Tax (In ₹ Crore)



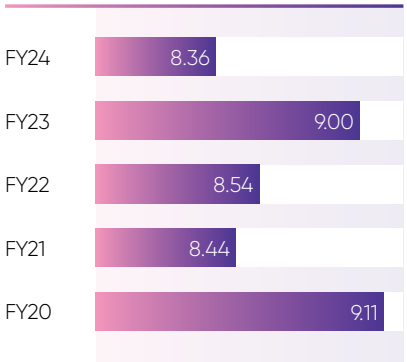
Other Income (In ₹ Crore)



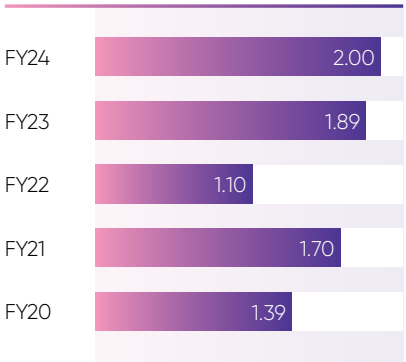
Cost of Funds (In %)



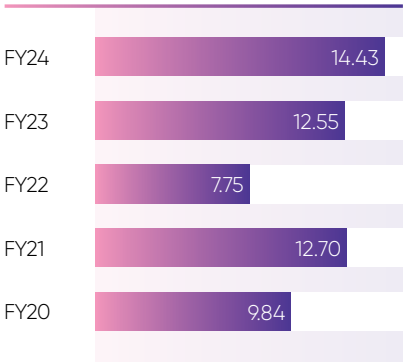
NIM (In %)



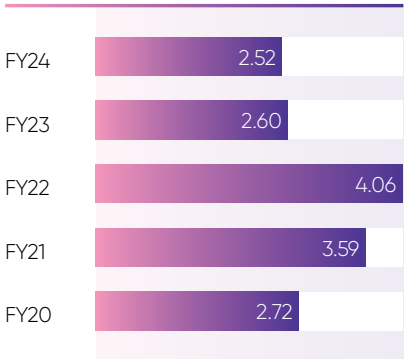
Return on Assets (In %)



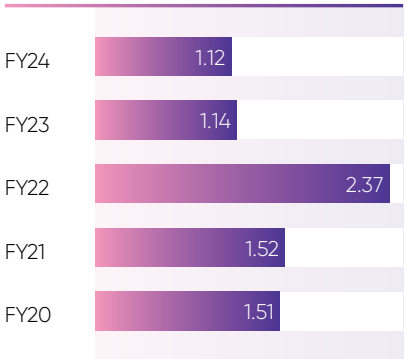
Return on Equity (In %)



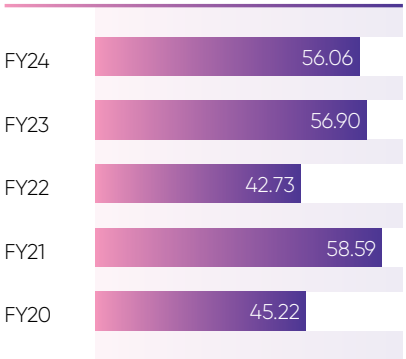
GNPA (In %)



NNPA (In %)



PCR (In %)



CAGR calculated using FY19 as a base year

Product and Offerings

Building a Comprehensive Product Portfolio for Diverse Customer Needs

Originating as a microfinance institution, we have evolved into a full-service bank. Equitas delivers a diverse range of banking solutions to individuals with limited access to formal banking channels. Our objective is to enhance financial inclusion by reaching the underserved and unserved, bridging the gap between formal and informal sectors, and ensuring everyone benefits from India's economic progress.

Our strategic diversification mitigates regulatory risks and enhances fund transmission, supporting scalable growth across varied economic profiles. Embracing digital transformation, we have expanded into housing and vehicle loans, improving services through technology upgrades and fintech partnerships. These initiatives strengthen our commitment to the underbanked, fostering community empowerment and sustainable growth while continually broadening our range of financial products.

Equitas' Banking Universe

Inclusive Banking

- Small Business Loans
- Microfinance
- Merchant OD

Affordable Housing Loan

Emerging Enterprise Banking

- Used Commercial Vehicle Finance
- New Commercial Vehicle Finance
- Passenger Cars

NBFC Financing & MSE

- Term Loans
- Working Capital Loans

Consumer Banking

- Savings Account
- Term Deposits
- Bank Locker
- Insurance
- Mutual Fund
- 3-in-1 Trading Account
- NRI Services
- Gold Loans

Commercial Banking

- Current Account
- Overdraft Facilities

Channels

- Banking Outlets
- ATM/Debit Cards
- Mobile Banking
- Phone Banking
- Internet Banking
- Call Centre
- Video Banking
- Whatsapp Banking

Third Party Products

- Life Insurance
- General Insurance
- Health Insurance
- Mutual Funds
- Fastag
- Micro ATMs

Product Innovation

Innovating New Pathways for Tomorrow

As we progress towards becoming a bank that can reach wide range of customer segment, a key aspect of our strategy has been diversifying our product and service offerings. Driven by our commitment to deliver value, we continuously innovate to meet our customers' evolving needs. Recognising shifts in consumer behaviour, we are dedicated to adapting and providing tailored solutions that address these new demands.

The majority of our clientele comprises first-time bankers, and our objective is to serve as a 'One-Stop Shop' for all their banking needs. By fostering product innovation and diversity, we aim to cater to the immediate and evolving financial requirements of our customers. Our strategy is designed to offer a suite of products to each customer over the years, ensuring a comprehensive and enduring banking relationship. This horizontal approach not only caters to the changing customer requirements but also brings stability through diversification. Some key product innovations that helped Equitas stand out during the year include Merchant OD, Digital Savings Account, and Used Car Financing, among others.

Merchant Overdraft Loans

In India's growing economy, small businesses play a vital role in the countries growth. While in the past these small businesses have been traditionally serviced by local money lenders, NBFCs and Small Finance Banks have started to gain a strong foothold today.

At Equitas, we realised this potential as early as 2013 when we introduced small business loans as a graduation loans to microfinance borrowers.

Our journey began in 2022-23 with launch of Merchant Overdraft Loans to target small businesses like provision stores, tea shops, repair centres, etc. With the launch of 'Merchant Overdraft Loans' Equitas was able to provide for the first time a flexible credit facility to these small businesses. The Merchant Overdraft coupled with a traditional term loan, both secured against the home property of the borrower, provides the borrowers with not only access to long-term credit to buy a small machinery or add more space in the shop but also the convenience of an overdraft facility which can be utilised to stock up on inventory before the festival seasons like Diwali, Pongal or other festivals in their region.

By 2023-24, our portfolio surged to ₹ 992 Crores, serving 39,000+ borrowers across various sectors. We plan to expand our footprint across all branches, aspiring to become the preferred banking partner for small businesses.

₹ 992 Crores

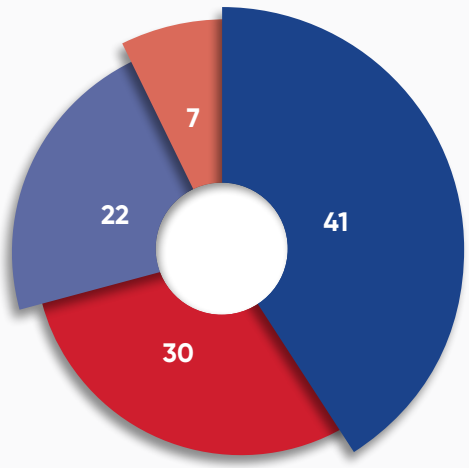
Portfolio Growth with **39,000+** Spread Borrowers

Our Advantages

- Assessed income group
- 65% of the portfolio is less than ₹ 3 lakh ticket size
- 100% of the customers are enabled with QR.

Location

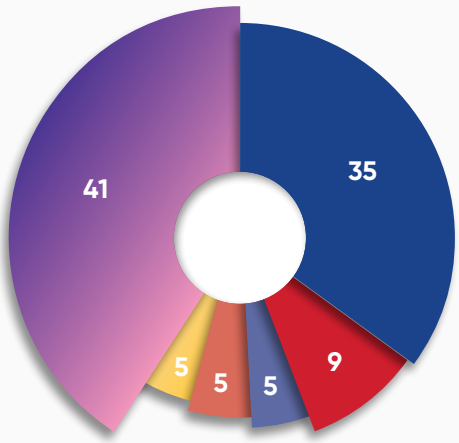
(In % Mix)



- Semi Urban
- Urban
- Rural
- Metropolitan

MOD - Client's Business Segments

(In % Mix)



- Milk/Dairy/Cattle
- Tailor/Laundry
- Building/Infra-Products/Services
- Kirana/Grocery/Super Market
- Engineering/Electronics/Service
- Others

Digital Savings Account

The fintech revolution and technological advancements created a favourable environment for digital banking adoption. The COVID-19 pandemic further accelerated this. Thus, this presents an opportunity for us to tap into unbanked and underbanked populations, especially in rural areas.

We capitalised on the pandemic-induced shift towards digital banking by launching the Selfe Savings Account. Our fully digital account opening process, coupled with video KYC and a digital-first approach, catered to customers' evolving needs and behaviours, particularly millennials while providing valuable insights for risk management in the digital era.

A Digital-First
Approach

56%
Savings Accounts
Opened Digitally

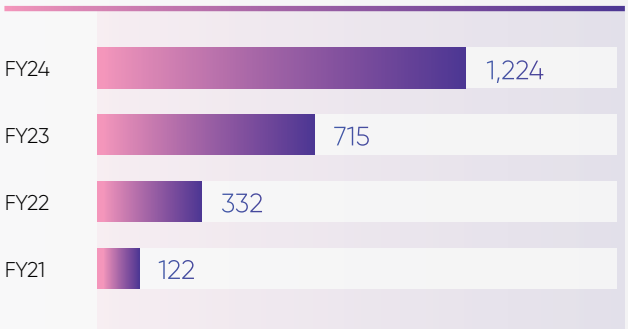
Vehicle Finance: Scaling Up of 'Used Car' Product

The used car market in India is growing rapidly, driven by rising disposable incomes, a growing middle class, and a shift towards personal transportation post-COVID-19. The market, valued at ₹ 2.1 lakh Crores in 2022-23, is transitioning from being unorganised to organised. This presents a significant opportunity for us to cater to emerging middle-income households.

Leveraging our experience in commercial vehicle financing, we launched used car financing to tap into this growing segment. The Bank's expanding depositor base provides a strong cross-sell opportunity, with the segment benefiting from the Bank's existing credit, collection, and dealer relationship capabilities.

During the year, scaling up of the product resulted in the gross advances of the used car segment crossing ₹ 1,200 Crores during Q4 2023-24, a significant increase from ₹ 122 Crores in Q4 2020-21. Tier 2 and 3 cities have been significant contributors to the loan book, indicating rising disposable incomes in semi-urban and rural areas.

Gross Advances Achieved by Used Car Loans (In ₹ Crore)



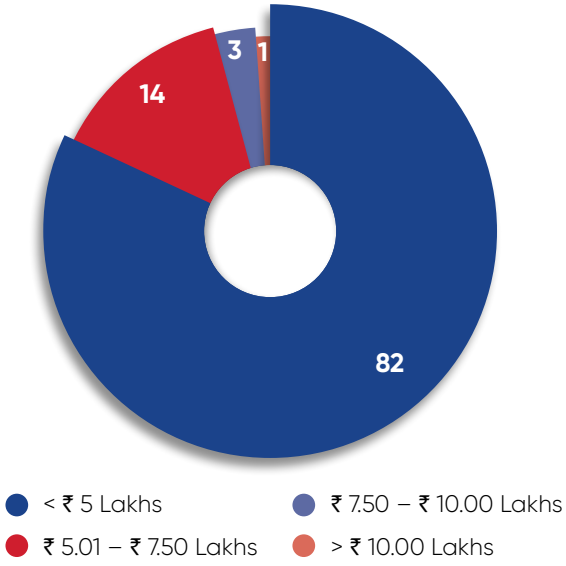
Achieved a growth of around **10 times** in 4 years, representing a staggering **CAGR of 116%**

₹ 1,224 Crores
Gross Advances Achieved by Used Car Loans

There is a focus on smaller loans, with 82% of disbursements under ₹ 5 Lakh. Our car segment mix is diverse but leans towards Hatch Back models at 45%, followed by Sedan (22%), MUV (18%), and SUV (15%). Geographically, with concentration on Tier 2 locations (50%), with significant presence in Tier 3 (32%) and less emphasis on Tier 1 (18%) areas. The loan-to-value (LTV) ratios are predominantly in the 60.01-75% range (46%), with a balanced distribution in the <60% (25%) and 75.01-90% (27%) categories, while very high LTV loans (90.01-100%) are minimal at 2%.

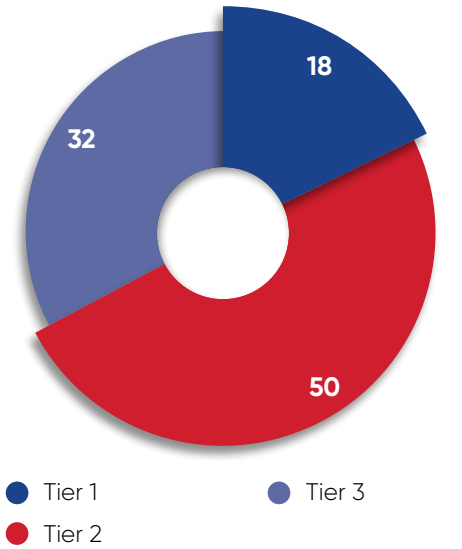
ATS on Disbursement

(In %)



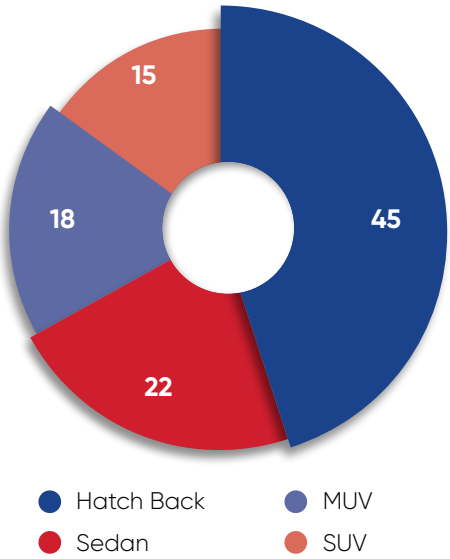
Location Mix

(In %)



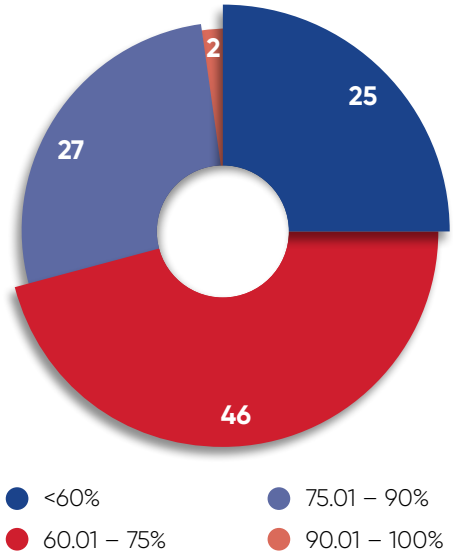
Car Segment Mix

(In %)



LTV

(In %)



The future of finance is full of possibilities, and at Equitas, we're not just looking at the map; we're charting a new course. We continue innovating and developing solutions that break down barriers and unlock financial opportunities for all.

Please note: The mix (%) in the above charts is based on the number of loans disbursed

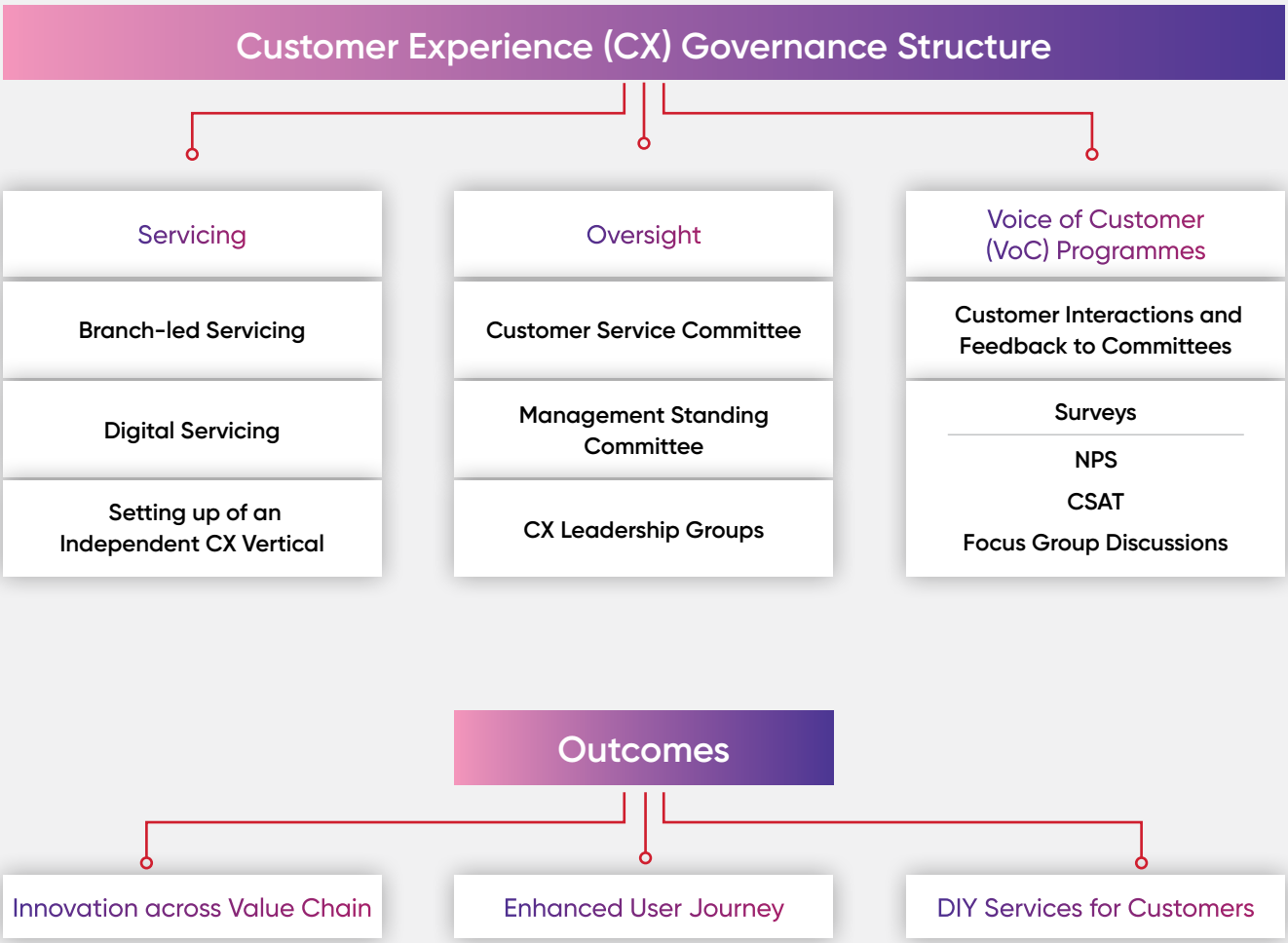
Customer-Centric Banking

Building a Customer Centric Bank through Insights and Empowerment.

At Equitas, the customer is at the heart of everything we do. Our Customer Experience Working Group goes beyond traditional care and focusses on analysing customer journeys and gathering feedback through focus group discussions and interviews, which fuels innovation in our products. This approach led to the launch of 30 new services, including the industry-first 'do it yourself' and video banking services that enhance customer convenience, accessibility, and overall banking experience. With a Customer Service Committee in place that incorporates various channels and mechanisms to gather and incorporate customer insights, we are driving innovation and enhancing the overall user journey.

Customer Experience Governance Structure

Our customer centricity is reinforced by a robust governance structure, featuring a Customer Service Committee chaired by the Independent Director. This governance structure not only establishes a dedicated team but regularly invites customers to share their experiences with the Bank. This ensures transparency, fairness, and a customer-first approach and also encourages diverse customers to interact directly with our board.



Voice of Customer (VOC) Framework

At Equitas, we deeply value our customers, and our commitment to keeping them first is at the heart of everything we do. Through our Voice of Customer (VOC) framework, we actively listen and learn from our customers' feedback. This helps us understand their needs better, leading to improved services and experiences. By focussing on our customers' voices, we aim to not only meet but exceed their expectations, building strong relationships and ensuring their trust and loyalty.

Customer Satisfaction Surveys

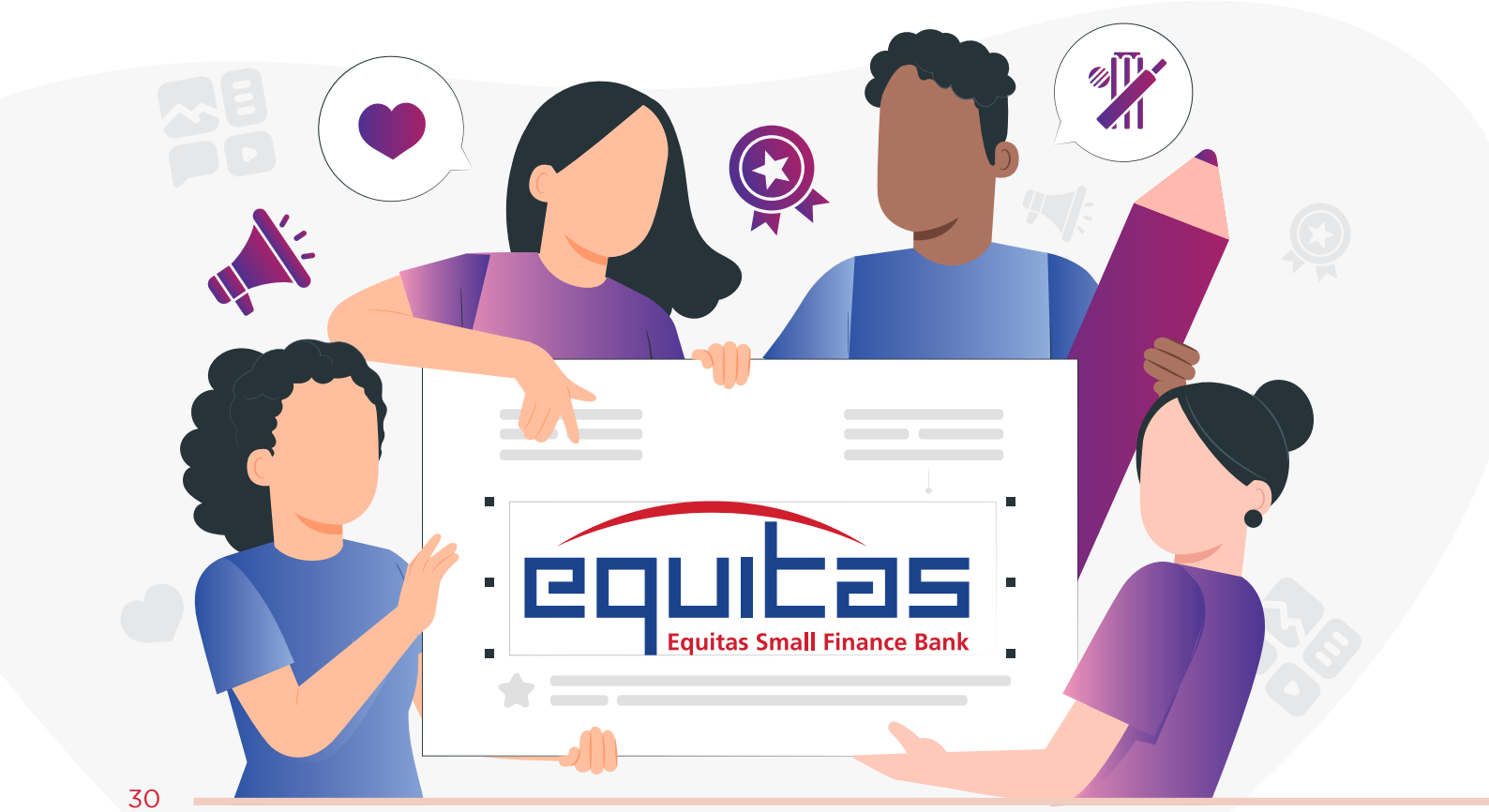
As part of our commitment to ensuring exceptional customer experiences, we employ automated digital surveys to measure consumer happiness comprehensively. The NPS Survey, conducted bi-annually, evaluates customer loyalty, particularly among those with Relationship Managers. C-sat Surveys are conducted after every transaction, assessing satisfaction across various touchpoints.

Branding Initiatives

Crafting Identity by Elevating Brand Value

At Equitas, we understand that establishing a robust and esteemed brand demands a comprehensive approach that addresses diverse facets, including customer experience, community engagement, sustainability endeavours, and inventive product offerings. Our goal is to create a brand that resonates with our customers, employees, and stakeholders, reflecting our core values and commitment to excellence. We go beyond banking to create a deeper connection with our stakeholders, bringing meaningful transformations to their journey through our brand.

To achieve this, we leverage a multi-faceted marketing strategy that includes engaging social media campaigns, strategic partnerships with popular sports events like IPL, high-visibility outdoor advertising in bustling corridors, targeted digital marketing for customer acquisition, and innovative initiatives that touch the hearts of our customers. Through these efforts, we aim to penetrate households, increase brand visibility, and forge emotional connections that elevate Equitas beyond a mere financial institution to a trusted partner in our customers' lives



Digital Marketing Efforts

As a 'Digital First' Bank, we prioritise digital marketing to reach and engage both new and existing customers. The Bank has expanded its communication channels to include all the latest platforms our customers consume, thereby being digitally close to them. A multi-channel marketing automation platform has also been implemented to strengthen our digital customer onboarding and engagement especially for depositors. This approach allows us to personalise product recommendations based on customer lifecycle, behaviour, engagement and relationship with the Bank.

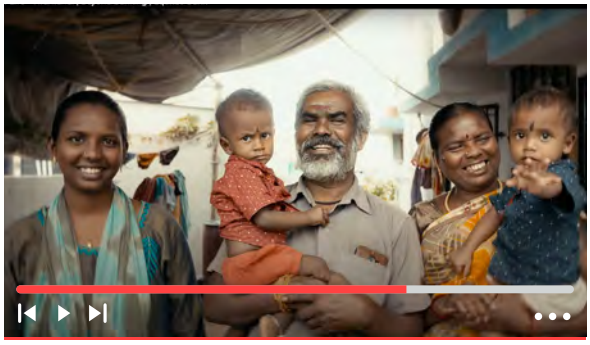
Partnership with Cricket Franchisees

At Equitas, we firmly believe in taking pride in one's performance, and it is our delight to partner with the home team again, as Chennai Super Kings (CSK). As the Bank supporting Champions, we are committed to spreading joy through our 'Beyond Banking' initiatives, reflecting our dedication to a forward-thinking banking institution. The campaign is a testament to our commitment to meeting the evolving needs of our customers and ensuring a responsible tomorrow. Just like the CSK team, we stand by our customers through challenges, both on and off the pitch. Our continued association with Gujarat Titans has been fruitful, particularly in Gujarat, which is an investor-driven market. We aim to leverage this partnership to expand our depositor base in the region further.

Circle of Life Series

At Equitas, we transcend traditional banking services to embrace our role as responsible community stewards. Our longstanding commitment to community betterment is exemplified through a range of initiatives, including the development of digital content tailored to resonate with our customers.

One notable endeavour is our web series, 'Circle of Life', which chronicles the inspiring journeys of individuals who have demonstrated remarkable courage, selflessness, and compassion. This series epitomises our dedication to fostering positive change in people's lives and contributing to the well-being of society.



The inspiring story from the Circle of Life series about Virumandi - a mechanic, who strongly believes that 'Work is Worship'.

NEXT

We are Equitas...

Boldly defining what comes next, not just participating in the future but actively shaping it!

Propelling forward with a mission to transform into a broadening our horizons of mass retail banking services.

Committed to strengthening our liability franchise and diversifying our product suite.

As we embark on our NEXT chapter, we are spearheading innovation by incorporating advanced technology to enhance every customer interaction, making banking more accessible and efficient.

Building a differentiated liability franchise that focuses on customer loyalty, cost optimisation through technology and improved cost of funds.

We are Equitas—and We Are Here To Lead, Inspire And Revolutionise.

We are dedicated to pioneering change, broadening financial horizons and adopting technologies for seamless customer onboarding to enhance customer experience and build customer stickiness.

Find out about our initiatives taken to achieve our vision of becoming a stronger mass retail bank, integrating innovation, technology and customer stickiness.

- Making customer experience efficient and superior through state-of-the-art Loan Origination System (LOS) that reduces customer wait time and improves business efficiency and risks.
- Foraying into consumer lending by introducing personal loans and credit cards aimed by our savings account holders.
- Ensuring a 100% digital banking experience for the customers through Selfe Savings Account & Digital Banking services.
- Entering Forex services and remittances.
- Pioneering doorstep banking services through the Equitas Express: Banker on Wheels application.
- Offering premium benefits through Family Banking services, a household account for all members of the family.

Discover our strategies for building a more robust 'Next' in the pages ahead...

Technology

Embracing Tech-Driven Revolution in Banking

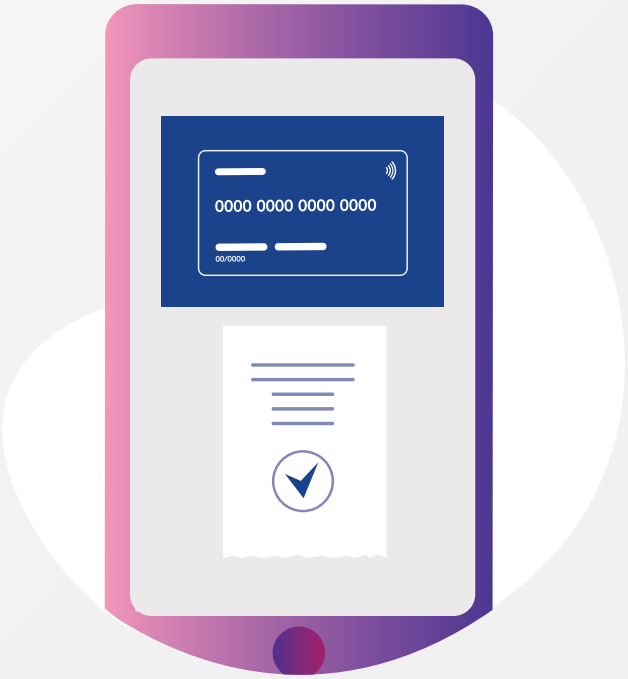
As the banking industry moves towards technological advancements, we have made significant investments in upgrading technological adoption in the Bank. Our efforts extend beyond operational upgrades to encompass integrating technology into our customer acquisition processes, service delivery, data security measures, and cost-effectiveness.

We leverage technology to assess and manage risks in the lending business, implementing a loan origination system and API-powered banking for risk mitigation and control. Technology is also used to maintain quality data and ensure compliance. We also launched a self onboarding channel for the digital onboarding of customers wanting to open first-time savings account with us. This helps us ensure that technology forms a part of each of our processes, guiding us in embracing our **'Next'**.

Loan Origination System

In our journey of streamlining operations, we have implemented Loan Origination System (LOS) across branches. This system optimises the entire loan process from sourcing till disbursement to enhance turnaround time (TAT), improve customer experience, mitigate risks and provide end-to-end visibility for real time tracking of the operations. Currently, multiple LOS are implemented for various lending products. These Loan Origination Systems are custom built for each lending product.

The Bank has invested in a state-of-the-art platform designed to consolidate all its loan origination systems into a single, agile, and scalable platform. This new system integrates the latest technologies, including AI, to deliver a superior customer experience and improve operational efficiencies. This new platform will also leverage the cloud to help the Bank scale up as volumes grow.



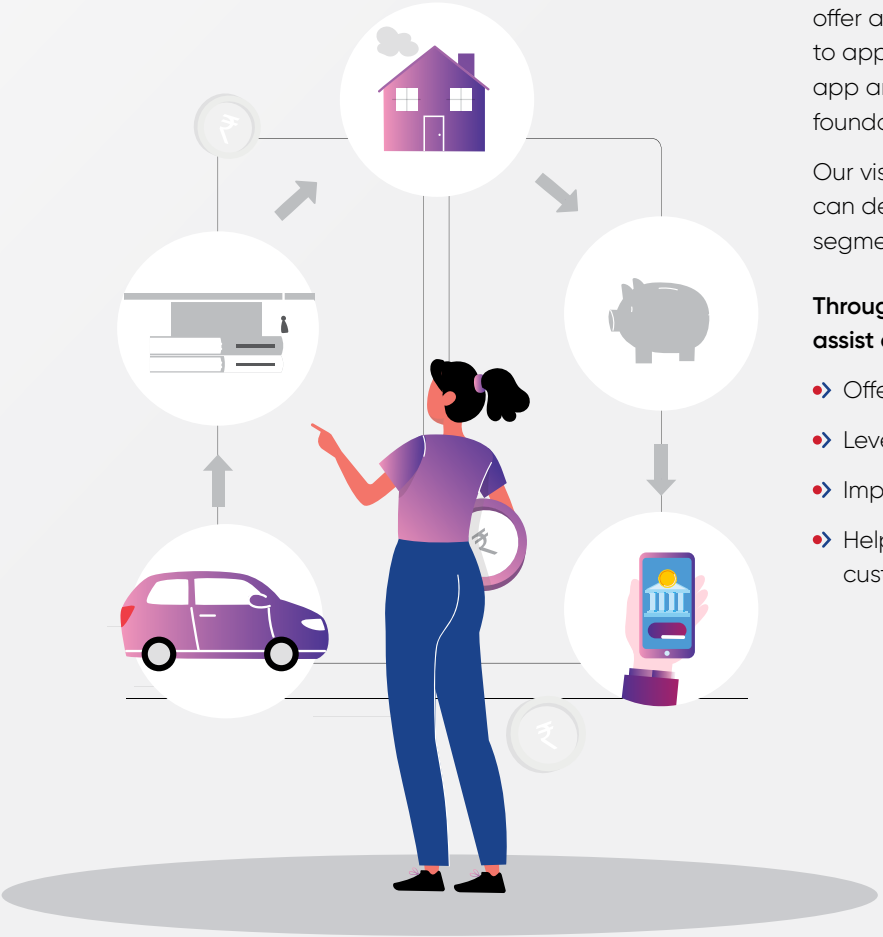
Super App

The Bank, over the years, has developed various apps to service its customers. Our mobile banking app that primarily caters to depositors is being revamped to offer a superior experience to customers and is aimed to appeal the new generation banking customers. The app and the new ecosystem is also slated to be the foundation of the Bank's Super App journey.

Our vision is to create a single technology platform that can deliver a seamless experience to various customer segments serviced by the Bank.

Through this technology platform we will be able to assist customers in:

- Offering multiple services and multiple experiences
- Leveraging the latest technology innovations
- Improving service offerings to customers
- Helping deliver hyper personal experiences for customers



A Customer-First Approach

Revolutionising Customer Experience

We deeply understand customer needs to be their trusted financial consultants, offering personalised solutions like top-up loans for creditworthy customers, fixed deposit recommendations for those with healthy savings, and tailored products. With the evolving needs of customers, and their expectations of getting the needs fulfilled through one single source, it is imperative for us to transition from being more product-centric to more customer-centric. To further enhance our relationship with existing customers, we have ensured that our services are relevant, and user-friendly for not just the individuals, but also their family members.

Our new offerings this year - Family Banking, Digital Banking, NRI Banking, and Transaction Banking, are designed to meet distinct customer segments' needs, be it families seeking tailored programmes, individuals desiring convenient online solutions, or businesses requiring robust transaction solutions. We strive to provide a seamless, convenient, and valuable banking experience across all customer touchpoints.

Family Banking

Family Banking revolves around strengthening our bond with customers by addressing their diverse financial requirements. Under the Family Banking umbrella, customers/with two or more related accounts are grouped together, requiring a minimum savings account balance of ₹ 5 lakhs or a family relationship value of ₹ 25 lakhs. This initiative primarily targets affluent and mass affluent clients, with a focus on family banking and product diversity.

This approach entails tailoring our products and services to cater to specific demographics such as women, senior citizens, and affluent clientele. Additionally, we offer specialised programmes, like discounted medical services through the Indian Health Organisation (IHO) card, tailored for women and senior citizens. By encouraging customers to consolidate their relationships within the family, we aim to provide top-notch household segment offerings while fortifying our relationship with them.

Digital Banking

We have a strong focus on Digital Banking to expand its reach, improve customer experience, and offer innovative financial solutions. Leveraging digital platforms, we utilise social media campaigns and search engine optimisation to acquire customers efficiently. Through digital innovation, our objective is to deliver a comprehensive suite of banking services that cater to the evolving needs of tech-savvy customers. We also provide digital products such as prepaid cards, micro-ATMs, Fastag services, and digital current accounts to boost convenience and accessibility.

Transaction Banking

In the realm of Transaction Banking, our focus lies on two distinct segments. Firstly, we target the transaction-centric trader segment for Retail Current Accounts (CA) and the payment solution-centric Institutional segment. We offer a competitive array of payment solutions, including Prepaid, UPI, VAN, PG, and POS, tailored for small to mid-sized corporates and institutions. Secondly, in the retail segment, our objective is to drive current account transactions by promoting Cash Internet Banking (CIB)/Retail Internet Banking (RIB), QR code usage, and Sweep Term Deposit (TD) activation.

Building the Forex and Remittance Business

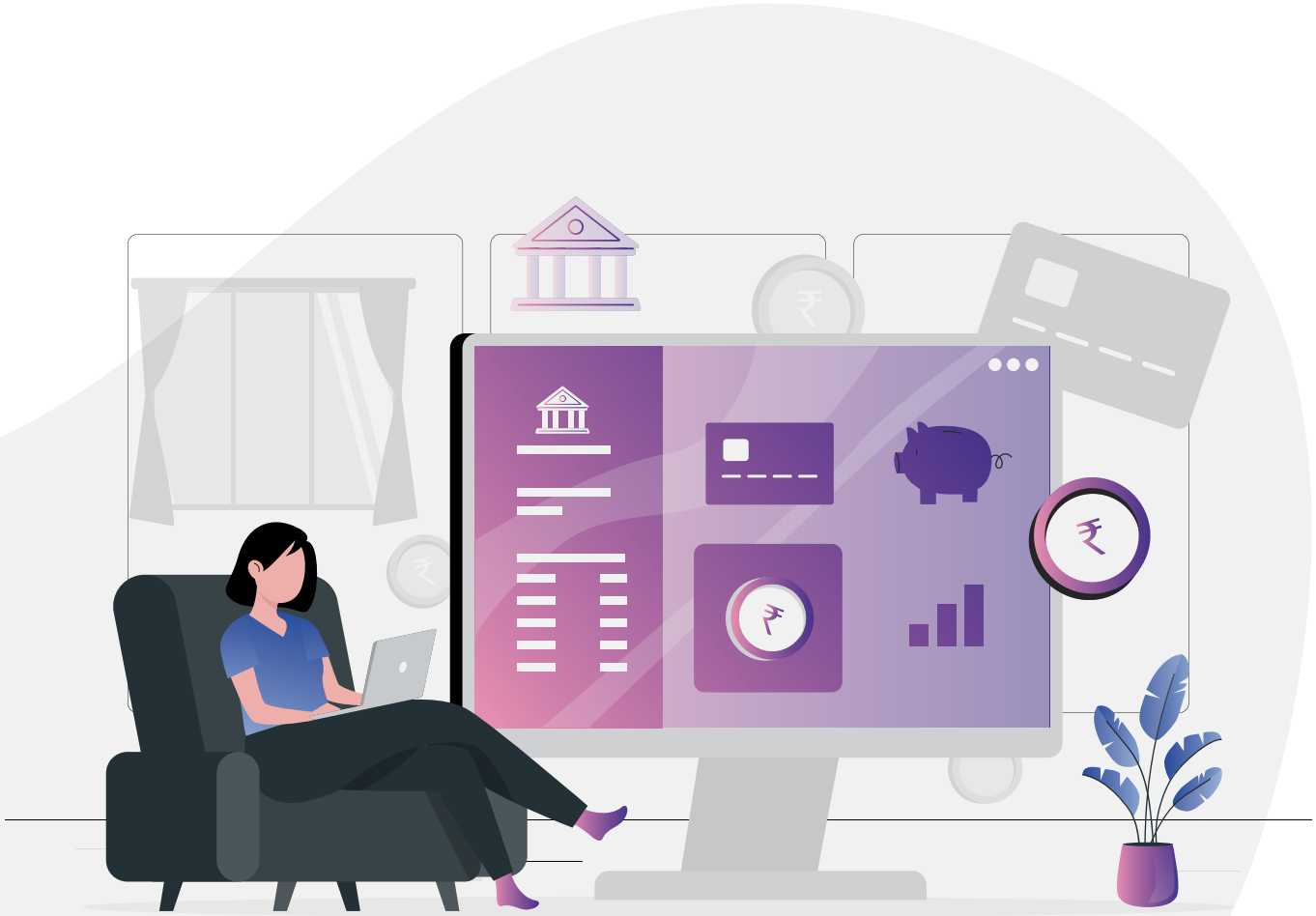
We are dedicated to nurturing stronger relationships with our valued savings account holders through our Forex card offerings, which are designed to enhance convenience and loyalty. Our focus extends to capturing the interest of travellers seeking hassle-free currency solutions for their holidays. Furthermore, with the growing number of Indian professionals abroad, our AD1 license empowers us to provide foreign currency deposits and streamline international transactions seamlessly.

We are actively preparing for the rollout of FCNR Deposits, retail remittances, and travel Forex cards during 2024-25, investing in technological advancements, forging correspondent banking partnerships, and ensuring our team is ready for a successful launch. Additionally, we have designated 25 branches to specialise in AD1 products, emphasising our commitment to serving our customers better. Through this launch, we aim to cater to a diverse clientele, including existing and potential NRIs, resident Indians, corporates, and students, positioning Equitas as their trusted financial partner for all their needs.

Consumer Finance Strategy

Broadening Our Consumer Offerings

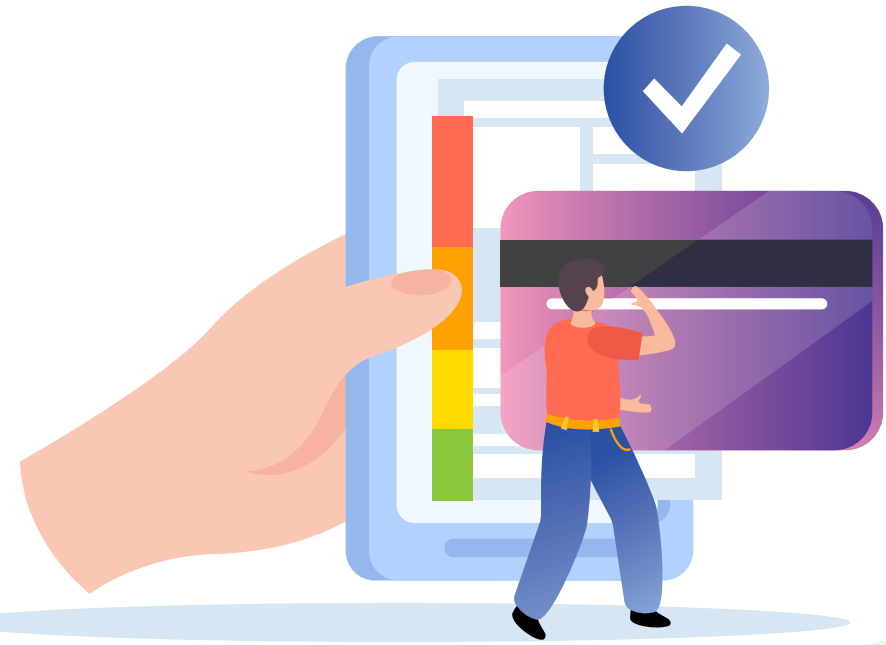
As a Small Finance Bank dedicated to serving the underbanked, our product offerings have primarily catered to the needs of customers at the base of the pyramid. As we progress towards aspiring to be a mass retail Bank, we are venturing deeper into the areas of consumer lending. Our aim is to strengthen customer stickiness by providing the existing customers with a diverse range of products. Thereby ensuring our position as the preferred Bank for all the needs of customers.



Personal Loans

The increased demand for personal loans post the COVID-19 pandemic offers a promising opportunity for banks like ours. As fintech companies encounter hurdles in providing small personal loans due to heightened risk weights, it opens up space for established Banks to strengthen their foothold in this segment.

Leveraging our growing customer base in deposit products, our aim is to position ourselves as the top choice for banking services, thereby enhancing customer loyalty and fostering long-term engagement through a comprehensive range of offerings. In executing this strategy, we aim to prioritise providing pre-approved personal loans to our existing depositors, particularly targeting salaried professionals with strong credit histories. This approach not only seeks to boost account balances but also aims to deepen customer engagement over time, as these products are closely intertwined with our savings accounts.



Credit Cards

Driven by increased discretionary spending, credit cards have seen a boom in India, presenting a significant growth opportunity for us at the Bank. To capitalise on this opportunity, we are embarking on a strategy to offer credit cards to our existing depositors and secured borrowers, particularly those engaged in small business loans. Our goal is to enhance customer loyalty and engagement while simultaneously boosting savings and current account balances.

CREATING VALUE for Stakeholders

At Equitas, we believe in creating shared value through continuous learning, stakeholder engagement, and sustainable practices. Our essence lies in balancing growth with responsibility, embracing technology while preserving human dignity. We see prosperity as a collective journey, where the well-being of all our stakeholders guides our path forward.

equitas

Equitas Express: Banker on Wheels

We bring banking to your doorstep!

Download
Equitas Express App &
Book an Equitas Banker Today

Official Partner

equitas
Equitas Small Finance Bank

CHENNAI SUPER KINGS

#BankBehindChampions

Value Creation Model

Progressing by Creating Value

MULTIPLE CAPITALS/KPIS	UNIT OF MEASUREMENT	2023-24
Financial Capital		
Deposits	₹ Crores	36,129
Advances	₹ Crores	34,337
Equity Capital, Reserves and Surplus/Tier 1 & 2 (Networth)	₹ Crores	5,969
Borrowings	₹ Crores	1,788
Service Capital		
Branches	Nos.	964
ATMs	Nos.	365
Business Correspondents	Nos.	320
Customer Contact Centre	Nos.	2 (Chennai & Mumbai)
VKYC (Desk)		
VRM		
Banker on Wheels	Nos.	37 bikers
Customer Apps	Nos.	Mobile Banking - 1 lakh+ Selfe Loans - 1.82 Lakhs Equitas Express: Banker on Wheels - ~8,000 downloads Within a Month
Customer Chat bot	Nos.	12
IVR	Nos.	20
DIY Services	Nos.	13
Video Banking Service	Nos.	7
Intellectual Capital		
Credit Underwriting Policies/Risk Management Framework		
Technological Advancements Made :-		
• InsurTech Platform • APIs		
• Enterprise Data Warehouse • LOS		
• Eclap (Proprietory Online Training Platform)		
Branding Initiatives :-		
• Circle of Life Series		
• Partnership with CSK & GT		
• Cyber Security Framework		
Human Capital		
Employees	Nos.	22,854
Inclusive Work Culture		
Employee Benefit Programme		
Social and Relationship Capital		
CSR Expenditure	₹ crore	28.67
Equitas Gurukul Schools	Nos.	8
Equitas Cancer Hospital (No. of Beds)	Nos.	100
Job Fairs		
Inclusion of Differently-abled and Transgender		
Equitas Birds Nest Programme		
Natural Capital		
Commitment to Sustainability Practices		
Implementation of Eco-Friendly Practices		
Aimed at Becoming More Environmentally Sustainable		

CORE BUSINESS ACTIVITIES

MISSION

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

VALUES

- Customer first
- Pride of performance
- Fair and transparent
- Respect for people
- Ownership 3S compliance

BANKING UNIVERSE

- Inclusive banking
- Emerging enterprise banking
- NBFC financing & MSE
- Consumer banking
- Commercial banking

GROWTH ENABLERS

- Large untapped market
- A strong infrastructure of vast banking outlets and ATMs underpinning the growth of SFBs
- Professional management, experienced leadership and trained employee base
- Diversified array of products and services
- Customised credit assessment procedures for effective credit risk management
- Customer-centric approach with a deep understanding of the unbanked and underbanked masses
- Digitalisation leading to rapid growth

OUTPUT	UOM	2023-24
Financial Capital		
Net Worth	₹ Crores	5,969
NII	₹ Crores	3,080
PAT	₹ Crores	799
NIM	%	8.36
CoF	%	7.26
Return on Assets	%	2
Return on Equity	%	14.43
PCR	%	56.06
CRAR	%	21.7
GNPA	%	2.52
NNPA	%	1.12
PPOP	₹ Crores	1377
Earnings per Share	₹	7.12
Service Capital		
Total Customer Base	Nos.	47.35 Lakhs
Presence in States and Union Territories	Nos.	18
Countries with Our NR Customer base	Nos.	145+
Customers Serviced Through Contact centre	Nos.	6.43 Lakhs
Banker on Wheels - Pincodes Serviced	Nos.	119
Customer Serviced through Chat bots	Nos.	6.31 Lakhs
IVR	No. of calls	21.61 Lakhs
DIY Services	No. of users	43,245
Video Banking Service	No. of users	19,829
Intellectual Capital		
Accounts Sourced Digitally in 2023-24	%	56
Deposits via Digital Accounts	₹ crore	1,584
LOS Implementation in Asset Branches	%	>90%
Enhanced Brand Visibility:		
• Youtube Views		
• Experience Centre in Chepauk		
Data Privacy and Cyber Security Complaints	Nos.	0
Human Capital		
Differently abled Employees	Nos.	2
Women Employees	%	13%
Classroom Learning Programmes and E-Learnings Conducted in 2023-24	man-days	1,16,026
Average Employee Trainings Achieved During the Year	man-days	5.33
Social and Relationship Capital		
Total CSR Beneficiaries		
Students Enrolled	Nos.	6,997
Beneficiaries of General Health Camps	Nos.	4,933
No. of Patients Benefitted	Nos.	4,600
Lives Impacted through the Job Fairs	Nos.	35,567
People with Disabilities Supported under the Microfinance Loan Programmes	Nos.	9,164
Transgenders Supported	Nos.	127
Lived Impacted through Skill Training	Nos.	42,810
Pavement Dwellers Rehabilitated	Nos.	1,265
NPS Score		81
Priority Sector Lending	%	81.67%
CSR Award		
LACP Award		
Ambition Box Employee Choice Award		
Natural Capital		
Energy Consumed in Corporate Offices	GJ	3,991.02
Waste Generated	MT	8.8
Plans for Green Infrastructure Initiatives in Upcoming Premises		

Fostering Meaningful Connections to Engage with Purpose

In the realm of economic development, Stakeholder Engagement emerges as the linchpin, fortifying our dedication to cultivating robust relationships rooted in trust, transparency, and accountability. At Equitas, we prioritise active and continuous engagement with our stakeholders to understand their current and future needs and expectations. This engagement is not just a formality but a strategic approach that influences our organisational strategy, risk management, and overall customer experience.

The stakeholder engagement process aims to establish meaningful connections with stakeholders to address their unique perspectives and concerns, fostering long-term partnerships beneficial to both the organisation and the wider community. Implemented through a structured five-step approach, it identifies key stakeholder groups critical to the Bank. Moreover, a customised engagement strategy is adopted by the Bank to understand their perspectives and priorities and address any issues effectively. The engagement is based on the principles of inclusivity, strategic planning, proactiveness, clarity, and open communication.

Materiality Assessment

Material topics refer to areas that represent the Bank's most significant impacts on the economy, environment, and people, including impacts on their human rights. We adopt the principle of materiality to categorise topics for disclosure and integration into our sustainability strategy.

At Equitas, in our pursuit of transparency and sustainability, we embarked on a comprehensive materiality assessment. The intent was to evaluate issues addressed in our peers' reports and disclosures, aligning with SASB materiality to prioritise key concerns for our stakeholders and ESG rating agencies. By adhering to sector-specific frameworks and rating agencies, we meticulously selected material issues tailored to reflect the unique sustainability challenges and opportunities within our industry.

The objectives of this exercise were to:

- Meet stakeholder expectations by highlighting areas of interest
- Ensure the relevance and maturity of our disclosures are in line with stakeholder expectations
- Streamline our communications through focussed messaging
- Align with international reporting frameworks like GRI, <IR>, and SASB
- Serve as a strategic business tool by fostering internal and external dialogue, integrating sustainability/ ESG into our business processes, identifying emerging trends impacting value creation, and prioritising resources to enhance our sustainability practices.

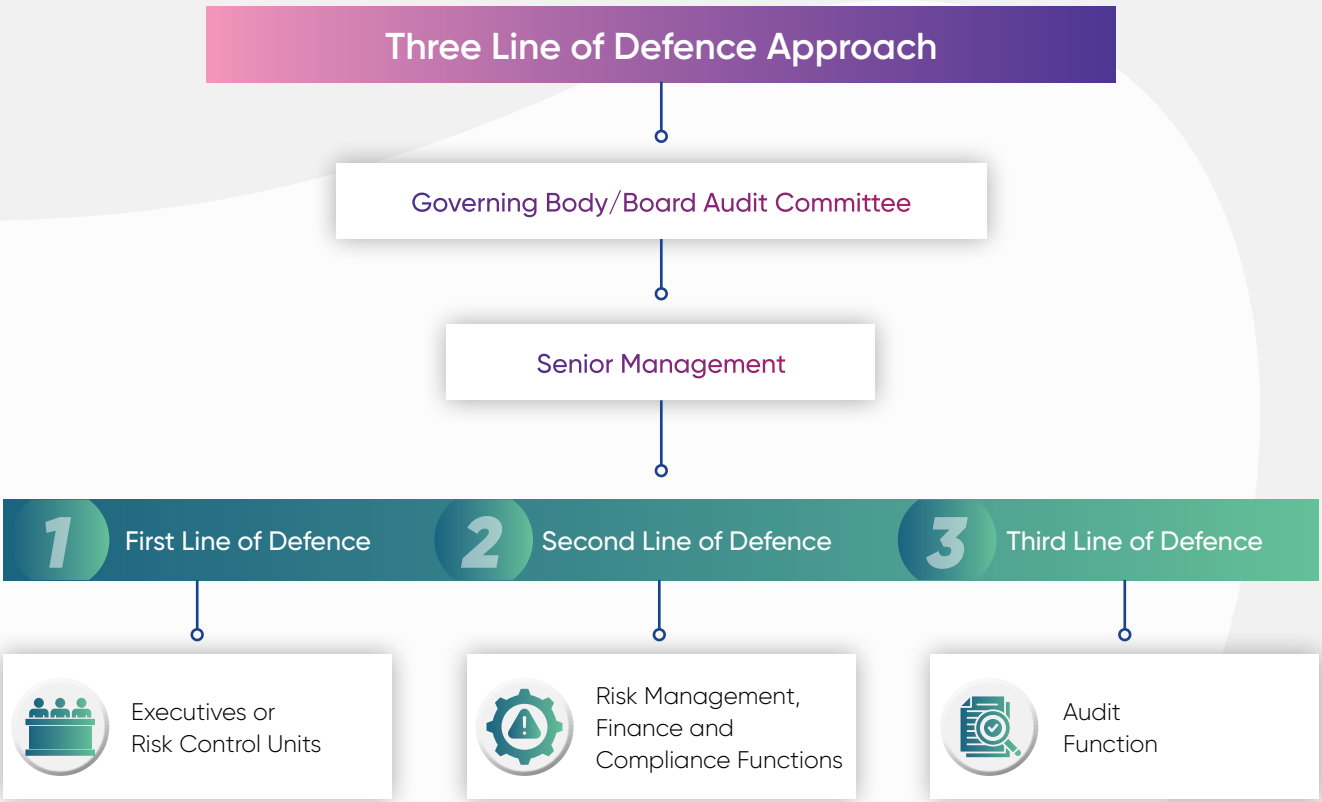
Through our materiality assessment, we identified critical issues essential for the Bank's sustained value creation. We are dedicated to integrating these priorities into our strategy, maintaining transparency, and continuously adapting to meet stakeholder expectations, reinforcing our commitment to sustainability and responsible business practices.

Risk Management

Safeguarding Success with Prudent Risk Management

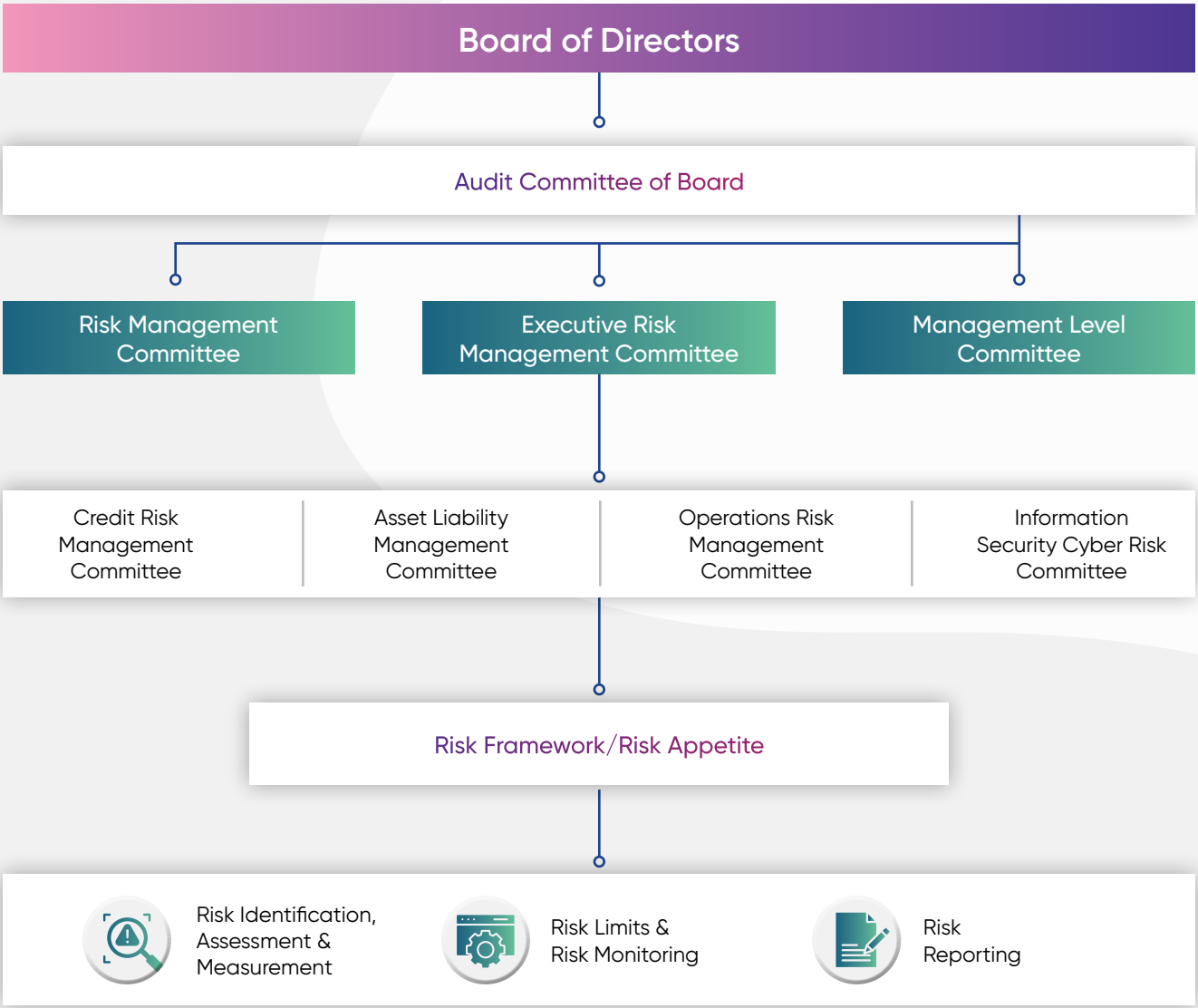
For Equitas, effective risk management is critical as it equips us to proactively identify, evaluate, and address potential threats and uncertainties that could impede our goals. This essential discipline is vital for our planning and readiness, empowering us to adeptly navigate evolving business landscapes and regulatory frameworks.

We have implemented a robust risk management system with three lines of defence. The Chief Risk Officer oversees the Risk Management department, reporting directly to the Managing Director. This department is responsible for identifying, measuring, monitoring, and managing risks, focussing on credit risk, operational risk, ALM, market risk, and information security risk. Our risk management frameworks for these areas align with RBI guidelines.



Risk Governance

The Board oversees the Risk Management Committee (RMC) and other management-level committees as part of our Risk Governance framework. The RMC, a subcommittee at the Board-level, sets risk policies and strategies for integrated risk management. Management-level committees address specific risks, including credit risk, ALM, market risk, operational risk, and information security risk. The Audit Committee supports the Board in overseeing financial and reporting practices, internal control, and compliance. From a risk management perspective, it reviews the adequacy of risk management policies and processes and reports findings to the Board.



ESG Strategy and Highlights

Contributing towards Sustainability

Embracing sustainability is not merely a choice but a responsibility in today's interconnected world. As a forward-thinking organisation, we recognise the imperative of integrating sustainability into our core strategies. As we navigate the societal and environmental challenges, Equitas is committed to charting a course that balances economic prosperity with environmental stewardship and social equity.

Grounded in principles of transparency, accountability, and long-term thinking, our sustainability approach is based upon the foundation of 5 pillars, seeking to create enduring value for all stakeholders while safeguarding the planet for future generations. Through collaborative efforts and continuous improvement, we aim to implement our ideology that profitability and sustainability are not mutually exclusive but rather mutually reinforcing.

Sustainability Pillars at Equitas

PILLAR 01	PILLAR 02	PILLAR 03	PILLAR 04	PILLAR 05
Enhancing customer centricity	Fostering a supportive and growth-oriented workplace	Contributing to the socio-economic development of communities	Ensuring environmental well-being	Maintaining high standards of transparency and accountability

Key highlights across these pillars for the year

Customers

5,849
Complaints from Customers

Environment

Implementation of Eco-Friendly Practices

Focussed to Incorporate Green Practices in Upcoming Premises of Equitas

Employees

22,854
Total Workforce

13%
Women Representation in the Workforce

5.33 Person-hours
Training Provided to each Employee

Ambition Box Employee Choice Award

Community

17,40,373
Total CSR Beneficiaries

3,06,219
Beneficiaries of General Health Camps

35,567
Lives Impacted through the Job Fairs

9,164
People with Disabilities Supported under the Microfinance Loan Programmes

127
Transgenders Supported

42,810
Lives Impacted through Skill Training

1,265
Pavement Dwellers Rehabilitated

6,997
Students Enrolled

Governance

90.90%
Non-Executive Directors

9.09%
Female Representation in the Board

Our commitment to sustainability is reflected in our actions. We are dedicated to transparency, evidenced by our comprehensive Business Responsibility and Sustainability Report, which details our initiatives and performance.

Board of Directors

Shaping Our Strategic Path with Our Board

Anil Kumar Sharma

Part-Time Chairman and
Non-Executive Independent Director

Years of Experience: 38

Vasudevan Pathangi Narasimhan

MD & CEO

Years of Experience: 28

Arun Kumar Verma

Non-Executive Independent
Director

Years of Experience: 38

Narayanaswamy Balakrishnan

Non-Executive Independent
Director

Years of Experience: 48

Committees of the Board C Chairperson M Member

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

Note: Committee composition is based as on March 31st, 2024.

Skills/Expertise

- Accountancy
- Agriculture and Rural Economy
- Banking
- Co-operation
- Economics
- Finance
- Law
- Small-Scale Industry
- Information Technology
- Payment & Settlement Systems
- Human Resources
- Risk Management
- Business Management

Navin Avinashchander Puri

Non-Executive Independent Director

M

Years of Experience: 30

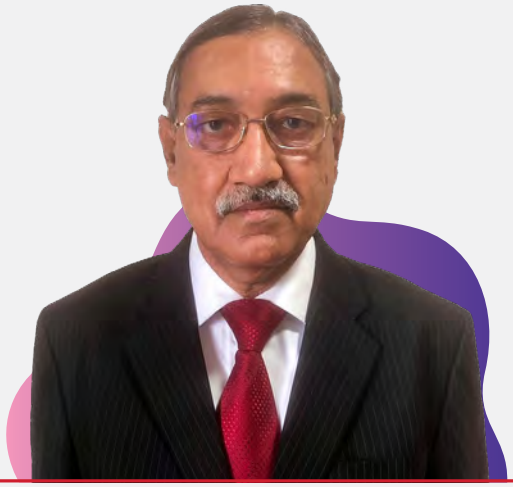
Narasimhan Srinivasan

Non-Executive Independent Director

(Resigned w.e.f. 26th July, 2024)#

M C M

Years of Experience: 38



Vinod Kumar Sharma

Non-Executive Independent Director

M C M M

Years of Experience: 44

Ramesh Rangan

Non-Executive Independent Director

M

Years of Experience: 26

#Resigned w.e.f. close of business hours on July 26, 2024

Other Committees

In addition to the committees mentioned above, the 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 the Identification of Wilful Defaulters, Policy Formulation Committee and Committee of Independent Directors to oversee and govern various internal functions and activities of the Bank.

Samir Kumar Barua

Non-Executive Independent Director

M M

Years of Experience: 38

Geeta Dutta Goel

Non-Executive Independent Director

C C

Years of Experience: 16

Gulshan Rai

Non-Executive Independent Director

Years of Experience: 36

K S Sampath*

Non-Executive Additional Director (Independent)

Years of Experience: 38

Committees of the Board C Chairperson M Member

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
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Note: Committee composition is based as on March 31st, 2024.

Skills/Expertise

- Accountancy
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- Banking
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- Economics
- Finance
- Law
- Small-Scale Industry
- Information Technology
- Payment & Settlement Systems
- Human Resources
- Risk Management
- Business Management

N R Narayanan*

Non-Executive Additional Director (Independent)

Years of Experience: 35

Ramkumar Krishnaswamy*

Non-Executive Additional Director (Independent)

Years of Experience: 30

Board Activities

13
Board Meetings

96%
Board Attendance

98%
Board Committee Attendance

Board Independence

10
Independent Directors

10
Non-Management Directors

8 Years
Term Limit of Independent Directors

*Appointed w.e.f. 16th July, 2024

Leadership Team

Steering the Future with Our Leadership Team

Vasudevan Pathangi Narasimhan
MD & CEO

Sridharan N
Chief Financial Officer

Pallab Mukherji
Chief People Officer

Murali Vaidyanathan
Business Head - Liabilities

Rohit Phadke
Business Head - Assets

Natarajan Muthusubramanian
Head Treasury

Vivek Dhavale
Chief Technology Officer

Siby Sebastian
Head - Operations & Infra

Ramanathan N
Company Secretary and Compliance Officer

Sibi PM
Chief Risk Officer

Sivapprakash VS
Head - IAD & Vigilance

Dheeraj Mohan
Head of Strategy, Investor Relations, BI and CX

Sethupathy S
Head - Process & Quality Assurance

John Alex
Head - Lead Bank, Govt. Liaison & Social Initiatives

Ashwini Biswal
Chief Compliance Officer

Arcot Sravanakumar
President & Project Director - Health Initiatives

Vignesh Murali
Head - Brand, Marketing & Corporate Communications

Awards & Accolades

Celebrating Excellence & Achievements

Equitas Small Finance Bank was awarded the **'#1 Top Rated Large Company'** in the Ambition Box Employee Choice Awards (ABECA) 2024, presented by Ambition Box

Equitas Bank was awarded with **'Best Use of AI in Customer Engagement'** at the Netcore Mastech Master Class Awards 2023

Equitas Bank was bestowed with the **'BFSI Branded Content Campaign'** Award' during the National Feather Awards 2023

Equitas Bank was conferred with the **'BFSI Regional Campaign of the Year'** for the IPL Campaign 2023 Gujarat & Bengaluru Region at The Fortune Leadership Awards 2023

Mr. Vignesh Murali Head - Brand, Marketing & Corporate Communications of Equitas Bank, was conferred with the prestigious **'Marketing Leader of the Year'** Award at the 12th Edition of ACEF Asian Leadership Summit & Awards 2023

Business Responsibility & Sustainability Report

At Equitas, we embody the essence of developing an inclusive future, firmly grounded in our core principles of stability, sustainability, and scalability. Our journey from 'Now' to 'Next' is not merely a trajectory of progress but a dynamic continuum, epitomising transformative evolution. This journey signifies more than just a change; it represents a bold leap towards inclusivity and efficiency.

Our commitment to transparency and accountability is evident in our adoption of the Business Responsibility and Sustainability Report (BRSR) framework. Central to our mission is the empowerment of the underbanked and unbanked, driven by our commitment to strong governance, technological advancements, and the continuous nurturing of talent.
We focus on creating a future that is not only stable and sustainable, but also scalable, ensuring that our innovations and practices uplift and include everyone.

In alignment with SEBI guidelines and NGRBC principles, our Business Responsibility and Sustainability Report (BRSR) encapsulates our comprehensive evaluation of business growth, integrating both financial and non-financial performance metrics for the reporting period ending March 31, 2024. This report serves as a validation of our commitment, providing detailed insights into our practices and performance across key principles defined by Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended from time to time, which cover topics across the ESG dimensions.

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Section B Page No. 91

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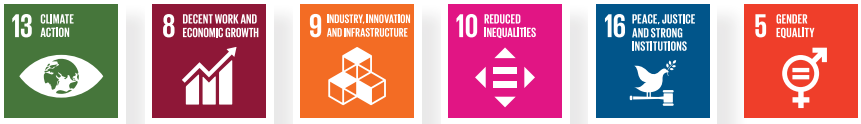
Principle 1 94
Principle 2 98
Principle 3 100
Principle 4 111
Principle 5 114
Principle 6 119
Principle 7 126
Principle 8 128
Principle 9 135

Section A: General Disclosures

Equitas embodies fairness and transparency, seamlessly integrating business acumen with a profound sense of social responsibility. From our humble beginnings in microfinance, we have evolved into a full-fledged Bank with a mission to create the most valuable bank for all stakeholders through happy employees. Our guiding '3S' philosophy—stability, sustainability, and scalability—has enabled us to nurture a diversified portfolio and a robust deposit franchise, while venturing into digital innovations. But our impact goes beyond banking. Through our CSR initiatives, we are committed to uplifting society by focussing on education, healthcare, and empowerment. Equitas' legacy is one of meaningful inclusivity, balancing commercial success with societal progress. We are dedicated to ensuring a transformative future for all stakeholders, leaving an enduring mark of positive change.

SDGs Impacted



Linkage with the <IR> Capital

- Corporate Overview
- Human Capital
- Financial Capital
- Risk Management

Linkage with the Stakeholders

- Customers
- Employees
- Shareholders
- Communities
- Value Chain Partners

I. DETAILS OF THE LISTED ENTITY

1.	Corporate Identity Number (CIN) of the listed entity	L65191TN1993PLC025280
2.	Name of the listed entity	Equitas Small Finance Bank Limited
3.	Year of incorporation	1993
4.	Registered office address	4th Floor, Phase II, Spencer Plaza No.769, Mount Road, Anna Salai, Chennai – 600 002, Tamil Nadu
5.	Corporate address	4th Floor, Phase II, Spencer Plaza No.769, Mount Road, Anna Salai, Chennai – 600 002, Tamil Nadu
6.	E-mail	cs@equitasbank.com
7.	Telephone	+91 44 42995000
8.	Website	www.equitasbank.com
9.	Financial year for which reporting is being done	2023-24
10.	Name of the Stock Exchange(s) where shares are listed	1. BSE Ltd. 2. National Stock Exchange of India Ltd.
11.	Paid-up capital	₹ 1,134,88,72,790
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Name: Mr. N Ramanathan Company Secretary Telephone: +91 44 4299 5000 E-mail: cs@equitasbank.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	This report has been made on a standalone basis
14.	Name of assurance provider	NA
15.	Type of assurance obtained	NA

II. PRODUCTS/SERVICES

16. Details of business activities (accounting for 90% of the turnover)

S. no.	Description of main activity	Description of business activity	% of turnover of the entity
	Financial and insurance services	Banking activities by central, commercial and saving banks.	**100%**

17. Products/services sold by the entity (accounting for 90% of the entity's turnover)

S. no.	Product/service	NIC Code	% of total turnover contributed
	Monetary intermediation services provided by commercial banks, saving banks, postal savings bank and discount houses.	**64191**	**100%**

Asset Portfolio

Our asset portfolio features a variety of products and solutions, including small business loans, vehicle finance, microfinance, housing finance, MSE finance and NBFC financing. These offerings are tailored to meet the credit needs of different segments within the informal sector. With 16 years of experience in the financial industry, including seven years as a Small Finance Bank, we have strengthened our position through consistent product diversification driven by customer needs. A key achievement is the significant reduction in unsecured lending from 53% in 2014-15 to 18% in 2023-24, highlighting our commitment to ensuring stable growth within our asset portfolio. Additionally, we leveraged on cross-selling opportunities, fostering stronger customer relationships and adapting to digital-led servicing. This strategic approach not only mitigates risk but also paves the way for expanding our lending initiatives across various product lines.

- **Small Business Loans**
- **Vehicle Finance**
- **Microfinance**
- **Housing Finance**
- **MSE Finance**
- **NBFC Financing**

Small Business Loans

Transforming forced entrepreneurs into successful entrepreneurs, we are dedicated to meeting the substantial unmet financial requirements of small businesses and empowering them to grow and thrive. Our Small Business Loans (SBL) is the Bank's flagship product, representing 38% of our entire advance portfolio.

Highlights

- SBL grew by 30% during 2023-24 compared to the previous year
- Launched the Customer App for borrowers ('Selfe Loans' Mobile application), reducing loan processing time and optimising workforce utilisation for other banking operations. Also, Selfe Loans app is being positioned as the 'Go to App' for loan enquiry by potential borrowers
- Used UPI platforms for digital collections, minimising workforce intervention in the collection process
- Achieved substantial growth in the Merchant OD segment, with advances exceeding ₹ 950+ Crores and 39,000+ customers

Growth Enablers

- **Opportunities for the Underbanked Population:**
  - Ensuring significant market penetration opportunities due to the vast demand for financial services among the underbanked population in India
- **Digitisation Initiatives:**
  - Selfe Loans App: Enhancing the customer experience and facilitating cross-selling of products by streamlining the loan application process
  - Digitally-Enabled Loan Origination System (LOS): Increasing employee productivity by allowing more files to be processed per employee
- **Cross-Sell and Upsell Opportunities:**
  - Micro LAP (M-LAP): Educating property-owning Microfinance (MF) customers to leverage their assets for business growth
  - Merchant Overdraft (OD): Providing small businesses with flexible credit facilities and long-term credit options, enhancing their ability to manage inventory and expand operations
  - Investment in Analytics: Utilising analytics to identify and capitalise on opportunities for cross-selling and upselling products to existing customers
- **Branch Expansion:**
  - Opened 33 new branches in 2023-24 to increase reach and accessibility, driving growth in the small business loans segment

Key Performance Indicators

Gross advances (in ₹ Crore)	Disbursements (in ₹ Crore)	GNPA (in %)	YoY growth (in %)	ATS at disbursements (in ₹ Lakhs)	Yield (in %)	PCR (in %)
13,152	**5,916**	**1.86%**	**30%**	**6.99**	**16.78%**	**28.67%**

Vehicle Finance

Our vehicle finance loans are strategically aimed at empowering aspiring entrepreneurs venturing into the commercial logistics service industry for the first time. These ambitious individuals possess the requisite skills but face a capital shortfall in acquiring their own commercial vehicles. Through our tailored loans, we empower skilled drivers to become vehicle owners and business operators, thereby elevating their socioeconomic standing. Leveraging our extensive expertise in commercial vehicle financing, we have now ventured into the realm of used car financing to capitalise on this growing market segment.

Highlights

- Used Commercial Vehicles (UCV) grew at 10% in 2023-24
- New Commercial Vehicles (New CV) experienced growth of 17% during the same period
- Used Car segment achieved a robust growth of 71% YoY in 2023-24 and crossed ₹ 1,200 Crores
- Introduced New Car segment to expand the vehicle finance portfolio and provide depositors with a seamless option

Growth Enablers

- **Lead Generation and Upselling:**
  - Leveraging existing relationships and a strong local presence to generate leads
  - Upselling opportunities by converting UCV owners into new CV owners
- **Strategic Partnerships:**
  - Forming strategic tie-ups with major OEMs, dealers, and channels across our geography, including Tata Motors Limited, Ashok Leyland, Mahindra & Mahindra Pickups, M&M SCV, Maruti Suzuki, and Volvo Eicher Commercial Vehicles Limited
- **Technological Advancements:**
  - Launched proprietary Loan Origination System 'Hetra' to enable quick turnaround times (TATs) for loan approval and disbursement

Market Share from OEMs

OEM	TML		M&M		AL		Maruti	
Region	Mar-24	YTD	Jan-24	YTD	Mar-24	YTD	Jan-24	YTD
North	2.80%	7.20%	0.49%	1.51%	3.10%	2.40%	9.37%	10.69%
South	9.00%	10.80%	3.79%	3.82%	4.56%	5.48%	5.53%	8.59%
West	7.30%	7.20%	1.51%	1.59%	2.60%	3.20%	5.49%	5.61%
India	6.20%	8.50%	1.68%	2.10%	4.00%	4.60%	6.56%	7.24%

Key Performance Indicators

Gross advances (in ₹ Crore)	Disbursements (in ₹ Crore)	GNPA (in %)	YoY growth (in %)	ATS at disbursements (in ₹ Lakhs)	Yield (in %)	PCR (in %)
8,324	**5,002**	**2.28%**	**19%**	**5.24**	**15.56%**	**57.00%**

Microfinance

Our main objective is to empower individuals from low-income backgrounds to pursue their entrepreneurial aspirations, particularly by promoting women's leadership in new business ventures. Within this area, we take pride in our fully digital loan disbursement process. The book consistently contributes around 18% to the overall advance portfolio.

Highlights

- Grew by 20% year-over-year (YoY)
- Introduced the Pragati Card, a QR based card, to provide customers with information related to loans and repayments in real time by just scanning the code
- Launched a mobile app called "Shakti" exclusively for micro finance borrowers
- Focussed on improving repeat customers who currently account for approximately 64% of customers

Growth Enablers

- **Addressing Informal Credit Channels:**
  - Providing credit to the underbanked and underserved market segments at comparatively lower rates of interest than informal channels, which often charge exorbitant rates without proper records
- **Offering Step-Up Loans:**
  - Providing step-up loans based on the repayment history of the borrower, allowing for increased loan amounts as borrowers demonstrate reliable repayment behaviour
- **Implementing End-to-End Digital Workflow:**
  - Improving the ease of onboarding customers and enhancing turnaround times (TATs) through the implementation of an end-to-end digital workflow with E-KYC and E-Sign

Key Performance Indicators

Gross advances (in ₹ Crore)	Disbursements (in ₹ Crore)	GNPA (in %)	YoY growth (in %)	ATS at disbursements (in ₹ Lakhs)	Yield (in %)	PCR (in %)
6,265	**5,716**	**4.02%**	**20%**	**0.50**	**23.15%**	**78.88%**

Housing Finance

Equitas' housing loans are specifically designed to cater to individuals aiming to purchase their first affordable housing property. Our loans are specifically focussed at catering to self employed families looking to either construct their home or buy an apartment in affordable housing project.

Highlights

- Grew by 46% year-over-year (YoY), with the overall portfolio crossing ₹ 4,000 Crores
- Overall average branch productivity in terms of disbursement was recorded at ₹ 2.17 Crores for AHF segment
- Branch Banking teams have actively started to cross sell home loans to savings account holders especially in semi-urban locations

Growth Enablers

- **Targeted Market Expansion:**
  - Focussing on expanding housing finance offerings to underserved and growing markets, leveraging the substantial growth in the housing loan portfolio to capture more market share
- **Process Efficiency Improvements:**
  - Enhancing technological infrastructure continuously such as the Loan Origination System (LOS), to further reduce turnaround times and improve loan processing efficiency across all branches
- **Cross Sell Opportunity:**
  - Growing base of savings account customers provides a large opportunity to grow the business
- **Government Initiatives:**
  - Adopting Government schemes like Pradhan Mantri Awas Yojana, which support affordable house loans

Key Performance Indicators

Gross advances (in ₹ Crore)	Disbursements (in ₹ Crore)	GNPA (in %)	YoY growth (in %)	ATS at disbursements (in ₹ Lakhs)	Yield (in %)	PCR (in %)
4,184	1,847	0.97%	46%	11.41	10.83%	33.20%

MSE Finance

Consistently backing the Micro and Small Enterprises (MSE) sector, we provide support to businesses requiring working capital for their operations. Our services are customised to meet the needs of formal sector enterprises primarily involved in manufacturing and trading activities in urban and semi-urban areas. The MSE segment provides a range of financial solutions, such as working capital loans and term loans, to facilitate business expansion and address financial needs.

Highlights

- The book advance stood at ₹ 1,201 Crores
- 2,136 active loans under the segment

Growth Enablers

- **Competitive Financing:**
  - Offering competitive financing solutions to MSEs helps attract new customers and retain existing ones, leading to increased growth in the portfolio
- **Government Initiatives:**
  - Utilising key schemes like CGTMSE, which help in providing benefits to MSE customers
- **Adaptability to Market Conditions:**
  - Demonstrating adaptability by offering moratoriums to customers during the Covid-19 period, thus maintaining customer relationships and supporting the MSE sector during challenging times

Key Performance Indicators

Gross advances (in ₹ Crore)	Disbursements (in ₹ Crore)	GNPA (in %)	YoY growth (in %)	ATS at disbursements (in ₹ Lakhs)	Yield (in %)	PCR (in %)
1,201	514	7.10%	2%	68.40	10.97%	61.98%

NBFC Financing

The Bank offers Term Loans to Non-Banking Financial Companies (NBFCs), enabling them to offer retail customers services such as microfinance, vehicle finance, housing finance, and similar offerings.

Highlights

- The book advance stood at ₹ 716 Crores

Growth Enablers

- **Competitive Loan Offerings:**
  - Offering term loans to NBFCs ranging from ₹ 10 Crores to ₹ 100 Crores, with yields between 10-13%
  - Providing flexible and competitively priced financing solutions to the NBFC segment
- **NBFC Relationships and Understanding:**
  - Understanding the NBFC sector thoroughly from previous experience as an NBFC

Key Performance Indicators

Gross advances (in ₹ Crore)	Disbursements (in ₹ Crore)	GNPA (in %)	YoY growth (in %)	ATS at disbursements (in ₹ Lakhs)	Yield (in %)	PCR (in %)
716	160	0.67%	(40%)	2,667.67	10.11%	100%

Liabilities Portfolio

Providing liability products via physical and digital channels, we serve a wide range of mass and mass-affluent clientele. Our focus lies in expanding our retail deposit base by offering unique banking products and services, positioning ourselves as a competitive alternative to traditional regional banks. Our strategy emphasises building a strong liability franchise through technology investments and customer-centric products, ensuring lasting customer loyalty, resilience to interest rate changes, and increased opportunities for cross-selling and fee income.

Highlights

- **Liability Portfolio Growth**
  - Crossed ₹ 35,000 Crores in liability portfolio
  - Attracted mass affluent segment depositors, particularly in fixed deposits with competitive rates and tenures
- **Branch Expansion**
  - Opened 12 new liability branches
  - Launched flagship branches in Bengaluru and Delhi
- **Enhanced Sourcing Channels**
  - Introduced the PAM (Premium Acquisition Manager) channel for the mass affluent segment
  - Launched 'Banker on Wheels' for doorstep banking services
  - Increased digital sourcing of savings accounts significantly
- **ASBA Facility Expansion and Performance**
  - Registered 20,500 ASBA customers, with 12,000 new registrations
  - Received 3.15 lakhs IPO applications across 280 IPOs
  - Successfully blocked ₹ 11,050 Crores across all IPOs
  - Generated ₹ 30.3 lakhs in brokerage income from ASBA
  - Extended ASBA facility to NRI customers, in addition to resident, HUF, and minor customers

Growth Enablers

- **Digital Sourcing and V-KYC:**
  - Utilising digital sourcing as the primary catalyst of CASA. VKYC plays a pivotal role in attracting new deposits in facilitating seamless customer onboarding, thereby attracting new deposits
  - Introducing new channels such as 'Banker on Wheel' for doorstep banking services and PAM to specifically target mass affluent depositors
- **Enhanced Relationship Management:**
  - Improving the RM mapping of existing Bank customers to not only retain them but also garner additional deposits
  - Focussing on retail granular deposits with attractive RTD rates, especially for senior citizens, resulted in a 29% YoY growth in the elite deposit book through robust acquisition and enhanced relationship management
- **Growth in NR Deposits:**
  - Prioritising the growth of the NR book to attract retail deposits, resulting in a 47% YoY
  - Expanding the NR customer base across 145+ countries, with the NR deposit book crossing ₹ 1950 Crores

Key Performance Indicators

Parameters	Current Account (CA)	Savings Account (SA)	CASA	Term Deposits	Retail Term Deposits (RTD)	Bulk Term Deposits (BTD)	CASA Ratio
2023-24	₹ 1,215 Crore	₹ 10,337 Crore	₹ 11,552 Crore	₹ 24,577 Crore	₹ 14,670 Crore	₹ 9,907 Crore	32%
YoY Growth	28%	6%	8%	68%	65%	72%	-

Third Party Products

Equitas provides customers with a convenient platform for their investment and insurance needs, offering a comprehensive solution for financial requirements. Our focus is on serving 'savers' who prefer investment options like Mutual Funds, and Insurance schemes. Through partnerships with various asset management and insurance firms, we offer a wide range of products customised to meet the diverse needs of our clients. Leveraging technology, we grant digital access to select products via our internet and mobile banking platforms, empowering customers with self-service options.

Highlights

INSURANCE

- Strengthened partnerships and a diversified product portfolio have contributed to the expansion of our Third-Party Products (TPP) portfolio. The implementation of the InsureTech platform ENVI and the enhancement of retention strategies through the VRM channel have been instrumental
- ENVI serves as an inclusive platform, acting as a digital marketplace for insurance. It provides customers with multiple quotes to compare prices and features, facilitating the selection of the most suitable product
- Maintained an Average Ticket Size (ATS) of ₹ 90,000 with a healthy product mix: 85% regular traditional, 10% term, and 5% ULIP
- Prioritising non-participating traditional products has enabled us to maintain a consistent ticket size per policy, reinforcing our value proposition as a long-term investment solution
- Premiums from General Insurance (GI) have increased by 45%, driven primarily by 63% from motor and 37% from fire, PA, and other sachet products. We have expanded our partnerships, thereby offering multiple quotes and empowering customer choice
- Introduction of Dukandar Suraksha with HDFC Ergo caters to transaction banking customers, enhancing our service offerings

MUTUAL FUNDS

- Scaled up ENVEST, a DIY platform for Mutual Fund Investments, allowing customers to track and transact via Equitas Internet & Mobile Banking. Registered over 30,000 users, an increase of 40% YoY
- Achieved a 40% growth in AUM, surpassing ₹ 300 Crores for the first time, driven by retail Systematic Investment Plans (SIPs) and bulk purchases in top-rated mutual funds
- Consisting of 26,400 accounts totalling ₹ 5.1 Crores, the SIP book maintained a persistency rate of 70%
- Added 11,000 new SIP registrations

OTHER HIGHLIGHTS

- 80,200 customers opted for a 3-in-1 account, with 17,200 new accounts opened, showing sustained interest in this comprehensive banking solution
- Added 16 toll plazas in 2023-24, with Equitas now live in 30 toll plazas for acquiring FASTag business

BANK

Growth Enablers

INSURANCE

- Launched Insurtech Platform ENVI that currently facilitates the sourcing of 50% of General Insurance (GI) policies and a seamless experience for motor insurance by integrating with Vahaan
- Onboarding Standalone Health Insurer (SAHI) companies, allows the Bank to offer a comprehensive range of best-in-class health insurance products
- Training employees across roles to enhance cross-selling skills. Enabling over 500 new SP licences and 800+ POSP licences to expand the capacity to distribute insurance products

MUTUAL FUNDS

- Elevating ENVEST a preferred platform among investors, with 40% of lump-sum Mutual Fund transactions and 75% of SIP transactions conducted through it
- Demonstrating commitment to inclusivity by enhancing the digital mutual fund platform to specifically cater to transgender customers, ensuring accessibility and empowerment for all
- Extending the digital mutual fund platform to Non-Resident Indian (NRI) customers, increasing accessibility, and catering to the diverse needs of a broader clientele

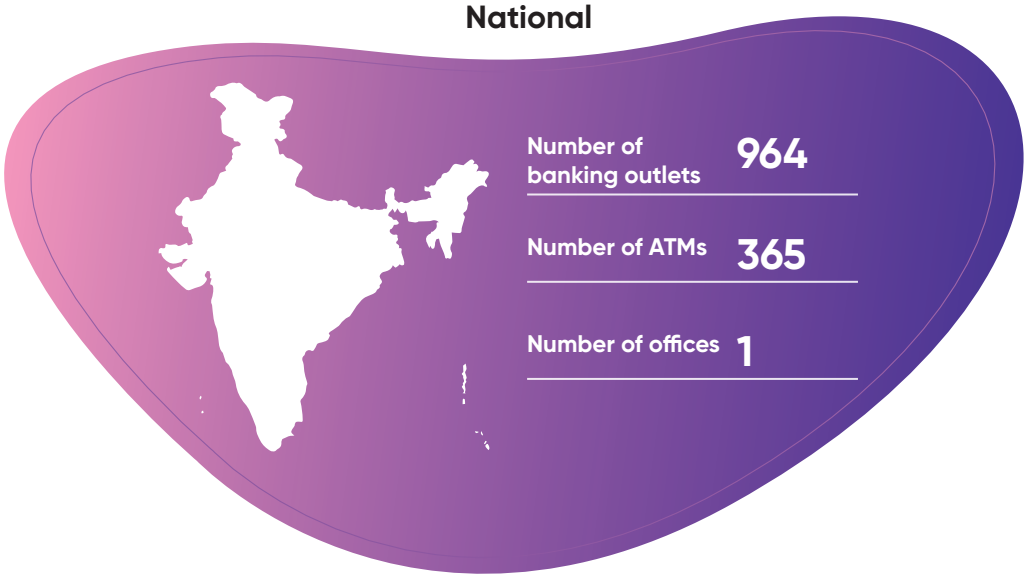
Key Performance Indicators

Parameters		2023-24
Mutual Fund Registered Customers		~31,000
Mutual Fund AUM		₹ 297 Crores
Insurance Policies Sold		56,557
Insurance Premium (Liabilities)		₹ 149.12 Crores
Insurance Premium (Assets)		₹ 364.88 Crores
FASTag Issued	Issued	93,000+
	Transactions (Nos.)	3.72 Crores
Micro ATM	Transactions (Nos.)	1.67 Crores
Prepaid Cards	Transactions (Nos.)	32,782
UPI	Transactions (Nos.)	77.7 Crores

III. OPERATIONS

18. Number of locations where plants and/or operations/offices of the entity are situated

National



International

-

19. Markets served by the entity:

a. Number of locations

Locations	Number
National (No. of states)	18 States and UTs
International (No. of countries)	0

b. What is the contribution of exports as a Percentage of the total turnover of the entity?

Equitas focusses exclusively on the domestic market and does not engage in the export of products or services. Therefore, this question is not applicable to the Bank's operations.

c. A brief on types of customers

Equitas prides itself on being a Bank for everyone, providing tailored services to a diverse clientele. From children to senior citizens, NRIs to entrepreneurs, and corporates to Trust, Association, Society and Club (TASC), each segment benefits from specialised solutions. Whether it's digital banking for millennials, agricultural financing for farmers, or corporate banking services for businesses, Equitas strives to meet the unique needs of every customer, fostering financial empowerment and inclusivity across all demographics.

IV. EMPLOYEES

20. Details as at the end of financial year

a. Employees and workers (including differently abled)

Sr. no.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
		Employees				
1.	Permanent (D)	22,854	19,915	87%	2,939	13%
2.	Other than permanent (E)	19	17	89%	2	11%
3.	**Total employees (D + E)**	**22,873**	**19,932**	**87%**	**2,941**	**13%**

Sr. no.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
		Workers				
4.	Permanent (F)					
5.	Other than permanent (G)			NA		
6.	**Total workers (F + G)**					

b. Differently abled employees and workers

Sr. no.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
		Differently abled employees				
1.	Permanent (D)	2	2	100%	-	-
2.	Other than permanent (E)			NA		
3.	**Total differently abled workers (D + E)**	**2**	**2**	**100%**	**-**	**-**
		Differently abled workers				
4.	Permanent (F)					
5.	Other than permanent (G)			NA		
6.	**Total differently abled workers (F + G)**					

21. Participation/inclusion/representation of women

	Total (A)	No. and percentage of females	
		No. (B)	% (B/A)
Board of Directors	11	1	9.09%
Key Management Personnel	3	0	0%

22. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	2023-24 (Turnover rate in current FY)			2022-23 (Turnover rate in previous FY)			2021-22 (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent employees*	38%	38%	38%	40%	43%	40%	30%	43%	31%
Permanent workers	-	-	-	-	-	-	-	-	-

*The above mentioned numbers are voluntary turnover rate for permanent employees.

Our talent management strategy at Equitas is built on respect, dignity, and inclusivity. Key initiatives include fair compensation, strategic recruitment partnerships, and innovative channels like our Hire-Train-Deploy programme. We focus on continuous development through comprehensive onboarding, performance evaluations, and mentorship. Achievements are celebrated via the High Achievers Club and Long Service Awards. Proactive attrition management involves weekly reviews and exit interviews, while holistic well-being initiatives offer flexible work arrangements and support during crises. This comprehensive approach reduces attrition and fosters a culture of growth, satisfaction, and long-term success.

V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

23. (a) Names of holding/subsidiary/associate companies/joint ventures

In a significant development, Equitas Holdings Limited, the erstwhile holding company of the Bank, has merged with the Bank. This decision came into effect following an order issued on January 12, 2023, by the Honourable National Company Law Tribunal, Division Bench-II, Chennai. As a result of this merger, we now stand as a unified entity, with no holding, subsidiary, or associate companies under our umbrella.

VI. CSR DETAILS

Our CSR initiatives are focussed on the purpose of creating a better society not only through financial inclusion but also through the upliftment of the communities through various initiatives outside banking. By dedicating **5%** of our net profit, we are going beyond compliance and empowering the society to move towards a better future.

24.

i. Whether CSR is applicable as per section 135 of Companies Act, 2013

Yes

ii. Turnover (in ₹):

₹ 5,486.40 Crores

iii. Net worth (in ₹):

₹ 5,969 Crores

VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

25. Complaints/grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct

Stakeholder group from whom complaint was received	Grievance redressal mechanism in place (Yes/No)	2023-24 (Current financial year)			2022-23 (Previous financial year)		
	(If yes, then provide a weblink to the grievance redress policy)	Number of complaints filed during the year	Number of complaints with pending resolution at the close of the year	Remarks	Number of complaints filed during the year	Number of complaints with pending resolution at the close of the year	Remarks
Communities	Yes (https://ir.equitasbank.com/wp-content/uploads/2022/12/Whistle-Blower-Policy-v6.0.pdf)	0	0	-	0	0	-
Investors (other than shareholders)	Yes (https://ir.equitasbank.com/wp-content/uploads/2022/12/Whistle-Blower-Policy-v6.0.pdf)	0	0	-	0	0	-
Shareholders	Yes (https://ir.equitasbank.com/wp-content/uploads/2022/12/Whistle-Blower-Policy-v6.0.pdf)	4	0	-	4	0	-
Employees and workers	Yes (https://ir.equitasbank.com/wp-content/uploads/2022/12/Whistle-Blower-Policy-v6.0.pdf)	0	0	-	34	0	-
Customers	Yes (https://ir.equitasbank.com/wp-content/uploads/2022/12/Whistle-Blower-Policy-v6.0.pdf)	5,849	91		3,017	71	-
Value chain partners	Yes (https://ir.equitasbank.com/wp-content/uploads/2022/12/Whistle-Blower-Policy-v6.0.pdf)	0	0	-	0	0	-
Others	NA	-	-	-	-	-	-

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, and approach to adapt or mitigate the risk along with its financial implications, as per the following format

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
Corporate governance	Opportunity	• Enhances transparency, accountability, and investor confidence • Improves financial performance, access to capital, and long-term sustainability	NA	**Positive** 1. Builds investor confidence through strong corporate governance 2. Facilitates easier access to funding through the debt and equity markets 3. Improves operational efficiency via clear roles and risk management leading to cost savings and better financial performance
Data privacy and security	Risk	• Risk of legal and reputational issues, losing customer trust and regulatory fines	• Employed a robust SOC for monitoring and mitigating data threats • Implementing data encryption at rest and during transit • Enforcing global access control policy • Using tools to detect and prevent data leaks	**Negative** 1. Legal fines, losing customer's trust, and brand image can decrease revenue 2. Remediation costs and reduced market value exacerbate financial losses
Regulatory compliance	Risk	• Failing to adhere to compliance can lead to fines and penalties	• Implementing strong internal infrastructure with committees for regulatory compliance • Ensuring strict adherence to evolving compliance standards • Nurturing a culture of compliance assurance and staff prioritisation	**Negative** 1. Regulatory non-compliance can lead to fines and legal costs, which may damage your reputation 2. Encountering customer loss and decreased market value can impact finances 3. Investing in compliance infrastructure and training adds to operational expenses, compounding negative financial implications

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
Risk management	Risk	• Inadequate risk management practices can lead to credit, market, operational, and reputational risks • Potential negative impact on financial performance and reputation	• Establish management and board-level committees for effective risk management • Invest in governance over credit and operational risks for informal segments • Develop proprietary practices over the past decade to navigate challenging circumstances successfully	**Negative** 1. Inadequate risk management heightens exposure to credit, market, operational, and reputational risks, risking financial losses, thus adversely affecting financial performance and reputation
Business continuity	Risk	• Significant exposure to small borrowers and unsecured microfinance loans	• Assessing potential risks like natural disasters, regulatory changes, and market practices thoroughly • Establishing a stable, sustainable, and scalable Bank as a guiding principle • Achieving stability through product and customer diversification, engagement with regulators and stakeholders • Utilising guidance from the independent Board and professional Management teams to mitigate risks and ensure operational continuity	**Negative** 1. Inadequate business continuity planning can lead to financial losses due to increased vulnerability to natural disasters and regulatory changes 2. Lack of stability and scalability may impact operational continuity and financial performance negatively

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
Sustainable finance	Opportunity	• Increased competitiveness, cost savings, and access to new markets	NA	**Positive** 1. Sustainable finance yields cost savings, enhances competitiveness, and opens new markets 2. Embracing sustainability fosters positive brand perception, attracts investors and enhances market value 3. Long-term profitability and resilience are achieved through sustainability initiatives, ensuring positive financial implications
Product innovation/ responsibility	Opportunity	• Investment in sustainable products, technologies for business sustainability • Enhance scalability through technology solutions	NA	**Positive** 1. Investing in sustainable products and technologies fosters business sustainability 2. Enhancing scalability through technology solutions improves market competitiveness 3. Embracing product innovation and responsibility drives long-term profitability and resilience, attracting environmentally conscious consumers and investors, ultimately fostering financial growth
Economic growth	Opportunity	• Ensure profitability for sustained growth • Benefit stakeholders through revenues, local hiring, and procurement	NA	**Positive** 1. Ensuring profitability sustains economic growth 2. Benefitting stakeholders through revenue generation, local employment, and procurement 3. Prioritising economic growth aligns business interests with community prosperity, fostering a mutually beneficial relationship and sustainable development

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
Community development	Opportunity	• Contribute to social development for sustainable business foundations	NA	**Positive** 1. Community development fosters a sustainable business foundation by contributing to social development 2. Engaging in community initiatives enhances brand reputation and stakeholder relationships 3. Investing in community development aligns business goals with societal needs, driving long-term success and positive impact
Customer experience	Risk	• Loss of customers and reputation damage	• Tools used: Net Promoter Score, C-SAT surveys, focus group discussions, and customer meets • Proactively monitor the customer experience for early warning signs • Customer experience department reports directly to management for unbiased view	**Negative** 1. Risks of customer loss and reputation damage underscore the importance of proactive monitoring
Digital transformation	Opportunity	• Improves customer loyalty and differentiated products and services that promotes growth in market share	NA	**Positive** 1. Scalable technology solutions enhance market competitiveness

Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
Employee health and well-being	Opportunity	• Foster a positive work environment for satisfaction and productivity • Reduce absenteeism, lower healthcare costs and improve retention	NA	**Positive** 1. Prioritising employee health and well-being fosters a positive work environment, enhancing satisfaction and productivity 2. Investing in employee well-being yields long-term financial benefits through increased productivity and reduced turnover costs
Financial inclusion	Opportunity	• Address a significant credit gap in the underserved population • Seize substantial opportunity through financial inclusion	NA	**Positive** 1. Addressing the credit gap in underserved populations unlocks substantial market potential 2. Financial inclusion expands the customer base, driving revenue growth and economic development 3. Providing access to financial services fosters inclusion, benefitting both society and financial institutions

Section B: Management And Process Disclosures

At Equitas, we go above and beyond statutory requirements, providing stakeholders with detailed insights into our operations through proactive measures. With a dedicated team spearheaded by an experienced leaders, we remain vigilant in tracking regulatory changes and implementing timely policy adjustments to stay ahead of the curve. Through rigorous oversight from our Board committees and regular monitoring by the Board itself, we ensure strict adherence to regulations and sustainable practices across every aspect of our decision-making value chain.

SDGs Impacted

Linkage with the <IR> Capital

Governance

Linkage with the Stakeholders

Employees

Value Chain Partners

Sr. No.		Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Policy and management processes											
		We have established and implemented a suite of policies to uphold our core values of integrity, transparency, and accountability. These policies provide guidance to all employees, Directors, senior management, and stakeholders, ensuring alignment with the Bank's goals and commitments. List of policies: 1. Code of Conduct for Directors 2. Code of Conduct for Senior Managers 3. CSR Policy 4. Customer Rights Policy 5. Data Privacy Policy 6. Dividend Distribution Policy 7. Policy on Materiality of Related Party Transactions (RPT) and on dealing with RPT 8. Remuneration & Benefits Policy 9. Record Retention and Archival Policy 10. Whistle Blower Policy									
1	a.	Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
	b.	Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
	c.	Weblink of the policies, if available*	1, 2, 6, 7	-	8, 10	10	8, 10	-	NA	3	4, 5
2		Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	N	Y	Y
3		Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	N	Y	Y	Y	Y	N	Y	Y
4		Name of the national and international codes/ certifications/labels/standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.					NA				
5		Specific commitments, goals and targets set by the entity with defined timelines, if any.					NA				
6		Performance of the entity against the specific commitments, goals, and targets along with reasons in case the same are not met.					NA				

Governance, leadership, and oversight

7	**Statement by the director responsible for the business responsibility report, highlighting ESG-related challenges, targets, and achievements (listed entity has flexibility regarding the placement of this disclosure)** Please refer to the message from our MD & CEO on page number 8-9.	
8	**Details of the highest authority responsible for implementing and overseeing the Business Responsibility policy(ies).**	MD & CEO
9	**Does the entity have a specified Committee of the Board/ Director responsible for decision-making on sustainability related issues? (Yes / No). If yes, provide details.**	MD & CEO

10 Details of review of NGRBCs by the Company:

Subject for review	Indicate whether the review was undertaken by Director/Committee of the Board/Any other Committee									Frequency (annually/half yearly/ quarterly/any other – please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against the above policies and follow-up action	Y	Y	Y	Y	Y	Y	N	Y	Y	The performance against above policies and follow-up actions are reviewed at regular frequencies.								
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	Y	Y	Y	Y	Y	N	Y	Y	All the applicable statutory and regulatory guidelines relevant to the principles are complied.								

11	**Has the entity carried out an independent assessment/evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.**	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
		No, evaluations are conducted internally and the Heads of Departments are responsible for ensuring effective policy implementation. The Bank's policies are periodically reviewed at both management and Board levels.								

12. If the answer to question (1) above is 'No' i.e. not all Principles are covered by a policy, reasons to be stated

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the Principles material to its business (Yes/No)							Y		
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)							-		
The entity does not have the financial or/human and technical resources available for the task (Yes/No)							-		
It is planned to be done in the next financial year (Yes/No)							-		
Any other reason (please specify)							-		

01 PRINCIPLE

Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable.

Since our inception, corporate governance has been the foundation of our success, shaping our journey to the present day. Ethical conduct is ingrained in our foundational business principles and lies at the core of our sustainable value creation model. Our well-documented 'Code of Conduct' reaffirms the commitment of every Equitas employee to uphold integrity, transparency and openness, ensuring accountability and compliance in all our future endeavours.

Impact on <IR> Capital

Human Capital

Social and Relationship Capital

Financial Capital

Risks and Opportunities

Governance

Stakeholders

Employees

Value Chain Partners

Highlights

- **96%** of our employees underwent regular training covering business practices, regulations, ethical conduct, and ESG factors
- **ZERO** disciplinary actions occurred against any staff for bribery or corruption allegations
- **ZERO** complaints regarding conflict of interest were lodged against Directors or KMPs

SDGs Impacted

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year**

   We recognise that learning and development are perpetual pursuits crucial for the advancement of the Bank and our stakeholders. Our Learning & Organisational Development (L&OD) team is committed to crafting and implementing a wide array of training and awareness initiatives aimed at fostering a culture of continuous learning and improvement. Through these endeavours, we ensure that every individual within our organisation, including the Board of Directors (BOD) and Key Management Personnel (KMPs), is empowered with the requisite knowledge and competencies to make informed decisions aligned with the Bank's core values and aspirations.

Segment	Total no. of training and awareness programmes held	Topics/principles covered under the training and impact	% age of persons in respective category covered by the awareness programme
Board of Directors	1	Principle 1	10%
Key Managerial Personnel	1	Principle 1	67%
Employees other than BOD & KMPs	7,777	P1, P2, P3, P4, P7, P8 & P9	96%
Workers	NA	NA	NA

2. **Details of fines/penalties/punishment/award/compounding fees/settlement amount paid in proceedings (by the entity or by directors/KMPs) with regulators/law enforcement agencies/judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):**

Monetary					
	NGRBC principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In ₹)	Brief of the case	Has an appeal been preferred (Yes/No)
Penalty/Fine		BSE Ltd. No	20,000	Record date intimation compliance	No
Settlement		-	-	-	-
Compounding fee		-	-	-	-

Non-Monetary			
NGRBC principle	Name of the regulatory/enforcement agencies/judicial institutions	Brief of the case	Has an appeal been preferred (Yes/No)
Imprisonment	NA	NA	NA
Punishment	NA	NA	NA

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case details	Name of the regulatory / enforcement agencies / judicial institutions
NA	NA

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes, we maintain a rigorous Code of Conduct, available in the HR portal, strictly prohibiting employees from engaging in corrupt practices or accepting illegal gratification. Our policy ensures that personal funds or resources are not used for activities that could be completed using the Bank's resources. Employees are strictly forbidden from disguising bribes as payments, gifts, or business courtesies under any circumstances. Additionally, accepting gifts, entertainment, or incentives from current or prospective customers or suppliers is strictly prohibited, with all such courtesies belonging to ESFB and prohibited from personal use. Employees are also barred from accepting gifts that could be construed as bribes or exert undue influence. Furthermore, a specific Code of Conduct tailored for Directors and Senior Management ensures the highest ethical standards in managing the Bank's affairs. This dedication to ethics and accountability permeates all interactions with stakeholders from the moment of their association with the Bank.

The Code of Conducts can be accessed by on the links mentioned below:

- For Directors: https://ir.equitasbank.com/wp-content/uploads/2022/03/ESFB-Policy-on-Code-of-Conduct-of-Directors-January-2021.pdf
- For Senior Management: https://ir.equitasbank.com/wp-content/uploads/2022/03/ESFB-Policy-for-Code-of-Conduct-for-Senior-Management-Jan-2021.pdf
- For Employees: Available in the internal HR portal

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/corruption:

	2023-24 (Current financial year)	2022-23 (Previous financial year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	2023-24 (Current financial year)	2022-23 (Previous financial year)
Number of complaints received in relation to issues of conflict of Interest of the Directors	0	0
Number of complaints received in relation to issues of conflict of Interest of the KMPs	0	0

7. **Provide details of any corrective action taken or underway on issues related to fines/penalties/ action taken by regulators/law enforcement agencies/judicial institutions, on cases of corruption and conflicts of interest.**

   Throughout the reporting period, we remained indomitable in our commitment to integrity, encountering no instances of conflict of interest or corruption. However, should such challenges emerge in the future, we are prepared with robust policies and procedures to promptly address and rectify them with diligence and transparency.

8. **Number of days of accounts payables ((Accounts payable *365)/Cost of goods/services procured) in the following format:**

2023-24 (Current financial year)	2022-23 (Previous financial year)
Number of days of accounts payables	Number of days of accounts payables
27	**59**

9. **Openness of business**

Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:

Parameter	Metrics		2023-24 (Current financial year)	2022-23 (Previous financial year)
Concentration of purchases	a.	Purchases from trading houses as % of total purchases		
	b.	Number of trading houses where purchases are made from		
	c.	Purchases from top 10 trading houses as % of total purchases from trading houses		
Concentration of sales	a.	Sales to dealers/distributors as % of total sales		
	b.	Number of dealers/distributors to whom sales are made		NA
	c.	Sales to top 10 dealers/distributors as % of total sales to dealers/distributors		
Share of RPTs in	a.	Purchases (Purchases with related parties/Total purchases)		
	b.	Sales (Sales to related parties/Total sales)		
	c.	Loans & advances (Loans & advances given to related parties/Total loans & advances)		
	d.	Investments (Investments in related parties/Total investments made)		

Leadership Indicators

1. **Does the entity have processes in place to avoid/manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.**

   Yes.

   Embedded within our governance framework are two critical pillars: a robust Code of Conduct for Directors and a comprehensive policy addressing material-related party transactions. These measures serve as bulwarks against conflict of interest, whether they arise directly or indirectly, safeguarding the integrity of our operations. To ensure transparency and equity in our decision-making processes, our esteemed Board members adhere rigorously to these principles. They conscientiously abstain from deliberating or deciding on matters where personal interests may come into play. Furthermore, a mandatory declaration mandates Directors to disclose any potential conflict of interest at the outset of Board meetings, fostering a culture of accountability and trust.

02 PRINCIPLE

Businesses should provide goods and services in a manner that is sustainable and safe.

Although the Bank's operations naturally result in a minimal carbon footprint and material resource usage, we remain firm in our commitment to environmental stewardship. As we move ahead, we not only pledge to comply with relevant regulations but also endeavour to surpass them, championing environmental sustainability and safety in every facet of our operations.

Impact on <IR> Components

Service Capital

Social and Relationship Capital

Financial Capital

Stakeholders

Customers

Government/Regulators

Value Chain Partners

Highlights

- Focussed on digitalisation and low-energy-consuming technologies to minimise our environmental impact.

SDGs Impacted

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	2023-24	2022-23	Details of improvements in environmental and social impacts
R&D			NA
Capex			

2. a. **Does the entity have procedures in place for sustainable sourcing (Yes/No)**

   b. **If yes, what percentage of inputs were sourced sustainably?**

   No. As a financial services provider, our offerings do not entail physical goods or raw materials. Our material requirements predominantly revolve around office infrastructure, administrative resources, and IT-related equipment and services. Despite our minimal procurement needs, we actively strive for responsible sourcing practices throughout our operations.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

   This is not applicable, as we do not manufacture any products.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes/No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Given our status as a bank, Extended Producer Responsibility (EPR) does not apply to our operations.

03 PRINCIPLE

Businesses should respect and promote the well-being of all employees, including those in their value chains.

Our ethos revolves around 'Employee Care and Connect,' designed to draw in, nurture, and retain exceptional talent, empowering them to soar. We have a singular mission to - "Create the most valuable bank for all stakeholders through happy employees". Our bespoke benefits, tailored to individual needs, echo our unyielding dedication to employee welfare. As we stride forward, we pledge to perpetually invest in nurturing talent, well-being, and adaptable work structures, thereby fostering a thriving ecosystem where each employee thrives.

Impact on <IR> Components

Human Capital

Stakeholders

Employees

Value Chain Partners

Government/Regulators

Highlights

- **100%** of employees are covered under health and accident insurance.
- **All** employees benefit from comprehensive coverage, including paternity, maternity, and retirement benefits.
- **98%** return-to-work rate and **98%** retention rate of permanent employees that took parental leave.
- **96%** of employees received training on skill upgradation.
- **ZERO** safety-related incidents.

SDGs Impacted

The Equitas Culture

We are deeply committed to cultivating a vibrant and uplifting organisational culture that resonates across every facet of our operations. Our approach is multifaceted, blending leadership endorsement, peer influence, dynamic communication and training initiatives, structured recognition and rewards schemes, and ongoing culture pulse surveys, among other strategies. Below, we have outlined our comprehensive approach to nurturing the culture at the Bank:

i. Leaders Fostering Culture

Our cultural ethos starts at the helm. Our leadership team passionately champions the essence of the Bank's culture in pivotal forums like Business Meets, Town Halls, and Branch Visits. These platforms serve as more than just avenues for articulating our cultural values; they are dynamic arenas for honouring and commemorating the accomplishments of culture award recipients, instilling and perpetuating the desired behaviours throughout the organisation.

ii. Peer Influence

Our Culture Champions are the driving force behind magnifying the impact of our culture initiatives and elevating employee engagement to new heights. By impeccably embodying our core values and setting a sterling example, they become beacons of inspiration, encouraging their colleagues to embrace and epitomise positive behaviours throughout the workplace.

iii. Communication & Training

A robust communication strategy is instrumental in articulating and reinforcing the Bank's core values and behaviours. We employ various initiatives to achieve this:

- **Aarambh:** Our induction programme, Aarambh, introduces newcomers to the cultural ethos of the Bank, facilitating a swift assimilation of core value behaviours into their work environment.
- **'Did You Know' Mail Series:** Regular communication via this series elucidates the 'acceptable and unacceptable' behaviours aligned with each sub-theme of our core values, ensuring clarity and consistency among employees.
- **Core Values Refresher Videos:** These contextualised e-learning bytes present case scenarios that enable employees to easily relate to and emulate the behaviours associated with our core values.
- **Sanskriti:** Featuring sections such as 'From Leader's Desk,' 'Voice of Champions,' and 'Kindling Inspiration,' Sanskriti, our Culture Newsletter, reinforces the importance of employees' adherence to core value behaviours through real-time success stories and experiences shared by culture award winners.

iv. Recognition and Rewards

Our recognition and rewards programmes are designed to celebrate and incentivise the demonstration of core values:

- **High Five Champion and Value Victor Award:** These monthly and quarterly recognition events acknowledge outstanding individuals and branch communities for their exemplary demonstration of core values.
- **High Five Club Recognition Programme:** By actively involving and empowering our business leaders to promote culture initiatives, this programme fosters a culture of ownership and accountability at all levels.
- **Culture Contests:** The launch of various culture contests such as the Culture Quiz, Guess the Scene Contest, and Earn the Badge Contest enhances awareness levels and encourages active participation among employees.

v. Culture Pulse Survey

To gauge the alignment and demonstration of the Bank's culture, a pulse survey was administered to employees. The survey yielded an impressive overall average score of 4.49 out of 5.00, indicating a high level of culture alignment and demonstration among employees. This continuous assessment allows us to gain valuable insights and make informed decisions to further enhance our organisational culture.

Ensuring Employee Benefits and Well-Being

We prioritise the holistic well-being of our employees, understanding that a comprehensive rewards package and supportive work environment are crucial for their overall satisfaction and productivity. Our approach includes competitive compensation, retirement benefits, various perks, and a robust leave policy, all designed to ensure the financial security, health, and work-life balance of our workforce.

Allocation of Benefits

Benefits are allocated based on a combination of factors such as employee role, tenure, performance, and organisational needs. In 2023-24, we introduced several enhancements to our benefits allocation criteria to better address the evolving needs of our workforce:

Inclusive Leave Policy: Our leave policy aims to offer employees the flexibility and support needed to balance their personal and professional responsibilities. We periodically amend the policy to align with changes in legislation and organisational needs. In 2023-24, we introduced Sabbatical Leave for eligible women employees, providing extra support during personal needs such as a child's board exams, childcare, or pursuing higher education.

Parental Benefits: At our Head Office, we provide a day care facility for all employees, offering a convenient solution for working parents. Female employees across PAN India benefit from Creche Reimbursement, alleviating childcare expenses. We also ensure that eligible male employees have access to paternity leave, enabling them to actively engage in early parenthood. Similarly, maternity leave is available to all eligible female employees, providing crucial time off for childbirth, bonding with their newborn, and postnatal recovery.

Investing in Employee Well-Being: We are committed to investing in measures that promote the health and well-being of our employees. Our expenditures towards employee well-being include initiatives such as:

- Health and Wellness Programmes
- Employee Assistance Programmes
- Training and Development Opportunities for Personal and Professional Growth
- Flexible Work Arrangements to Support Work-Life Balance

These investments are integral to fostering a positive work environment and ensuring the long-term success and satisfaction of our employees.

Essential Indicators

1. a. Details of measures for the well-being of employees

Category	% of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent employees											
Male	19,915	19,915	100%	19,915	100%			19,915	100%	1,233	6%
Female	2,939	2,939	100%	2,939	100%	2,939	100%			542	18%
Total	22,854	22,854	100%	22,854	100%					1,775	8%
Other than permanent employees											
Male	17	3	18%	3	18%	NA	NA	NA	NA	NA	NA
Female	2	1	50%	1	50%	NA	NA	NA	NA	NA	NA
Total	19	4	21%	4	21%	NA	NA	NA	NA	NA	NA

b. Details of measures for the well-being of workers

Category	% of workers covered by											
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent workers											
Male	NA										
Female											
Total											
Other than permanent workers											
Male	NA										
Female											
Total											

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format –

2023-24 (Current financial year)	2022-23 (Previous financial year)
0.69%	0.68%

Cost incurred on well-being measures as a % of total revenue of the Company

2. Details of retirement benefits, for current FY and previous FY

Benefits	2023-24 (Current financial year)			2022-23 (Previous financial year)		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with authority (Y/N/N.A.)
PF	100%	NA	Yes	100%	NA	Yes
Gratuity	100%	NA	Not deducted from the employee but deposited with the authority.	100%	NA	Not deducted from the employee but deposited with the authority.
ESI	0	NA	NA	0	NA	NA
Others – please specify	NA	NA	NA	NA	NA	NA

Ensuring an Inclusive and Healthy Work Environment

Treating our diverse workforce with fairness, respect, and dignity is at the heart of our values. We strictly prohibit discrimination based on caste, creed, religion, gender, race, or ethnicity. Engaging in political activities or actions that could hurt religious sentiments is equally unacceptable, both during employment and in prior engagements. Our recruitment policy and code of conduct champion equal opportunity and non-discrimination, celebrating the diverse skills and perspectives of our employees. This commitment ensures a welcoming and inclusive environment for all.

3. Accessibility of workplaces

Are the premises/offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

No.

To ensure our premises are accessible to both differently abled employees and customers, our infrastructure administration team conducted an extensive feasibility study. Based on the findings, the Bank is now installing ramps to enhance accessibility and inclusivity.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Our Code of Conduct includes an equal opportunity clause that is strongly aimed at fostering respect and eliminating discrimination in all its forms.

5. Return to work and retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	98%	98%	NA	NA
Female	94%	94%	NA	NA
Total	98%	98%	NA	NA

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Equitas maintains a structured and transparent grievance redressal mechanism, ensuring employees have a clear process to address any concerns. The procedure starts with employees raising grievances with their 1st level supervisor or Regional HR Manager, either orally or in writing. The supervisor must resolve the grievance within five working days.

If the employee is not satisfied or if the grievance involves the supervisor, they can escalate the issue to the 2nd level supervisor and, if necessary, to the respective Functional Head. Further escalation can be directed to grievance@equitasbank.com, where the Grievance Redressal Officer, in consultation with the Grievance Redressal Committee, aims to resolve the grievance within one week.

If the grievance remains unresolved, the employee can appeal to the Managing Director, who will address the grievance within two weeks. The resolution provided by the Managing Director is final and binding, ensuring fair and timely closure for all involved parties.

Yes/No (If yes, then give details of the mechanism in brief)			
Permanent workers	No	Yes	Permanent employees
Other than permanent workers			Other than permanent employees

7. Membership of employees and workers in association(s) or Unions recognised by the listed entity:

None of our employees or workers are members of associations or unions. However, we regularly engage with our workforce to encourage open communication and address grievances.

Employee engagement initiatives are integral to our organisational culture, fostering a supportive environment where feedback is valued. Through various initiatives, we prioritise connecting with our employees to ensure their well-being, satisfaction, and active participation in shaping our workplace.

- Feedback Channels: We actively seek employee feedback through audio bridges, enabling direct communication of views, ideas, and feedback to senior management. These channels enhance employee engagement and contribute to a culture of open communication and continuous improvement.

Additionally, effective communication is crucial to ensuring that our initiatives achieve their intended goals. To facilitate timely and precise communication, we utilise a variety of channels, including calls, HR Connect Mail, SMS, WhatsApp, MS Teams, and HRMS-Work Groups. These channels help us keep our employees informed and engaged.

Category	2023-24 (Current financial year)			2022-23 (Previous financial year)		
	Total employees/ workers in the respective category (A)	No. of employees/ workers in the respective category who are part of association(s) or Union (B)	% (B/A)	Total employees/ workers in the respective category (C)	No. of employees/ workers in the respective category who are part of association(s) or Union(D)	% (D/C)
Total permanent employees	NA					
Male						
Female						
Total permanent workers						
Male						
Female						

8. Details of training given to employees and workers:

Our comprehensive training initiatives ensure seamless integration, regulatory compliance, and skill development for all employees. These programmes prioritise both personal and professional growth, benefitting from internal resources and strategic partnerships to nurture a skilled and compliant workforce.

Leadership Development Programmes

Our Leadership Development Programmes (LDP) provide immersive experiences and structured learning, incorporating several essential features. Firstly, we have developed an in-house behavioural competency framework that is seamlessly integrated into our LDPs. This framework aligns with the Bank's culture, embedding our mission and core values into our core competencies as leaders. Moreover, our Assessment and Development Centres are meticulously designed using this framework, complemented by models from external partners. Key success dimensions—Ability, Aspiration, and Loyalty (Stability)—form the cornerstone of our eligibility criteria and selection process, supported by comprehensive assessments and competencies.

We utilise a diverse array of assessment tools tailored to leadership competencies, translating developmental

needs into Individual Development Action Plans (IDPs). These plans guide our multi-phased development journeys, structured into foundational and specialised series. By leveraging expertise from leading global learning institutions like INSEAD and top-tier IIMs, along with renowned consulting partners such as Deloitte and Aon, we meticulously identify and address developmental requirements, ensuring the effectiveness of our leadership development initiatives.

1. **Leadership Development Interventions:** Our programmes offer structured learning opportunities, emphasising our core values and competencies. We incorporate assessment centres and development centres using in-house competency frameworks, ensuring a holistic approach to leadership development.

2. **Leadership @ All Levels:** We recognise the vital importance of leadership across all tiers, driving us to prioritise the theme of 'Leadership @ All Levels' within our Leadership Development Programme (LDP). This initiative forms the bedrock for enhancing our leadership capabilities internally.

Management Leadership Development

To address the dynamic demands of the banking sector, our Management Leaders undergo targeted assessment and development activities. Collaborations with external partners bolster these efforts include:

- Select Management Committee members benefitted from the 'Strategic Management Programme in Banking' at INSEAD, France.
- Additionally, select Management Committee members participated in a developmental centre led by global leadership assessment experts.

Interventions for Senior Leadership

To nurture future leaders, we have engaged global leadership consulting experts. Noteworthy achievements include:

- Select Senior Leadership team completed the 'Foundation Series' of their development journey with a five-day 'Strategic Leadership in the 'Digital Age' programme at IIM-Bangalore.

Interventions for Mid-Managerial

Tailored developmental interventions are vital for nurturing mid-level managers for upcoming supervisory roles include:

- Programmes like PROGRESS and LEAP workshops refine process, governance, and people management skills.
- 'Lead to Excel' initiatives sharpen execution and team handling abilities, ensuring a robust talent pipeline and retention of top performers.

Interventions for Young Managers

Specialised programmes such as 'Lead to Win' are instrumental in guiding first-time managers into supervisory positions, solidifying effective leadership at all organisational levels.

Skill Development

We leverage various platforms to provide immersive learning experiences, ensuring our employees have access to personalised and accessible learning solutions anytime, anywhere.

1. **Tie up with content aggregator:** We have partnered with Skillsoft (Percipio) to create an anywhere-anytime 'On-the-Go' learning ecosystem. Skillsoft, a leader in corporate digital learning, offers AI-driven, personalised learning solutions. This platform provides skill-based certification programmes in various formats, including video, audio, boot camps, live events, and practice labs. Learners earn digital badges to boost engagement and inspire continued professional development.

2. **E-Learning Platform (LMS):** We use PeopleStrong's e-learning platform (LMS and mobile application) to offer seamless, accessible learning for our workforce. This platform supports over 22,000 employees, enabling flexible learning anytime, anywhere. Our customised e-learning solutions cover diverse business needs and include interactive modules on functional, technical, and regulatory topics. For instance, bite-sized video modules on Core Values and mobile-based pre- and post-learning assessments enhance our employees' knowledge and skills.

Self-Development

We encourage employees to take charge of their professional growth through our Professional Development Programme (PDP). Eligible employees, including women and members of our High Achiever's Club (HAC), are supported in enrolling in professional courses and advancing their careers.

Regulatory Mandated Trainings

Compliance is essential, and we ensure all employees, including our Board of Directors and Key Management Personnel (KMPs), complete mandated training requirements. This ensures everyone possesses the necessary knowledge and skills for informed decision-making.

External Trainings

Many of our employees have attended various workshops, conferences, and seminars organised by prominent institutions such as the RBI, the Department of Financial Services (Ministry of Finance), CAFRAL, IIBF, IIA, ISACA, and FEDAI. These events have enhanced their understanding of critical subjects, including financial cybersecurity and online financial frauds, foreign trade and foreign exchange business, credit appraisal, monitoring, and recovery, countering trade-based money laundering, regulatory aspects for Small Finance Banks, forensic accounting and fraud investigation, and treasury emerging trends and challenges. These learning opportunities have equipped our employees with valuable knowledge and skills to effectively address key challenges in the financial sector.

Behavioural Programmes

We offer a variety of behavioural programmes aimed at enhancing multi-dimensional personality attributes and behavioural competencies. These programmes cover essential areas such as:

- Delivering Impactful Presentations
- Cultivating Executive Presence
- Improving Conversational Intelligence
- Leading Organisational Change
- Encouraging Collaboration

Tailored learning pathways like STAR-AOM, STAR 2.0, ASCEND, IMPACT, PERFFECT, PROPEL, STROM, and PROJECT CATAPULT are designed to cater to specific organisational and employee needs. These programmes aim to strengthen leadership capabilities, refine interpersonal skills, manage conflicts effectively, and facilitate group interactions across different levels within the Bank.

Digital Transformation Trainings

The Bank's HR team spearheads our digital transformation journey. We prioritise specialised training programmes to ensure our staff remains abreast of emerging tech-driven banking systems. Through organisation-wide initiatives, we seamlessly integrate new technologies into our operations, providing hands-on coaching and support for a smooth transition. Noteworthy digital applications like Hetra LoS Application and Newgen highlight our commitment to innovation. Customised training sessions for applications like MS Dynamics CRM and EnCOLLECT enhance our branch operations teams. The recent launch of Selfe Loan, a customer mobile app, aims to enhance customer experience and streamline loan applications. Overall, our HR team plays a crucial role in driving our digital evolution forward.

Category	2023-24 (Current financial year)					2022-23 (Previous financial year)				
	Total (A)	On health and safety measures		On skill upgradation		Total (D)	On health and safety measures		On skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Male	19,915	1,170	6%	19,180	96%	18,092	1,064	6%	16,557	92%
Female	2,939	495	17%	2,828	96%	2,471	488	20%	2,354	95%
Total	22,854	1,665	7%	22,008	96%	20,563	1,552	8%	18,911	92%
Workers										
Male	NA									
Female										
Total										

9. Details of performance and career development reviews of employees and workers:

Our developmental strategies prioritise nurturing internal talent, aiming to foster their career growth and readiness for key business roles. Through performance assessments, we identify high-potential individuals who show a keen interest in accelerated advancement. In 2023-24, the Bank conducted its Annual Performance Review for 17,337 eligible employees, guided by the Bank's core values of Fairness & Transparency and Pride of Performance.

These talented individuals undergo tailored developmental programmes designed to enhance their skills and prepare them for higher-level responsibilities. Our specialised learning initiatives facilitate both vertical and horizontal career progression, empowering talent to navigate diverse functions confidently. Noteworthy programmes include VALAR CEP, VALAR PET, and Potential Hero.

- VALAR CEP: A structured fast-track role enhancement programme
- VALAR PET: Recognises the career progression of frontline employees
- Potential Hero: Addresses the developmental needs of underperformers
- Additional interventions include S.T.A.R & S.T.A.R 2.0, focussing on enhancing supervisory abilities

Category	2023-24 (Current financial year)			2022-23 (Previous financial year)		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	19,915	15,416	77%	18,092	13,622	75%
Female	2,939	2,257	77%	2,471	1,828	74%
Total	22,854	17,673	77%	20,563	15,450	75%
Workers						
Male	NA					
Female						
Total						

10. Health and safety management system:

a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/No). If yes, the coverage such system?

Yes.

We've taken several steps to guarantee a secure workplace for all our staff members. Our Emergency Response Team (ERT) is well-trained to handle emergencies efficiently, and we organise frequent fire drills to educate employees on the correct protocols in case of a fire. Moreover, we've implemented preventive measures against seasonal illnesses like the flu by providing hand sanitizers and temperature guns at all our work locations, and we require symptomatic employees to wear masks.

b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?

Our commitment to fostering an inclusive workplace where employees' concerns are valued and led to the establishment of the 'Voice of Employee' initiative. Through this platform, employees can report various issues, including work-related hazards, by sending mails to voiceofemployee@equitasbank.com. Additionally, recognising that many of our employees work in field roles requiring two-wheelers, we prioritise ensuring that they possess valid driving licences and encourage the use of helmets while travelling.

c) Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)

Yes.

d) Do the employees/worker of the entity have access to non-occupational medical and healthcare services? (Yes/No)

Yes

Ensuring the physical and mental well-being of our employees is our top priority. To achieve this, we have created a comprehensive health and wellness calendar that aligns with significant calendar days designated by the World Health Organisation.

Here are some of the initiatives included:

- Offering additional coverage beyond the eligible limit under Group Medical Coverage (GMC) and utilising Corporate Buffer to provide financial support to employees during hospitalisation
- Providing a complimentary comprehensive Master Health Check-up for employees aged 40 years and above, which includes a range of tests and consultations
- Organising wellness camps with on-desk screenings for blood sugar, blood pressure, and BMI, along with doctor consultations
- Presenting comprehensive OPD Plan coverage, including annual health check-ups, dental and vision care, and access to various medical services
- Offering counselling services through the Employee Assistance Programme, available 24/7
- Yoga session at the desk: To encourage employees to incorporate Yoga in their daily routine. These initiatives aim to support employees' physical health and address their mental well-being through various resources and services.

11. Details of safety related incidents, in the following format:

Safety incident/Number	Category	2023-24 (Current financial year)	2022-23 (Previous financial year)
Lost Time Injury Frequency Rate (LTIFR) (per one million person-hours worked)	Employees	0	0
	Workers	NA	NA
Total recordable work-related injuries	Employees	21	13
	Workers	NA	NA
No. of fatalities	Employees	11	11
	Workers	NA	NA
High-consequence work-related injury or ill-health (excluding fatalities)	Employees	0	1
	Workers	NA	NA

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

At the Bank, prioritising a secure and well-prepared workplace environment is of utmost importance. To achieve this goal, we have implemented the following initiatives:

- Established a proficient Emergency Response Team (ERT) trained to handle emergencies effectively
- Conducted routine fire drills to educate employees on emergency protocols in the event of workplace fires
- Provided hand sanitizers and temperature guns at all work sites and mandated the use of masks for symptomatic employees who needed to be present at work, thereby reducing the risk of seasonal flu transmission
- Offered training to employees and raised awareness about health and safety practices

13. Number of complaints on the following made by employees and workers:

	2023-24 (Current financial year)			2022-23 (Previous financial year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working conditions	0	0	NA	34	0	NA
Health & safety	0	0	NA	0	0	NA

14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	0
Working conditions	0

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks/concerns arising from assessments of health & safety practices and working conditions.

NA

Leadership Indicators

1. Does the entity extend any life insurance or any compensatory package in the event of the death of (A) Employees (Y/N) (B) Workers (Y/N).

(A) Employees – Yes

(B) Workers – NA

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

NA

3. Provide the number of employees/workers having suffered high consequence work-related injury/ill-health/fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	2023-24 (Current financial year)	2022-23 (Previous financial year)	2023-24 (Current financial year)	2022-23 (Previous financial year)
Employees	11	12	NA	NA
Workers				

4. Does the entity provide transition assistance programmes to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/No)

Yes.

The Bank offers transition assistance programmes to aid employees in navigating career transitions due to retirement or termination. The Bank provides options for extending the tenure of essential roles, either through contracts or consultancy arrangements, based on the needs of the role. These initiatives are aimed at promoting ongoing employability and facilitating seamless transitions for employees leaving the organisation.

04 PRINCIPLE

Businesses should respect the interests of and be responsive to all their stakeholders.

Equitas remains committed to prioritising stakeholder interests, ensuring that our business activities are in line with expectations and contribute to maximising shared value.
We engage proactively with stakeholders to collect feedback, facilitating informed decision-making and fostering positive outcomes. Through this methodical approach, we systematically address concerns raised by stakeholders. Recognising the significance of stakeholder engagement in driving positive social change, we place great importance on embracing diverse perspectives. Our aim is to meet stakeholder expectations through collaborative efforts, transparency, and accountability.

Impact on <IR> Components

Human Capital

Social and Relationship Capital

Stakeholders

Customers

Government/Regulators

Investors

Suppliers

Employees

Local Communities

Highlights

- 6 stakeholder groups were identified
- Regular engagement across multiple platforms to understand expectations, inform strategy, and communicate progress

SDGs Impacted

1. **Describe the processes for identifying key stakeholder groups of the entity.**

Establishing strong connections with stakeholders is integral to our business strategy. Through the adoption of Strategic Proactive Engagement principles, we place emphasis on inclusive, strategic, proactive, transparent, and open communication to comprehend the needs, interests, and expectations of our stakeholders deeply. This method assists us in grasping diverse viewpoints and requirements, thereby nurturing transparent and trusting relationships. Acknowledging stakeholder engagement as an ongoing effort crucial to our prosperity, we highly regard the collaboration and assistance from all stakeholders.

To identify our key stakeholders, we have implemented a five-step approach:

1. Reviewing the comprehensive list of stakeholders
2. Understanding the rationale behind identifying key stakeholders
3. Assessing the influence of stakeholders on our operations
4. Evaluating their requirements concerning our business
5. Prioritising the stakeholder list

Stakeholder group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Email, SMS, newspaper, pamphlets, advertisement, community meetings, notice board, website), other	Frequency of engagement (annually/half yearly/quarterly/ others – please specify)	Purpose and scope of engagement, including key topics and concerns raised during such engagement
Communities	Yes, 100% of the communities are identified as marginalised and vulnerable.	- Meetings - Awareness sessions - Need assessments - Review and monitoring - Job fairs - Workshops	Regularly	Developing communities and promoting financial and social inclusion.
Investors and shareholders	No	• E-mail • Newspapers • Quarterly reports • Press releases • Websites • Investor conferences • Analyst meets • Earnings call • Branch visits	Quarterly	Financial results, AGM, dividend intimation, fund raise Intimation, merger-demerger intimation, and Company guidance & strategy

Stakeholder group	Whether identified as vulnerable & marginalised group (Yes/No)	Channels of communication (Email, SMS, newspaper, pamphlets, advertisement, community meetings, notice board, website), other	Frequency of engagement (annually/half yearly/quarterly/ others – please specify)	Purpose and scope of engagement, including key topics and concerns raised during such engagement
Employees	NA	• E-mail • SMS • WhatsApp • Workgroups (available in the HRMS portal) • Notice boards placed at work locations, and audio bridge calls • One-on-one meetings through branch visits with leaders, and HR • MS Teams (video connect)	Others: Communication happens as and when need arises.	Amendment to a change in the existing policy or implementation of a new policy, change in leadership roles, benefits extended to employees, information regarding the closure of the trading window, BCP during natural calamities, and IT security.
Customers	Yes, a segment of customers may be considered marginalised.	• On-ground hoardings • Online platforms • Direct interactions • Branch meetings	Monthly branch meetings, periodic customer location visits, and quarterly online conferences.	Enhancing product awareness, gathering feedback on services, and addressing customer expectations.
Value chain partners	No	• E-mails • Meetings • Phone calls	Ongoing and need-based	Product, service, and technology quality and support; contract commercial and technical terms and conditions.
Regulatory bodies	No	• Regulatory filings • Compliance statements • Meetings • E-mails	Need-based	Licence request and renewal, compliance with filings and other regulatory requirements, participation in government financial sector plans and programmes.

05 PRINCIPLE

Businesses should provide goods and services in a manner that is sustainable and safe.

The Bank is committed to ensuring and promoting human rights across all facets of our operations. Our primary objective is to foster a secure and nurturing environment for everyone within our organisation. Through our Fair Practices Code and Employee Code of Conduct, we outline the essential behaviours and standards required to safeguard and uphold human rights. This commitment remains unyielding as we continue to evolve and progress in our 'Next' phase.

Impact on <IR> Components

Human Capital

Social and Relationship Capital

Governance

Stakeholders

Employees

Suppliers

Highlights

- **100%** of our employees are paid more than the minimum wage
- **94%** of our employees are trained on human rights issues and policies

SDGs Impacted

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity in the following format:**

   The Bank is dedicated to nurturing a culture that promotes inclusivity, respect, and awareness of human rights. Through extensive training programmes, we equip our employees with a thorough understanding of their rights and responsibilities. We acknowledge and appreciate the diverse skills, strengths, and perspectives of our workforce, recognising that each employee is crucial to our achievements. In our recruitment and employment processes, we uphold a policy of non-discrimination, ensuring that no individual is unfairly treated based on caste, creed, religion, nationality, gender, race, or ethnicity.

Category	2023-24 (Current financial year)			2022-23 (Previous financial year)		
	Total (A)	No. of employees/ workers covered (B)	% (B/A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	22,854	21,543	94%	20,563	19,201	93%
Other than permanent	19	0	NA	14	0	NA
Total employees	**22,873**	**21,543**	**94%**	**20,577**	**19,201**	**93%**
Workers						
Permanent	NA	NA	NA	NA	NA	NA
Other than permanent	NA	NA	NA	NA	NA	NA
Total workers	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**

2. **Details of minimum wages paid to employees and workers in the following format:**

Category	2023-24 (Current financial year)					2022-23 (Previous financial year)				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
Employees										
Permanent										
Male	19,915	0	NA	19,915	100%	18,092	0	NA	18,092	100%
Female	2,939	0	NA	2,939	100%	2,471	0	NA	2,471	100%
Other than permanent										
Male	17	0	NA	17	100%	11	0	NA	11	100%
Female	2	0	NA	2	100%	3	0	NA	3	100%
Workers										
Permanent										
Male										
Female										
Other than permanent										
Male										
Female										

NA

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	**Median remuneration/ salary/wages of the respective category**	**Number**	**Median remuneration/ salary/wages of the respective category**
Board of Directors (BoD)	10	10,00,000	1	-
Key Managerial Personnel	3	1,50,86,554	-	-
Employees other than BoD and KMP	19,911	3,32,341	2,940	2,97,989
Workers	-	-	-	-

b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

2023-24 (Current financial year)	2022-23 (Previous financial year)
8.49%	8.28%

Gross wages paid to females as % of total wages

4. Do you have a focal point (Individual/Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes.

We have established two committees to manage the human rights implications resulting from our operations. These committees play crucial roles in addressing and mitigating any negative impacts or contributions to human rights issues within our business activities.

1. The Internal Complaints Committee (ICC) is dedicated to handling complaints related to sexual harassment and ensuring a safe and respectful workplace environment.
2. The Grievance Redressal Committee deals with all other concerns raised by our employees, offering a platform for the prompt resolution of various issues.

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

Yes. We have established two internal mechanisms aimed at effectively addressing human rights grievances.

Internal Complaints Committee (ICC) for Sexual Harassment Complaints:

Equitas is dedicated to fostering a safe and respectful workplace environment, especially for women, by implementing a robust mechanism to address and prevent incidents of sexual harassment. Our Internal Complaints Committee (ICC) diligently handles complaints of sexual harassment, ensuring fairness and promptness in addressing grievances. Employees are encouraged to submit written complaints within three months of the incident, with alternative avenues such as e-mail provided for accessibility. The ICC is authorised to extend time limits under exceptional circumstances and may assist those unable to document grievances themselves.

After a thorough inquiry, the ICC submits its findings to management, who are required to act upon recommendations within a specified timeframe. Confidentiality is strictly maintained throughout the process, safeguarding the identities of all involved parties. By upholding stringent procedures and confidentiality measures, Equitas remains firm in its commitment to cultivating a workplace free from sexual harassment.

Grievance Redressal Committee for Broader Human Rights Concerns beyond Sexual Harassment:

At Equitas, we are dedicated to addressing broader human rights concerns beyond sexual harassment through a structured grievance redressal process. If any employee has a grievance, they are required to raise it with their 1st level supervisor or Regional HR Manager, either orally or in writing. The supervisor is required to resolve the grievance within 5 working days. If the employee is not satisfied with the resolution, or if the grievance is against the 1st level supervisor, the issue can be escalated to the 2nd level supervisor. Should the matter remain unresolved, or if the grievance is against both supervisors, the employee may then approach the respective Functional Head, who will also have 5 working days to address the issue.

If the grievance still remains unresolved, the employee can escalate the matter by contacting the Grievances Redressal Officer at grievance@equitasbank.com. The Grievances Redressal Officer, in consultation with the Grievance Redressal Committee, must resolve the issue within one week. If the employee is dissatisfied with this resolution, they may appeal to the Managing Director, who will provide a final decision within two weeks which will be binding on all parties concerned.

6. Number of complaints on the following made by employees and workers:

	2023-24 (Current financial year)			2022-23 (Previous financial year)		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Sexual harassment	21	2*	-	5	0	-
Discrimination at workplace	0	0	-	0	0	-
Child labour	0	0	-	0	0	-
Forced labour/Involuntary labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights-Related issues	0	0	-	0	0	-

*Pending complaints as on March 31, 2024 have since been closed.

7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:

	2023-24 (Current financial year)	2022-23 (Previous financial year)
Total complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	21	5
Complaints on POSH as a % of female employees/workers	0.7%	0.2%
Complaints on POSH upheld	19	4

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   We uphold a strict policy on maintaining the confidentiality of complaints related to harassment and discrimination. Details such as the identities and locations of the aggrieved individual, respondent, and witnesses, as well as information regarding conciliation and inquiry proceedings, recommendations from the Internal Complaints Committee (ICC), and actions taken by management, are treated as strictly confidential and cannot be disclosed to anyone under any circumstances. However, information about the resolution attained for any victim under this policy may be shared, ensuring anonymity by refraining from disclosing any details that could potentially identify the aggrieved individual or witnesses.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

   Yes. Our human rights requirements are systematically incorporated into our business agreements and contracts. Our policies and Code of Conduct demonstrate our dedication to upholding human rights, prioritising them, and ensuring their protection in all interactions with stakeholders.

10. **Assessments for the year:**

	% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)
Child labour	NA
Forced/involuntary labour	NA
Sexual harassment	NA
Discrimination at workplace	NA
Wages	NA
Others – please specify	NA

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

    NA

06 PRINCIPLE

Businesses should respect and make efforts to protect and restore the environment.

Even with a limited direct environmental impact, at Equitas we aim to drive environmental stewardship by integrating sustainability into our core operations. Through digitalisation, the introduction of energy efficient systems, and the use of recycled resources, we are committed to doing our bit to reduce the burden on limited resources, the generation of waste, and emissions. As we move towards the 'Next' phases of our journey, we aspire to consistently improve our initiatives towards environmental sustainability.

Impact on <IR> Components

External Environment

Natural Capital

Stakeholders

Local Communities

Government/Regulators

Value Chain Partners

Highlights

- **0.73 GJ** energy intensity per rupee of turnover
- **8.8 MT** e-waste recycled
- **568.27 tCO_2** carbon emissions caused

SDGs Impacted

Policy Framework

We've established a comprehensive Micro and Small Enterprises Policy Framework that incorporates environmental and social considerations into the loan application evaluation process for these enterprises. Additionally, we foster a culture of environmental responsibility by encouraging our employees to adopt e-mail communication and digital document storage practices. This not only enhances our operational efficiency but also reduces paper consumption, aligning with our sustainability goals.

To further minimise our environmental impact, we've introduced the 'Pragati Card,' a QR code-based payment inquiry solution for microfinance customers, replacing traditional sticker collections and serving as a digital passbook. We actively promote paper-free banking practices among account holders, including options like e-mail statements, internet banking, mobile banking, e-wallets, and electronic toll collection. Our initiatives encompass implementing the Loan Origination System Hetra, issuing virtual debit cards for half-KYC customers, and introducing green pin technology for debit cards.

Essential Indicators

1. Details of total energy consumption (in joules or multiples) and energy intensity in the following format:

Parameter	2023-24 (Current financial year)	2022-23 (Previous financial year)
From renewable sources (in GJ)		
Total electricity consumption (A)	-	-
Total fuel consumption (B)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C)	-	-
From non-renewable sources (in GJ)		
Total electricity consumption (D)	2,188.07	2,214.94
Total fuel consumption (E)	1,802.95	1,874.80
Energy consumption through other sources (F)	-	-
Total energy consumed from non-renewable sources (D+E+F)	3,991.02	4,089.74
Total energy consumed (A+B+C+D+E+F) (in GJ)	3,991.02	4,089.74
Energy intensity per rupee of turnover (Total energy consumption/Revenue from operations) (GJ/₹ turnover in crores)	0.73	0.98
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (GJ/turnover adjusted for PPP)	0.20	0.27
Energy intensity in terms of physical output (GJ/employee)	2.13	2.43

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

Note:

- The boundary for electricity consumption data excludes the electricity consumption in branches and ATMs
- The energy consumption numbers have been restated for FY 2022-23 based on the boundary considered this year
- The intensity calculation per employee for energy considers the total count of employees in the corporate offices at the end of the respective financial year

2. Does the entity have any sites/facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Considering the nature of Equitas' business, none of our sites or facilities have been categorised as Designated Consumers (DCs) under the Government of India's Performance, Achieve and Trade (PAT) Scheme.

3. Provide details of the following disclosures related to water in the following format:

Parameter	2023-24 (Current financial year)	2022-23 (Previous financial year)
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	-	-
(iii) Third party water	30,88,800.00	27,77,895.00
(iv) Seawater/desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	30,88,800.00	27,77,895.00
Total volume of water consumption (in kilolitres)	30,88,800.00	27,77,895.00
Water intensity per rupee of turnover (KL/₹ turnover in crores)	562.99	667.46
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (KL/turnover adjusted for PPP)	152.33	184.20
Water intensity in terms of physical output (KL/employee)	135.00	135.00

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

Note:

- The water consumption has been calculated based on the assumption of 45 litres of water consumed per person for a count of average 300 working days for both the years
- The intensity calculation per employee for water consumption considers the total count of employees at the end of the respective financial year

4. Provide the following details related to water discharged:

Parameter	2023-24 (Current financial year)	2022-23 (Previous financial year)
Water discharge by destination and level of treatment (in kilolitres)		
(i) To surface water		
No treatment		
With treatment – please specify level of treatment		
(ii) To groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) To seawater		
No treatment		
With treatment – please specify level of treatment	NA	
(iv) Sent to third parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

NA

5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Operating in the BFSI sector, we do not generate industrial wastewater, and our water consumption is limited to drinking and sanitary purposes only. Due to this, the implementation of zero liquid discharge practices is not applicable to us.

6. Please provide details of air emissions (other than GHG emissions) by the entity in the following format

Parameter	Please specify unit	2023-24 (Current financial year)	2022-23 (Previous financial year)
NOx			
SOx			
Particulate matter (PM)			
Persistent organic pollutants (POP)		NA	
Volatile organic compounds (VOC)			
Hazardous air pollutants (HAP)			
Others – please specify			

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

NA

7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & their intensity in the following format:

Parameter	Unit	2023-24 (Current financial year)	2022-23 (Previous financial year)
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	133.09	138.40
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	435.18	440.53
Total Scope 1 and Scope 2 emission intensity per rupee of turnover	(Total Scope 1 and Scope 2 GHG emissions in tCO_2e/ Revenue from operations)	0.10	0.14
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)	(Total Scope 1 and Scope 2 GHG emissions in tCO_2e/ Revenue from operations adjusted for PPP)	0.03	0.04
Total Scope 1 and Scope 2 emission intensity in terms of physical output	(Total Scope 1 and Scope 2 GHG emissions in tCO_2e/ employee)	0.30	0.34

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

Note:

- The boundary for electricity consumption data excludes the electricity consumption in branches and ATMs
- The carbon emissions caused has been restated for FY 2022-23 based on the boundary considered this year
- The intensity calculation per employee for emission caused considers the total count of employees in the corporate offices at the end of the respective financial year

8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

We have implemented specific measures aimed at collectively reducing our greenhouse gas emissions and advancing environmental sustainability. These initiatives include:

- Monitoring HVAC run-time for optimal energy consumption
- Using energy efficient CFLs and LED light fixtures
- Procuring office equipment with energy-saving features
- Promoting sustainable practices to reduce environmental impacts
- Transitioning to an electronic format for Board and committee papers
- Implementing loan origination systems to reduce paper usage and enhance customer experience
- Adopting digital initiatives such as tablets, video banking, and video KYC to minimise physical branch visits and enable remote transactions

9. Provide details related to waste management by the entity, in the following format:

Parameter	2023-24 (Current financial year)	2022-23 (Previous financial year)
Total Waste generated (in metric tonnes)		
Plastic waste **(A)**	-	-
E-waste **(B)**	8.8	6.1
Bio-medical waste **(C)**	-	-
Construction and demolition waste **(D)**	-	-
Battery waste **(E)**	-	-
Radioactive waste **(F)**	-	-
Other hazardous waste. Please specify, if any. **(G)**	-	-
Other non-hazardous waste generated **(H)**. Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	-	-
Total (A+B + C + D + E + F + G + H)	8.8	6.1
Waste intensity per rupee of turnover (Total waste generated/Revenue from operations)	$1.60*10^{-3}$	$1.47*10^{-3}$
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/Revenue from operations adjusted for PPP)	$0.43*10^{-3}$	$0.40*10^{-3}$
Waste intensity in terms of physical output	$0.38*10^{-3}$	$0.30*10^{-3}$
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled (E-waste)	8.8	6.1
(ii) Re-used	-	-
(iii) Other recovery operations	-	-
Total (E-waste)	8.8	6.1

Parameter	2023-24 (Current financial year)	2022-23 (Previous financial year)
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	-	-
(ii) Landfilling	-	-
(iii) Other disposal operations	-	-
Total	-	-

Note: Indicate if any independent assessment/evaluation/assurance has been carried out by an external agency? (Y/N) If yes, the name of the external agency.

No

Note:

- The waste generation data has been calculated by considering the average weights of the respective devices either that which is available on the site: https://ewasteguide.info/weight/ or as a market average
- The intensity calculation per employee for waste generation considers the total count of employees at the end of the respective financial year

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your Company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

As a financial institution, our operations primarily involve intangible products and services, thereby minimising our reliance on physical resources. Waste management, including the disposal of paper and dustbin bags, is conducted in collaboration with state municipal authorities, while e-waste is responsibly handled through vendors. To mitigate our environmental impact, we have initiated measures to reduce plastic usage across our offices and branches, opting for eco-friendly alternatives.

Furthermore, we have embraced digitisation to foster sustainability and decrease paper consumption, thereby minimising waste generation. Previously, our procedures heavily relied on physical documentation. However, we have transitioned to mobile devices for inputting customer data, and e-KYC verification is now conducted online through Aadhar using UIDAI and PAN through NSDL. This digital approach eliminates the need for physical paperwork, as loan agreements are electronically signed. Notably, our microfinance division has achieved 100% e-KYC adoption for new customers and an e-signature adoption rate of 80–90%. This paperless workflow not only reduces errors and enhances data quality but also improves regulatory compliance and operational efficiency by necessitating fewer staff members. By transitioning to a digital framework, we are not only streamlining our operations but also championing environmental sustainability.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Equitas does not have any offices situated in or near ecologically sensitive areas.

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws in the current financial year

NA

13. Is the entity compliant with the applicable environmental law/regulations/guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

The Bank adheres to all relevant environmental laws/regulations/guidelines in India.

07 PRINCIPLE

Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

As a financial services provider, the Bank engages in partnerships with government agencies, prominent educational institutions, and fellow businesses to tackle societal and environmental issues. By participating in diverse trade and industry associations, we stay informed about industry developments and nurture relationships with essential stakeholders, thereby enhancing our impact within the wider ecosystem.

Impact on <IR> Components

External Environment

Social and Relationship Capital

Stakeholders

Government/Regulators

Highlights

- 9 affiliations with trade and industry chambers/associations to foster dialogue on industry growth drivers, innovation, and shaping public policy

SDGs Impacted

Essential Indicators

We are dedicated to harnessing our partnerships with industry associations and forums to enhance our knowledge and expertise, thereby fuelling growth across all our business sectors. Concurrently, we champion a range of social and welfare initiatives, such as responsible lending and financial literacy programs. Through these efforts, we play a role in fostering a more transparent financial landscape, facilitating improved access to credit for underbanked and unbanked individuals, and simplifying the loan acquisition process for those marginalised in the economic sphere.

1. a. **Number of affiliations with trade and industry chambers/associations.**

   9

   b. **List the top 10 trade and industry chambers/associations (determined based on the total members of such body) the entity is a member of/affiliated to.**

S. no.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/associations (State/National)
1	Indian Banks' Association (IBA)	National
2	Fixed Income Money Market and Derivatives Association (FIMMDA)	
3	SaDhan – The Association of Community Development Finance Institutions	
4	Association of Mutual Funds in India (AMFI)	
5	Confederation of Indian Industry (CII)	
6	The Indus Entrepreneurs (TIE) National	
7	M-FIN	
8	Association of Small Finance Banks of India (ASFBI)	
9	Foreign Exchange Dealers' Association of India (FEDAI)	

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities**

Name of authority	Brief of the case	Corrective action taken
NA	NA	NA

08 PRINCIPLE

Businesses should promote inclusive growth and equitable development.

At Equitas, our philosophy mirrors the very essence of our name: fairness and transparency. We understand that genuine progress transcends mere financial empowerment. Our objective entails creating a sustainable ecosystem wherein every individual, particularly those situated at the grassroots level, can access education, healthcare, and skill development opportunities.

Through the Equitas Development Initiatives Trust (EDIT), we pledge 5% of our profits towards initiatives aimed at enhancing livelihoods and delivering essential services to the underserved. By proactively addressing societal challenges long before Corporate Social Responsibility (CSR) became a regulatory obligation, we have consistently showcased our dedication to social and economic advancement, embodying the true spirit of corporate citizenship.

Impact on <IR> Components

Social and Relationship Capital

Human Capital

Stakeholders

Local Communities

Employees

Highlights

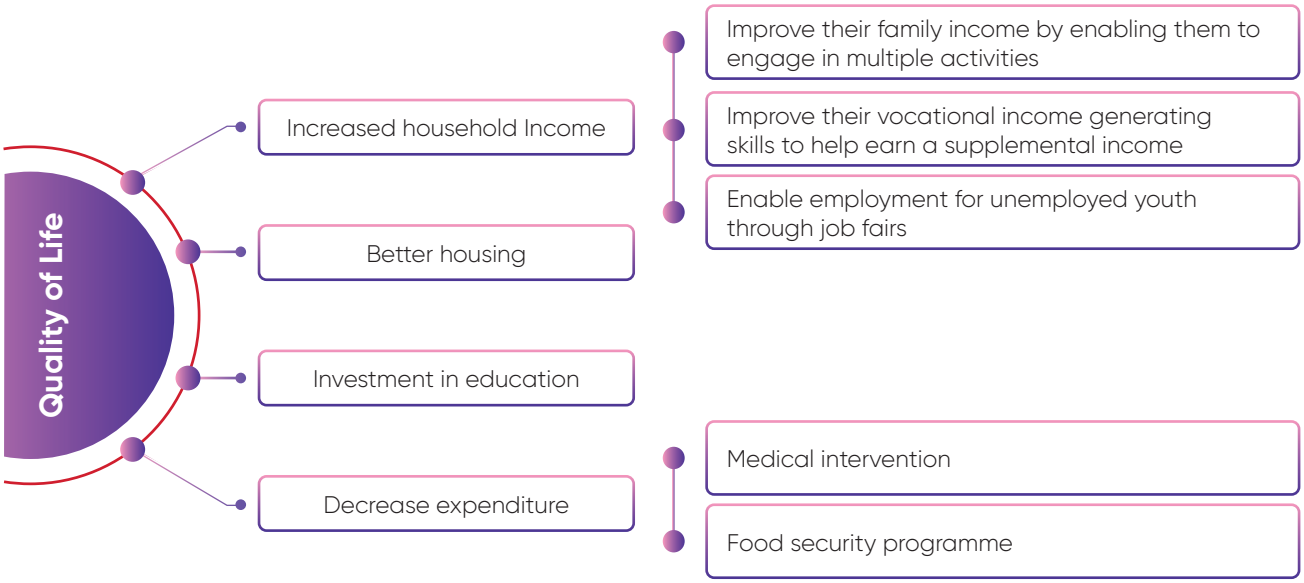
- **38%** of input material sourced from MSMEs or locally
- **100%** of our beneficiaries are from vulnerable and marginalised groups

SDGs Impacted

Building Better Futures

Our social initiatives are carried out nationwide through Equitas Development Initiative Trust (EDIT) and Equitas Healthcare Foundation (EHF). Focussed primarily on healthcare, education, skill development, job placement, and homeless rehabilitation, these initiatives reflect our commitment to holistic community development.

Equitas Development Initiatives Trust (EDIT) exemplifies our dedication to fostering inclusive growth and balanced development. Through EDIT, our corporate social responsibility initiatives span a wide spectrum, encompassing endeavours such as empowering pavement dwellers with sustainable livelihoods, conducting skill training programmes for women, organising collaborative health camps, providing affordable education to economically disadvantaged children, and facilitating job fairs to integrate unemployed youth into the formal economy. The Sringeri Sharada Equitas Cancer cum Multi-Speciality Hospital operates under the purview of Equitas Healthcare Foundation (EHF), which is registered as a separate charitable trust.



Words from the Beneficiaries

Rashmi Vaijayanthi

"I recently visited Equitas Sringeri Saradha Hospital for their cancer care services, and I was truly impressed. The staff was not only warm and hospitable but made us feel like part of their family. The hospital provides world-class cancer treatment at affordable prices, ensuring top-notch care for everyone. One unique and thoughtful aspect I noticed was the provision of beds for attendants in the general ward, something I haven't seen in any other hospital. This level of consideration and care sets Equitas Sringeri Saradha Hospital apart from the rest."

Deepak Kumar

"I had been suffering from severe pain from my hip to my foot on my left leg, which severely impacted my daily activities for the past three months. My visit to Sringeri Sharada Equitas Multispecialty & Cancer Care Hospital changed everything. Under the expert care of doctors in the hospital, I am now completely relieved from the pain.

The service-oriented mindset of everyone at this hospital truly amazed me. The staff listen to patients calmly and take the time to fully understand their problems before providing treatment. I am especially grateful to the doctors and the entire organisation for their exceptional care.

I strongly recommend this hospital to anyone seeking attentive and affordable healthcare."

Our CSR Stories

Healthcare Initiatives

Recognising the essential role of quality healthcare in community well-being, a series of healthcare initiatives have been launched to address the varied medical needs of underserved populations. These efforts not only aim to provide vital medical services but also focus on raising awareness about preventive measures and fostering overall health and wellness within communities.

Sringeri Sharada Equitas Cancer cum Multi-Speciality Hospital

EHF commenced its journey by identifying healthcare deficiencies through extensive health camps, leading to a collaboration with Sringeri Saradha Mutt to establish a Chennai-based multi-speciality hospital with a particular focus on cancer care. This partnership marked the inception of Equitas Healthcare Foundation (EHF) in 2019, dedicated to delivering premium healthcare services at affordable rates. By harnessing donated resources and operational efficiency, EHF devised a pricing model that significantly slashed treatment costs, ensuring accessibility across all strata of society. With the motto 'Quality Healthcare at an Affordable Price', EHF aims to provide free treatment to the vulnerable and substantial discounts to economically disadvantaged groups, striving to make healthcare a fundamental right for all. The Sringeri Sharada Equitas Cancer cum Multi-Speciality Hospital in Gowrivakkam epitomises this commitment, offering comprehensive care with its hundred beds, three operating theatres, and cutting-edge equipment. As a non-profit entity, the hospital serves as a ray of hope, addressing critical health needs and bridging gaps in supply and demand, showcasing dedication to the welfare of the marginalised.

- **Medical Camps:** A total of 4,933 medical camps have been conducted, directly addressing various health concerns within communities.
- **Eye Screening and General Health Camps:** These initiatives have reached a significant portion of the population, benefitting 2,85,361 people through eye screening camps and 3,06,219 beneficiaries through general health camps. Specialised camps focussing on Non-Communicable Diseases (NCDs), cardiology, dental care, and other specific health issues have also been organised.
- **Veterinary and Blood Donation Camps:** Efforts have extended to animal welfare through veterinary camps, benefitting both cattle and farmers. Blood donation camps have contributed to the blood bank, with 443 units of blood donated.
- **Free Cataract Surgeries:** Addressing vision impairment, 37,392 free cataract surgeries have been facilitated since inception, enhancing the quality of life for many individuals.

Skill Development and Placement Initiatives

Recognising the pivotal role of employment opportunities and skill development in fostering economic independence and social empowerment, various initiatives have been implemented to equip individuals, particularly women and youth, with the requisite skills and resources to attain gainful employment or embark on entrepreneurial endeavours. Through investments in skill enhancement programmes, the aim is to break the cycle of poverty and facilitate the creation of sustainable livelihoods for marginalised communities.

- Skill Training Programmes: Trained over 42,677 participants in various vocational domains, fostering self-reliance and entrepreneurship. Cumulatively, 6,67,8875 women have been empowered since the inception of these programmes.
- Equitas Gyan Kendra (EGK) Centres: Tailored training, particularly in tailoring and computer skills, has been provided through EGK centres, equipping individuals with marketable skills for employment opportunities.
- Job Fairs: Shortlisted through 22 job fairs across multiple branches, 5,264 candidates have been identified for employment, adding to the cumulative placement of 2,89,524 unemployed youth.

Education Initiatives

Education stands as the foundation of societal advancement, igniting individual progress and communal prosperity. Driven by a dedication to equitable access to quality education, a suite of initiatives has been introduced to elevate educational standards and open pathways for academic enrichment. These initiatives are crafted to nurture an enriching learning atmosphere that nurtures the cognitive, emotional, and social development of students, empowering them to unlock their innate capabilities and contribute meaningfully to society.

Equitas Gurukul

An initiative championed by Equitas, is dedicated to offering quality education to underprivileged children. These institutions have emerged as centres of learning excellence, boasting a remarkable 99% overall pass rate and commendable academic accomplishments, nurturing the potential of 6,992 enrolled students. Focussed on holistic development, the curriculum prioritises academic excellence, character formation, and societal engagement. With state-of-the-art facilities, the schools foster interactive learning environments conducive to fostering critical thinking and unleashing creativity. The faculty comprises qualified educators committed to nurturing students' talents, while community involvement initiatives foster collaboration and partnerships. Beyond academic achievements, Equitas Gurukul aims to empower students and propel community transformation by facilitating access to education and avenues for socio-economic progression.

The Equitas Birds Nest initiative

At Equitas, we embarked on a journey with a profound recognition of the hardships endured by pavement dwellers and beggars. This realisation prompted the establishment of UPDP India Private Limited, with the goal of uplifting these marginalised communities. However, regulatory obstacles, including the lack of proper documentation among the target demographic, presented formidable challenges to extending financial aid. Undeterred by setbacks, the team remained steadfast in their pursuit of solutions. This determination catalysed the transformation of UPDP into Equitas, broadening its scope while upholding its foundational principles of social justice and empowerment. Equitas emerged as a ray of hope, committed to enhancing the lives of the underserved.

Inspired by this ethos, we launched the Birds Nest initiative. Through this programme, 1,241 homeless pavement dwellers in Chennai and 24 in Pune have been provided with permanent housing, fostering stability and security for them and their families. Since its inception in 2008, this initiative has benefitted a total of 4,541 pavement dwellers, exemplifying Equitas' dedication to social impact and community welfare.

Other Key Initiatives

In addition to focussing on core thematic areas, we have implemented various initiatives aimed at tackling specific social challenges and promoting inclusivity and well-being. These initiatives cover a broad spectrum of activities, including health education, economic empowerment, social inclusion, and community engagement. By addressing a diverse range of needs and priorities, these initiatives play a crucial role in building more robust and resilient communities while fostering a culture of compassion, equality, and solidarity.

- **Swasth Mahila Health Education:** Prioritising women's health education, we have educated 3,33,860 women on various health-related topics.
- **Equitas Temporary Market:** Supporting economic empowerment, we have organised 158 exhibitions since inception, providing a platform for women entrepreneurs to showcase and sell their products.
- **Transgender Inclusion:** Creating opportunities for transgender individuals through Aishwarya loans, with support extended to 490 beneficiaries since inception.
- **Support for Differently Abled:** Providing financial aid to 1,71,930 differently abled persons since 2008, ensuring their inclusion and well-being in society.
- **Joy of Giving (Employee Volunteering):** Employees participating in volunteering activities for various social causes, embodying the spirit of community service and giving back.

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

   In collaboration with SAN India, we conducted a Social Impact Assessment for the initiatives undertaken through EDIT between 2019 and 2022. The assessment aimed to collect both quantitative and qualitative data on the projects implemented by EDIT during this period, document changes in beneficiary behaviour resulting from Equitas interventions, capture human interest stories of beneficiaries, and report on the status and additional support requirements of beneficiaries.

Name and brief details of the project	SIA notification no.	Date of notification	Whether conducted by an independent external agency (Yes/No)	Results communicated in the public domain (Yes/No)	Relevant weblink
Social Impact Assessment (SIA) of EDIT for the period 2019-22	ORDER NUMBER: ESFB/ FINANCE/22-23/01	20.03.2023	Yes	Yes	https://www.equitasbank.com/sites/default/files/2023-05/Equitas-ES-SA-with-Certificate.pdf

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format**

   NA

3. **Describe the mechanisms to receive and redress grievances of the community**

   To help the Self-Help Group Women raise their grievances, we have designated a toll-free number (18001032977) for expressing their concerns. Our CSR teams promptly address and resolve all issues raised through this channel.

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Parameter	2023-24 (Current financial year)	2022-23 (Previous financial year)
Directly sourced from MSMEs/Small producers	38%	39%
Directly from within India	100%	100%

Note: We have considered the inputs related to printing & stationery, business promotion, and advertisement for calculating the percentage of input material sourced from suppliers .

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent/on contract basis) in the following locations, as % of total wage cost**

Location	2023-24 (Current financial year)	2022-23 (Previous financial year)
Rural	2.55%	2.99%
Semi-Urban	18.62%	19.64%
Urban	25.70%	26.57%
Metropolitan	53.13%	50.80%

Leadership Indicators

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Sr. No.	State	Aspirational District	Amount spent (in ₹)
1	Chhattisgarh	Korba	23,000
2	Chhattisgarh	Rajnandgaon	8,000
3	Chhattisgarh	Mahasamund	13,000
4	Karnataka	Raichur	11,055
5	Madhya Pradesh	Chhatarpur	3,000
6	Madhya Pradesh	Vidisha	10,000
7	Madhya Pradesh	Guna	7,000
8	Madhya Pradesh	Khandwa	1,000
9	Maharashtra	Washim	3,000
10	Maharashtra	Osmanabad	2,000
11	Punjab	Moga	5,000
12	Tamil Nadu	Virudhunagar	14,450
13	Tamil Nadu	Ramanathapuram	13,150
	Total		1,13,655

6. Details of beneficiaries of CSR projects

Details of CSR Initiatives	Number of Beneficiaries in 2023-24	Cumulative from November 2008
No. of Eye-Camp Participants (A)	2,85,361	29,99,900
No. of Free Spectacles	7,371	1,27,572
Cataract Operations	2,735	37,392
Vaccination Camp Participants (B)	0	57,52,876
General Medical Camp Participants (C)	3,06,219	43,04,250
Other Camps (Homeopathy Camps/Ayurveda Camp Participants) (D)	28,342	56,475
Total (Eye Camps + Other Med Camps + Covid-19 + Health Clinic) (A)+(B)+(C) +(D)	6,19,922	1,31,13,501
Sugam Health Clinic Beneficiaries (E)	1,559	80,029
Veterinary Camps	11,841	28,868
Health Help Line	106	32,390
No. of Health Camps	4,933	46,498
No. of Vaccination Camps	0	54,252
Health Screening Vehicle Finance Clients	3,027	50,416
Participants in Skill Training Programmes (A)	42,677	6,66,439
EGK Tailoring Centre (B)	133	716
EGK Computer Centre (C)	0	720
Skill Training Programmes (A+B+C)	42,810	6,67,875
Placements for Unemployed Youth	35,567	2,89,524
Swasth Mahila Health Education	3,33,860	9,77,860
Persons with Disability	9,164	1,71,930
Persons with Disability (Visually Impaired)	3,194	30,878
Equitas Birds Nest - Rehab for Homeless	1,241	4,517
Equitas Birds Nest - Rehab for Homeless (Pune)	24	24
Equitas Birds Nest Scholarship	58	2,604
Transgender Inclusion	127	490
Equitas Temporary Market	102	158

Note: All beneficiaries of the CSR initiatives belong to vulnerable/marginalised sections.

09 PRINCIPLE

Businesses should engage with and provide value to their consumers in a responsible manner.

We serve as financial partners to our customers and also guide them towards greater financial literacy. Our customer-centric approach is rooted in a robust customer service governance framework. Through various committees, like Customer Service Committee and Standing Committee, overseen by the Board we engage proactively with customers to solicit their feedback. Drawing insights from these interactions, we continuously enhance our services, reinforcing our customer-first ethos. Furthermore, we are advancing by innovating new products and solutions to meet the changing needs of our customers.

Impact on <IR> Components

Intellectual Capital

Social and Relationship Capital

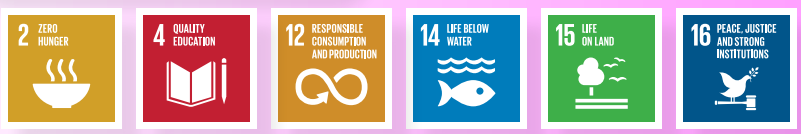
Stakeholders

Customers

Highlights

- **ZERO** data breaches were reported during the reporting year
- **ZERO** instances of product recalls on account of safety issues

SDGs Impacted



Enhancing Customer Experience

We are committed to amplifying our brand presence through ongoing brand-building activities and impactful social initiatives. These efforts have played a crucial role in establishing robust equity for the 'Equitas' brand. Furthermore, by expanding both our physical and digital initiatives, we continuously introduce new services to elevate the customer experience.

Building Human Connections

Key Features

- Customer Engagement: Crafting tailored ground-level interactions
- Branches: Introducing lounge facilities to establish comfortable and welcoming banking environments
- Rural Centres: Serving rural communities via 399 centres
- Micro ATM Devices: Facilitating banking transactions

Impact

- High levels of satisfaction and loyalty achieved
- Increased brand visibility

Digital Engagement

Key Features

- **Online Account Opening:** Easy and accessible account creation
- **User-friendly FD Booking:** Simplified fixed deposit bookings
- **Push Notifications:** Timely and relevant updates
- **WhatsApp:** Personalised interactions

Digital Campaigns

- **Affiliate Marketing:** Expanding reach through partnerships
- **Influencer Outreach:** Engaging new audiences via influencers
- **SEO/SEM Strategies:** Enhancing online visibility

Impact

- Increased online visibility
- Over 1 million customers acquired in a short span of time
- More first-time visitors exploring our website
- Seamless customer onboarding
- Enhanced cross-selling experiences

Moreover, our commitment to social responsibility is ingrained in our brand awareness initiatives. By actively participating in community-focussed projects and supporting local causes, we not only contribute positively but also enhance our brand reputation. Our endeavours have garnered significant recognition, with numerous awards highlighting our innovative marketing strategies and customer engagement efforts. These accolades underscore our dedication to innovation and effectiveness in marketing, solidifying our position as an industry leader.

- Most Admired Campaign for Brand Revitalisation - ACEF Awards
- IPL Regional Campaign - IDMA 2023
- Most Effective Regional Campaign - Exchange4media 2023
- Most Trusted BFSI Brands - Team Marksmen
- Best Use of AI in Customer Engagement - Netcore
- Branded Content Campaign - National Feather Awards

Customer satisfaction transcends mere metrics for us; it is a driving force behind all the initiatives. Our dedication to excellence is epitomised through the Net Promoter Score (NPS), a key element to gauge customer satisfaction levels and identify areas for improvement continually. Through the diligent efforts of our Customer Experience department, we have implemented a Voice of Customer Framework to curate feedback from various channels throughout the year, ensuring we stay aligned with customer needs and industry trends.

NPS Score:

2023-24	2022-23
81	78

Our commitment to enhancing customer experience is evident through a variety of initiatives aimed at simplifying and enhancing banking for our clients:

- **DIY Services:** Through our Internet and Mobile Banking platforms, customers can effortlessly update their information or avail services on-demand.
- **Video Banking Services:** Designed to reduce branch visits, this service allows customers to remotely request assistance.
- **Instant Branch Service:** Automated our top 10 service requests, eliminating the need for manual submissions at branches.
- **Cards365:** This feature aims to streamline debit card management, offering functionalities like limit adjustments, reward redemption, and card blocking through a dedicated portal.
- **Digital Video Welcome:** Following account opening, customers receive a customised video via WhatsApp, detailing account benefits, activation procedures, and support resources.
- **WhatsApp Banking, ChatBOT & Webchat:** Introduced multiple communication channels for customer convenience, enhancing accessibility and responsiveness.
- **Instant 24/7 Toll Services:** Dedicated hotlines ensure customers can promptly block accounts/cards, providing round-the-clock peace of mind.

Moreover, we've launched innovative services like 'Banker on Wheels,' offering doorstep services akin to popular delivery apps, and introduced specialised mobile apps for loan customers, along with e-sign capabilities for microfinance loans. Each initiative is aimed at surpassing customer expectations and delivering exceptional service.

Circle of Life Series

We are dedicated not only to elevating our customers but also to championing their successes. Through our 'Circle of Life' video series, we share captivating tales of individuals whose journeys are defined by courage, selflessness, and empathy. These narratives serve as powerful inspirations, resonating with millions and showcasing the potential for positive change. This initiative underscores our commitment to societal progress and highlights the profound impact we can have on individuals' lives.

Driven by Determination: Virumandi's Path from Mechanic to Entrepreneurial Success

Virumandi's remarkable journey, showcasing his determination and resilience, was featured in our 'Circle of Life' series. Despite encountering numerous obstacles, Virumandi reshaped his life through persistent effort and determination. Equitas played a pivotal role in supporting Virumandi's transition from a humble mechanic to a thriving entrepreneur, overseeing a fleet of five large commercial vehicles. His narrative stands as proof of the transformative potential of 'Beyond Banking' initiatives and the invincible spirit of individuals overcoming adversity. This case study reflects Virumandi's exceptional trajectory, underscoring our commitment to uplifting individuals from the depths of uncertainty.

Flying Above Challenges: Roshan Bibi's Resilience and Passion in the Art of Kite Making

Roshan Bibi's journey shines as a validation of perseverance and passion, reflecting the vibrant spirit of the Uttarayan festival. Hailing from Gujarat, she dedicated a full year to crafting kites, adding splashes of joy to the sky during the revered three-day celebration.

Despite struggling with the harsh realities of poverty, Roshan Bibi's dedication to her craft exemplifies the transformative force of love for one's work. Her path serves as a symbol of resilience, surmounting obstacles to emerge not just as a kite maker, but as a leader within her community. Through her narrative, we encounter a symbol of hope, inspiring countless others to chase their aspirations against all odds, adorning the skies of Gujarat with hues of determination and triumph.

Essential Indicators

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

Equitas remains dedicated to swiftly and effectively handling customer grievances through our Exclusive Grievance Management Team. Complaints from various sources like branches, call centres, websites, social media and internet/mobile banking, are managed and recorded through our centralised Grievance Management Team. These grievances are addressed within the time frame set forth in our policy. Should a complaint persist beyond this period or fail to meet the customer's expectations, we offer an escalation process for further assessment. Contact details of responsible officials are easily accessible on our website and branch notice boards, ensuring customers can seek resolution with ease.

Furthermore, in alignment with our commitment to timely resolution, we've instituted a new process to address all complaints within 15 days of receipt. Any complaints that are rejected undergo prompt escalation to the Internal Ombudsman within 20 days, as mandated by the New Master Directive. This refined procedure ensures that grievances are resolved within the specified time frame, thereby enhancing customer satisfaction and confidence in our grievance redressal systems.

In our consistent pursuit of fairness and accountability, we've established a Customer Experience Committee, drawing expertise from Customer Experience, Compliance, and Operations. This Committee ensures every grievance receives thorough attention, assessing each case in detail to uphold our standards of integrity. Their discerning judgements are not only respected but also elevated to the Customer Service Committee of the Board, ensuring transparency at every step. Furthermore, we empower our customers by providing direct avenues to voice their concerns, fostering a culture of openness and trust that resonates from our staff to the highest echelons of the Bank's leadership.

2. Turnover of products and/services as a percentage of turnover from all products/services that carry information about

Parameter	As a Percentage of Total Turnover
Environmental and social parameters relevant to the product	NA
Safe and responsible usage	NA
Recycling and/or safe disposal	NA

3. Number of consumer complaints in respect of the following

	2023-24 (Current Financial Year)			2022-23 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of the year	Remarks	Received during the year	Pending resolution at the end of the year	Remarks
Data privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cybersecurity	0	0	NA	0	0	NA
Delivery of essential services	5,260	85	Rise in unauthorised transactions reported by the customers where the customer has compromised his details.	2,786	64	Majority of the complaints are resolved, adhering to the TAT prescribed by both the RBI and Equitas SFB.

	2023-24 (Current Financial Year)			2022-23 (Previous Financial Year)		
	Received during the year	Pending resolution at the end of the year	Remarks	Received during the year	Pending resolution at the end of the year	Remarks
Restrictive Trade Practices	0	0	NA	0	0	NA
Other	589	6	Non-Equitas customer complaints include issues like receiving unsolicited SMS, incorrect CIBIL reports reflecting a loan with Equitas, and disputes over fraudulent transactions.	231	7	Majority of the complaints are resolved within the turnaround time (TAT) prescribed by the RBI and Equitas.

4. Details of instances of product recalls on account of safety issues

	Number	Reasons for recall
Voluntary recalls	NA	NA
Forced recalls	NA	NA

5. Does the entity have a framework/policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a weblink to the policy.

Yes.

Equitas has established a robust data privacy policy to combat cybersecurity threats and mitigate data privacy risks. This comprehensive policy applies to all employees and extends to third parties, including customers, business partners, and service/product users. It governs the handling of personal and sensitive information collected through direct interactions, online platforms, mobile apps, and electronic communications. Covering all entities involved in the collection, storage, and processing of data on behalf of Equitas, this policy ensures the highest standards of data protection.

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty/action taken by regulatory authorities on the safety of products/services.

NA

7. Provide the following information relating to data breaches:

a. Number of instances of data breaches along with impact - NA

b. Percentage of data breaches involving personally identifiable information of customers - NA

c. Impact, if any, of the data breaches - NA

Leadership Indicators

1. **Channels/platforms where information on products and services of the entity can be accessed (provide weblink, if available).**

   To empower our customers to shape their banking experience, we invite feedback across all channels. Every input undergoes rigorous validation, ensuring only the most valuable insights reach the right teams. From there, potential enhancements are explored, transforming the feedback into tangible improvements.

2. **Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

   To empower our customers with financial awareness and data privacy, we send informative SMS alerts at regular intervals and prominently display safety tips on our website.

3. **Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

   Customers receive timely SMS alerts ahead of any planned downtime, ensuring they are informed and prepared for any disruptions or discontinuations to essential services.

4. **Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products/services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

   NA

Management Discussion & Analysis

Global Economic Overview

In CY 2023, the global economy showcased remarkable resilience, bouncing back from the lingering impacts of the COVID-19 pandemic amid geopolitical tensions like Russia-Ukraine conflict and ongoing cost-of-living challenges. Notably, inflation, which peaked in CY 2022, is declining faster-than-expected, leading to a milder impact on employment and economic activity than initially anticipated. This positive trend is attributed to favourable developments on the supply side and proactive measures implemented by central banks to stabilise inflation expectations.

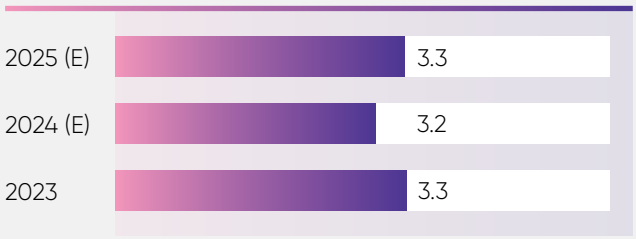
Global GDP growth is expected to stabilise at 3.2% in CY 2024 and is expected to grow slightly at 3.3% for CY 2025. This resilience is supported by stronger-than-expected performances in the United States and several major emerging market economies, along with continued fiscal stimulus in China. However, these projections fall below the historical average of 3.8% (2000-19), mainly due to elevated central bank rates, reduced fiscal support amid high debt levels, and sluggish underlying productivity growth. Across regions, inflationary pressures are easing due to the resolution of supply-side constraints and the implementation of tighter monetary policies. Global headline inflation is forecast to decrease from 6.8% in 2023 to 5.8% in 2024, further dropping to 4.4% in CY 2025.

In the latter part of CY 2023, the United States along with several significant emerging markets and developing economies, witnessed economic growth that exceeded expectations. This upturn was fuelled by government and private spending, supported by real disposable income gains, even as labour markets gradually started easing out. Moreover, households drawing from their savings accumulated during the COVID-19 era further strengthened economic activity. Additionally, there was expansion on the supply side, marked by increased labour force participation, resolution of pandemic-related supply chain disruptions, and reduced delivery times.

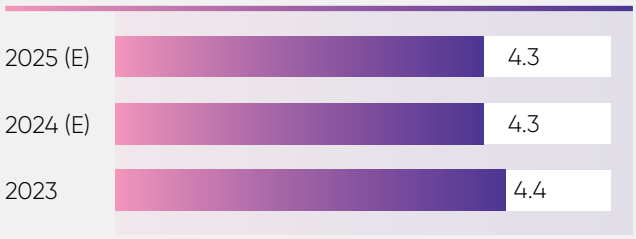
Global Economic Growth

(in %)

World

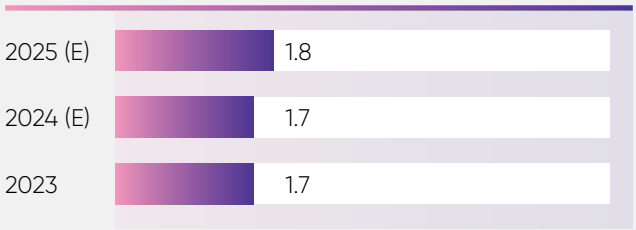


Emerging Markets and Developing Economies



(Source: International Monetary Fund, July 2024) E = Estimate*

Advanced Economies



Road Ahead

The growth rate is anticipated to stabilise as the impact of economic challenges diminish and credit conditions tighten. Inflation may be restrained by ongoing supply chain issues and changing perceptions of inflation. Businesses could encounter mounting pressure, leading to reduced profit margins, which, in turn, might dampen hiring and spending.

A key concern revolves around the potential return of consumer price inflation. The economic recovery in 2025 hinges largely on the central banks' efforts to ease economic restrictions as inflation measures near their targets. The US and the Euro Area, however, may face heightened vulnerability, with real policy rates at their highest levels since January 2008. If these elevated rates persist, they could significantly weaken economic activity escalating mild recessions into more severe downturns.

Indian Economic Overview

During 2023-24, the Indian economy exhibited sustained growth, with a GDP growth rate of 8.2%. This performance was driven by strategic national initiatives aimed at enhancing technological innovation, advancing high-end manufacturing capabilities, and promoting exports to bolster global competitiveness. Despite the expected political uncertainties linked to India's electoral activities, concurrent with those in over 64 other nations, the solid economic foundation in place is anticipated to offer a strong base. This foundation is strategically positioned to address potential challenges effectively, ensuring the economy remains resilient and maintains its growth trajectory.

The emergence of the digital economy has catalysed transformative changes across various sectors in India. This has led to the modernisation of processes and the creation of innovative ways for businesses to engage with consumers. Leveraging its robust technological capabilities, India has made significant strides in developing sophisticated products and solutions, customised for its extensive consumer base. Government policies and initiatives have been instrumental in fostering innovation by establishing essential infrastructure and ensuring security and responsiveness.

Another key driver of India's economic growth has been the concerted effort to nurture niche and complex manufacturing sectors while simultaneously enhancing the supporting physical infrastructure. Despite manufacturing currently accounting for a modest 15% of GDP as of October 2023, challenges such as high logistics costs, inflationary pressures, scale inefficiencies, and deficient collaboration networks have hindered competitiveness, particularly for micro, small, and medium enterprises (MSMEs). Moreover, these enterprises are crucial to the manufacturing ecosystem's success.

Recognising the pivotal role of the MSME sector as a major source of employment for low-skilled and semi-skilled workers, the Indian Government has highlighted sectors capable of leveraging India's competitive advantages in resources and skills. This includes tapping into local market opportunities and advancing the nation up the global manufacturing value chain. To achieve this, initiatives such as Production Linked Incentive (PLI) schemes, tax incentives, ease of business reforms, national infrastructure projects, and the national logistics plan have been introduced. These efforts aim to revitalise manufacturing, streamline logistics to reduce costs and resource consumption, and capitalise on positive externalities.

To achieve ambitious national goals, a robust financial sector is imperative. The RBI's vigilant stance on inflation has led to credit growth outpacing deposit growth throughout the year. There are positive signs in asset quality, with non-performing asset (NPA) levels decreasing across the banks and loan categories. Additionally, retail credit, especially personal loans, has experienced a significant growth, now comprising one-third of all loans, a substantial increase from less than one-fifth a decade ago.

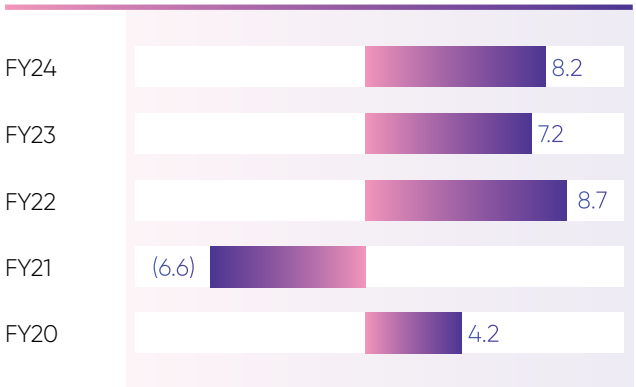
In response, the RBI has tightened regulations for consumer lending. This includes directing banks and non-banking financial companies (NBFCs) to maintain higher reserves. Furthermore, it involves instituting Board-approved policies for monitoring exposure limits in this segment. Moreover, the banking regulator has raised risk weights for consumer credit exposure in commercial banks. Notably, this excludes housing loans, education loans, vehicle loans, and loans secured by gold and gold jewellery.

The Indian economy is buoyed by several positive factors, including stable macroeconomic conditions,

growing optimism, and increased domestic demand. Favourable signs, such as strong balance sheets of banks and corporates, normalised supply chains, heightened business confidence, and increased government capital expenditure, are indicating a revival of the capital expenditure cycle. Moreover, these robust fundamentals have instilled optimism in the Indian economy, positioning the nation to achieve significant milestones in the years ahead.

Indian Economy GDP Growth Rate

(in %)



(Source: Ministry of Statistics & Programme Implementation, 31 May 2024)

Road Ahead

India is ambitiously charting its economic course, aiming to reach a US$ 7 trillion economy by 2030. A significant milestone of reaching the US$ 5 trillion mark is expected by 2027-28, positioning it as the world's third-largest economy. Moreover, the government has set a bold objective of achieving developed nation status by 2047.

Fuelling this journey is India's steadfast upward growth trajectory. It is driven by stable and robust domestic demand, continual expansion of private consumption and investments, and a commitment to ongoing structural reforms.

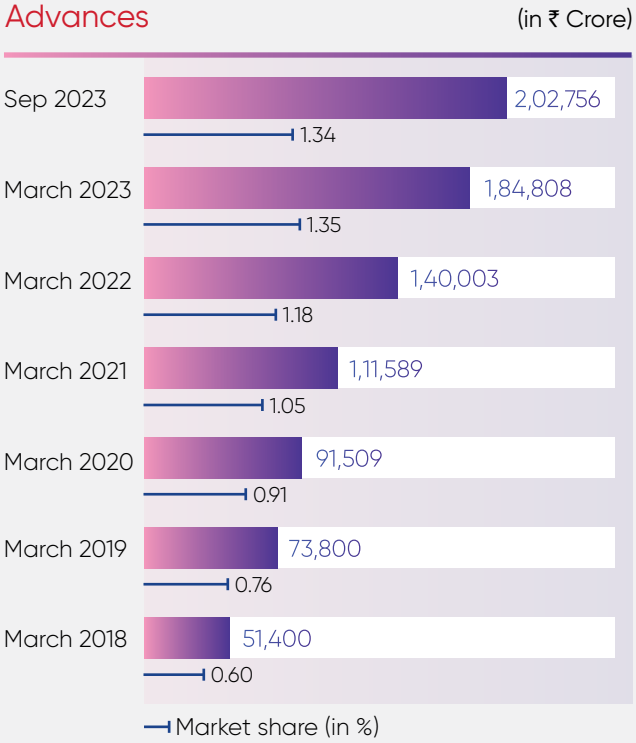
(Source: Ministry of External Affairs,January 2024)

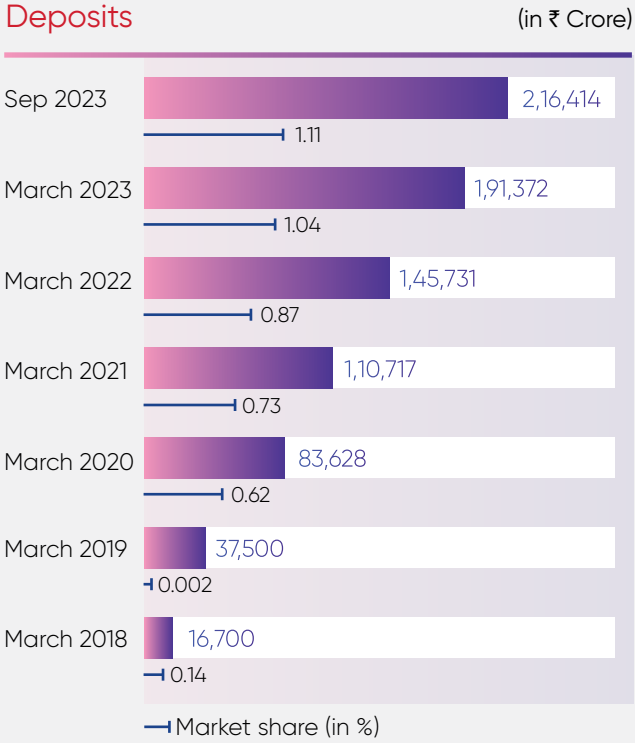
Small Finance Bank (SFB) Industry Overview

The Indian economy holds vast untapped potential, presenting a significant opportunity for small finance banks. The overall MSME gap stands at ₹ 92 trillion, of which, the gap in small ticket loans is estimated at ₹ 22 trillion. This market encompasses a diverse array of businesses, including provision stores, building material suppliers, tea shops, and vegetable vendors, among others. Additionally, small manufacturing and service businesses, such as fabrication units, machine tool manufacturers, tailors, salons, gyms, and vehicle service centres, constitute a substantial segment of this burgeoning market.

(Source: CareEdge, Crisil Research, ICICI Brokerage report on SFBC, Crisil)

SFB Advances and Deposit Growth Trend





(Source: CareEdge Report)

Advances of SFBs expanded at a CAGR of 32% from 2019-20 to 2022-23, against a CAGR of 11% for the banking sector during the same period. SFBs have increased their market share in the banking industry's advances over the past few years, although the same is relatively marginal.

A strong focus on building a liability franchise comparable to universal banks and the relatively higher rate of interest offered to depositors have resulted in SFB deposits growing faster than the banking industry. As a result, the deposits of SFBs expanded at a CAGR of 32% from 2019-20 to 2022-23, against a CAGR of 11% for banking sector deposits.

(Source: CareEdge, Crisil Research)

About Equitas Small Finance Bank

Equitas Small Finance Bank (referred to as 'Equitas' or 'the Bank', or 'We') is one of the largest SFBs in India, offering a diverse range of products and services to its customers. With advanced technological capabilities, we provide solutions to address the diverse needs of our expanding customer base. This includes individuals with limited access to formal financing channels and those in the affluent and mass affluent segments, Small & Medium Enterprises (SMEs), and corporates.

Rooted in core values, our well-established strategy centres on extending credit to unbanked and underbanked micro and small entrepreneurs. We aim to position ourselves as the Bank of choice for the base of the pyramid, focussing on serving the informal, semi-formal, and formal segments of society. We seek to cater to the mass Indian population by providing fair and transparent financial solutions centred around our customers. In addition to credit solutions, we offer a range of non-credit services. These services include ATM-cum-debit cards, life and non-life insurance products and mutual funds from reputable insurers and asset management companies, lockers, and FASTags, among others. Moreover, as the Bank grows, transitioning from a product-centric to a customer-centric approach is one of the key strategies to foster customer stickiness.

Opportunities and Threats

We operate in segments characterised by a substantial credit gap, offering significant opportunities to capitalise on and achieve sustained long-term growth. Moreover, the ongoing formalisation of the Indian economy presents significant potential for us to broaden our customer base. However, at Equitas SFB, we are prone to risks encountered, particularly during cyclical industry downturns or natural calamities, as the customer segments we serve are typically among the first to be adversely affected. Additionally, heightened competition could pose challenges to our prospective growth.

Segment-Wise Performance

Assets

At Equitas SFB, we offer a diverse asset portfolio designed to meet the credit needs of India's underbanked population. Our range of financial products includes small business loans, vehicle financing, microfinance & housing finance. Recognising the vast untapped potential in this segment, we have implemented digitisation initiatives to enhance the customer experience and improve operational efficiency. Our innovative approach includes the introduction of the Selfe App, which facilitates better customer interaction and cross-selling opportunities. By leveraging our deep understanding of our customers, we have successfully introduced products like Micro LAP and Merchant Overdraft Loans, enabling small businesses to access flexible credit facilities and scale their operations. These initiatives position us to capitalise on the significant market penetration opportunities within India's informal sector.

Liabilities

Our liabilities include a comprehensive suite of products through both physical and digital channels, catering to a diverse range of mass and mass-affluent customers. Our portfolio includes savings accounts, current accounts, and fixed deposits, designed to provide competitive alternatives to traditional regional banks. Our strategy focusses on building a strong liability franchise through technology investments and customer-centric products. By targeting mass and mass-affluents, we offer competitive rates and flexible tenures, particularly for fixed deposit customers. We have expanded our presence with 12 new liability branches in 2023-24, including flagship locations in major metros. Innovative sourcing channels like the Premium Acquisition Manager for affluent segments and the 'Banker on Wheel' concept have contributed to this growth. Additionally, our digital initiatives have played a significant role, with digital savings account sourcing making a substantial contribution to our liability portfolio in 2023-24.

Third-Party Products

We offer a comprehensive platform for our customers' investment and insurance needs, primarily catering to 'savers' who prefer options like Mutual Funds and Insurance schemes. Through strategic partnerships with various asset management and insurance firms, we provide a diverse range of customised products. In the insurance sector, we have implemented ENVI, an innovative Insure-tech platform that serves as a digital marketplace, enhancing the customer experience by offering multiple quotes for comparison. We have expanded our insurance partnerships and product portfolio, focussing on both life and general insurance. In mutual funds, we have scaled up ENVEST, a platform integrated with internet and mobile banking, allowing our customers to track and transact easily. We also offer a popular 3-in-1 Account, combining banking, trading, and demat services. Additionally, we have expanded our presence in the toll plaza acquiring business, further diversifying our third-party product offerings.

For more details, please refer to the BRSR section on page 60.

Outlook

Equitas SFB has demonstrated strong growth and resilience through its diversified lending portfolio, with a focus on secured lending. This strategic shift has helped the Bank mitigate risks and sustain growth across various segments, including small business loans, vehicle finance, and microfinance. Despite its emphasis on secured loans, Equitas plans to expand into personal loans, maintaining the unsecured loan portfolio within 20% of gross advances. The Bank's capital position is robust, with a capital adequacy ratio of 21.7% as of March 2024.With a strategic focus on family banking, NRI banking, transaction banking, and digital banking, the Bank is well-positioned to enhance its market presence. Supported by a seasoned management team and robust risk management practices, the Bank is poised for continued growth and expansion.

Financial Performance

We delivered a strong performance in 2023-24. Net interest income increased by 21% year-on-year to ₹ 3,079.76 Crores from ₹ 2,544.72 Crores. Other income also grew by 19% year-on-year from ₹ 669.58 Crores in 2022-23 to ₹ 798.67 Crores in 2023-24.

Operating expenses increased from ₹ 2,038.30 Crores in the previous year to ₹ 2,501.07 Crores in 2023-24, driven by the Bank's focus on expanding its employee base, investing in technology, and enhancing brand visibility amid improving business momentum. The cost-to-income ratio inched up to 64.49% from 63.41% in the previous year. The provision coverage ratio stands at 56.06%.

Asset quality significantly improved, with Gross Non-Performing Assets (GNPA) at 2.52% compared to 2.60% in 2022-23. Net NPA stood at 1.12% compared to 1.14% in the previous period.

Profit Before Tax (PBT) was recorded at ₹ 1,063.12 Crores for 2023-24. After providing for Income Tax of ₹ 264.16 Crores, Profit After Tax (PAT) stood at ₹ 798.96 Crores, up 39% year-on-year from ₹ 573.59 Crores in 2022-23. Return on Assets (RoA) was recorded at 2% while Return on Equity (RoE) stood at 14.43%.

As of March 31, 2024, the Bank's total balance sheet size stood at ₹ 45,303.87 Crores, up from ₹ 34,958.13 Crores as of March 31, 2023.

Profit & Loss Summary		(₹ in Crores)
	2023-24	**2022-23**
Net Interest Income	3,079.76	2,544.72
Other Income	798.67	669.58
Net Income	3,878.43	3,214.30
Operating Expenses	2,501.07	2,038.30
Operating Profit	1,377.36	1,176.00
Provisions	266.95	366.87
Provisions for Security Receipts	47.29	40.33
Profit Before Tax (PBT)	1063.12	768.80
Taxes	264.16	195.21
Profit After Tax (PAT)	798.96	573.59

Key Ratios		(%)
	2023-24	**2022-23**
Yield on Advances	17.29	16.99
Cost of Funds	7.26	6.38
Spread	10.03	10.61
Net Interest Margin	8.36	9.00
GNPA	2.52	2.60
Credit Cost	1.01	1.56
Provision Coverage	**56.06**	**56.90**
NNPA	1.12	1.14
ROA	2.00	1.89
ROE	14.43	12.55

Balance Sheet		(₹ in Crores)
	2023-24	**2022-23**
Capital and Liabilities		
Capital	1134.89	1,110.56
Reserves and Surplus	4833.81	4,047.39
Deposits	36,129.20	25,348.48
Borrowings	1,787.53	2,973.76
Other Liabilities and Provisions	1,418.44	1,477.94
Total	**45,303.87**	**34,958.13**
Assets		
Cash and Balances with RBI	3,500.35	1,173.91
Balances with Banks and Money at Call and Short Notice	78.60	70.35
Investments	9,065.27	6,664.56
Advances	30,964.30	25,798.56
Fixed Assets	604.73	379.13
Other Assets	1090.62	871.62
Total	**45,303.87**	**34,958.13**

Business Review

Gross Advances			(₹ in Crores)
Particulars	**2023-24**	**2022-23**	**Y-o-Y %**
Small Business Loans	13,151.74	10,082.54	30%
Vehicle Finance	8,323.60	6,971.09	19%
Housing Finance	4,184.47	2,873.49	46%
Microfinance	6,265.45	5,224.69	20%
MSE Finance	1,200.93	1,175.30	2%
NBFC	716.30	1,184.37	(40%)
Others[1]	494.31	349.02	41%
Total[2]	**34,336.80**	**27,860.50**	**23%**

[1] Note: Others include loans against gold, unsecured business loans, overdrafts against fixed deposits and staff loans.
[2] Gross advances, including IBPC, Securitization/assignments.

Liabilities			(₹ in Crores)
Particulars	**2023-24**	**2022-23**	**Y-o-Y %**
Demand Deposits	1,215.02	946.01	28%
Savings Bank Deposits	10337.39	9,758.40	6%
Term Deposits	24,576.79	14,644.07	68%
Retail Deposits	14,669.68	8,882.73	65%
Bulk Deposits	9,907.11	5,761.34	72%
Total	**36,129.20**	**25,348.48**	**43%**

The Bank desires to setup its head office/corporate office in its own building in the main district area of Chennai. For this purpose, it has acquired land of approximately one acre on Anna Salai (Mount Road) in Chennai at a cost of ₹ 142 Crore in June 2023 with the approval of the Board. Construction to set up a 12-storey new-age state-of-the-art office building is underway and aims to become an iconic building that represents our brand identity and image.

Disclosure of Accounting Treatment

The Bank has adopted accounting policies which are in line with the Accounting Standards and as prescribed by the regulators.

Information Technology

As technology advances rapidly, the banking industry has quickly adopted new tools and techniques to enhance the customer experience, increase efficiency, and improve security.

Our IT outlook is integral to the strategic transformation into a full service and differentiated bank, emphasising stability, sustainability and scalability. Our technology investments aim to drive digitalisation, enhance operational efficiency, and strengthen customer relationships. By leveraging technology, we seek to expand our geographical presence, attract a broader customer base, and offer diverse financial products and experiences tailored to individual needs. Technology will continue to play a pivotal role in our journey towards becoming a leading mass retail bank, serving underserved populations across the country effectively and inclusively.

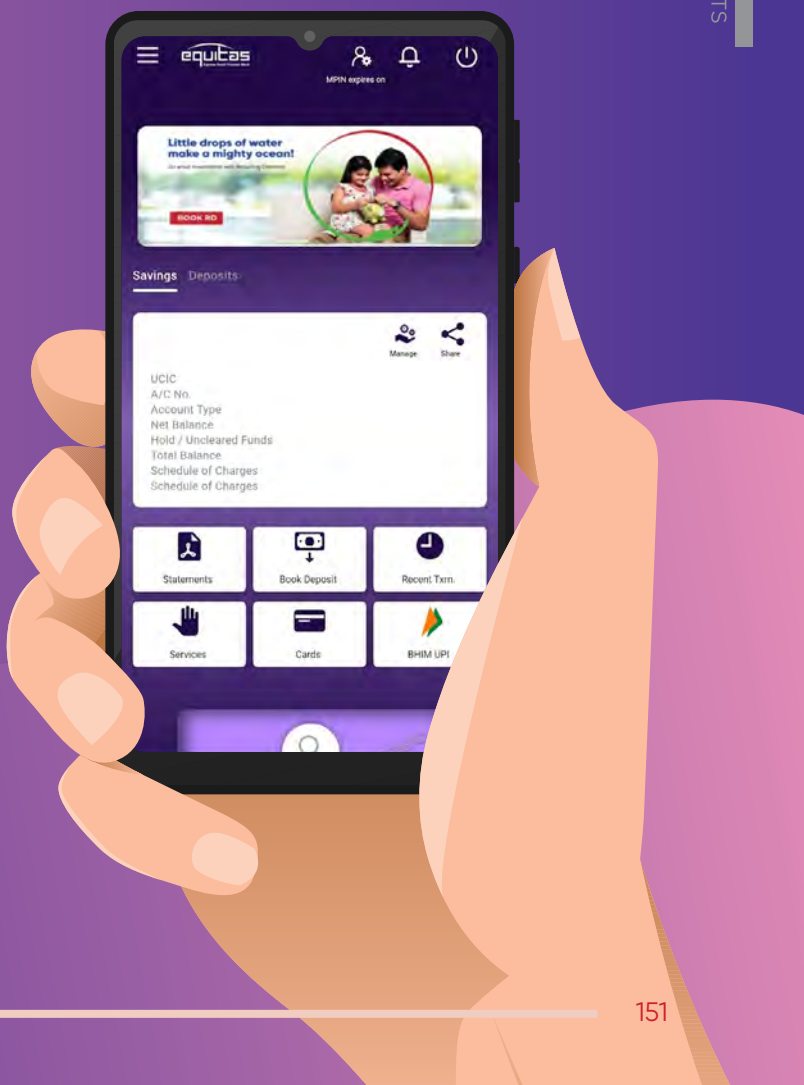
This approach translates into real-world benefits. Unified and faster loan processing platform, enhanced information security, and increased customer empowerment through user-friendly apps and hyper personal experiences. Moreover, it empowers us to serve previously unbanked segments, driving positive social impact.

In essence, our philosophy goes beyond mere modernisation. We harness technology as an engine for inclusive growth, building a responsible and sustainable future for the Bank and the communities it serves.

We strategically leverage technology and new-age services to create a seamless and empowering banking experience. Our Loan Origination Systems automate and manage the end-to-end steps in the loan process, from application to underwriting, approval, documentation, pricing, e-Signatures, funding, and administration. This streamlines onboarding, particularly benefitting 90% of our borrowers who are new to banking, providing us with a smooth digital initiation.

Additionally, we have collaborated with global technology giants to modernise our banking platform with a cloud-native architecture powered by micro services, aiming to enhance operational efficiency, regulatory compliance, and security. These efforts culminate in a business strategy positioning us as an inclusive and convenient banking leader.

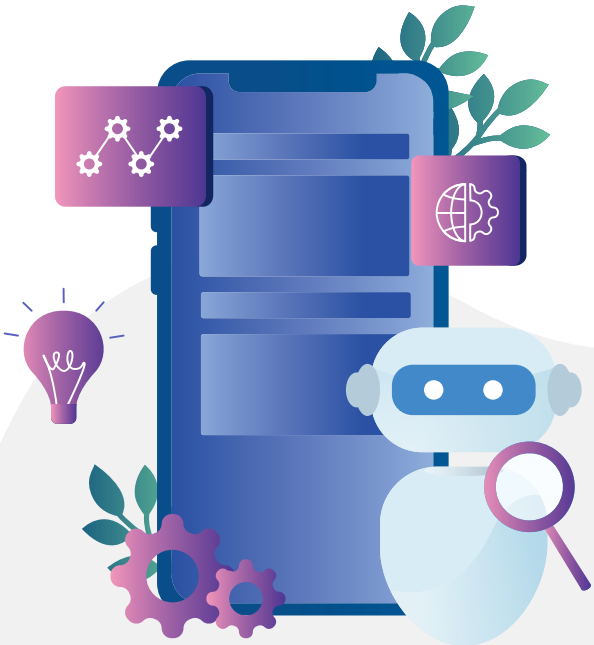
We will continue to focus on digitalisation of customer facing mobile apps with an attempt to provide DIY functionalities across all our products. It will remain our strategy to offer more and more services directly in hands of our customer. We will also make sure that our new products which the Bank would launch in the fourth-coming year, are also available with latest cutting-edge systems. Customers will be able to apply for the personal loan online or apply for a credit card online using our mobile app.



Robotic Process Automation

Robotic Process Automation (RPA) involves the use of bots to automate repetitive tasks and workflows within our organisation. These bots have been implemented across various verticals, utilising advanced techniques such as API integrations, database interactions, PDF reading with OCR, and screen automation. Over the past four financial years, the deployment of RPA bots has grown significantly, from 19 bots in 2020-21 to 84 bots in 2023-24. This expansion has led to the automation of over 75 processes, up from the initial 20+, covering IT, CPC, Compliance, HR, Retail Banking, and Corporate Banking. These advancements have enabled more complex automations, such as automatic business account creation, customer type corrections, and loan collateral management. The impact has been remarkable, with bots saving considerable man-hours across departments. In the CPC Assets/Liabilities vertical alone, 36 deployed projects have saved over 654,214 man-hours through various recurring processes. Notably, this growth has been achieved without increasing the team size, demonstrating the efficiency and scalability of RPA implementation. The consistency and accuracy of bot-driven processes have reduced errors and compliance risks, fostering a more reliable and trustworthy banking environment.

BOTs Deployed in Live - 4 Financial Years (Nos.)



Risk Management

Ensuring sustained profitability and stability for an organisation necessitates effective risk management. The Bank considers risk management a core competency and strives to identify, assess, and manage various forms of risks promptly. Our Bank's risk management framework aligns risk and capital management with business strategies, aiming to safeguard financial strength and reputation, while supporting business activities to add value for customers and create sustainable shareholder value. With an independent risk management control and governance structure enhancing its capabilities, the Bank remains adaptable to the evolving business and regulatory landscape efficiently.

Risk is inherent in every business, and our Bank has demonstrated its ability to navigate transformational challenges like COVID-19, demonetisation, GST rollout, and natural calamities while maintaining a focus on governance, compliance, and robust risk management practices. Through our stability, sustainability, and scalability measures across value chain, the organisation has embedded a strong risk culture in its DNA, enabling it to remain responsive to rapidly evolving external environments. The Bank will continue to identify and assess potential risks, develop contingency plans, foster a risk-aware culture, and continuously enhance risk management practices.

The Board of Directors oversees risk governance and approves the risk management policies. To ensure a focussed approach, the Board has delegated responsibility to a sub-committee, the Risk Management Committee of the Board. This committee oversees the implementation of risk management policies and monitors risk mitigation measures. Our Bank has several management-level committees, including the Enterprise Risk Management Committee, Asset Liability Management Committee, Credit Risk Management Committee, Operational Risk Management Committee, Business Continuity Management Committee, and Information Security & Cyber Risk Committee. These committees meet periodically to comprehensively review risks in their respective areas. Equitas SFB also maintains an independent risk management function led by the Chief Risk Officer.

The Bank has a Board-approved Risk Appetite Framework and the risk appetite is monitored through various parameters against the threshold and tolerance fixed as per the framework. This is reviewed by the Board on a quarterly basis. The Board is also apprised on the various Emerging Risks for the Bank, at regular intervals. Basis the updates, the Board advises the Management on the actions to be taken, as and when found necessary.

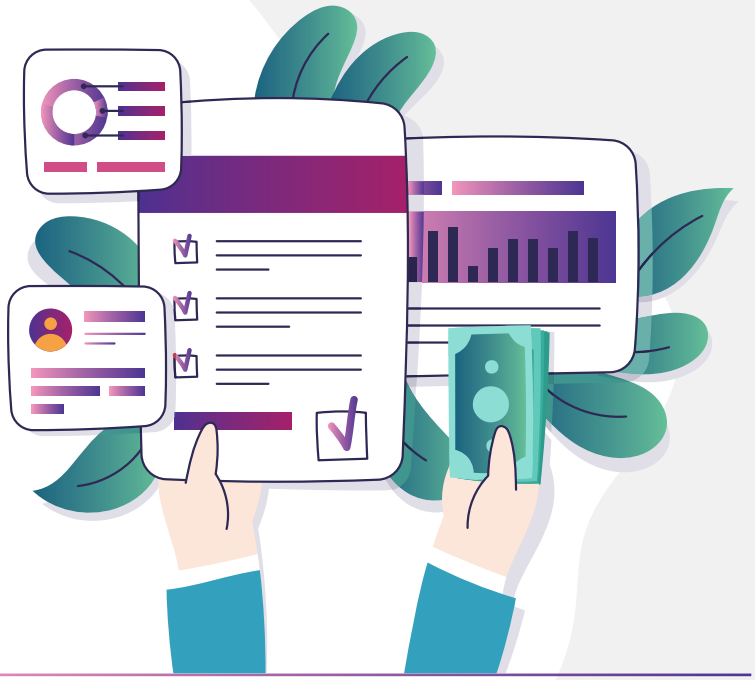
The Internal Capital Adequacy Assessment Process (ICAAP) details out the capital planning for a five-year time horizon along with assessment of material risks and the relationship between risk and capital. Stress testing is integral to risk monitoring, and the Bank consistently performs periodic stress tests to gauge the aftermath of events like COVID-19 and other recent economic developments. This provides insights into the impact of extreme situations on our Bank's risk profile and capital position.

Credit Risk

Credit risk is the likelihood of a financial loss due to a borrower's inability to repay a loan. The Bank has implemented prudent risk management practices, commencing with borrower screening and extending to limit assessment, disbursements, and ongoing account monitoring to minimise potential losses stemming from credit risk.

The Credit Risk management of the Banks aims at maintaining healthy asset quality with optimal risk-reward considerations. The Credit risk management of the Bank is governed by the Credit Risk Management Policy and other related policies. The Credit Risk Management Committee (CRMC) is responsible for overseeing implementation of the credit risk management framework, across the Bank and providing recommendations to the Risk Management Committee of the Board.

In addition to the prudential limits as defined by the Regulator, the Bank has defined critical ratios, along with a cap for each of them, in order to monitor and control the magnitude of credit risk. Such limits, and the cap defined for them, are forward-looking and in line with the future business plans. The Bank conducts thorough analysis of key portfolio segments regularly to identify stress points within sub-segments, such as geography, ticket size, and customer segment. Based on these findings, actions were taken to prevent any dilution in the overall asset quality of the Bank. Additionally, regular assessments are conducted at the loan level, including for large borrowers, to proactively prevent accounts from becoming Non-Performing Assets (NPA). Key risk indicators have also been defined for all major products having a significant share in the overall asset book of the Bank. Each portfolio is provided a classification of the underlying risk basis these indicators and the trending of the same is monitored regularly to identify any possible deterioration.



The Early Warning Signal framework supports the monitoring of large borrowers, and the Bank maintains a conservative provision policy for the NPA portfolio. Proactively, additional provisions are made for exposure to any stressed sector or segments of the portfolio exhibiting signs of stress within the standard assets of the Bank.

ALM and Market Risk Management

Market risk is characterised as the potential for a bank to incur losses due to fluctuations in market variables, including interest rates, credit spreads, and equity prices. The Market Risk Management unit bears the responsibility of promptly identifying and escalating any risks or limit excesses. Additionally, the unit is tasked with establishing a comprehensive risk management policy to identify, measure, and manage liquidity and interest rate risk.

The market risk team monitors the impact of changes in market interest rate that might adversely affect the Bank's financial positions.

The immediate/short-term impact of changes in interest rates is on the Bank's earning through Net Interest Income and is called 'Earnings Perspective'. A long-term impact of changes in the interest rate is on the Bank's Market value of equity (MVE) or Net Worth, which is also called 'Economic Value Perspective'.

Through interest rate sensitivity stress testing on the banking book and trading book, the Bank assesses the impact on Earning and Economic value perspective under various stressed scenarios.

The mid office team under market risk diligently monitors the investment portfolio and daily activities undertaken by the Treasury, adhering to set risk tolerance limits as per market risk policy, such as VaR, PV01, and Modified Duration. The impact of interest rate risk on trading books is actively gauged using trading book risk metrics like PV01 and duration. The Bank evaluates interest rate risk in the balance sheet from both, earnings and economic perspectives.

Liquidity risk is defined as the risk of the Bank's inability to meet its obligations as they fall due, because of difficulty in liquidating assets or in obtaining adequate funding to meet its liquidity needs. Liquidity risk management in the Bank is governed by Board-approved Asset Liability Management (ALM) policy which provides the framework for its monitoring & management. The Bank actively manages its liquidity risk covering both funding risk and market liquidity risk. The ALM and Market risk functions is supervised by the Asset Liability Committee (ALCO).

Liquidity risk is evaluated from both, structural and dynamic perspectives, employing various approaches such as the stock approach, cash flow approach, and stress test approach. The risk team oversees the comprehensive liquidity profile of our Bank, utilising metrics like the Liquidity Coverage Ratio, Net Stable Funding Ratio, Structural Liquidity Statement and Short-Term Dynamic Liquidity.

The Bank has a Contingency Funding Plan, in line with the extant guidelines, that clearly sets out the strategies for addressing liquidity shortfalls.

Information Security Risk

The Bank has established a robust risk management framework to identify, assess, and manage information security risks, demonstrating significant progress in enhancing information security governance through oversight at the IT & Security Committees. Operating under Board-approved policies on information security and cybersecurity, the Bank has an Information Security Team dedicated to addressing information and cybersecurity-related risks. The Bank has also implemented an assessment programme to effectively manage information security risks associated with vendors.

The Bank conducts periodic awareness exercises to ensure that employees stay updated on information security practices. Substantial investments have been made in robust technical and administrative controls to proactively prevent, detect, contain, and respond to any suspicious activities. The Bank employs a layered security defence, incorporating cutting-edge technology such as next-gen firewalls, intrusion prevention systems, anti-DDoS measures, next-gen anti-malware, EDR, Identity Protection solutions, periodic vulnerability and penetration testing, security architecture reviews, and data security assessments.

To strengthen security measures, a security operation centre is in place, monitoring alerts and anomalies 24x7 across the Bank's perimeter, internal network, and systems. Controls have been implemented to ensure that security measures align with defined standards, including periodic phishing awareness and simulation exercises. The Bank actively acts on advisories and alerts from regulators and Computer Emergency Response Team (CERT-In) to reinforce its cyber and information security. Regular participation in cyber drills conducted by the Institute of Development and Research on Banking Technology (IDRBT) further strengthens the Bank's cybersecurity preparedness.

Operational Risk Management

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events. It excludes strategic and reputational risks but encompasses legal risk.

The Operational Risk Management Committee (ORMC), led by the MD & CEO, provides guidance and oversight for the functioning, implementation, and maintenance of operational risk management activities within the Bank, with a specific focus on:

Process Review

Every new process, including amendments, Business Requirement Document (BRD), User Requirement Document (URD), and so forth, undergoes a review by the Operational Risk Management Department (ORMD). The Risk and Control Self-Assessment (RCSA) is carried out by the ORMD for all processes, in collaboration with relevant stakeholders. The Process Approval Panel (PAP) considers the RCSA, including control rating and risk rating, before granting approval for any process. The Chief Risk Officer (CRO) is a member of the PAP.

Outsourcing Risk Assessment

Outsourcing risk assessment includes pre-onboarding risk assessment of partners and vendors, as well as periodic risk assessment covering on-site visit and evaluation at a frequency as decided by the criticality of the activity of the vendor.

Monitoring Key Risk Indicators (KRIs)

The Bank has identified KRIs across 15 functions to monitor risk.

Operational Risk Loss Database Management

Employees report Operational Risk incidents in an incident reporting tool. These incidents are reviewed and classified according to Risk Types stipulated in the RBI Master Direction on Minimum Capital Requirements for Operational Risk. Any gaps resulting in Operational Risk incidents are subsequently reviewed to identify the cause and implement corrective and preventive actions, as applicable. Critical incidents are presented to the Operational Risk Management Committee (ORMC) for review and guidance to strengthen controls.

Business Continuity Management

To ensure the ongoing provision of services to customers during unexpected adverse events, a Zonal-level committee on Business Continuity has been established to continuously monitor the Bank's preparedness for business continuity. The Bank's Business Continuity Plan outlines defined roles and responsibilities clearly for IT activities, including disaster recovery programmes, and non-IT activities through simulation exercises across its branches. Regular drills are conducted to assess the effectiveness of the recovery plans.

Compliance

The Compliance Culture of the Bank starts at the very top. The Compliance philosophy of the Bank is 'When in doubt, the benefit of doubt goes to the Regulator and not to the Bank.' If there is a doubt in interpreting regulations, the Bank proactively writes and seeks clarification from the Regulator. Equitas has a policy of Zero Tolerance for non-compliance.

It is a simple principle that the Bank would like all its stakeholders to follow - 'Compliance over Everything'.

The Compliance Function, led by the Chief Compliance Officer, operates as an independent unit within the Bank. Its primary role is to aid the Management in identifying compliance risks throughout the organisation and managing them through the formulation of appropriate policies, procedures, and oversight measures. The function is dedicated to overseeing the implementation of regulatory standards across the Bank, with a key focus on designing and maintaining the compliance framework, providing training on regulatory and conduct risks, and facilitating effective communication of compliance expectations.

This unit of the Compliance Function conducts reviews of the policies and products, introduced by the Bank. It has established a framework to monitor transactions and assess the implementation of regulations. Proactively engaging with Regulators, the Compliance Function ensures adherence to all applicable regulations.

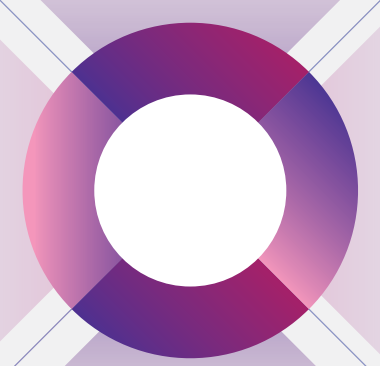
Its scope of activities can be broadly listed as under:

- Identifying and communicating new regulations and amendments to existing regulations promptly to the top management, explicitly outlining actionable items, assigning responsible processes for implementation, and specifying timelines for execution.
- Monitoring the execution of actionable items arising from the current regulatory framework, new regulations, regulatory amendments, audit observations, compliance testing observations, and the RBI inspection findings. Reporting the status of these activities to the Senior Management, Audit Committee of the Board and to the Board at regular intervals.
- Developing a compliance risk assessment plan for the year with a focus on risk, obtaining approval from the Audit Committee of the Board, implementing the plan, reporting findings to the Audit Committee, and monitoring them through till completion.
- Offering advisory support to operational departments in interpreting regulatory provisions and directives, facilitating compliance with regulations both in letter and in spirit and vetting marketing communication from compliance perspective. The Compliance Function engages with the RBI as needed to seek clarification on interpreting regulations.
- Reviewing and approving all new products, policies, and outsourcing arrangements, as well as conducting periodic reviews and amendments to existing policies, products, and outsourcing arrangements to ensure compliance with regulations and maintaining repository of policies at the Bank level.
- Assessing and monitoring the overall and granular-level compliance risk of the Bank, following the Board-approved Compliance Risk Assessment framework, and reporting the results to the Audit Committee and the Board.
- Establishing a framework for implementing Anti-Money Laundering (AML) regulations and guidelines, continuously assessing and monitoring AML risk stemming from account-level transactions, the introduction of new products and channels, expansion into new geographies, and customer categories, among others, and periodically reporting the outcomes to the Board.
- Conducting thematic assessments of the Bank's policies, processes, and systems, with particular focus on critical areas. Recommending and implementing enhancements to processes and systems to minimise the likelihood of non-compliance.

Initiatives During the Year – 2023-24

The team keeps a close watch on regulatory/supervisory action taken by RBI on other banks and proactively ascertains the compliance position of the Bank on those regulations. The gaps identified and the proposed remedial action with timelines are proactively informed to RBI.

The Bank has established a network of Compliance Coordinators in each function across the Bank, reporting to the respective functional heads with dotted line reporting to compliance. This network of Compliance Coordinators will act as the 'first line of defence' to ensure compliance within each function, by continuously testing regulations and plugging compliance gaps, if any.



The compliance testing within the compliance function has also been stepped up significantly. In addition to the testing of regulations identified under compliance risk assessment framework, in-depth assessment is carried out certain identified critical areas to recommend systemic improvement measures to minimise the probability of non-compliance.

The Bank has started actively engaging with Financial Intelligence Unit (FIU) to improve the level of AML monitoring and prompt reporting of suspicious transactions. The Bank performed an analysis of Suspicious Transaction Reports (STR) filed by the Bank to understand patterns and new typologies of transactions and submitted the same to FIU.

Way Forward

01 Enhancing the process of catering to information requirements of RBI through continuous automation of frequently sought reports, facility to extract data from multiple systems for providing ad-hoc reports and ensuring integrity of data.

02 Implementing end-to-end automation of compliance management comprising dissemination of circulars, tracking implementation and breaches, compliance risk assessment scoring, periodic updation of scoring, generation of MIS and dashboards at the Bank-level as well as at functional-level.

03 Ensuring automation of all regulatory ratios and returns.

04 Continuance of thematic study of critical regulatory areas like PSL classification, asset classification, compromise settlement & technical write-offs and ensuring robust system controls in respect to the same.

05 Propagating compliance culture across the organisation through regular dissemination of compliance failures and breaches, conducting training sessions on critical topics to business managers at all levels – Head Office, Zonal as well as branches.

Internal Audit

The Internal Audit function of the Bank provides ongoing independent assurance to the Board of Directors regarding the quality and effectiveness of internal controls, risk management, governance, systems, and processes. This function operates with sufficient authority, independence, stature, and resources within the Bank, ensuring that the internal auditors can carry out their assignments with objectivity.

The Internal Audit department develops an annual audit plan using an appropriate risk-based methodology by factoring in the inputs relating to risks identified during the audit, their mitigation, and concerns expressed by the management and the Audit Committee of the Board. The Audit Committee of the Board reviews and approves this plan. The Internal Audit team then implements the approved annual audit plan, which may also include special mandates or assignments requested by the management, the Audit Committee of the Board, or regulators during the year.

The Internal Audit Department conducts Risk-Based Internal Audits (RBIA), through various types of audits, like onsite audits of banking outlets that include branches and business correspondents (BCs), Credit Audits, Revenue Audits, Thematic Audits, and audits of Head Office Functions, concurrent audits of critical activities.

Information System (IS) Audit is an integral part of the Internal Audit function, covering all information systems used by the Bank. All IS audits are conducted by a team of CISA-qualified auditors and external CERT-in- empanelled audit firms.

The Internal Audit function diligently carried out its responsibilities as per the approved plan, with reports reviewed at appropriate levels and remedial actions taken.

The internal audit team additionally tests internal financial controls against the criteria established by the Bank, aligned with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI. The Bank's internal audit function works closely with the 'second line of defence,' namely the Risk Management and Compliance Departments.

Internal Control Systems and their Adequacy

To address the various risks associated with the products/process, the owners design various controls and the effectiveness of these controls intended to mitigate the said risks are tested during internal audits and assurance provided to all the stakeholders.

Treasury

The Treasury department primarily concentrates on managing balance sheet, liquidity, and ensuring compliance with statutory reserve ratios such as Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), and Basel ratios like Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) mandated by the RBI. Liquidity risk is actively managed by maintaining sufficient liquidity under the ALCO-defined Liquidity Coverage Ratio (LCR) framework. Investments in both SLR and non-SLR securities adhere to regulatory norms and the Bank's Treasury and Investment Policy. The Treasury team comprises seasoned professionals with a proven track record in Balance Sheet Management and Trading.

Maintaining adequate liquidity is crucial for a bank's stability and ability to meet its obligations. Treasury function ensured that the bank has sufficient liquidity buffers while also optimising the deployment of excess liquidity to earn returns.

Treasury team made informed decisions on asset allocation based on market conditions, economic outlook, and internal risk appetite. This strategic approach helped optimise returns while managing risk within acceptable limits. Treasury achieved its highest profits on record during the year. The unit recorded an income of ₹ 104.32 Crores from investment and trading activities in Government Securities, Equity Markets and Mutual Funds in the year under review.

The Treasury engages in active trading of SLR securities, generating incremental revenue alongside interest income with a focus on maximising portfolio yield. The Bank's investment portfolio includes Treasury Bills, Central Government Securities, State Government Securities, Equity Shares, and Mutual Funds Units.

The Treasury actively participates in the equity market (both primary and secondary) to augment incremental revenue. In addition, to augment the net interest income, Treasury also deploys surplus funds in Non-SLR securities.

During the financial year, Treasury successfully raised funds using a combination of instruments, at an optimal cost. For the first time since the commencement of banking operations, Treasury engaged in raising funds through Securitisation/Transfer of Loan Exposures. Total value of assets securitised/assigned during the year amounted to ₹ 1974 Crores.

During the year, the Bank has been granted AD-1 Category Licence by RBI. Treasury is in the process of setting up FX Desk, which would further augment the revenue stream of the Bank.

Equipped with an Integrated Treasury Management System (ITMS) for capturing transactions, settling trades, and managing market risk and ALM risk, the Treasury also utilises various platforms such as Bloomberg, Refinitiv, Cogencis, and others to provide real-time financial data and news feeds, ensuring a competitive edge in the market. It engages with CCIL Platforms like Negotiated Dealing System-Order Matching (NDS-OM), NDS-Call, Triparty Repo Dealing and Settlement (TREPS), Clearcorp Repo Order Matching System (CROMS) for transactions in securities and the money market.

Serving as the Bank's interface with market counterparts, Treasury has leveraged excellent relationships to facilitate fund raising and other activities. It collaborates closely with the Liabilities team to support deposit mobilisation while optimising the cost of funds and seeking to broaden the Bank's liabilities profile.

Human Resources

At Equitas Small Finance Bank, our people are our brand ambassadors, and we foster a 'Value Based Culture' that has become an integral part of our DNA. Our cultural transformation journey, which began in 2018, has progressed through various milestones, including Values Identification, Awareness Creation, Reinforcement, and the ultimate goal of Alignment & Demonstration. We have successfully navigated the first three phases and are now striding towards the final milestone.

Our Mission, 'Create the Most Valuable Bank for All Stakeholders through Happy Employees,' encapsulates our unified purpose and encourages collective efforts while ensuring employee satisfaction. Our Core Values – Customer First, Pride of Performance, Fair & Transparent, Respect for People, and Ownership – serve as the tenets that guide our culture and ensure sustainable organisational growth.

Talent Acquisition

Equitas has implemented a robust, integrated HR Technology Platform that enables faster processing times and a seamless candidate experience in talent acquisition. We have developed an in-house 'Hire-Train-Deploy' programme for Liabilities, where around 542 fresher graduates have been recruited for specific branch roles, undergoing intensive training and induction before deployment.

To nurture tech talent, we are recruiting IT Engineer graduates from leading campuses in Tamil Nadu. We have partnered with leading digital partners and onboarded Management Trainees from premier B-Schools for various corporate office functions. Academic credentials and previous employment details are verified immediately, ensuring quality.

We have built capabilities to hire for new businesses, such as Credit Cards and Retail Forex, scheduled for launch in 2024-25. During the year, women employees constituted 14% of total hires.

Strategic Recruitment Partnerships

Harnessing the strength of over 100 recruitment partners across national and regional landscapes, we wield a vast network to identify and attract suitable candidates. These strategic partnerships empower us to access a rich array of talent pools, ensuring a continuous stream of professionals who embody our values.

Innovative Recruitment Channels

Through our in-house 'Hire-Train-Deploy' programme and personalised home visits orchestrated by line managers, we showcase a commitment to prospective employees. These bespoke interactions not only build stronger connections but also set the stage for long-term engagement, propelling us towards sustained success.

Talent Development

Equitas has fostered a culture of continuous learning and improvement to enhance employee capabilities. Our Leadership Development Programmes (LDPs) offer immersive experiences and structured learning, integrating Behavioural Competency Frameworks and the Bank's cultural elements (Mission and Core Values).

We have sharpened our focus on 'Leadership at All Levels,' strengthening our in-house leadership capabilities at various levels, including MANCO (Management Committee), Senior Leadership, Mid-Managerial, and First-Time Managers. We have partnered with leading global institutions and consulting firms to design and deliver these interventions.

Our Talent Development initiatives are designed to nurture a culture of continuous learning, development, and growth, empowering employees to reach their full potential and contribute effectively to the Bank's objectives.

Our Talent Development practices prioritise nurturing our internal talent pool, fostering their career growth, and preparing them for key business roles. Specialised learning Programmes equip talents to navigate their career movement across diverse functions and handle larger responsibilities.

Notable development journeys include VALAR, GROW, POTENTIAL HERO, S.T.A.R & S.T.A.R 2.0, 'Lead to Win,' and developmental interventions for aggregator roles in both Liabilities and Assets divisions.

We have leveraged e-learning platforms and resources to ensure accessible and seamless skill enhancement opportunities for our 22,000+ employees. Through Skillsoft's immersive learning platform, driven by AI, we provide personalised, on-the-go learning experiences tailored to individual needs.

Our comprehensive suite of customised e-learning solutions caters to diverse business needs, work settings, and learner requirements, serving as a ready-reckoner for individual employees to actualise their knowledge.

Talent Management

Our commitment to treating everyone with respect and dignity isn't just a slogan; it's the foundation of our talent management strategy. We recognise the unique skills, strengths, and perspectives of our diverse workforce, understanding that each employee is vital to our success. By ensuring our team feels valued and supported, we reduce attrition, and foster a culture of growth and fulfilment. This is achieved through the following initiatives:

Fair Compensation Practices

We are firm in our commitment to fair pay practices, ensuring that our compensation packages are not only competitive but also reflect internal equity and industry standards. By valuing merit, experience, and qualifications, we attract and retain top-tier talent who feels duly rewarded for their invaluable contributions.

We conduct regular salary reviews to ensure our compensation remains competitive and aligned with market standards. Adjustments to pay are made based on external market forces, macroeconomic conditions, and the performance levels of both the organisation and individual employees.

Talent Recognition and Rewards

At Equitas, we celebrate achievements with fervour and zeal. Through initiatives like the High Achievers Club and the revered Long Service Awards, we honour the dedication and excellence of our team members. By recognising their achievements in a grand manner, we nurture a culture of appreciation and motivation that fuels their passion and commitment towards our collective goals.

Continuous Development and Engagement

At Equitas, our onboarding programme is not just a formality; it's a transformative journey crafted to empower every member of our team. From rigorous probation-confirmation protocols to ongoing performance evaluations and personalised mentorship, we leave no stone unturned in fostering a culture of support and appreciation right from the start.

Proactive Attrition Management

We believe in staying ahead of the curve when it comes to managing attrition. Our proactive stance involves weekly reviews with our business teams to swiftly identify and tackle any looming challenges. Senior leaders conduct field visits, and comprehensive exit interviews are conducted, providing us with invaluable insights for course correction and strengthening our retention strategies.

Holistic Employee Well-Being

Our dedication to employee well-being goes beyond mere policies. We offer care and connect initiatives to meet the diverse needs of our team members, providing everything from flexible work arrangements to support during natural disasters. This showcases our commitment to ensuring a healthy work-life balance for all.

Our talent management strategy is a validation of our promise to nurture employee growth, satisfaction, and triumph. Moreover, by fostering a culture of inclusivity, recognition, and continuous development, we not only combat attrition but also build a workforce primed for long-term success.

Cultural Initiatives

Our cultural initiatives are multi-fold, involving Leaders Fostering Culture, Peer Influence through Culture Champions, Communication & Training (Aarambh, 'Did You Know' mail series, Core Values' refresher videos, and Sanskriti newsletter), and Recognition and Rewards (High Five Champion, Value Victor Award, High Five Club, and Culture Contests).

The Bank's Culture Pulse Survey conducted this year achieved an overall average response score of 4.49 out of 5.00. This high score reflects strong alignment with the Bank's cultural values and a high level of cultural demonstration among employees.

Our culture developmental initiatives, specifically in the areas of 'reinforcement' and 'recognition,' support our efforts to institutionalise and internalise the Bank's Mission and Core Values among employees.

Corporate Social Responsibility

Our ethos in Corporate Social Responsibility (CSR) is intricately woven into our commitment to community service. More than merely acting as a financial institution, we aspire to become a supportive ally, mentor, and advisor to our clientele, especially those hailing from the lower-income segments of society.

We recognise the importance of addressing the social and economic challenges our customers and communities face. Our commitment to holistic development extends beyond mere financial assistance. We offer skill training programmes, health camps, and educational initiatives designed to enhance our clientele's overall well-being and quality of life, with a particular focus on empowering women through opportunities that improve their income, health, and education.

Our CSR philosophy is deeply rooted in transparency, fairness, and a profound understanding of our customers' needs. We are dedicated to empowering them with the knowledge and skills necessary to elevate their lives and contribute positively to the development of their communities. Our approach to CSR is innovative, collaborative, and impactful, striving to forge sustainable change and upliftment.

Furthering our commitment, the Equitas Healthcare Foundation, in partnership with Sringeri Sharada Mutt, has proudly inaugurated the Sringeri Sharada Equitas Hospital (SSEH) in South Chennai. This 100-bed facility focusses on delivering affordable, high-quality healthcare, emphasising cancer and multi-speciality care.

Our CSR activities include skill training for women, exhibitions promoting women empowerment, initiatives supporting the transgender community, job placements for youths, and financial aid for the differently abled, all aimed at fostering inclusive growth and development.

Details of CSR Initiatives	Number of Beneficiaries of 2023-24	Cumulative From November 2008
No. of Eye-Camp Participants (A)	2,85,361	29,99,900
No. of Free Spectacles	7,371	1,27,572
Cataract Operations	2,735	37,392
Vaccination Camp Participants (B)	0	57,52,876
General Medical Camp Participants (C)	3,06,219	43,04,250
Other Camps (Homeopathy Camps/Ayurveda Camp Participants) (D)	28,342	56,475
Total (Eye Camps + Other Medical Camps + COVID-19 + Health Clinics) (A)+(B)+(C) +(D)	6,19,922	1,31,13,501
Sugam Health Clinic Beneficiaries (E)	1,559	80,029
Veterinary Camps	11,841	28,868
Health Help Lines	106	32,390
No. of Health Camps	4933	46,498
No. of Vaccination Camps	0	54,252
Health Screening Vehicle Finance Clients	3,027	50,416
Participants in Skill Training Programmes (A)	42,677	6,66,439
EGK Tailoring Centres (B)	133	716
EGK Computer Centres (C)	0	720
Skill Training Programmes (A+B+C)	42,810	6,67,875
Placements for Unemployed Youth	35,567	2,89,524
Swasth Mahila Health Education	3,33,860	9,77,860
Persons with Disability	9,164	1,71,930
Persons with Disability (Visually Impaired)	3,194	30,878
Equitas Birds Nest-Rehab of Homeless	1,241	4,517
Equitas Birds Nest-Rehab of Homeless - Pune	24	24
Equitas Birds Nest-Scholarship	58	2,604
Transgender Inclusion	127	490
Equitas Temporary Market	102	158

Cautionary Statement

Statements made in this Management Discussion & Analysis (MD&A) outlining the Bank's objectives, projections, estimates, general market trends, and expectations may fall under the category of 'forward-looking statements' as per applicable laws and regulations. Actual results may significantly differ from the suggestions put forth by these 'forward-looking statements' due to the involvement of various risks, uncertainties, and other factors. These factors encompass but are not limited to, the Bank's ability to successfully execute its strategies, future levels of non-performing advances, growth and expansion, adequacy of allowances for credit losses, provisioning policies, technological changes, regulatory adjustments, investment income, cash flow projections, exposure to market risks, uncertainties arising from the COVID-19 pandemic, or other potential risks.

Directors' Report

To

The Members

Equitas Small Finance Bank limited

Your Directors have pleasure in presenting the Eighth Annual Report on the business and operations of the Bank, together with the audited accounts of the Bank for the financial year ended March 31, 2024 (FY 2023-24).

1. SUMMARY OF FINANCIAL PERFORMANCE

(₹ in lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	Y-o-Y %
Deposits & Other Borrowings	37,91,673.22	28,32,224.26	33.88%
Advances	30,96,429.99	25,79,855.66	20.02%
Total Income	6,28,507.40	4,83,146.38	30.09%
Operating Profits (Profits before Provision, Depreciation and Taxation)	1,51,178.00	1,26,054.53	19.93%
Less: Depreciation	13,441.56	8,453.78	59.00%
Less: Provision and contingencies	31,423.97	40,720.35	(22.83%)
Less: Provision for Taxation	26,416.45	19,521.35	35.32%
Net Profit	79,896.02	57,359.05	39.29%
Add: Profit brought forward	59,863.87	1,09,679.97	(45.42%)
Add: Reversal ESOP cost on Lapse of options	48.31	-	-
Profit and Loss Account balance adjustment on account of amalgamation	-	(87,825.49)	-
Total	1,39,808.20	79,213.53	76.50%
Appropriations			
Transfer to Statutory Reserve	19,974.01	14,339.76	39.29%
Transfer to Special Reserve	1,946.48	1,202.11	61.92%
Transfer to Capital Reserve	114.75	-	-
Transfer to Investment Reserve	177.94	-	-
Transfer to Investment Fluctuation Reserve	12,750.00	3,807.79	234.84%
Dividend pertaining to previous year paid during the year	11,162.83	-	-
Balance carried over to Balance Sheet	93,682.19	59,863.87	56.49%
Total	1,39,808.20	79,213.53	76.50%

2. DIVIDEND

The Board of Directors at their meeting held on April 24, 2024 has recommended a dividend of ₹ 1/- per equity share (i.e., 10%) of face value ₹ 10/- each for the financial year ended March 31, 2024, subject to the approval of the Members at the ensuing Eighth Annual General Meeting (AGM). The Dividend, if approved by the Members would be paid to those Members whose name appears in the Register of Members as on the Record Date mentioned in the Notice convening the Eighth AGM.

In accordance with Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and the RBI guidelines, the Bank has formulated and adopted a Dividend Distribution Policy and the same is available on the website of the Bank Click here. The dividend declared during the year is in accordance with the Dividend Distribution Policy of the Bank.

3. TRANSFER TO RESERVES

As per the requirement of RBI Regulations, the Bank has transferred the following amounts to various reserves during the year ended March 31, 2024.

Amount transferred to	₹ in lakhs
Statutory Reserve	19,974.01
Special Reserve	1,946.48
Capital Reserve	114.75
Investment Reserve	177.94
Investment Fluctuation Reserve	12,750.00

4. DEPOSITS

Being a Bank, the disclosures relating to deposits as required under Rule 8(5)(v) and (vi) of the Companies (Accounts) Rules, 2014 read with Sections 73 and 74 of the Companies Act, 2013 ("the Act") are not applicable. The Bank receives and accepts deposits, the details of which are enumerated in the financial statements for FY 2023-24.

5. CAPITAL ADEQUACY RATIO

The Capital Adequacy Ratio stood at 21.70% as on March 31, 2024 as against the minimum requirement of 15% stipulated by the Reserve Bank of India (RBI). The Net Worth of the Bank as on the said date was ₹ 5,96,870.18 lakhs.

6. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE BANK AFTER THE BALANCE SHEET DATE AS AT MARCH 31, 2024

There were no material changes and commitments between the end of Financial Year 2023-24 and the date of this report, affecting the financial position of the Bank.

7. 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.

8. OPERATIONAL HIGHLIGHTS AND STATE OF THE BANK'S AFFAIRS

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

9. MANAGEMENT DISCUSSION AND ANALYSIS, REPORT ON CORPORATE GOVERNANCE AND BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

The Management Discussion and Analysis Report as stipulated under Regulation 34(2)(e) of the SEBI Listing Regulations, Report on Corporate Governance for FY 2023-24 along with the General Shareholder Information and the Business Responsibility and Sustainability Report under Regulation 34(2)(f) of the SEBI Listing Regulations forms part of this annual report.

10. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Bank has laid down a Corporate Social Responsibility (CSR) Policy, which is available on our website click here. The CSR policy of the Bank establishes the framework, enabling Bank to carry out CSR activities for improving the quality of life of the underprivileged sections of the society through multi-faceted interventions in education, healthcare, skill development and dignified living conditions. The policy was amended by the Board of Directors on May 04, 2023 to give effect to the changes as mandated under the applicable laws.

The Bank contributes 5% of its previous year's net profits or 2% of average net profits made during the preceding three financial years, whichever is higher 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 in this regard is enclosed as **Annexure A**.

The Bank has constituted a CSR Committee, which:

a) Recommends to the Board an annual activity plan in line with the CSR policy and CSR contribution of the Bank for the year.

b) Monitors the implementation of the plan as approved.

c) Reviews and recommends changes to the policy from time to time.

11. SHARE CAPITAL

During the year, there has been no change in the Authorised share capital of the Bank. The Bank has allotted in aggregate 2,43,29,125 equity shares to the eligible employees of the Bank under the ESFB Employees Stock Option Scheme, 2019. The paid-up share capital of the Bank as on March 31, 2024 is ₹ 1,134,88,72,790/- comprising of 113,48,87,279 equity shares of ₹ 10/- each.

12. MEETINGS OF THE BOARD

During the FY 2023-24, our Board had met thirteen (13) 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 & the relevant Rules made thereunder and the applicable provisions of the SEBI Listing Regulations.

Board Committees

The details pertaining to the Audit Committee and other Committees of the Board are provided in the Corporate Governance section forming part of this report. All the recommendations made by the Audit Committee during the year were accepted and implemented by the Board. The changes in the composition of the Committees of the Board during the reporting period are disclosed in the Corporate Governance Report.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

As on the date of this Report, the Bank has fourteen (14) Directors, out of which, there are thirteen (13) Independent Directors including a Woman Independent Director.

Change in Directors & KMPs

Re-appointment of Managing Director & CEO

During the year, RBI vide its letter dated June 15, 2023 had accorded its approval for the re-appointment of Mr. Vasudevan P N (DIN: 01550885) as the Managing Director & CEO of the Bank for a period of three (3) years with effect from July 23, 2023 to July 22, 2026. The aforesaid re-appointment was approved by the Members of the Bank at the Seventh Annual General Meeting held on August 29, 2023.

Appointment of Independent Directors and Part-time Chairman

Further, the appointment of Dr. Gulshan Rai (DIN: 01594321) as an Additional Director (Independent) of the Bank with effect from March 28, 2024 until April 08, 2028, not liable to retire by rotation was approved by the Board of Directors of the Bank at its meeting held on March 28, 2024 subject to the approval of the Members of the Bank.

RBI vide its letter dated April 04, 2024 had accorded its approval for the appointment of Mr. Anil Kumar Sharma (DIN: 08537123) as the Part-time Chairman of the Bank (Non-Executive) for a period of three (3) years, effective from April 25, 2024 until April 24, 2027. The Board of Directors of the Bank at its meeting held on April 24, 2024 had approved the appointment of Mr. Anil Kumar Sharma (DIN: 08537123) as an Additional Director (Independent) of the Bank for a period of five (5) years with effect from April 25, 2024 until April 24, 2029 (both days inclusive), not liable to retire by rotation and also as the Part-time Chairman of the Bank (Non-Executive) for a period of three (3) years, effective from April 25, 2024 until April 24, 2027 subject to the approval of the Members of the Bank.

The approval for the appointment of Dr. Gulshan Rai (DIN: 01594321) as an Independent Director of the Bank and Mr. Anil Kumar Sharma (DIN: 08537123) as an Independent Director and Part-time Chairman of the Bank was sought from the Members of the Bank through Postal Ballot by way of electronic voting (e-voting). The resolutions pertaining to the aforesaid appointments were approved with requisite majority by the Members of the Bank through Postal Ballot by way of e-voting which concluded on June 06, 2024.

Further, based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on July 15, 2024 had approved the appointment of Mr. Narayanan Rajagopalan Nadadur (DIN: 07877022), Mr. Keezhayur Sowrirajan Sampath (DIN: 07924755) and Mr. Ramkumar Krishnaswamy (DIN: 00244711) as Additional Directors (Independent) of the Bank for a term of three years with effect from July 16, 2024 until July 15, 2027, not liable to retire by rotation, subject to the approval of the Members of the Bank. The aforesaid appointments has been placed for approval of the Members at the ensuing Annual General Meeting.

In the opinion of the Board, the Independent Directors appointed as mentioned above possess requisite integrity, qualification, experience, proficiency and fulfill the criteria of independence and expertise, as stipulated by the applicable Rules and Regulations, which would immensely benefit the Bank.

Retirement

Mr. Arun Ramanathan (DIN: 00308848) ceased to be the Part-time Chairman and Independent Director of the Bank from the close of business hours on April 24, 2024 consequent to the completion of his tenure. The Board places on record its sincere appreciation for the remarkable leadership and contribution by Mr. Arun Ramanathan during his association with the Bank.

Directors liable to retire by rotation

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) of the Act, the provisions of retirement of Directors by rotation shall not be applicable to the Independent Directors and an Independent Director shall not be included in the total number of Directors liable to retire by rotation.

The Bank has only one Director viz., Mr. Vasudevan P N, MD & CEO liable to retire by rotation. Mr. Vasudevan P N will retire at the ensuing AGM of the Bank and being

eligible, offers himself for re-appointment. The Board of Directors recommend his re-appointment and the same has been placed for approval of the Members at the ensuing Annual General Meeting.

Re-appointment of Independent Director

Mr. Navin Puri (DIN: 08493643) was appointed as an Independent Director of the Bank for a period of five years with effect from August 01, 2019 until July 31, 2024. As per the provisions of Section 149 of the Act, and other applicable provisions, if any, an Independent Director shall hold office for a term of five consecutive years on the Board of the Bank and is eligible for re-appointment on passing of special resolution.

In accordance with Section 10A (2A) of the Banking Regulation Act, 1949, no Director of a Banking company, other than its Chairman or Whole-time Director, by whatever name called, shall hold office continuously for a period exceeding eight years. Mr. Navin Puri would complete five years as an Independent Director of the Bank on July 31, 2024.

The Board based on the performance evaluation and recommendation of Nomination & Remuneration Committee considers that given his background, experience and contribution, the continued association of Mr. Navin Puri as an Independent Director would be of immense benefit to the Bank. The Bank has received a declaration from Mr. Navin Puri to the effect that he continues to meet the criteria of independence as provided in Section 149(6) of the Act, Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations and he has given his consent for re-appointment. In the opinion of the Board, Mr. Navin Puri satisfies all the criteria applicable for re-appointment including fit and proper criteria as prescribed in the Bank's Policy for Selection and Appointment of Directors.

The Board proposes the re-appointment of Mr. Navin Puri as an Independent Director for a second consecutive term of three years effective from August 01, 2024 until July 31, 2027 for approval of the Members by way of Special Resolution.

Familiarisation Programme

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 the Independent Directors are available in the website of the Bank click here.

Key Managerial Personnel (KMP)

In terms of Section 203(1) read with Section 2(51) of the Act and Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Bank had the following KMPs as on March 31, 2024:

S. No.	Name of the Key Managerial Personnel	Designation
1	Mr. Vasudevan P N	Managing Director & Chief Executive Officer (MD & CEO)
2	Mr. Sridharan N	Chief Financial Officer (CFO)
3	Mr. Ramanathan N	Company Secretary (CS)

During the financial year, there were no changes to the Key Managerial Personnel of the Bank.

14. DECLARATION FROM INDEPENDENT DIRECTORS

The Board has received the declaration 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 and Regulation 16(1) (b) of the SEBI Listing Regulations, 2015. The Independent Directors have complied with the Code for Independent Directors prescribed in Schedule IV of the Act.

Independent Directors have confirmed that they are not aware of any circumstance or situation, which exists or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence. The Board has assessed the confirmations submitted by the Independent Directors and had taken the same on record. In the opinion of the Board, all the Independent Directors are independent of the Management.

15. EVALUATION OF PERFORMANCE OF THE BOARD AND ITS COMMITTEES

The performance of the Board, Committees of the Board, Chairman and individual Directors were evaluated on the basis of criteria as approved by the Board. The manner of performance evaluation included the process of obtaining feedback by way of a structured questionnaire, covering aspects pertaining to the roles and functions, as applicable. The Directors actively participated in the evaluation process and provided their feedback. The consolidated feedback were shared with the respective Directors and feedback relating to the Committees and the Board were discussed in meetings of the respective Committees & Board.

16. POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION AND OTHER DETAILS

Pursuant to the provisions of Section 178 of the Act, the Bank has formulated and adopted the Policy for Selection and Appointment of Directors & ESFB Remuneration & Benefits Policy, which are available on the website of the Bank at click here and here. The said policies provide a framework for the appointment and remuneration of Directors (including Independent Directors) as per the criteria formulated by the Nomination and Remuneration Committee of the Board in compliance with the requirement of the Act, read with the relevant Rules made thereunder and the SEBI Listing Regulations. The policies were amended by the Board of Directors on March 28, 2024 to make it more robust and effective complying with regulatory / statutory requirements.

17. 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, 2024, 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 judgments 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, 2024 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,

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.

18. OVERALL REMUNERATION

Details of all elements of remuneration of Directors are given in the Corporate Governance Report. The Independent Directors of the Bank are not entitled to Stock options. Details of remuneration as required under Section 197 (12) of the Act, 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 employees remuneration is as below:

Mr. Arun Ramanathan, Part-time Chairman & Independent Director	4.87:1
Mr. Arun Kumar Verma, Independent Director	4.56:1
Mr. Vasudevan P N, MD & CEO	70.23:1
Mr. Vinod Kumar Sharma, Independent Director	3.04:1
Prof. Balakrishnan N, Independent Director	3.04:1
Mr. N Srinivasan, Independent Director	3.04:1
Mr. Navin Puri, Independent Director	3.04:1
Mr. Ramesh Rangan, Independent Director	3.04:1
Prof. Samir Kumar Barua, Independent Director	3.04:1
Ms. Geeta Dutta Goel[&], Independent Director	NA
Dr. Gulshan Rai*, Independent Director	NA

[&]Ms. Geeta Dutta Goel has waived her right to receive the remuneration

*Dr. Gulshan Rai was appointed as an Additional Director (Independent) by the Board with effect from March 28, 2024

(ii)	the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	There was no increase in the remuneration paid to the Independent Directors during the financial year. Ms. Geeta Dutta Goel has waived her right to receive the remuneration. The remuneration to Directors does not include sitting fees. The increase in remuneration of Key Managerial Personnel is provided below: Chief Executive Officer - 11 %** Chief Financial Officer - 11%** Company Secretary - 21%** **Does not include perquisite value
(iii)	the percentage increase in the median remuneration of employees in the financial year	6%
(iv)	the number of permanent employees on the rolls of the Bank as on March 31, 2024	22,854
(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 the salaries of employees other than the managerial personnel in the last financial year was 6% and for KMP the increase was in the varying range of 11% to 21% for the financial year 2023-2024. The increase during the year is based on remuneration policy of the Bank and reflects the Bank's reward philosophy as well as the results of the salary benchmarking exercise.
(vi)	Affirmation that the remuneration is as per the remuneration policy of the Bank	The Management affirms that the remuneration is as per the remuneration policy of the Bank

In accordance with Section 136 of the Act, the report and accounts are 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 at cs@equitasbank.com

19. WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Bank has adopted a Whistle Blower Policy and Vigil Mechanism in compliance with the relevant provisions of the Act and Rules thereunder and SEBI Listing Regulations. This Policy provides an opportunity to address concerns of the employees & the Directors in relation to any 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, click here.

During the year under review, the Bank had received 'Nine(9)' complaints under the Whistle Blower Policy of the Bank. The functioning of the mechanism is reviewed by the Audit Committee from time to time. No personnel of the Bank has been denied access to the Audit Committee.

20. CREDIT RATINGS

The details of the credit ratings are disclosed in the Corporate Governance Report, which forms part of this Annual Report.

21. AUDITORS & THEIR REPORT

Reserve Bank of India ("RBI") has on April 27, 2021 issued the Guidelines for Appointment of Statutory Central Auditors / Statutory Auditors of Commercial banks which are applicable from the FY 2021-22 ("RBI Guidelines"). The RBI Guidelines has capped the term of Statutory Auditors at three years, replacing the earlier cap of four years.

The Board of Directors of the Bank in their Meeting held on June 01, 2021 had appointed M/s. Varma and Varma, Chartered Accountants, (Firm Registration No. 004532S)

as one of the Joint Statutory Auditors of the Bank for the period from FY 2021-22 to FY 2023-24. The said appointment was approved by the Members at the Fifth AGM held on August 12, 2021. The appointment was approved by RBI for FY 2021-22, 2022-23, 2023-24 vide its letters dated July 13, 2021, May 31, 2022 and July 07, 2023 respectively. The tenure of M/s. Varma and Varma, Chartered Accountants (Firm Registration No. 004532S) shall end at the conclusion of the ensuing Eighth AGM of the Bank.

Further, the Board of Directors of the Bank in its meeting held on June 14, 2023 had appointed M/s. A S A & Associates LLP, Chartered Accountants (Firm Registration No: 009571N/ N500006) as one of the Joint Statutory Auditors for the period from FY 2023-24 to FY 2025-26 which was approved by the Members at the Seventh AGM held on August 29, 2023. The appointment was approved by RBI for FY 2023-24 vide its letter dated July 07, 2023. As per the RBI guidelines, the appointment of Joint Statutory Auditors shall be subject to annual approval from Reserve Bank of India. The Audit Committee of the Board had reviewed the performance of M/s. A S A & Associates LLP, Chartered Accountants during the financial year 2023-24 and their independence by taking note of the eligibility letters received from the Auditors stating that they continue to satisfy the criteria provided in Section 141 of the Act and RBI Regulations and their continuance, if approved, will be in accordance with the conditions prescribed under the Act and Rules thereunder as well as the applicable RBI Regulations and had accordingly recommended their continuance to the Board. The Board of Directors of the Bank in its Meeting held on April 24, 2024 considered the recommendation of Audit Committee and approved the re-appointment of M/s. A S A & Associates LLP, Chartered Accountants as one of the Joint Statutory Auditors for the FY 2024-25 as they continue to satisfy the eligibility norms as per the RBI guidelines. The appointment was approved by RBI for the FY 2024-25 vide its letter dated May 22, 2024.

Further, consequent to the completion of term of M/s. Varma and Varma, Chartered Accountants at the ensuing eighth AGM of the Bank, the Board of Directors at its meeting held on April 24, 2024, on the recommendation of the Audit Committee, considered and approved the appointment of M/s. Suri & Co, Chartered Accountants (Firm Registration No: 004283S) as one of the Joint Statutory Auditors for the period from FY 2024-25 to FY 2026-27 subject to the approval of the Members at the ensuing Annual General Meeting. RBI has approved the aforesaid appointment vide its letter dated May 22, 2024.

Auditors' Report

There are no qualifications, reservations or adverse remarks made by the Joint Statutory Auditors of the Bank, M/s. Varma & Varma, Chartered Accountants and M/s. A S A & Associates LLP, Chartered Accountants in their report on the financial statements for the FY 2023-24. Further, the Joint Statutory Auditors of the Bank have not reported any instances of frauds committed in the Bank by its officers or employees during the period, pursuant to Section 143(12) of the Act.

22. DETAILS OF EMPLOYEE STOCK OPTIONS SCHEME (ESOS)

The Bank, pursuant to the resolutions passed by the Board and the Members of the Bank on January 31, 2019, adopted the ESFB Employee Stock Option Scheme (ESOS), 2019 ("ESFB ESOP 2019"). The Bank had amended the ESFB ESOP 2019 pursuant to the resolutions of the Board and Members of the Bank dated November 07, 2019 & November 22, 2019 respectively.

Post listing of Equity shares of the Bank, the ESFB ESOP 2019 was ratified by the Members by way of special resolution dated February 08, 2021 as required by Regulation 12 of erstwhile SEBI (Share Based Employee Benefits) Regulations, 2014. Further, as recommended by the Nomination and Remuneration Committee of the Board, the Board of Directors at its Meeting held on January 28, 2022 had approved modifications to the ESFB ESOP 2019 aligning the scheme as per the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

As per the scheme approved, the Bank is entitled to grant an aggregate number of up to 11,00,00,000 Options under ESFB ESOP 2019. 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.

The Scheme is administered by the Nomination and Remuneration Committee constituted by the Board of Directors of the Bank. There were no material changes in the Employee Stock Option Scheme and the Scheme is in compliance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. A certificate from

CS Dr. B Ravi, Managing Partner, M/s B Ravi & Associates, Practicing Company Secretaries, the Secretarial Auditor of the Bank, that the Employee Stock Option Scheme has been implemented in accordance with SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and is in accordance with the resolutions passed by the Members of the Bank is enclosed as **Annexure B**.

The disclosures as mandated under the provisions of Regulation 14 of the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, is available on the website of the bank click here.

Information as required under Section 62 of the Companies Act, 2013 and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 is as below:

Particulars	Total
Number of options granted during the year	87,56,571
Number of options forfeited / lapsed during the year	47,02,007
Number of options vested during the year	1,40,38,787
Number of options exercised during the year	2,43,29,125
Number of shares arising as a result of exercise of options	2,43,29,125
Money realised by exercise of options (In ₹), if scheme is implemented directly by the Company	87,64,20,145.20
Loan repaid by the Trust during the year from exercise price received	Not Applicable
Option Granted but not vested	1,23,23,320
Options Vested but not exercised	1,60,16,865
Options Available for Grant	4,32,45,512

Employee wise details of the Options granted to

a) Key Managerial Personnel

S. No.	Name of the Employee	Designation	No. of options granted	Exercise price (In ₹)	% of Options granted
1	Mr. Vasudevan P N	MD & CEO	8,24,968	75.15	9.42%
2	Mr. Sridharan N	CFO	97,660	75.15	1.12%
3	Mr. N Ramanathan	CS	35,140	75.15	0.40%

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 - click here

c) identified employees who were granted Option, during any one year, equal to or exceeding 1%of the issued capital (excluding outstanding warrants and Conversions) of the Bank at the time of grant. - **NIL**

23. SECRETARIAL AUDITOR

The Secretarial Audit Report issued by CS Dr. B Ravi, Managing Partner, M/s. B Ravi & Associates (C.P. No. 3318) is enclosed as **Annexure C**. The Bank has complied with the applicable Secretarial Standards relating to 'Meetings of the Board of Directors' and 'General Meetings' during the year. There are no qualifications or adverse remarks made by the Secretarial Auditor.

Based on the recommendation of the Audit Committee, the Board of Directors at its meeting held on July 15, 2024 had approved the appointment of M/s. SR Srinivasan & Co. LLP, Practising Company Secretaries, Chennai as the Secretarial Auditor of the Bank for the Financial Year 2024-25.

24. FURTHER INFORMATION AS PER SECTION 134 (3) OF THE COMPANIES ACT, 2013 READ WITH RULE 8 OF THE COMPANIES (ACCOUNTS) RULES, 2014

- During FY 2023-24, the Bank had no activity relating to conservation of energy or technology absorption.
- During FY 2023-24, the total foreign exchange earned by the Bank was Nil and the total foreign exchange outgo of the Bank during the year was ₹ 461.44 lakhs.

25. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Bank with the related parties during the financial year 2023-24 were in its ordinary course of business and on an arm's length basis. During the year, the Bank had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Bank on materiality of related party transactions or which is required to be reported as per Section 188 and other applicable provisions, if any, of the Act read with the Rules made thereunder.

Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act (Form AOC-2) is not applicable to the Bank for the reporting period and hence does not form part of this report. The Policy on Related Party Transactions is available in the website of the Bank click here.

26. 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.

27. INTERNAL FINANCIAL CONTROLS

The Bank has clear delegation of authority and standard operating procedures, which are in accordance with the approved policies of the Bank. 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 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.

28. IND-AS IMPLEMENTATION

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), converged with International Financial Reporting Standards (IFRS) for scheduled commercial banks, insurance companies and Non-Banking Financial Companies (NBFCs). However, currently the implementation of Ind AS for banks has been deferred by RBI till further notice pending consideration of some recommended legislative amendments by the Government of India. The Bank is in an advanced stage of preparedness for implementation of Ind AS, as and when these are made applicable to the banks.

As required by the RBI guidelines, the accounts of the Bank are converted into Ind AS format and submitted to the RBI at periodic intervals. The Bank has put in place a Board approved Policy on Expected Credit Loss (ECL) as per Indian Accounting Standards. The Bank carries out the Expected loss provisioning using Probability of Default (PD) and Loss Given Default (LGD) framework by considering historical data. The Bank has identified an IT solution for Ind AS reporting and is currently in the process of implementing the solution.

29. LOANS / GUARANTEES / INVESTMENTS

Pursuant to Section 186 (11) of the Act, the provisions of Section 186 of Act, 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.

30. 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. The particulars of complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the FY 2023-24 are as follows:

a. Number of complaints filed during the financial year: 21

b. Number of complaints disposed of during the financial year: 19

c. Number of complaints pending as on the end of the financial year: 2*

*Pending complaints as on March 31, 2024 have since been closed.

The Bank has complied with the provisions relating to the constitution of Internal Complaints Committee under

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

31. DEPOSITORY SYSTEM

As the Members are aware, the Bank's Equity Shares are tradable in electronic form. As on March 31, 2024, out of the Bank's total equity paid up share capital comprising of 1,13,48,87,279 Equity Shares, only 115 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 the facility of dematerialisation.

32. GENERAL DISCLOSURE

The Annual Return under MGT-7 as required under the Act is available on the website of the Bank click here.

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.

There are no agreements entered into as per clause 5A to para A of part A of schedule III of the SEBI Listing Regulations.

Your Directors state that no disclosure or reporting is required in respect of the following matters as there were no transactions on these matters during the year under review:

- Issue of equity shares with differential rights as to Dividend, voting or otherwise
- The Bank has not issued any warrants, debentures, bonds or any non-convertible securities
- The Bank has not bought back its shares, pursuant to the provisions of Section 68 of Act and the Rules made thereunder.
- The financial statements of the Bank were not revised.
- The Bank has not failed to implement any corporate action.
- There was no application made / proceeding pending under the Insolvency and Bankruptcy Code, 2016.
- **Managing Director or the Whole-time Directors of your Bank received any remuneration or commission during the year, from any of its subsidiaries** – Not Applicable as the Bank does not have any subsidiaries.
- The Bank has not issued Sweat equity shares to the employees of the Bank under any scheme.
- The details regarding the difference in valuation between a one-time settlement and valuation for obtaining loans from banks or financial institutions, along with reasons, are not applicable.
- Being a banking company, provisions of section 148(1) of the Act, relating to maintenance of cost records is not applicable.

Acknowledgement

The Board of Directors are grateful to RBI, other Government and Regulatory Authorities, other Banks and Financial Institutions for their support and guidance. The Directors place on record their sincere thanks to the valued constituents of the Bank for their support and patronage and their 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 : July 26, 2024

Vasudevan P N
MD & CEO
DIN: 01550885

Anil Kumar Sharma
Part-time Chairman
DIN: 08537123

Annexure -A

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. Brief outline on CSR Policy of the Company:

CSR Policy of the Bank is available on our website, click here 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 approved for the year. The CSR Committee and the Board oversees the projects undertaken by implementing agencies. A brief note on various projects undertaken by the Bank is enclosed as annexure.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Geeta Dutta Goel$	Independent Director	2	2
2	Mr. N Srinivasan @	Independent Director	2	2
3	Mr. Vinod Kumar Sharma*	Independent Director	2	1
4	Prof. Samir Kumar Barua#	Independent Director	2	1
5	Mr. Vasudevan P N	MD&CEO	2	2

*Was a Member of the Committee till 14 May, 2023.

Inducted into the Committee with effect from 15 May, 2023.

$Was a Member of the Committee till 14 May, 2023 and appointed as the Chairperson with effect from 15 May, 2023.

@Was the Chairman of the Committee till 14 May, 2023 and as a Member with effect from 15 May, 2023

3. The web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the Bank at click here and here.

4. The executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8, if applicable, is disclosed on the website of the bank at click here.

5. (a) Average net profit of the company as per sub-section (5) of section 135 – ₹ 58365.67 lakhs.

   (b) Two percent of average net profit of the company as per sub-section (5) of section 135 – ₹ 1167.31 lakhs

   (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years - Nil

   (d) Amount required to be set-off for the financial year, if any - Nil

   (e) Total CSR obligation for the financial year [(b)+(c)-(d)] – ₹ 1167.31 Lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project) – ₹ 2867.00 lakhs (In addition to the above amount spent by implementing agencies for the financial year 2023-24, an amount of ₹ 1,106.28 lakhs of previous years contributions were also spent during this financial year)

   (b) Amount spent in Administrative Overheads - Nil

   (c) Amount spent on Impact Assessment – Nil

   (d) Total amount spent for the Financial Year [(a)+(b)+(c)] – ₹ 2,867.00 lakhs.

(e) 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 subsection (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 2867.00	Nil	NA	NA	NA	NA

(f) Excess amount for set-off, if any:

Sl. No.	Particulars	Amount (in ₹ lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	1,167.31
(ii)	Total amount spent for the Financial Year	2,867.00
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	1,699.69
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	1,699.69

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹ lakhs)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹ lakhs)	Amount Spent in the Financial Year (in ₹ lakhs)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹ lakhs)	Deficiency, if any
					Amount (in ₹ lakhs)	Date of Transfer		
1	FY 22-23	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2	FY 21-22	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	FY 20-21	Nil	Nil	Nil	Nil	Nil	Nil	Nil

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: Yes

If Yes, enter the number of Capital assets created/ acquired: 16

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sl. No. (1)	Short particulars of the property or asset(s) [including complete address and location of the property] (2)	Pincode of the property or asset(s) (3)	Date of creation (4)	Amount of CSR amount spent (in ₹ lakhs) (5)	Details of entity/ Authority/ beneficiary of the registered owner (6)		
					CSR Registration Number, if applicable	Name	Registered address
Sringeri Sharada Equitas Hospital Cancer cum Multispeciality							
	Medical equipment	NA	April 1, 2023 to March 31, 2024	969.64	CSR00002381	EQUITAS HEALTH CARE FOUNDATION	Chennai
	Construction cost of hospital building Address of the property- Door No 175, Velachery Road, Gowriwakkam, Chengalpattu, Chennai, Tamil Nadu	600073	April 1, 2023 to March 31, 2024	797.33			
	Computers and servers	NA	April 1, 2023 to March 31, 2024	135.07			
	Office Equipment	NA	April 1, 2023 to March 31, 2024	111.45			
	Electrical fittings	NA	April 1, 2023 to March 31, 2024	53.51			
Equitas Development Initiatives Trust							
	Computer	NA	April 1, 2023 to March 31, 2024	12.40	CSR00001339	Equitas Gurukul Matriculation Higher Secondary School	Trichy, Dindigul, Coimbatore, Salem, Karur, Cuddalore, Kumbakonnam
	Furnitures	NA	April 1, 2023 to March 31, 2024	9.67			Trichy, Dindigul, Coimbatore, Salem, Karur, Cuddalore, Kumbakonnam
	Electrical Fittings	NA	April 1, 2023 to March 31, 2024	0.55			Trichy, Dindigul, Coimbatore
	Improvement on Freehold Properties Address of the property: Oil Mill Road, Ariyamangalam, Trichy	620010	April 1, 2023 to March 31, 2024	11.68			Trichy
	Improvement on Freehold Properties Address of the property: Vinobaji Nagar, Natham Road, Dindigul	624003	April 1, 2023 to March 31, 2024	2.96			Dindigul

Sl. No. (1)	Short particulars of the property or asset(s) [including complete address and location of the property] (2)	Pincode of the property or asset(s) (3)	Date of creation (4)	Amount of CSR amount spent (in ₹ lakhs) (5)	Details of entity/ Authority/ beneficiary of the registered owner (6)		
					CSR Registration Number, if applicable	Name	Registered address
	Improvement on Freehold Properties Address of the property: Survey No: 744/3B Phase-II CTO Colony, Madhukarai Main Road, Sundarapuram, Coimbatore	641021	April 1, 2023 to March 31, 2024	7.30			Coimbatore
	Improvement on Freehold Properties Address of the property: Survey No: 48, 5A Block No: 14, Kandampatti Village, Salem East	636004	April 1, 2023 to March 31, 2024	4.64			Salem
	Improvement on Freehold Properties Address of the property: Survey No: 160/4, 160/7, MGR Nagar, Near Karupannasami Kovil, Vengamedu,Karur	639006	April 1, 2023 to March 31, 2024	15.65			Karur
	Improvement on Freehold Properties Address of the property: T S No: 943, Beach Road, Near Govt Periyar Arts College, Devanampattinam, Cuddalore	607001	April 1, 2023 to March 31, 2024	4.65			Cuddalore
	Improvement on Freehold Properties Address of the property: Survey No: 1748/4 and 1748/5, Ellanga Nagar , Kumbakonam	612001	April 1, 2023 to March 31, 2024	1.60			Kumbakonnam
	Office Equipment	NA	April 1, 2023 to March 31, 2024	5.52			Trichy, Dindigul, Coimbatore, Salem, Karur, Cuddalore, Kumbakonnam

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135. – The Bank had spent more than 2%

Vasudevan P N
MD & CEO
DIN : 01550885

Geeta Dutta Goel
Chairperson – CSR Committee
DIN : 02277155

Place: Chennai
Date: July 26, 2024

Annexure to CSR Report – FY 2023-24

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 Underprivileged sections of the society.

The social 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 Small Finance Bank.

As per the CSR Policy, the Bank contributes upto 5% of its net profits of the previous financial year to EDIT and EHF to carry out CSR initiatives on behalf of the Bank.

CSR activities carried out through Equitas Development Initiatives Trust (EDIT) and Equitas Healthcare Foundation (EHF) 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 Gurukul schools at Trichy, Dindigul, Salem, Karur, Cuddalore, Coimbatore and Kumbakonam with around 6000 students. More than three fourths of the students are from Economically Weaker Sections as well as socially disadvantaged sections of the society.

B. Skill development

Equitas has imparted training to 6,67,875 Self Help Group women members in skills such as Tailoring & Embroidery, Agarbathi / Candle making, Detergent Powder/ Phenyl manufacturing and preparing processed foods 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 Rs 500 to Rs 2,000 per month using the newly acquired skills.

Equitas also has helped these trained women entrepreneurs to market their products by organizing temporary markets. In 2023- 24 the CSR Team has organized 102 such exhibitions and has helped 1500 women entrepreneurs exhibit and sell their products.

C. Pavement dwellers rehabilitation program (Equitas Birds Nest)

This programme was commenced in 2010 for rehabilitating those families living on pavements, bus shelters, commercial areas 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 their rental 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. From June 2023, this program has been expanded to Pune City as well.

In FY2023-24, 1265 families have been moved into houses, taking the cumulative beneficiaries under the program to 4541 families living in safe shelter.

Out of these rehabilitated families, under a graduation program, members were formed into groups. After inputs on financial literacy and counselling, following all the regular process of getting KYC etc, micro loan was sanctioned. 100% repayment was observed in those loans till date.

D. Placement Cell:

In another proactive step, Equitas has facilitated job fairs for unemployed youth from low income communities, with the help of recruiters and employers. Till date, gainful employment to 2,89,524 unemployed 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 and a major pain point among the underprivileged sections.

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 9.77 lakh women.

Medical Camps: Through a tie up with over 1000 hospitals spread across 10 states, Equitas organizes around 400 medical camps every month, benefiting about 50000 people every month. In health camps cumulatively 73,60,625 people have been screened and benefited so far under this program.

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 special emphasis on cancer care.

The hospital namely Sringeri Sharada Equitas Hospital Cancer cum Multispeciality was inaugurated by TN Govt Health Minister Mr.Ma.Surbramanian on 2nd November 2023. Hospital team, as of March 2024, was able to screen 4600 patients, conducted 168 surgeries and 425 chemo sessions.

Equitas Sugam Clinics

Equitas has piloted this new service, specifically to address the need among families belonging to Low Income Households (LIH) availing doctor 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 one such clinic and 80029 people benefitted from this initiative.

Secondary Health Care & Health Help line: Equitas has also tied up with a large number of hospitals to help our clients for getting inpatient treatment for serious illnesses at a discount to normal cost. This initiative has benefitted 69782 members.

COMPOSITION OF BOARD OF TRUSTEES OF THE TRUSTS AS ON 31ST MARCH 2024

Equitas Development Initiatives Trust (EDIT)	Equitas Healthcare Foundation (EHF)
Dr C K Gariyali, IAS (Retd.)	Mr Rangachary N, IRS (Retd.) Ex-Chairman, IRDAI and CBDT
Ms Jayshree Nambiar, Educationist	Dr Gariyali C K, IAS (Retd.)
Ms Sabitha D, I.A.S (Retd.)	Mr S. Ramadorai, Former advisor to GOI
Mr Anoop Jaiswal, IPS (Retd.)	Dr Hemanth Raj, Executive Vice Chairman, Adyar Cancer Institute
Mr Vasudevan P N, MD & CEO, Equitas Small Finance Bank Limited	Mr Vasudevan P N, MD & CEO, Equitas Small Finance Bank Limited

Annexure - B

Compliance Certificate on ESFB Employees Stock Option Scheme, 2019

Pursuant to Regulation 13 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021

To
The Members,
EQUITAS SMALL FINANCE BANK LIMITED
CIN: L65191TN1993PLC025280
4th Floor, Phase II, Spencer Plaza,
No.769, Mount Road,
Anna Salai, Chennai-600002

Dear Members,

We, B RAVI & ASSOCIATES, represented by its Managing Partner CS Dr B Ravi, having its office at Old No 16, New No 42, Rathinam Street, Gopalapuram, Chennai 600 086 vide Firm Registration No:**P2016TN052400**, Company Secretaries in practice, have been appointed as the Secretarial Auditor for the financial year 2023-24, vide a resolution passed at its meeting held on 05.05.2023 by the Board of Directors of Equitas Small Finance Bank Limited (hereinafter referred to as 'the Company'), having CIN: L65191TN1993PLC025280 and having its registered office at 4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Anna Salai, Chennai- 600 002.

This certificate is issued pursuant to Regulation 13 of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (hereinafter referred to as "the Regulations"), for the year ended 31st March 2024.

Management Responsibility:

It is the responsibility of the Management of the Company to implement the Scheme(s) including designing, maintaining records and devising proper systems, establishing and maintaining effective controls for properly recording the information related to the Schemes in the records maintained by the Company, to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively and also to ensure the authenticity of documents and information furnished.

Verification:

The Company has implemented ESFB Employees Stock Option Scheme, 2019 in accordance with the Regulations and the Special Resolution(s) passed by the members at the General Meetings/ Postal Ballot of the Company held on 31st January 2019, 22nd November 2019 and 8th February, 2021 respectively and subsequent regulatory changes made to the scheme pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 as approved by the Board of directors at their meeting held on 28th January, 2022.

For the purpose of verifying the compliance of the Regulations, We have examined the ESFB Employees Stock Option Scheme, 2019 furnished by the Company, the Articles of Association of the Company and the Resolutions passed at the meeting of the Board of Directors and the Shareholders at the General Meeting(s).

We have read the minutes of the meetings of the Nomination and Remuneration Committee held during the year, noting in terms whereof, 87,56,571 options were granted to the employees. We have also read the minutes of the meetings and the resolutions passed through circulation of the Stakeholders Relationship Committee and noted that 2,43,29,125 equity shares of Rs 10/- each were allotted during the financial year ended 31st March 2024.

We have also examined the relevant provisions of the Regulations applicable, Companies Act, 2013 and Rules made there under and relevant Accounting Standards as prescribed by the Central Government and such other documents required to issue this certificate.

Certification:

In our opinion and to the best of our knowledge and according to the verifications as considered necessary and explanations furnished to us by the Company and its Officers, we certify that the Company has implemented the ESFB Employees Stock Option Scheme, 2019 in accordance with the applicable provisions of the Regulations and Resolution(s) passed in the General Meeting(s) of the Company.

Assumption & Limitation of Scope and Review:

1. Our responsibility is to give certificate based upon our examination of relevant documents and information. It is neither an audit nor an investigation.
2. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.
3. This certificate is solely for your information and it is not to be used, circulated, quoted, or otherwise referred to for any purpose other than for the Regulations.

Place: Chennai
Date: 14.05.2024

For **B RAVI & ASSOCIATES**
COMPANY SECRETARIES

CS DR.B RAVI
FCS No.: 1810 CP No.: 3318

MANAGING PARTNER
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810F000368297

Annexure - C

The Members,
EQUITAS SMALL FINANCE BANK LIMITED
CIN: L65191TN1993PLC025280
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.

Place : Chennai
Date : 16.04.2024

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

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2024

[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: L65191TN1993PLC025280
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 Bank"). 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, 2024** 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, 2024** 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 (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR");

b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

e) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

f) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

g) The Securities and Exchange Board of India (Issue and Listing of Non- Convertible Securities) Regulations, 2021; (was not applicable to the Company during the period under review);

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (was not applicable to the Company during the period under review);

i) The Securities and Exchange Board of India (Buyback of Securities), Regulations,2018; (was not applicable to the Company during the period under review);

j) 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).

(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 reports submitted to the Board and committee 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 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 other than those disclosed to the stock exchanges.

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

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

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

The Board of Directors of the Bank is duly constituted with proper balance of Executive Director(s), Non-Executive Directors and Independent Directors including woman independent director. The changes in the composition of the Board of Directors that took place during the period under review were carried out incompliance with the provisions of the Act and SEBI LODR and wherever required with the approval of Reserve Bank of India.

Adequate notice is given to all directors to schedule the Board and Committee Meetings, agenda and detailed notes on agenda were sent 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 Bank had convened Board and Committee meetings at shorter notice by complying with the requirements of the Act. The Bank had convened its meeting of Committees and Board in compliance with the requirements of the Act and providing facility for those directors/members desirous of attending the meeting through Video Conferencing mode.

All decisions were taken unanimously at the Board and the committee meetings and with requisite majority at the Annual General Meeting. There was no other Extra-Ordinary General Meeting convened and no Resolutions were passed through Postal Ballot during the period under review.

We further report that during the audit period:

1. The company in its Annual General Meeting held on 29.08.2023

   a. Declared a Dividend at the rate of Rs.1.00/- per equity share of face value of Rs.10/- each fully paid up for the financial year 2022-23

   b. Approved the appointment of M/s A S A & Associates LLP, Chartered Accountants, Chennai (Firm Registration No: 009571N/N500006) as one of the Joint Statutory Auditors of the Bank from the conclusion of Seventh Annual General Meeting until the conclusion of the Tenth Annual General Meeting to be held in the year 2026 subject to the firm satisfying the eligibility norms each year and the approval of RBI on an annual basis, on such terms & conditions as may be approved by RBI.

      The Reserve Bank of India (RBI) has accorded approval for the appointment of M/s Varma & Varma, Chartered Accountants (FRN 004532S) and M/s A S A & Associates LLP, Chartered Accountants (FRN 009571N/N500006) as the Joint Statutory Auditors of the bank on 07th July, 2023 for the FY 2023-24 for their third year and first year respectively.

   c. Accorded approval for payment of an overall audit fee not exceeding Rs. 93,69,000/- to M/s. Varma & Varma Chartered Accountants, Chennai (Firm Registration No:004532S) and M/s. A S A & Associates LLP, Chartered Accountants, Chennai (Firm Registration No: 009571N/N500006), the Joint Statutory Auditors of the Bank, for the financial year 2023-24 with such yearly increase, as may be determined by the Board of Directors including the Audit Committee of the Board and that the same be allocated by the Bank between the Joint Statutory Auditors, depending upon

their respective scope of work in addition to any out of pocket expenses and taxes, as applicable.

d. Approved the re-appointment of Mr. Vasudevan P N (DIN: 01550885) as Managing Director & Chief Executive Officer of the Bank, liable to retire by rotation for a period of three years with effect from July 23, 2023 to July 22, 2026 along with remuneration payable to him subject to approval of Reserve Bank of India.

   The RBI accorded its approval for his reappointment on 15th, June, 2023.

e. Accorded approval to borrow money from such person or persons including, banks, institutions, corporate etc., on such terms and conditions as it may think fit up to an aggregate sum of Rs.12,000 crore as cap on borrowings outstanding at any point in time, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Bank (apart from temporary loans obtained or to be obtained in the ordinary course of business) exceed the aggregate of the paid up capital of the Bank, securities premium and its free reserves.

2. The Bank has allotted 2,43,29,125 equity shares through ESOP Scheme.

3. The Bank has granted 87,56,571 options to the eligible employees of the Bank under ESOP Scheme.

4. The Board in its meeting held on 28.03.2024 approved the appointment of Dr Gulshan Rai as an Independent Director on the Board of the Bank with effect from March 28, 2024 until April 08, 2028 subject to the approval of shareholders.

Place: Chennai
Date: 16.04.2024

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

MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810F000143644

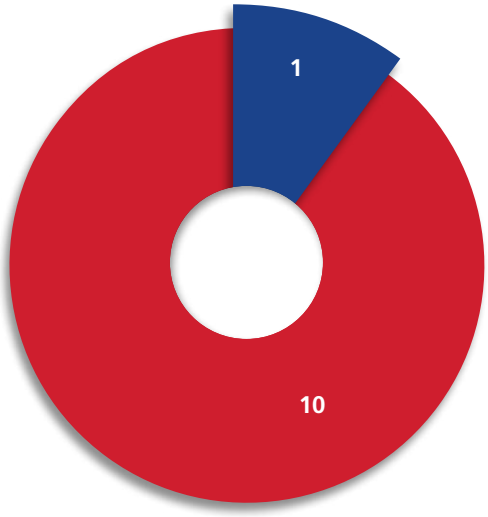
Report on Corporate Governance

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.

BOARD COMPOSITION

Composition and Category of Board of Directors



- Non-Executive Independent Directors
- Executive Director

As on March 31, 2024, the Board of Directors ("Board") comprised of eleven Directors drawn from diverse fields / professions, out of which ten are Independent Directors (including one Woman Director). The composition of the Board is in conformity with the provisions of the Companies Act, 2013 (herein referred to as "the Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (herein referred to as "SEBI Listing Regulations") and the Banking Regulation Act, 1949.

S. No.	Name of the Director	Designation	DIN
1.	Mr. Arun Ramanathan*	Part-time Chairman & Independent Director	00308848
2.	Mr. Arun Kumar Verma	Independent Director	03220124
3.	Mr. Vinod Kumar Sharma	Independent Director	02051084
4.	Prof. N Balakrishnan	Independent Director	00181842
5.	Mr. N Srinivasan	Independent Director	01501266
6.	Mr. Navin Puri	Independent Director	08493643
7.	Mr. Ramesh Rangan	Independent Director	07586413
8.	Prof. Samir Kumar Barua	Independent Director	00211077
9.	Ms. Geeta Dutta Goel	Independent Director	02277155
10.	Dr. Gulshan Rai	Independent Director (Additional Director)	01594321
11.	Mr. Vasudevan P N	Managing Director & Chief Executive Officer	01550885

**Mr. Arun Ramanathan ceased to be the Part-time Chairman and Independent Director of the Bank from the close of business hours on 24 April, 2024 consequent to the cessation of his term of appointment.*

Mr. Anil Kumar Sharma was appointed as an Additional Director (Independent) of the Bank for a period of five (5) years with effect from 25 April, 2024 until 24 April, 2029 (both days inclusive), not liable to retire by rotation, subject to the approval of the Members of the Bank and as a Part-time Chairman of the Bank, as approved by RBI, for a period of three (3) years with effect from 25 April, 2024 until 24 April, 2027 (both days inclusive) subject to the approval of the Members of the Bank.

Mr. Narayanan Rajagopalan Nadadur (DIN: 07877022), Mr. Keezhayur Sowrirajan Sampath (DIN: 07924755) and Mr. Ramkumar Krishnaswamy (DIN: 00244711) were appointed as Additional Directors (Independent) of the Bank for a term of three years with effect from July 16, 2024 until July 15, 2027, not liable to retire by rotation, subject to the approval of the Members of the Bank.

During the financial year 2023-24, the Board met 13 times viz., May 05, 2023, June 14, 2023, July 20, 2023, July 28, 2023, August 25, 2023, September 29, 2023, October 19, 2023, November 17, 2023, December 12, 2023, January 25, 2024, February 15, 2024, February 29, 2024 and March 28, 2024 and the gap between any two Meetings has been less than 120 days. Bank has complied with the provisions of Secretarial Standards on Board Meetings (SS-1) issued by the Institute of Company Secretaries of India (ICSI) with respect to convening of Board Meetings during the year.

Other Directorships and Committee Memberships / Chairmanships as on March 31, 2024

In compliance with the provisions of Section 165 of the Act read along with Rules made thereunder, if any, Regulations 17A, 26(1) of the SEBI Listing Regulations and such other applicable regulations, none of the Directors on the Board of the Bank is a Director in more than Ten (10) Public companies or is a Director / Independent Director in more than Seven (7) listed entities or is a Member of more than Ten (10) Board Committees viz., the Audit Committee and Stakeholders' Relationship Committee / acts as Chairperson of more than Five (5) Board Committees across all Listed Companies and Unlisted Public Companies in which he/she is a Director as on March 31, 2024.

The details of Directorships and Committee positions held in other companies during the financial year ended March 31, 2024 and their attendance at Board Meetings and at the last Annual General Meeting ("AGM") are given below:

S. No.	Name of the Director	No. of Board Meetings attended during FY 2023-24	Attendance at the last AGM held on August 29, 2023	No. of Directorships in other companies$		Number of Committee positions in other companies$$	
				Membership	Chairmanship	Membership	Chairmanship
1	Mr. Arun Ramanathan	12	Yes	1	-	2	1
2	Mr. Arun Kumar Verma	13	Yes	-	-	-	-
3	Mr. Vinod Kumar Sharma	13	Yes	-	-	-	-
4	Prof. N Balakrishnan	13	Yes	1	-	1	-
5	Mr. N Srinivasan	11	Yes	-	-	-	-
6	Mr. Navin Puri	13	Yes	3	-	2	-
7	Mr. Ramesh Rangan	13	Yes	2	-	3	-
8	Prof. Samir Kumar Barua	13	Yes	1	-	1	1
9	Ms. Geeta Dutta Goel	11	Yes	1	-	1	-
10	Dr. Gulshan Rai	NA*	NA*	4	-	2	2
11	Mr. Vasudevan P N	13	Yes	-	-	-	-

**Dr. Gulshan Rai was appointed as an Additional Director (Independent) by the Board of Directors at their meeting held on March 28, 2024 with effect from March 28, 2024 until April 08, 2028, subject to the approval of the Members of the Bank.*

$Excluding Directorship in private limited companies, foreign companies, high value debt listed entities and companies under Section 8 of the Act.

$$Membership in Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies have been reckoned for Committee membership.

Names of the listed entities (other than Equitas Small Finance Bank Limited) where the Directors of the Bank hold Directorship and the category of directorship as on March 31, 2024

S. No.	Name of the Director	Listed entity in which they hold Directorship	Category of Directorship
1	Mr. Arun Ramanathan	Thirumalai Chemicals Limited	Independent Director
2	Prof. N Balakrishnan	IFCI Limited	Non-Executive Director (Non-Independent)
3	Mr. N Srinivasan	Samunnati Financial Intermediation & Services Private Limited (Debt listed)	Independent Director
4	Mr. Navin Puri	Aditya Birla Sun Life AMC Limited	Independent Director
5	Mr. Ramesh Rangan	1. Sumedha Fiscal Services Limited 2. Panyam Cements and Mineral Industries Limited	1. Independent Director 2. Independent Director
6	Ms. Geeta Dutta Goel	Home First Finance Company India Limited	Independent Director

There is no relationship between Directors inter-se and there are no shares and convertible instruments held by the Non-Executive Directors in the Bank as on March 31, 2024. The Board has received declarations from the Independent Directors as required under Section 149(7) of the Act and Regulation 25(8) of the SEBI Listing Regulations and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations.

Detailed reasons for the resignation of an Independent Director who resigns before the expiry of his / her tenure along with a confirmation by such director that there are no other material reasons other than those provided - None of the Independent Directors had resigned from the Bank during the Financial Year 2023-24.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the FY 2023-24, the Independent Directors had a separate meeting on March 29, 2024 without the presence of the Management team and the Non-Independent Directors of the Bank. At the said Meeting, those Independent Directors who were present evaluated and reviewed the performance of Chairman, Non-Independent Directors and the 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 Nomination & Remuneration Committee ("NRC") and approved by the Board.

FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

All Independent Directors inducted into the Board are given an orientation programme by the Bank. The details of the familiarisation programme imparted to Independent Directors are available on the website of the Bank Click here.

CORE 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 is committed to ensure that the Bank adheres to the highest standards of Corporate Governance.

The Bank, while considering a person for appointment as a Director, determines his/her suitability based upon the qualifications, track record, expertise, integrity and undertakes necessary due diligence to ensure that the person fulfils the criteria for Board membership as mentioned in the policy for ascertaining the 'fit and proper' status of Directors, available on the website of the Bank Click here.

The list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Banking business and in compliance with Section 10 A (2) (a) of the Banking Regulation Act, 1949 and those actually available with the Board are given as below:

Skills / Expertise / Competencies	AR	AKV	VKS	NB	NS	NP	RR	SKB	GDG	GR	VPN
Accountancy		X	X			X		X			
Agriculture and rural economy			X		X	X	X				
Banking			X			X	X	X			X
Co-operation			X								
Economics			X			X		X			
Finance	X	X	X			X	X	X	X		X
Law		X									X
Small-scale industry			X				X				
Information Technology				X						X	
Payment & Settlement Systems										X	
Human Resources			X			X	X		X		
Risk Management			X				X	X			
Business Management							X	X	X		
Any other special knowledge / practical experience							X*	X*	X*		

AR - Mr. Arun Ramanathan, AKV - Mr. Arun Kumar Verma, VKS - Mr. Vinod Kumar Sharma, NB - Prof. N Balakrishnan, NS - Mr. N Srinivasan, NP - Mr. Navin Puri, RR- Mr. Ramesh Rangan, SKB – Prof. Samir Kumar Barua, GDG - Ms. Geeta Dutta Goel, GR - Dr. Gulshan Rai and VPN - Mr. Vasudevan P N.

Any other special knowledge / practical experience

Mr. Ramesh Rangan - Rehabilitation and Reconstruction, Merger of Bank and Government policies in Banking division.

Prof. Samir Kumar Barua - Corporate Governance, Corporate Strategy, Decision Science and Capital Markets

Ms. Geeta Dutta Goel – Philanthropy, Venture Capital Investment and NBFC sector

Information to the Board

Prior to 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 respective 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 noting and /or approval, information on all significant matters are provided. The Management diligently ensures that the information furnished by them to the Board of the Bank is comprehensive and timely.

COMMITTEES OF THE BOARD

As on March 31, 2024, the Board had fourteen (14) Committees of the Board, constituted in accordance with the provisions of the Act, SEBI Listing Regulations 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. Business Committee
8. IT Strategy Committee
9. Credit Committee
10. Policy Formulation Committee
11. Outsourcing Committee
12. Special Committee for Monitoring High Value Frauds
13. Review Committee for identification of Wilful Defaulters
14. Committee for Review of High Value Stressed Assets

Merger Committee and Committee of Independent Directors were dissolved by the Board of Directors of the Bank with effect from May 15, 2023.

The Board fixes the terms of reference of the Committees of the Board and also delegates the required powers from time to time. The Minutes of the Meetings of the Committees are placed before the Board at subsequent meetings for noting.

AUDIT COMMITTEE

Composition

As on March 31, 2024, the Audit Committee comprised of four (4) Independent Directors as below:

Mr. Arun Kumar Verma
Chairman

Mr. Ramesh Rangan
Member

Mr. Vinod Kumar Sharma
Member

Prof. Samir Kumar Barua
Member

Meetings & Attendance

The Committee held thirty-six (36) Meetings during the year on April 05, 2023, April 06, 2023, April 12, 2023, April 13, 2023, April 21, 2023, May 04, 2023, May 05, 2023, June 03, 2023, June 13, 2023, June 23, 2023, June 30, 2023, July 10, 2023, July 26, 2023, July 27, 2023, July 28, 2023, August 10, 2023, August 11, 2023, August 21, 2023, August 24, 2023, August 25, 2023, September 25, 2023, October 11, 2023, October 18, 2023, October 19, 2023, November 16, 2023, November 30, 2023, December 12, 2023, December 26, 2023, January 11, 2024, January 23, 2024, January 24, 2024, February 12, 2024, February 14, 2024, February 28, 2024, March 14, 2024 and March 30, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Arun Kumar Verma, Chairman	36	36
Mr. Vinod Kumar Sharma	36	36
Mr. Ramesh Rangan	36	36
Prof. Samir Kumar Barua	36	36

Terms of Reference

The terms of reference of the Audit Committee include:

1. 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;
2. 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;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing, with the Management, the Annual Financial Statements and Auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. 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
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgment by Management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with accounting and other legal requirements relating to financial statements
    f. Disclosure of related party transactions
    g. Qualifications in the draft audit report
5. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the Management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the Auditors' independence and performance and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the Bank with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Bank, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
13. 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;
14. Discussion with internal auditors on any significant findings and follow up there on;
15. 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;
16. 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;

17. 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;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the Whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc., of the candidate;
20. Review on quarterly basis, the securitisation / bilateral assignment transactions and investment activities of the Bank;
21. Review on quarterly basis complaints under Policy on Prevention of Sexual Harassment of Women at Workplace;
22. 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;
23. To discuss and follow up the observations relating to Inspection Report/ Risk Assessment Report of the RBI;
24. To obtain and review quarterly/ half-yearly reports of the Chief Compliance Officer appointed by the Bank in terms of RBI instructions;
25. To review compliance with KYC/ AML guidelines including periodic review of audit reports on adherence to KYC/AML guidelines at branches;
26. To review penalties imposed/ penal action taken against Bank under various laws and statutes and correction action taken;
27. To review IT Governance & Infrastructure and Information Security Risk related aspects of the Bank and
28. Any other requirement in accordance with the statutory / regulatory directions 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. Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
3. Internal audit reports relating to internal control weaknesses;
4. The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
5. Statement of deviations:
   a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
   b. annual statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice in terms of Regulation 32(7).

RISK MANAGEMENT COMMITTEE

Composition

As on March 31, 2024, the Risk Management Committee of the Board comprised of four (4) Independent Directors and the MD & CEO as below:

Mr. Vinod Kumar Sharma
Chairman

Mr. Arun Kumar Verma
Member

Prof. N Balakrishnan
Member

Mr. N Srinivasan
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meetings & Attendance

The Committee held eight (8) Meetings during the year on May 03, 2023, June 13, 2023, July 18, 2023, July 25, 2023, September 25, 2023, November 17, 2023, February 29, 2024 and March 30, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Vinod Kumar Sharma, Chairman	8	8
Mr. Arun Kumar Verma	8	8
Prof. N Balakrishnan	8	8
Prof. Samir Kumar Barua*	1	1

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Ramesh Rangan*	1	1
Mr. N Srinivasan#	7	6
Mr. Vasudevan P N, MD & CEO	8	8

*Was a Member of the Committee till May 14, 2023.

#Inducted into the Committee with effect from May 15, 2023.

Terms of Reference

The terms of reference of the Risk Management Committee include:

1. Formulation of a detailed risk management policy inter alia covering:
   (a) A framework for identification of internal and external risks specifically faced by the Bank in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;
   (b) Measures for risk mitigation including systems and processes for internal control of identified risks and
   (c) Business continuity plan
2. Review of procedures relating to risk assessment & risk minimisation to ensure that executive management controls risk through means of a properly defined framework;
3. 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;
4. To decide strategy for integrated risk management containing various risk exposures including credit, market, liquidity, operational and reputational risk;
5. 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;
6. To review the Asset Liability Management (ALM) of the Bank on a regular basis;
7. 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;
8. To carry out prudent risk diversification ensuring that credit exposure to any group or industry does not exceed the internal limits;
9. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Bank;
10. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
11. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
12. To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
13. To review the appointment, removal and terms of remuneration of the Chief Risk Officer and
14. Any other requirement in accordance with the statutory / regulatory directions as may be applicable from time to time.

NOMINATION & REMUNERATION COMMITTEE

Composition

As on March 31, 2024, the Nomination & Remuneration Committee comprised of five (5) Independent Directors as below:

Mr. N Srinivasan
Chairman

Mr. Arun Ramanathan
Member

Mr. Vinod Kumar Sharma
Member

Prof. N Balakrishnan
Member

Mr. Navin Puri
Member

Meetings & Attendance

The Committee held ten (10) Meetings during the year on May 05, 2023, June 12, 2023, July 18, 2023, August 18, 2023, November 16, 2023, December 11, 2023, January 25, 2024, March 12, 2024, March 16, 2024 and March 27, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. N Srinivasan, Chairman*	10	8
Mr. Arun Ramanathan	10	10
Mr. Vinod Kumar Sharma	10	10
Prof. N Balakrishnan#	10	10
Mr. Navin Puri	10	10

**Was a Member of the Committee till May 14, 2023 and appointed as the Chairman with effect from May 15, 2023.*

#Was the Chairman of the Committee till May 14, 2023 and as a Member with effect from May 15, 2023.

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 evaluate the balance of skills, knowledge and experience on the Board for every appointment of an Independent Director and to prepare a description of the role and capabilities required of an Independent Director basis such evaluation;
3) 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;
4) Formulation of criteria for evaluation of performance of Independent Directors and the Board;
5) Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
6) Devising a policy on Board diversity;
7) 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;
8) To review the structure, size and composition (including the skills, knowledge and experience) of the Board atleast annually and make recommendations on any proposed changes to the Board to complement the Bank's corporate strategy;
9) To assess the independence of Independent Non-Executive Directors;
10) To review the results of the Board performance evaluation process that relate to the composition of the Board;
11) Annual appraisal of the performance of the Managing Director and fixing his/her terms of remuneration;
12) Recommend to the Board, all remuneration, in whatever form, payable to the Senior Management;
13) Annual appraisal of the Senior Management team reporting to the Managing Director;
14) Annual Performance Review of the staff;
15) 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 and
16) Any other requirement in accordance with the statutory / regulatory directions as may be applicable from time to time.

Performance evaluation criteria

The Nomination & Remuneration Committee has formulated the criteria 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 of Board Evaluation is included in the Board's Report. The performance of the Independent Directors was evaluated on the basis of criteria such as the attendance at the Board and Committee meetings, diligence, approach towards issues placed before the Board, contribution to setting strategy and policy directions, etc.,

REMUNERATION OF DIRECTORS

The Bank has in place a remuneration policy which is guided by the principles and objectives as enumerated in Section 178 of the Act as well as RBI Circular dated November 04, 2019 on the Compensation Structure for Whole-Time Directors, Material Risk Takers and other employees, which is available on the website of the Bank Click here.

The compensation to the Managing Director is within the limits prescribed under the Act and as approved by RBI. He is not paid sitting fees for any Board / Committee Meetings.

The remuneration to the Non-Executive / Independent Directors has been fixed at a level, not exceeding 1% of the net profits of the Bank calculated in accordance with

Section 198 of the Act and the remuneration of the Part-time Chairman is in accordance with the approval given by RBI.

The Independent Directors of the Bank are not eligible for stock options. The Directors are not paid / entitled to any remuneration and any performance linked incentives, service contracts, notice period or severance fees, other than the remuneration / fees as mentioned in this report. There is no pecuniary relationship or transaction between the Bank and the Non-Executive/ Independent Directors.

All Directors, except MD & CEO, are paid sitting fee for attending Meetings of Board and Committees. Ms. Geeta Dutta Goel had waived her right to receive sitting fee and remuneration for FY 2023-24.

Nature of Meetings	Amount (in ₹)
Board	60,000/- per Meeting
Audit Committee/ Business Committee	50,000/- per Meeting
All other Committees	40,000/- per Meeting
Meeting of Independent Directors	40,000/- per Meeting
Chairman of Board & Committees of the Board	Additional 10,000/- per Meeting

Details of remuneration and sitting fee paid to Independent Directors for the year ended March 31, 2024 are as under:

Name	Remuneration (₹)	Sitting Fees (₹)	
		Board	Committee#
Mr. Arun Ramanathan, Chairman $	16,00,000	8,40,000	6,00,000
Mr. Arun Kumar Verma	15,00,000	7,80,000	34,40,000
Mr. Vinod Kumar Sharma	10,00,000	7,80,000	33,90,000
Prof. N Balakrishnan	10,00,000	7,80,000	14,80,000
Mr. N Srinivasan	10,00,000	6,70,000	14,40,000
Mr. Navin Puri	10,00,000	7,80,000	17,80,000
Mr. Ramesh Rangan	10,00,000	7,80,000	32,20,000
Prof. Samir Kumar Barua	10,00,000	7,80,000	30,90,000
Ms. Geeta Dutta Goel	Nil	Nil	Nil
Dr. Gulshan Rai*	NA	NA	NA

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

**Dr. Gulshan Rai was appointed in the Board Meeting held on March 28, 2024.*

$Additionally during the year, ₹ 4 lakhs remuneration was paid to Mr. Arun Ramanathan (Part-time Chairman) for the FY 2022-23 as increase in remuneration as approved by RBI.

REMUNERATION TO MANAGING DIRECTOR

Details of the remuneration of the Managing Director for the financial year ended March 31, 2024 are as follows:

S. No	Nature of Payment	Amount (in ₹)
1	Gross Salary	2,50,21,499
2	Arrears (for 2022-23)	22,85,288
3	Perquisites	4,87,801
4	Others-Employer's contribution to Provident Fund	12,09,001
	TOTAL	**2,90,03,589**

Notice period and severance fee

As applicable to all Senior Management Personnel, MD & CEO is subject to notice period of three months and additional gardening leave of three months, at the discretion of the Bank. The severance fee is restricted to payment of gross fixed pay for the notice period and gardening leave, if availed.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

As on March 31, 2024, the Corporate Social Responsibility Committee comprised of three (3) Independent Directors and the MD & CEO as below:

Ms. Geeta Dutta Goel
Chairperson

Mr. N Srinivasan
Member

Prof. Samir Kumar Barua
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meetings & Attendance

The Committee held two (2) Meetings during the year on May 06, 2023 and February 14, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Ms. Geeta Dutta Goel, Chairperson$	2	2
Mr. N Srinivasan@	2	2
Mr. Vinod Kumar Sharma*	1	1
Prof. Samir Kumar Barua#	1	1
Mr. Vasudevan P N, MD & CEO	2	2

**Was a Member of the Committee till May 14, 2023.*

#Inducted into the Committee with effect from May 15, 2023.

$Was a Member of the Committee till May 14, 2023 and appointed as the Chairperson with effect from May 15, 2023.

@Was the Chairman of the Committee till May 14, 2023 and as a Member with effect from May 15, 2023.

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 and
8) Any other requirement in accordance with the statutory / regulatory directions as may be applicable from time to time.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

As on March 31, 2024, the Stakeholders Relationship Committee comprised of four (4) Independent Directors as below:

Ms. Geeta Dutta Goel
Chairperson

Mr. Arun Ramanathan
Member

Mr. Arun Kumar Verma
Member

Mr. Vinod Kumar Sharma
Member

Mr. Ramanathan N, Company Secretary is the Compliance Officer under the SEBI Listing Regulations, 2015.

Meetings & Attendance

The Committee held six (6) Meetings during the year on May 03, 2023, June 14, 2023, July 26, 2023, October 18, 2023, November 16, 2023 and February 15, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Ms. Geeta Dutta Goel, Chairperson$	5	5
Mr. Arun Ramanathan#	5	5
Mr. Arun Kumar Verma	6	6
Mr. Vinod Kumar Sharma#	5	5
Mr. Navin Puri@	1	1
Prof. Samir Kumar Barua*	1	1

**Was a member of the Committee till May 14, 2023.*

#Inducted into the Committee with effect from May 15, 2023.

$Inducted into the Committee as the Chairperson with effect from May 15, 2023.

@Was the Chairman of the Committee till May 14, 2023.

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 reviewing quarterly reporting of such complaints;

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 and

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 the FY 2023-24 are as follows:

Number of complaints received during the financial year	Number of complaints not solved to the satisfaction of members	Number of pending complaints
4	0	0

During the year, SEBI had revised the framework for handling of complaints received through SEBI Complaint Redress System (SCORES) platform for Entities and linking of the same to Online Dispute Resolution (ODR) platform. ODR platform provides Members with an additional mechanism to resolve their grievances. Pursuant to the SEBI Listing Regulations and SEBI Circulars issued in this regard, the Bank had registered in SCORES 2.0 and SMART ODR portals to handle investor complaints electronically. Details of the same is available on the website of the Bank click here.

CUSTOMER SERVICE COMMITTEE

Composition

As on March 31, 2024, the Customer Service Committee comprised of four (4) Independent Directors and the MD & CEO as below:

Mr. Navin Puri
Chairman

Prof. N Balakrishnan
Member

Mr. Ramesh Rangan
Member

Ms. Geeta Dutta Goel
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meetings & Attendance

The Committee held four (4) Meetings during the year on June 15, 2023, September 20, 2023, December 26, 2023 and March 14, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Navin Puri, Chairman$	4	4
Mr. Arun Ramanathan*	0	0
Prof. N Balakrishnan@	4	4
Mr. Ramesh Rangan	4	4
Ms. Geeta Dutta Goel#	4	4
Mr. Vasudevan P N, MD & CEO	4	4

**Was a member of the Committee till May 14, 2023.*

#Inducted into the Committee with effect from May 15, 2023.

$Was a Member of the Committee till May 14, 2023 and appointed as the Chairman with effect from May 15, 2023.

@Was the Chairman of the Committee till May 14, 2023 and as a Member with effect from May 15, 2023.

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 and
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, 2024, the Business Committee comprised of five (5) Independent Directors and the MD & CEO as below:

Mr. Navin Puri
Chairman

Mr. N Srinivasan
Member

Mr. Ramesh Rangan
Member

Prof. Samir Kumar Barua
Member

Ms. Geeta Dutta Goel
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meetings & Attendance

The Committee held five (5) Meetings during the year on May 03, 2023, July 25, 2023, October 18, 2023, January 24, 2024 and March 14, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Navin Puri, Chairman$	5	5
Mr. N Srinivasan@	5	4
Mr. Ramesh Rangan	5	5
Prof. Samir Kumar Barua	5	5
Ms. Geeta Dutta Goel	5	5
Mr. Vasudevan P N, MD & CEO	5	5

$Was a Member of the Committee till May 14, 2023 and appointed as the Chairman with effect from May 15, 2023.

@Was the Chairman of the Committee till May 14, 2023 and as a Member with effect from May 15, 2023.

Terms of reference

The Committee reviews and submits it 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 and
4. New Business Initiatives proposed to be undertaken by the Bank.

IT STRATEGY COMMITTEE

Composition

As on March 31, 2024, the IT Strategy Committee comprised of two (2) Independent Directors and the MD & CEO as below:

Prof. N Balakrishnan
Chairman

Mr. Navin Puri
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meetings & Attendance

The Committee held five (5) Meetings during the year on May 04, 2023, June 16, 2023, September 20, 2023, December 26, 2023 and March 14, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Prof. N Balakrishnan, Chairman	5	5
Mr. Navin Puri	5	5
Mr. Vasudevan P N, MD & CEO	5	5

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

CREDIT COMMITTEE

Composition

As on March 31, 2024, the Credit Committee comprised of three (3) Independent Directors and the MD & CEO as below:

Mr. Ramesh Rangan
Chairman

Mr. Navin Puri
Member

Prof. Samir Kumar Barua
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meetings & Attendance

The Committee held nine (9) Meetings during the period on May 03, 2023, June 23, 2023, July 25, 2023, August 02, 2023, August 10, 2023, August 22, 2023, October 19, 2023, November 27, 2023 and January 23, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Ramesh Rangan, Chairman	9	9
Mr. N Srinivasan*	1	1
Prof. Samir Kumar Barua#	8	8
Mr. Navin Puri	9	9
Mr. Vasudevan P N, MD & CEO	9	8

**Was a member of the Committee till May 14, 2023.*

#Inducted into the Committee with effect from May 15, 2023.

Terms of reference

The Committee considers and approves loans exceeding ₹ 50 Crores.

POLICY FORMULATION COMMITTEE

Composition

As on March 31, 2024, the Policy Formulation Committee comprised of four (4) Independent Directors as below:

Prof. Samir Kumar Barua
Chairman

Mr. Arun Kumar Verma
Member

Mr. Ramesh Rangan
Member

Mr. Vinod Kumar Sharma
Member

Meetings & Attendance

The Committee held six (6) Meetings during the year on May 04, 2023, July 26, 2023, September 29, 2023, November 17, 2023, January 23, 2024 and March 28, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Prof. Samir Kumar Barua, Chairman#	5	5
Mr. Arun Kumar Verma	6	6
Mr. Vinod Kumar Sharma	6	6
Mr. N Srinivasan*	1	1
Mr. Ramesh Rangan	6	6

#Was appointed as the Chairman of the Committee with effect from May 15, 2023.

**Was the Chairman of the Committee till May 14, 2023*

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, 2024, the Outsourcing Committee of the Board comprised of four (4) Independent Directors and the MD & CEO as below:

Prof. N Balakrishnan
Chairman

Mr. Vinod Kumar Sharma
Member

Mr. N Srinivasan
Member

Mr. Navin Puri
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meetings & Attendance

The Committee held two (2) Meetings during the year on July 18, 2023 and February 29, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Prof. N Balakrishnan, Chairman	2	2
Mr. Vinod Kumar Sharma	2	2
Mr. N Srinivasan#	2	2
Mr. Navin Puri	2	2
Mr. Vasudevan P N, MD & CEO	2	2

#Inducted into the Committee with effect from May 15, 2023.

Terms of reference

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

SPECIAL COMMITTEE FOR MONITORING HIGH VALUE FRAUDS

Composition

As on March 31, 2024, the Committee comprised of four (4) Independent Directors and the MD & CEO as below:

Mr. N Srinivasan
Chairman

Mr. Arun Kumar Verma
Member

Prof. Samir Kumar Barua
Member

Ms. Geeta Dutta Goel
Member

Mr. Vasudevan P N
Member (MD & CEO)

Meeting & Attendance

The Committee held four (4) Meetings during the year on May 04, 2023, July 28, 2023, October 18, 2023 and January 24, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. N Srinivasan, Chairman	4	4
Mr. Arun Kumar Verma	4	4
Prof. Samir Kumar Barua	4	4
Ms. Geeta Dutta Goel	4	4
Mr. Vasudevan P N, MD & CEO	4	4

Terms of reference

The Committee monitors and reviews all frauds of ₹ 1 Crores 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 and

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, 2024, the Review Committee for Identification of Wilful Defaulters comprised of four (4) Independent Directors and MD & CEO as below:

Mr. Vasudevan P N
Chairman (MD & CEO)

Mr. Arun Kumar Verma
Member

Prof. N Balakrishnan
Member

Mr. Ramesh Rangan
Member

Ms. Geeta Dutta Goel
Member

Meeting & Attendance

The Committee held one (1) Meeting during the year on March 30, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Vasudevan P N, Chairman (MD & CEO)	1	1
Mr. Arun Kumar Verma	1	1
Mr. Vinod Kumar Sharma*	0	0
Prof. N Balakrishnan	1	1
Mr. Ramesh Rangan#	1	1
Ms. Geeta Dutta Goel#	1	1

**Was a member of the Committee till May 14, 2023.*

#Inducted into the Committee with effect from May 15, 2023.

Terms of reference

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

COMMITTEE FOR REVIEW OF HIGH VALUE STRESSED ASSETS

Composition

As on March 31, 2024, the Committee for Review of High Value Stressed Assets comprised of four (4) Independent Directors and MD & CEO as below:

Mr. N Srinivasan
Chairman

Mr. Arun Kumar Verma
Member

Mr. Vinod Kumar Sharma
Member

Mr. Navin Puri
Member

Mr. Vasudevan P N
Member (MD & CEO)

The Committee was constituted with effect from May 15, 2023.

Meeting & Attendance

The Committee held one (1) Meeting during the year on January 25, 2024.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. N Srinivasan, Chairman	1	1
Mr. Arun Kumar Verma	1	1
Mr. Vinod Kumar Sharma	1	1
Mr. Navin Puri	1	1
Mr. Vasudevan P N, MD & CEO	1	1

Terms of reference

1. To review the Non-Performing Assets above the threshold of ₹ 5 Crores of loan outstanding and to take a view for the transfer of such assets or otherwise;
2. To take note of the exceptions on any deviations in stressed loans from the three years vintage filter as reported by the Executive Committee and
3. The Committee will meet at least once a year and also at such times as may be considered necessary by the Management.

MERGER COMMITTEE

In connection with the Scheme of Amalgamation of the Equitas Small Finance Bank Limited ("ESFBL") and Equitas Holdings Limited ("EHL"), the Board of the Bank constituted the Merger Committee to oversee the progress made in the process of amalgamation of EHL with ESFBL, from time to time, jointly with a similar Committee of the Board constituted by EHL. The terms of reference of the Committee was expanded to include activities related to Qualified Institutions Placement, which was completed during 2021-22. Subsequent to the completion of the amalgamation process, the Committee was dissolved with effect from May 15, 2023. No meetings were held during the interim period i.e., April 01, 2023 to May 14, 2023.

COMMITTEE OF INDEPENDENT DIRECTORS

As required under SEBI Master Circular dated December 22, 2020 on Scheme of Arrangements read with amendments made thereunder, the Bank constituted a Committee of Independent Directors to peruse the Scheme of Amalgamation of EHL and ESFBL ("Scheme") along with the supporting documents and submit a report to the Board recommending the Scheme for approval after confirming that the Scheme is not detrimental to the members of the listed entities. Subsequent to the completion of the amalgamation process, the Committee was dissolved with effect from May 15, 2023.

Composition

The Committee comprised of three (3) Independent Directors as below:

Mr. Ramesh Rangan
Chairman

Mr. Arun Kumar Verma
Member

Mr. N Srinivasan
Member

Meeting & Attendance

The Committee held one (1) Meeting during the year on April 21, 2023.

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Ramesh Rangan, Chairman	1	1
Mr. Arun Kumar Verma	1	1
Ms. N Srinivasan	1	1

Terms of reference

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

Joint Meetings of Committees

Besides the above Committee Meetings, there were also three (3) Joint Meetings of Audit Committee and IT Strategy Committee held on August 29, 2023, November 29, 2023 and March 16, 2024. Attendance of the meetings are mentioned below:

Attendance of Joint Meeting of Audit Committee and IT Strategy Committee

Name of the Members of the Committee	No. of Meetings	
	Eligible to attend	Attended
Mr. Arun Kumar Verma	3	3
Mr. Vinod Kumar Sharma	3	3
Prof. N Balakrishnan	3	3
Mr. Navin Puri	3	3
Prof. Samir Kumar Barua	3	3
Mr. Ramesh Rangan	3	3
Mr. Vasudevan P N, MD & CEO	3	3

GENERAL BODY MEETINGS

The details of the Annual General Meetings held in the last three years are as follows:

Financial Year ended	Date	Time	Location / Mode	No. of Special Resolution(s) passed	Details of Special Resolutions passed
March 31, 2023	August 29, 2023	04:30 P.M.	Video Conferencing/ Other Audio Visual Means (VC/OAVM)	One (1)	Approval of Borrowing limits to an aggregate sum of ₹ 12,000 Crore
March 31, 2022	July 19, 2022	04:00 P.M.	Video Conferencing/ Other Audio Visual Means (VC/OAVM)	Six (6)	a. Appointment of Prof. Samir Kumar Barua (DIN: 00211077) as Independent Director for a period of 5 years with effect from December 27, 2021 b. Appointment of Ms. Geeta Dutta Goel (DIN: 02277155) as Independent Director for a period of 5 years with effect from December 27, 2021 c. Reappointment of Mr. P N Vasudevan (DIN: 01550885) as Managing Director & CEO for a period of 3 years with effect from July 23, 2022

Financial Year ended	Date	Time	Location / Mode	No. of Special Resolution(s) passed	Details of Special Resolutions passed
					d. Revision of remuneration payable to Mr. P N Vasudevan, Managing Director & CEO of the Bank subject to the approval of RBI e. Alteration of Articles of Association of the Bank subject to the approval of the RBI. f. Remuneration payable to Mr. Murali Vaidyanathan (DIN: 09594986) as a Whole Time Director
March 31, 2021	August 12, 2021	11.00 A.M.	Video Conferencing/ Other Audio Visual Means (VC/OAVM)	Six (6)	a. Re-appointment of Mr. N Srinivasan (DIN: 01501266) as Independent Director b. Re-appointment of Prof. N Balakrishnan (DIN: 00181842) as Independent Director c. Re-appointment of Mr. Arun Kumar Verma (DIN: 03220124) as Independent Director d. Re-appointment of Mr. Arun Ramanathan (DIN: 00308848) as Part-time Chairman and Non-Executive Independent Director e. To revise the remuneration payable to Mr. P N Vasudevan, (DIN: 01550885) as the Managing Director & CEO f. To approve issue of securities/ bonds/other permissible instruments, in one or more tranches

All the proposed resolutions, including Special Resolutions, were passed by the Members as set out in the respective Notices except for the following resolution proposed at the AGM held on July 19, 2022:

Approval of Remuneration payable to Mr. Rohit Gangadharrao Phadke (DIN: 07293524) as Whole Time Director

During the year ending March 31, 2024 no resolutions were passed through Postal Ballot.

Pursuant to Section 110 of the Act read with the Companies (Management and Administration) Rules, 2014, the Bank had inter-alia sought approval of Members of the Bank by Postal Ballot through e-voting for the following agendas and approved with requisite majority by the Members of the Bank as below:

Particulars of the Resolution	Appointment of Dr. Gulshan Rai (DIN:01594321) as Independent Director of the Bank	Appointment of Mr. Anil Kumar Sharma (DIN:08537123) as Independent Director of the Bank	Appointment of Mr. Anil Kumar Sharma (DIN: 08537123) as Part-time Chairman of the Bank
Type of Resolution	**Special**	**Special**	**Ordinary**
No. of valid votes	658319315	658317521	658316040
In favour	658263983	651381917	652318526
Percentage (%) in favour of the resolution	99.9916	98.9464	99.0890
Against	55332	6935604	5997514
Percentage (%) against the resolution	0.0084	1.0536	0.9110

Name of the Scrutiniser	Dr B Ravi, Practicing Company Secretary
Date of completion of Postal Ballot	June 06, 2024
Date of Report of Scrutiniser	June 07, 2024
Date of declaration of Results	June 07, 2024

Procedure for Postal Ballot

The Postal Ballot process was carried out as per the procedure stipulated under Section 110 and other applicable provisions of the Act read with the Companies (Management and Administration) Rules, 2014. During the process of Postal Ballot, Shareholders were provided the remote e-voting facility pursuant to Regulation 44 of SEBI Listing Regulations and the said Rules. The Postal Ballot exercise was scrutinised by CS Dr. B Ravi, Practicing Company Secretary.

Further, there is no proposal to pass special resolutions through postal ballot except those requiring to be passed under the Act / SEBI Listing Regulations which will be done after providing adequate notice to the shareholders.

MEANS OF COMMUNICATION

The quarterly, half-yearly and annual financial results of the Bank are published in an English and Regional language [Tamil] newspaper normally, viz., Financial Express and Makkal Kural, respectively. The Bank's financial results, official news releases, presentations made to institutional investors / analysts and transcript of investor calls are hosted on the website of the Bank click here.

The financial results and other information filed by the Bank from time to time are available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited.

GREEN INITIATIVES

Pursuant to Section 136 of the Act read along with Rule 11 of the Companies (Accounts) Rules, 2014, MCA General Circular No.09/2023 dated September 25, 2023 and SEBI Circular bearing reference SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 07, 2023 and as a measure of promoting Green Initiatives, the Bank will be sending the financial statements for the year ended March 31, 2024 and Notice of the Eighth Annual General Meeting by electronic mode to those Members whose email Ids are registered with the Depository Participant(s) / Bank for communication purposes. For Members who have not registered their email address, physical copies will be sent in the permitted mode, upon request. The Bank seeks your support in promoting the Green Initiatives, as it is designed to protect our fragile environment.

GENERAL MEMBER INFORMATION

Annual General Meeting Day & Date	Tuesday, September 10, 2024
Time	11:00 A.M.
Venue / Mode	By Video-Conferencing/ Other Audio Visual Means ("VC/OAVM"). The Registered Office of the Bank shall be deemed to be the venue of the meeting.
Financial year	April 01, 2023 to March 31, 2024
Dividend Payment date	The dividend for the financial year ended March 31, 2024 if approved, shall be paid / credited within 30 days from the date of declaration.
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such Stock exchange(s):	**BSE Limited** Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 **National Stock Exchange of India Limited** Exchange Plaza Bandra Kurla Complex (BKC) Mumbai – 400 051
Listing Fees	Annual Listing fee for the financial year 2023-24 payable to the Stock exchanges on which the Bank's shares are listed have been paid in full.
Stock Code	BSE – 543243 NSE – EQUITASBNK
ISIN	INE063P01018
Record Date	Friday, August 09, 2024
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 Limited** Selenium Building, Tower B, Plot No - 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi – 500 032, Telangana. Phone: +91 40 6716 2222
Share transfer system	100% of the equity shares of the Bank (other than 115 equity shares) are in electronic form. Transfer of shares which are currently traded in demat form are processed by the Depositories through its Depository Participants with no involvement of the Bank. As regards transfer of shares held in physical form, the transfer documents can be lodged with RTA at the address mentioned above. Pursuant to an amendment to the SEBI Listing Regulations effective April 01, 2019, any request for transfer of shares shall be processed for shares held in dematerialised form only. Further SEBI vide its Master Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 07, 2024 has mandated to issue securities in dematerialised form only while processing service requests viz., issue of duplicate share certificate, claim from unclaimed suspense account, renewal or exchange of securities certificate, endorsement, sub-division / splitting, consolidation of share certificates, transmission, transposition, etc.,
Distribution of shareholding (as on March 31, 2024)	Details are provided in the table below
Dematerialisation of shares and liquidity (as on March 31, 2024)	The total number of shares (issued and paid-up) of the Bank as on March 31, 2024 are 1134887279, out of which 1134887164 shares are in dematerialised form except 115 shares which constitute less than 0.01% of the paid up share capital.

Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity date and likely impact on equity	Nil
Commodity price risk or foreign exchange risk and hedging activities	Nil
Plant locations	Nil
Address for correspondence	Company Secretary Equitas 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

List of all credit ratings obtained by the entity along with any revisions thereto during the relevant financial year, for all debt instruments of such entity or any fixed deposit programme or any scheme or proposal of the listed entity involving mobilisation of funds, whether in India or abroad.

Rating Agency	Instrument	Rating	Amount	Status
CRISIL Ratings Limited	Certificate of Deposit	CRISIL A1+	₹ 100 Crore (reduced from ₹ 500 Crore)	Re-affirmed on July 12, 2023
	Sub-ordinated Debt	CRISIL A+/Stable	₹ 150 Crore	Withdrawn on July 12, 2023
CARE Ratings Limited	Certificate of Deposit	CARE A1+ (A One Plus)	₹ 250 Crore	Assigned on July 17, 2023
	Certificate of Deposit	CARE A1+ (A One plus)	₹ 250 Crore	Reaffirmed on January 12, 2024
	Issuer Rating	CARE AA-Stable	-	Assigned on January 12, 2024
India Ratings and Research Private Limited	Certificate of Deposits	IND A1+	₹ 500 Crore (increased from ₹ 100 Crore)	Assigned and Affirmed on July 20, 2023
	Certificate of Deposits	IND A1+	₹ 1,000 Crore (increased from ₹ 500 Crore)	Assigned and Affirmed on August 28, 2023
	Long-Term Issuer Rating	IND AA-/Stable	-	Assigned on December 22, 2023
	Certificate of Deposits	IND A1+	₹ 1,000 Crore	Affirmed on December 22, 2023
	Long-Term Issuer Rating	IND AA-/Stable	-	Affirmed on March 07, 2024
	Certificate of Deposits	IND A1+	₹ 1,750 Crore	Assigned and Affirmed on March 07, 2024

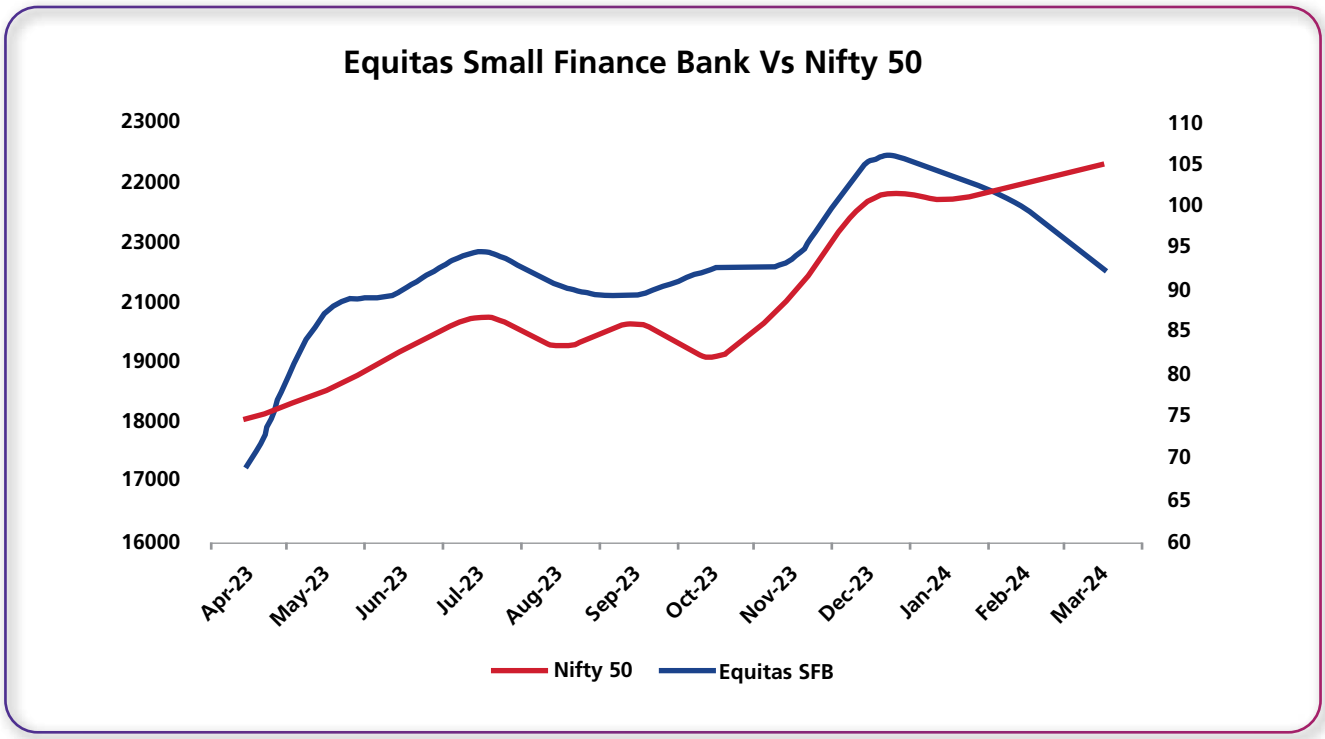
Securities suspended from trading

The securities of the Bank were not suspended from trading during the year under review.

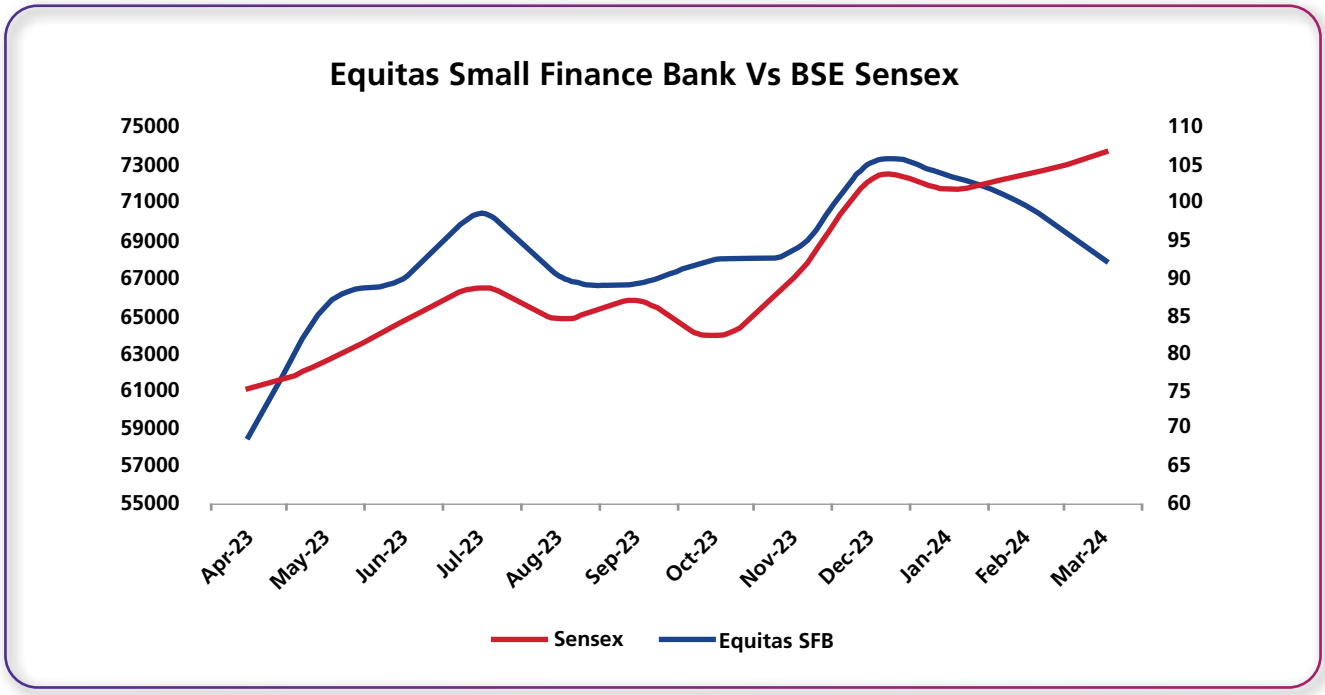
Market price data - High, Low during each month in the Financial Year 2023-24:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-23	71.99	64.90	72.00	65.10
May-23	90.10	68.95	90.15	68.85
Jun-23	90.80	80.10	90.95	80.10
Jul-23	101.16	89.75	101.20	89.70
Aug-23	95.55	82.25	95.55	82.10
Sep-23	91.80	83.35	91.70	83.10
Oct-23	101.99	88.75	101.90	88.70
Nov-23	99.30	90.41	99.45	90.15
Dec-23	113.85	92.77	113.85	92.75
Jan-24	116.50	99.60	116.50	99.60
Feb-24	109.70	98.70	109.75	98.85
Mar-24	102.99	88.29	102.80	88.25

Performance of the Bank Vs Nifty 50



Performance of the Bank Vs BSE Sensex



Shareholding pattern as on March 31, 2024

DESCRIPTION	No. of shares	% of shareholding
Alternative Investment Fund	28892522	2.55
Bodies Corporate	26154597	2.30
Clearing Members	54296	0.00
Directors and their Relatives (Excluding Independent Directors And Nominee Directors)	3698994	0.33
Foreign Companies	32814451	2.89
Foreign Portfolio Investors – Category I	159207040	14.03
Foreign Portfolio Investors – Category II	62123914	5.47
H U F	8146890	0.72
Key Managerial Personnel	590917	0.05
Mutual Funds	433036296	38.16
NBFC	21484	0.00
Non Resident Indians	14176902	1.25
Insurance Companies	51099004	4.50
Resident Individuals	314201746	27.69
Trusts	459881	0.04
Unclaimed Securities Account	208345	0.02
Total	**1134887279**	**100.00**

Distribution of equity shareholding as on March 31, 2024:

Category (Shares)	No. of Folios	% of Folios	No. of Shares	% of shareholding
1 - 5000	364362	97.91	120106076	10.58
5001 - 10000	3976	1.07	28081714	2.47
10001 - 20000	1929	0.52	26707045	2.35
20001 - 30000	635	0.17	15473857	1.36
30001 - 40000	289	0.08	10107408	0.89
40001 - 50000	205	0.06	9214550	0.81
50001 - 100000	334	0.09	23691168	2.09
100001 and above	406	0.11	901505461	79.44
TOTAL	**372136**	**100.00**	**1134887279**	**100.00**

Name, Designation and address of Compliance Officer:

N Ramanathan
Company Secretary & Compliance Officer

Equitas Small Finance Bank Limited
4th Floor, Phase-II, Spencer Plaza,
No.769, Mount Road, Anna Salai, Chennai – 600 002
Phone: +91 44 4299 5000; Fax: +91 44 4299 5050
Email: cs@equitasbank.com

PARTICULARS OF SENIOR MANAGEMENT INCLUDING THE CHANGES THEREIN SINCE THE CLOSE OF THE PREVIOUS FINANCIAL YEAR

Name of the Senior Management Personnel	Designation
Mr. Vasudevan P N	Managing Director & CEO
Mr. Sridharan N	Chief Financial Officer
Mr. N Ramanathan	Company Secretary
Mr. Murali Vaidyanathan	Senior President & Country Head Liabilities
Mr. Rohit Gangadharrao Phadke	Senior President & Head Assets
Mr. Srinivasan Purohit*	Chief Compliance Officer
Mr. Ashwini Biswal#	Chief Compliance Officer
Mr. Sibi P M	Chief Risk Officer
Mr. Sivapprakash V S	Head Internal Audit & Vigilance
Mr. Natarajan M	Head - Treasury
Mr. Sethupathy S	Head - Process & Quality Assurance
Mr. Narayanan E$	Chief Information Officer
Mr. Vivek Vittal Dhavale	Chief Technology Officer
Mr. Siby Sebastian	President & Head - Operations & Infrastructure
Mr. Pallab Mukherji	Chief People Officer
Mr. Dheeraj Mohan	Head - Strategy, Investor Relations
Mr. John Alex	Head - Lead Bank, Govt. Liaison & Social Initiatives
Mr. Vignesh Murali@	Senior Vice President & Head- Brand, Marketing & Corporate communication

** Mr. Srinivasan Purohit served as Chief Compliance Officer until January 27, 2024 and thereafter took up a role in Liabilities function.*

 # Mr. Ashwini Biswal served as Unit Head - Regulatory Compliance until January 27, 2024 and was appointed as the Chief Compliance Officer with effect from January 28, 2024.

$ Mr. Narayanan E, Chief Information Officer has tendered his resignation on April 05, 2024 and the resignation shall be effective from close of the business hours on July 31, 2024.

@ Mr. Vignesh Murali, Senior Vice President & Head-Brand, Marketing & Corporate Communication has been designated as a Senior Management Personnel of the Bank effective from July 15, 2024

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

The particulars of complaints under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year under review are disclosed in the Board's report.

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 the Listing Regulations is enclosed as **Annexure D**.

CODE OF CONDUCT

As per the Bank's policy on Code of Conduct for Directors and Senior Management ("Code"), all Directors and Senior Management Personnel have affirmed compliance with the Code for the FY 2023-24. The declaration to this effect from the MD & CEO is annexed with this Report as **Annexure E**.

REGULAR UPDATES

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

OTHER DISCLOSURES

A. Disclosure of materially significant related party transactions and policy on dealing with related party transactions

There were no materially significant related party transactions having potential conflict with the interests of the Bank during the financial year 2023-24. All the related party transactions entered into during the financial year were in the ordinary course of business and at arm's length basis and approved by the Audit Committee.

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 and the same is available on the website of the Bank Click here.

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

During the year, BSE Limited had vide their e-mail dated January 03, 2024 had disallowed the waiver request pertaining to the fine of ₹ 11,800/- (Rupees Eleven Thousand Eight Hundred only) (including GST) each for two counts, imposed on the Bank for one-day's delay in intimation of Record date for interest payment and redemption of Non-Convertible Debentures submitted during August 2022 pursuant to Regulation 60(2) of the SEBI Listing Regulations. Accordingly, the Bank remitted the total amount of ₹ 23,600/- (including GST) and intimated the same to the Stock Exchanges on January 25, 2024.

C. Vigil mechanism / 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 behaviour, 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 personnel of the Bank were denied access to the Audit Committee from raising whistle blower complaint. The Policy is available in the Bank's website click here.

D. Mandatory Requirements

The Bank is in compliance with the mandatory requirements as specified in Regulation 34(3) of the SEBI Listing Regulations.

E. Non-Mandatory Requirements

a. The office of the Non-Executive Chairman is maintained by the Bank and all expenses incurred in performance of his duties are reimbursed by the Bank.

b. The quarterly, half-yearly and annual results of the Bank are available on the website of the Bank https://ir.equitasbank.com/ and also published in widely circulated newspapers.

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

d. During the year on a quarterly basis, the Head of Internal Audit Department had held separate discussions with the Audit Committee without the presence of the Management team.

e. The Bank has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer.

During the FY 2023-24, Mr. Arun Ramanathan was the Non-Executive Chairman of the Board & not related to Mr. Vasudevan P N, the Managing Director & Chief Executive Officer of the Bank.

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 securities of the Bank. The Code inter alia requires Designated Persons to obtain pre-clearance from the appropriate authority in the Bank for dealing in the securities of the Bank as per the criteria specified therein and prohibits the purchase or sale of securities of the Bank while in possession of Unpublished Price Sensitive Information in relation to the Bank 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, Practicing Company Secretaries have certified 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 as **Annexure F**.

H. Details of fee paid to Joint Statutory Auditors

The Bank does not have any subsidiaries. No fee was paid during the year to any entity in the network firm / network entity of which the Joint Statutory Auditors are part of. The total fees paid by the Bank for the services rendered by Joint Statutory Auditors for FY 2023-24 is given below:

Particulars	Fee (₹ in lakh)
i) In capacity as Auditors	
Audit fees (includes fee for limited review)	92.94
Statutory Certificates	1.60
Reimbursement of expenses	3.93
ii) Other capacity	
Tax Audit	5.64
Total	**104.11**

EQUITY SHARES HELD IN THE DEMAT SUSPENSE ACCOUNT

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V of the SEBI Listing Regulations, the Bank reports that the shares issued pursuant to the Scheme of Amalgamation between Equitas Holdings Limited (EHL) and Bank, to those record date members of erstwhile EHL, who held shares in physical form are held in demat suspense account of the Bank along with rejections under dematerialised shares.

Particulars for FY 2023-24	Number of Members	Number of equity shares
Aggregate number of Members and the outstanding shares in the demat suspense account of the Bank as on April 01, 2023	196	299311
Number of Members who approached the Bank for transfer of shares from demat suspense account during the year	18	90966
Number of Members to whom shares were transferred from the demat suspense account during the year	18	90966
Aggregate number of Members and the outstanding shares in the demat suspense account of the Bank as on March 31, 2024	178	208345

The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

COMPLIANCE CERTIFICATE REGARDING COMPLIANCE WITH CORPORATE GOVERNANCE

The Bank 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 the SEBI Listing Regulations and amendments thereto, as applicable, with regard to Corporate Governance.

M/s. B Ravi & Associates, Practicing Company Secretaries and Secretarial Auditors of the Bank have certified that the Bank has complied with all the mandatory requirements as stipulated under the SEBI Listing Regulations. The said Certificate is annexed to this Report as **Annexure G**.

DETAILS OF UTILIZATION OF FUNDS RAISED THROUGH PREFERENTIAL ALLOTMENT OR QUALIFIED INSTITUTIONS PLACEMENT AS SPECIFIED UNDER REGULATION 32(7A)

During the year under review, the Bank has not raised any funds through preferential allotment / Qualified Institutions Placement. Hence the aforesaid disclosure does not arise.

DISCLOSURE BY BANK AND ITS SUBSIDIARIES OF LOANS AND ADVANCES IN THE NATURE OF LOANS TO FIRMS / COMPANIES IN WHICH DIRECTORS ARE INTERESTED

The aforesaid disclosure is exempt for Listed Banks.

IF THE BOARD HAS NOT ACCEPTED ANY RECOMMENDATION OF ANY COMMITTEE OF THE BOARD WHICH IS MANDATORILY REQUIRED, IN THE RELEVANT FINANCIAL YEAR, DISCLOSURE THEREOF

All recommendations of the Committees have been accepted by Board.

DISCLOSURE OF POLICY ON DETERMINING MATERIAL SUBSIDIARIES

There are no subsidiaries for the Bank. Hence, the disclosure does not arise.

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

Pursuant to Section 124(6) and Section 125 of the Act read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto, the amount of unpaid / unclaimed dividend for a period of seven (7) years from the date of transfer to the Unpaid Dividend account is required to be transferred to Investor Education and Protection Fund established by the Central Government.

During the FY 2023-24, the Bank had declared a maiden dividend of Re.1/- per equity share having face value of ₹ 10/- each fully paid up and pursuant to the Scheme of Amalgamation of the Bank and EHL, the unpaid interim dividend accounts of EHL have been transferred to the Bank, details of which are available on the Bank's website click here.

As per the aforementioned provisions, there was no unclaimed / unpaid dividend or shares liable to be transferred to the IEPF during the FY 2023-24.

For and on behalf of the Board of Directors

Place : Chennai
Date : July 26, 2024

Vasudevan P N
MD & CEO
DIN: 01550885

Anil Kumar Sharma
Part-time Chairman
DIN: 08537123

Annexure D

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, 2024 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 and we have evaluated the effectiveness of internal control systems of the Bank pertaining to financial reporting.
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; 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

Sridharan N
Chief Financial Officer

Vasudevan P N
Managing Director and Chief Executive Officer
DIN : 01550885

Place: Chennai
Date: April 22, 2024

Annexure E

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 March 31, 2024 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 21, 2024

Vasudevan P N
Managing Director and Chief Executive Officer
DIN : 01550885

Annexure F

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)

To,

The Members of

EQUITAS SMALL FINANCE BANK LIMITED
CIN: L65191TN1993PLC025280
4th Floor, Phase II, Spencer Plaza No.769,
Mount Road, Anna Salai,
Chennai - 600 002

Dear Members,

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **EQUITAS SMALL FINANCE BANK LIMITED** having **CIN: L65191TN1993PLC025280** and having registered office at 4th Floor, Phase II, Spencer Plaza No.769, Mount Road, Anna Salai, Chennai - 600 002 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

S No	Name of Director	DIN	Date of appointment in Company
1.	Mr. Narayanaswamy Balakrishnan	00181842	21/09/2016
2.	Mr. Samirkumar Barua	00211077	27/12/2021
3.	Mr. Vasudevan Pathangi Narasimhan	01550885	23/07/2016
4.	Mr. Arun Kumar Verma	03220124	04/09/2016
5.	Mr. Asuri Ramesh Sholinghur	07586413	09/11/2020
6.	Mr. Narasimhan Srinivasan	01501266	04/09/2016
7.	Mr. Vinod Kumar Sharma	02051084	04/09/2016
8.	Ms. Geeta Dutta Goel	02277155	27/12/2021
9.	Mr. Navin Puri	08493643	01/08/2019
10.	Dr. Gulshan Rai	01594321	28/03/2024
11.	Mr. Arun Ramanathan@	00308848	04/09/2016

@ Completed his tenure as Part-time Chairman and Non-Executive Independent Director of the Bank with effect from close of business hours on April 24, 2024.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Signature:
Name of Company Secretary in practice: CS Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810F000375161

Place: Chennai
Date: 15.05.2024

Annexure G

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To
The Members
EQUITAS SMALL FINANCE BANK LIMITED
CIN:L65191TN1993PLC025280
4th Floor, Phase II, Spencer Plaza No.769,
Mount Road, Anna Salai
Chennai-600002

Dear Members

We have examined the compliance of conditions of Corporate Governance by **EQUITAS SMALL FINANCE BANK LIMITED** ("the Company") **CIN: L65191TN1993PLC025280** for the year ended on March 31, 2024, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 and Para C, D and E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance condition of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by the management, We certify that the Company, to the extent applicable, has complied with the conditions of Corporate Governance as stipulated 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai
Date: 24.06.2024

Signature:
Name of Company Secretary in practice:CS Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES
Firm Registration Number: P2016TN052400
Peer Review Certificate Number: 930/2020
UDIN: F001810F000611012

Independent Auditor's Report

To the Members of Equitas Small Finance Bank Limited

Report on the Audit of the Financial Statements

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 2024, the Profit and Loss Account and 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 (hereinafter referred to as the "financial statements").

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, as amended (the "Act") 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, including the Accounting Standards prescribed under section 133 of the Act, read with rules made thereunder, of the state of affairs of the Bank as at March 31, 2024, and its profit and its cash flows for the year ended on that date.

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(ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI 's 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.

Key Audit Matters

Key audit matters are those matters that, in our professional Judgement, were of most significance in our audit of the financial statements for the financial year ended March 31, 2024. 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.

S. No.	Key Audit Matters	How our Audit Addresses our Key Audit Matters
Identification of non-performing advances and provisioning for advances		
1	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") issued by the Reserve Bank of India ("RBI") which include rule-based and judgemental 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. In view of the significance of this area to the overall audit of financial statements, it has been considered as a key audit matter.	We considered the Bank's accounting policies for NPA identification, and provisioning and have assessed the compliance with the IRAC norms prescribed by the RBI. 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. 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.

S. No.	Key Audit Matters	How our Audit Addresses our Key Audit Matters
		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.
Information Technology ("IT") Systems and Controls impacting Financial Reporting		
2	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. The IT infrastructure is critical for smooth functioning of the Bank's business operations as well as for timely and accurate financial accounting and reporting. IT general controls include user access management and change management across applications, networks, database, and operating systems. Due to the pervasive nature and complexity of the IT environment as well as its significance in relation to accurate and timely financial reporting we have identified this area as a key audit matter.	As part of our Audit, we have carried out testing of the IT general controls, application controls and IT dependent manual controls of the financially significant applications. We have gained an understanding of IT controls framework through Walkthrough of processes. We have referred to the reports of Information Systems Audit. We have also tested the design and operating effectiveness of the Bank's IT general controls in the nature of controls over logical access, change management, and other aspects of IT controls over the key information systems that are critical to financial reporting. These included testing that requests for access to systems were reviewed and authorized. Where deficiencies were identified, we tested compensating controls or performed alternate procedures sufficient to confirm that the control objectives are satisfied.

Other Matter

The financial statements of the bank for the year ended March 31, 2023 were jointly audited by M/s. T R Chadha & Co LLP and M/s Varma & Varma, who, vide their report dated May 05, 2023, expressed an unmodified opinion on those financial statements.

Information other than the Financial Statements and Auditors' Report thereon

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. The Bank's annual report is expected to be made available to us after the date of this Auditors' Report.

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 identified above when it becomes available 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. When we read the Bank's annual report, if we conclude that there is a material misstatement of this other information, we are required to communicate the matter to those charged with governance and take appropriate actions.

Responsibilities of Management and Those Charged with Governance 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 and cash flows of the Bank in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, in so far as they apply to the Bank and provisions of Section 29 of the Banking Regulation Act, 1949, and circulars, guidelines and directions issued by Reserve Bank of India ("RBI") from time to time.

Independent Auditor's Report

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 judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 the management and Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

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

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)(i) 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.
- 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, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated

in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. 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 and section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.

2. As required by sub section (3) of section 30 of the Banking Regulation Act, 1949 we report that:

   a) 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;

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

   c) 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. Our audit is carried out centrally as all the necessary records and data required for the purposes of our audit are centrally available. However, we have visited 32 branches for the purpose of our audit, in compliance with the extant RBI Circular.

3. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Bank so far as it appears from our examination of those books;

   (c) 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;

   (d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended, to the extent they are not inconsistent with the accounting policies prescribed by RBI;

   (e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164(2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Bank with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure" to this report;

   (g) In our opinion, the provisions of section 197 of the Act are not applicable to the bank by virtue of Section 35B(2A) of the Banking Regulation Act 1949; and

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

      i. The Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Refer to Schedule 12 to the financial statements;

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

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

      iv. a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other persons / entities, including foreign entities ('Intermediaries'), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

Independent Auditor's Report

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

c) Based on the audit procedures which we have considered reasonable and appropriate in the circumstances and according to the information and explanations provided to us by the management in this regard, nothing has come to our notice that has caused us to believe that the representations made by the management under sub- clause (a) and (b) above contain any material misstatement.

v. a) The final dividend declared and paid by the bank during the year is in accordance with section 123 of the Companies Act, 2013.

b) As stated in Schedule 18.1(c)(vi) to the financial statements, the Board of Directors of the Bank have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act.

vi. Based on our examination which included test checks, the bank has used accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with.

For **Varma & Varma**
Chartered Accountants
ICAI FRN: 004532S

P R Prasanna Varma
Partner
ICAI Membership No. 25854
UDIN: 24025854BKGPXY2503

Place: Chennai
Date: 24/04/2024

For **ASA & Associates LLP**
Chartered Accountants
ICAI FRN: 009571N/N500006

G N Ramaswami
Partner
ICAI Membership No. 202363
UDIN: 24202363BKEYVF1644

Place: Chennai
Date: 24/04/2024

Annexure to the Independent Auditor's Report of even date on the Financial Statements of Equitas Small Finance Bank Limited

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

We have audited the internal financial controls with reference to Financial Statements of Equitas Small Finance Bank Limited (the "Bank") as of March 31, 2024 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 over financial reporting 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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 Act.

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 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Bank's internal financial controls system over financial reporting.

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.

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

Annexure to the Independent Auditor's Report of even date on the Financial Statements of Equitas Small Finance Bank Limited

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.

Opinion

In our opinion, the Bank has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2024, 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 issued by the ICAI.

For **Varma & Varma**
Chartered Accountants
ICAI FRN: 004532S

P R Prasanna Varma
Partner
ICAI Membership No. 25854
UDIN: 24025854BKGPXY2503

Place: Chennai
Date: 24/04/2024

For **ASA & Associates LLP**
Chartered Accountants
ICAI FRN: 009571N/N500006

G N Ramaswami
Partner
ICAI Membership No. 202363
UDIN: 24202363BKEYVF1644

Place: Chennai
Date: 24/04/2024

Balance Sheet

as at March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Particulars	Schedule	As at March 31, 2024	As at March 31, 2023
CAPITAL AND LIABILITIES			
Capital	1	1,13,48,873	1,11,05,582
Reserves and Surplus	2	4,83,38,146	4,04,73,895
Deposits	3	36,12,92,022	25,34,84,826
Borrowings	4	1,78,75,300	2,97,37,600
Other Liabilities and Provisions	5	1,41,84,358	1,47,79,383
TOTAL		**45,30,38,699**	**34,95,81,286**
ASSETS			
Cash and Balances With Reserve Bank of India	6	3,50,03,541	1,17,39,122
Balances With Banks and Money At Call and Short Notice	7	7,85,975	7,03,455
Investments	8	9,06,52,723	6,66,45,624
Advances	9	30,96,42,999	25,79,85,566
Fixed Assets	10	60,47,251	37,91,304
Other Assets	11	1,09,06,210	87,16,215
TOTAL		**45,30,38,699**	**34,95,81,286**
Contingent Liabilities	12	40,96,901	12,26,698
Bills for collection		-	-
Summary of significant accounting policies	17		
Notes forming part of financial statements	18		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Varma & Varma,**
Chartered Accountants
Firm Registration No.: 004532S

For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

P R Prasanna Varma
Partner
Membership No: 025854
Place: Chennai
Date: April 24, 2024

Arun Ramanathan
Chairman
DIN:00308848
Place: Chennai
Date: April 24, 2024

Vasudevan PN
Managing Director and
Chief Executive Officer
DIN:01550885
Place: Chennai
Date: April 24, 2024

Arun Kumar Verma
Director
DIN:03220124
Place: Chennai
Date: April 24, 2024

As per our report of even date

For **ASA & Associates LLP,**
Chartered Accountants
Firm Registration No.: 009571N / N500006

G N Ramaswami
Partner
Membership No: 202363

Place: Chennai
Date: April 24, 2024

N Sridharan
Chief Financial Officer

Place: Chennai
Date: April 24, 2024

Ramanathan N
Company Secretary
M.No:28366

Place: Chennai
Date: April 24, 2024

Profit and Loss account

for the year ended March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Particulars	Schedule	Year ended March 31, 2024	Year ended March 31, 2023
I INCOME			
Interest earned	13	5,48,64,034	4,16,18,781
Other income	14	79,86,706	66,95,857
TOTAL		**6,28,50,740**	**4,83,14,638**
II EXPENDITURE			
Interest expended	15	2,40,66,428	1,61,71,539
Operating expenses	16	2,50,10,668	2,03,83,024
Provisions and contingencies		57,84,042	60,24,170
TOTAL		**5,48,61,138**	**4,25,78,733**
III PROFIT			
Net Profit for the year		79,89,602	57,35,905
Profit/ (Loss) brought forward		59,86,387	1,09,67,997
Add: Reversal ESOP cost on Lapse of options		4,831	-
Profit and Loss Account balance adjustment on account of amalgamation (Refer Note 18.21)		-	(87,82,549)
TOTAL		**1,39,80,820**	**79,21,353**
IV APPROPRIATIONS			
Transfer to Statutory Reserve		19,97,401	14,33,976
Transfer to Special Reserve		1,94,648	1,20,211
Transfer to Capital Reserve		11,475	-
Transfer to Investment Reserve		17,794	-
Transfer to Investment Fluctuation Reserve		12,75,000	3,80,779
Dividend pertaining to previous year paid during the year		11,16,283	-
Balance carried over to Balance Sheet		93,68,219	59,86,387
TOTAL		**1,39,80,820**	**79,21,353**
Earning per share (Basic) (in ₹)	18.19	7.12	4.71
Earning per share (Diluted) (in ₹)	18.19	7.01	4.67
Face Value per share (in ₹)		10	10
Summary of significant accounting policies	17		
Notes forming part of financial statements	18		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Varma & Varma,**
Chartered Accountants
Firm Registration No.: 004532S

For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

P R Prasanna Varma
Partner
Membership No: 025854
Place: Chennai
Date: April 24, 2024

Arun Ramanathan
Chairman
DIN:00308848
Place: Chennai
Date: April 24, 2024

Vasudevan PN
Managing Director and
Chief Executive Officer
DIN:01550885
Place: Chennai
Date: April 24, 2024

Arun Kumar Verma
Director
DIN:03220124
Place: Chennai
Date: April 24, 2024

As per our report of even date

For **ASA & Associates LLP,**
Chartered Accountants
Firm Registration No.: 009571N / N500006

G N Ramaswami
Partner
Membership No: 202363

Place: Chennai
Date: April 24, 2024

N Sridharan
Chief Financial Officer

Place: Chennai
Date: April 24, 2024

Ramanathan N
Company Secretary
M.No:28366

Place: Chennai
Date: April 24, 2024

Cash Flow Statement

for the year ended March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Cash Flow from Operating activities		
Profit Before Tax	1,06,31,247	76,88,040
Adjustments for:		
Depreciation on fixed assets	13,44,156	8,45,378
Depreciation on investments	4,43,787	4,29,359
Amortisation on held to maturity securities	2,44,018	2,42,131
Provision for standard assets (including restructured standard assets) (net)	(1,83,049)	(7,74,700)
Provision for Standard Advances in Stressed sectors	(15,950)	(2,07,319)
Bad debts written off	23,20,265	40,98,361
Provision for Non performing assets	5,24,976	5,42,397
Other Provision and Contingencies	23,262	9,995
(Profit) / Loss on sale of fixed assets	(2,806)	412
Interest expenses on borrowings	38,79,996	30,80,275
Interest income on Bank balances not considered as cash and cash equivalents	(89,512)	(19,690)
ESOP Expenses	3,57,804	44,215
Dividend income	(8,136)	(4,060)
	1,94,70,058	**1,59,74,794**
Adjustments for:		
(Increase)/Decrease in investments	(2,47,35,578)	(2,28,18,618)
(Increase)/Decrease in advances	(5,44,62,000)	(6,88,84,264)
Increase/(Decrease) in deposits	10,78,07,196	6,42,84,747
(Increase)/Decrease in other assets	(19,12,225)	(7,54,598)
Increase/(Decrease) in other liabilities and provisions	(2,77,578)	41,52,746
Cash flows (used in)/generated from operations	**4,58,89,873**	**(80,45,193)**
Direct taxes paid	(29,11,032)	(19,31,460)
Net cash (used in)/ generated from operating activities (A)	**4,29,78,841**	**(99,76,653)**
Cash flow from investing activities		
Purchase of fixed assets	(36,35,543)	(26,56,663)
Proceeds from sale of fixed assets	38,245	24,421
(Increase)/Decrease in Bank balances not considered as cash and cash equivalents	(7,11,031)	-
Interest received from Bank balances not considered as cash and cash equivalents	89,264	19,690
Net cash (used in) / generated from investing activities (B)	**(42,19,065)**	**(26,12,552)**
Cash flow from financing activities		
Increase/(decrease) in borrowings (net)	(1,18,62,300)	35,73,600
Proceeds from issue of share capital (including share premium)	8,76,420	87,811
Interest paid on borrowings	(40,21,705)	(30,60,280)
Dividend paid during the year	(11,16,283)	-

Cash Flow Statement
for the year ended March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net cash (used in) / generated from financing activities (C)	**(1,61,23,868)**	**6,01,131**
Net Increase /(decrease) in cash and cash equivalents (A)+(B)+(C)	**2,26,35,908**	**(1,19,88,074)**
Cash and Cash equivalents at beginning of the year	1,24,42,577	2,13,25,146
Add: Pursuant to scheme of amalgamation	-	31,05,505
Cash and Cash equivalents at end of the year	**3,50,78,485**	**1,24,42,577**
Notes to cash flow statement :		
Cash and Cash equivalents include the following		
Cash and Balances With Reserve Bank of India	3,50,03,541	1,17,39,122
Balances With Banks And Money At Call And Short Notice	7,85,975	7,03,455
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	(7,11,031)	-
Cash and Cash equivalents at end of the year	**3,50,78,485**	**1,24,42,577**

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **Varma & Varma,**
Chartered Accountants
Firm Registration No.: 004532S

For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

P R Prasanna Varma
Partner
Membership No: 025854
Place: Chennai
Date: April 24, 2024

Arun Ramanathan
Chairman
DIN:00308848
Place: Chennai
Date: April 24, 2024

Vasudevan PN
Managing Director and
Chief Executive Officer
DIN:01550885
Place: Chennai
Date: April 24, 2024

Arun Kumar Verma
Director
DIN:03220124
Place: Chennai
Date: April 24, 2024

As per our report of even date

For **ASA & Associates LLP,**
Chartered Accountants
Firm Registration No.: 009571N / N500006

G N Ramaswami
Partner
Membership No: 202363

Place: Chennai
Date: April 24, 2024

N Sridharan
Chief Financial Officer

Place: Chennai
Date: April 24, 2024

Ramanathan N
Company Secretary
M.No:28366

Place: Chennai
Date: April 24, 2024

Schedules to Balance Sheet

as at March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Schedule 1 - Capital

	As at March 31, 2024	As at March 31, 2023
Authorised capital		
1700,000,000 Equity Shares of ₹ 10 each	1,70,00,000	1,70,00,000
Issued, subscribed and paid-up capital		
1134,887,279 (Previous year :1110,558,154) Equity Shares of ₹ 10 each - Refer note. (b)	1,13,48,873	1,11,05,582
TOTAL	**1,13,48,873**	**1,11,05,582**

(a) During the year ended March 31, 2024, the Bank has allotted 2,43,29,125 equity shares of ₹ 10/- each, fully paid up, on exercise of options by its employees in accordance with the ESFB ESOP Scheme.

(b) As per the approved Scheme of amalgamation, 933,943,363 shares held by Equitas Holdings Limited are to be extinguished and 789,535,166 shares are to be allotted to the shareholders of Equitas Holdings Limited upon the scheme becoming effective. The Board of Directors on their meeting held on February 08, 2023 have approved allotment and extinguishment of shares. Also, please refer note. 18.21.

(c) The Bank, during the year ended March 31, 2023 has allotted 29,38,696 equity shares of ₹ 10/- each, fully paid up, on exercise of options by its employees and employees of the erstwhile Holding Company (Equitas Holdings Limited) in accordance with the ESFB ESOP Scheme.

Schedule 2 - Reserves and Surplus

		As at March 31, 2024	As at March 31, 2023
I	**Statutory reserve**		
	Opening Balance	59,60,729	40,39,055
	Add: Additions on account of amalgamation $	-	4,87,698
	Add: Additions during the year	19,97,401	14,33,976
	Less: Deductions during the year	-	-
	Total - (A)	**79,58,130**	**59,60,729**
II	**Capital reserve**		
	Opening Balance	3,79,969	3,79,969
	Add: Additions during the year	11,475	-
	Less: Deductions during the year	-	-
	Total - (B)	**3,91,444**	**3,79,969**
III	**Share premium account**		
	Opening Balance	2,68,88,907	1,38,41,691
	Add: Additions on account of amalgamation $	-	1,29,88,792
	Add: Received during the year *	6,33,128	58,424
	Add: Received (Non-Cash) during the year *	2,009	-
	Less: Deductions during the year	-	-
	Total - (C)	**2,75,24,044**	**2,68,88,907**
IV	**Special reserve account u/s 36(1)(viii) of Income Tax Act, 1961**		
	Opening Balance	3,98,608	2,78,397
	Add: Transfer from Profit and Loss account	1,94,648	1,20,211
	Less: Deductions during the year	-	-
	Total - (D)	**5,93,256**	**3,98,608**
V	**Revenue and Other reserves**		
	Opening Balance	2,54,400	2,54,400
	Add: Additions during the year	-	-
	Less: Deductions during the year	-	-
	Total - (E)	**2,54,400**	**2,54,400**

Schedules to Balance Sheet
as at March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

		As at March 31, 2024	As at March 31, 2023
VI	**Investment Reserve**		
	Opening Balance	23,000	23,000
	Add: Additions during the year	17,794	-
	Less: Deductions during the year	-	-
	Total - (F)	**40,794**	**23,000**
VII	**Investment Fluctuation Reserve**		
	Opening Balance	5,25,000	1,44,221
	Add: Additions during the year	12,75,000	3,80,779
	Less: Deductions during the year	-	-
	Total - (G)	**18,00,000**	**5,25,000**
VIII	**Share Based Reserve**		
	Opening Balance	56,895	12,679
	Add: Additions during the year	3,57,804	44,216
	Less : Transferred to Share Premium	2,009	-
	Less: Transferred to Balance in Surplus in Profit and Loss account	4,831	-
	Total - (H)	**4,07,859**	**56,895**
IX	**Balance in Surplus in profit and loss account (I)**	**93,68,219**	**59,86,387**
	TOTAL (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)	**4,83,38,146**	**4,04,73,895**

* Securities Premium received on issue of equity shares.

$ Refer note on scheme of Amalgamation 18.21

Schedule 3 - Deposits

			As at March 31, 2024	As at March 31, 2023
A	**I**	**Demand deposits**		
		(i) From Banks	6,52,423	3,76,873
		(ii) From others	1,14,97,816	90,83,225
	II	**Savings Bank deposits**	10,33,73,845	9,75,84,028
	III	**Term deposits**		
		(i) From Banks	6,32,52,325	4,37,74,741
		(ii) From others	18,25,15,613	10,26,65,959
	TOTAL		**36,12,92,022**	**25,34,84,826**
B	I	Deposits of branches in India	36,12,92,022	25,34,84,826
	II	Deposits of branches outside India	-	-
	TOTAL		**36,12,92,022**	**25,34,84,826**

Schedule 4 - Borrowings

			As at March 31, 2024	As at March 31, 2023
I	**Borrowings in India**			
	(i)	Reserve Bank of India	-	-
	(ii)	Other Banks	-	-
	(iii)	Other institutions and agencies	1,78,75,300	2,97,37,600
	TOTAL		**1,78,75,300**	**2,97,37,600**
II	Borrowings outside India		-	-
	TOTAL		**-**	**-**
	TOTAL		**1,78,75,300**	**2,97,37,600**
	Secured borrowings included in I and II above		-	-

Schedules to Balance Sheet
as at March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Schedule 5 - Other Liabilities and Provisions

		As at March 31, 2024	As at March 31, 2023
I	Bills payable	34,97,636	35,02,240
II	Interest accrued	23,42,400	15,83,744
III	Others (including provisions)*	83,44,322	96,93,399
	TOTAL	**1,41,84,358**	**1,47,79,383**

*Includes :-

1. Provision for Standard Assets
   a. Provision for standard assets ₹ 92.02 Crore (Previous year ₹ 83.51 Crore)
   b. Provisions for Restructured standard assets ₹ 21.18 Crore (Previous year ₹ 48.00 Crore)
   c. Additional provisions on standard assets on higher rate ₹ 3.75 Crore (Previous year : ₹ 5.34 Crore)
2. Provision for Employee Benefits ₹ 161.83 Crore (Previous year ₹ 158.83 Crore)
3. Sundry Creditors ₹ 67.70 Crore (Previous year ₹ 216.87 Crore)
4. Provision for Expenses ₹ 98.94 Crore (Previous year ₹ 98.08 Crore)

Schedule 6 - Cash and Balances with Reserve Bank of India

		As at March 31, 2024	As at March 31, 2023
I	**Cash in hand**	10,36,123	12,27,615
II	**Balances with Reserve Bank of India :**		
	(a) In current accounts	2,13,37,418	1,05,11,507
	(b) In other accounts	1,26,30,000	-
	TOTAL	**3,50,03,541**	**1,17,39,122**

Schedule 7 - Balances with Banks and Money at Call and Short Notice

		As at March 31, 2024	As at March 31, 2023
I	**In India**		
	(i) Balances with Banks :		
	(a) In current accounts	74,944	3,01,230
	(b) In other deposit accounts	7,11,031	-
	(ii) Money at call and short notice :		
	(a) With Banks	-	-
	(b) With other institutions	-	4,02,225
	TOTAL (i and ii)	**7,85,975**	**7,03,455**
II	**Outside India**		
	(i) In current accounts	-	-
	(ii) In deposit accounts	-	-
	(iii) Money at call and short notice	-	-
	TOTAL (i, ii, and iii)	**-**	**-**
	TOTAL	**7,85,975**	**7,03,455**

Schedules to Balance Sheet
as at March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Schedule 8 - Investments

			As at March 31, 2024	As at March 31, 2023
I	**Investments in India (Net of provision)**			
	(i)	Government Securities	8,38,24,613	6,53,51,760
	(ii)	Other Approved Securities	-	-
	(iii)	Shares	2,000	2,93,914
	(iv)	Debentures and Bonds	49,96,725	-
	(v)	Subsidiaries and / or Joint Ventures	-	-
	(vi)	Others (Certificate of Deposits, PTCs, Mutual Funds & Security Receipts)	18,29,385	9,99,950
	TOTAL		**9,06,52,723**	**6,66,45,624**
II	**Investments outside India**		-	-
	TOTAL (I + II)		**9,06,52,723**	**6,66,45,624**
III	**Investments in India**			
	Gross value of investments		9,15,72,173	6,70,80,613
	Less: Aggregate of provisions for depreciation		9,19,450	4,34,989
	Net investment		**9,06,52,723**	**6,66,45,624**
IV	**Investments outside India**		**-**	**-**
	TOTAL (III + IV)		**9,06,52,723**	**6,66,45,624**

Schedule 9 - Advances (Net of Provision)

			As at March 31, 2024	As at March 31, 2023
A	(i)	Bills purchased and discounted	4,47,260	16,61,656
	(ii)	Cash credits, overdrafts and loans repayable on demand	2,09,96,924	1,34,73,208
	(iii)	Term loans	28,81,98,815	24,28,50,702
	TOTAL		**30,96,42,999**	**25,79,85,566**
B	(i)	Secured by tangible assets *	25,19,14,405	20,92,74,748
	(ii)	Covered by Bank / government guarantees	31,32,713	14,67,276
	(iii)	Unsecured **	5,45,95,881	4,72,43,542
	TOTAL		**30,96,42,999**	**25,79,85,566**
	(* includes advances against Book Debt: ₹ 67,58,303, (previous year ₹ 112,71,835))			
	(** includes ₹ 64,534 of top-up loans against vehicles, which are classified as unsecured (RBI Circular dt 16 Nov 2023 (previous year ₹ 46,414)))			
C	**I**	**Advances in India**		
	(i)	Priority sector #	21,14,19,506	17,32,22,847
	(ii)	Public sector	-	-
	(iii)	Banks	24	82,083
	(iv)	Others	9,82,23,469	8,46,80,636
	Total Advances in India		**30,96,42,999**	**25,79,85,566**

Schedules to Balance Sheet
as at March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

			As at March 31, 2024	As at March 31, 2023
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		**30,96,42,999**	**25,79,85,566**

Priority sector includes ₹ Nil (previous year : ₹ 1,600 Crore), in respect of which the Bank has sold Priority Sector Lending Certificates (PSLC).

Schedule 10 - Fixed Assets

		As at March 31, 2024	As at March 31, 2023
A	**Premises**		
	Cost		
	As at beginning of the year	**14,03,993**	**12,87,030**
	Additions during the year	15,28,645	1,25,646
	Deductions during the year	(4,846)	(8,683)
		29,27,792	**14,03,993**
	Depreciation		
	As at beginning of the year	9,17,489	7,73,681
	Additions during the year	1,78,114	1,49,425
	Deductions during the year	(2,431)	(5,617)
	Depreciation to date	**10,93,172**	**9,17,489**
	Net block	**18,34,620**	**4,86,504**
B	**Other fixed assets (including furniture and fixtures)**		
	Cost		
	As at beginning of the year	74,63,921	53,72,770
	Additions during the year	18,39,216	22,28,478
	Additions on account of amalgamation (Refer note 18.21)	-	1,817
	Deductions during the year	(1,42,897)	(1,39,144)
		91,60,240	**74,63,921**
	Depreciation		
	As at beginning of the year	45,73,432	39,93,446
	Additions during the year	11,66,042	6,95,953
	Additions on account of amalgamation (Refer note 18.21)	-	1,411
	Deductions during the year	(1,09,872)	(1,17,378)
	Depreciation to date	**56,29,602**	**45,73,432**
	Net block	**35,30,638**	**28,90,489**
C	**Capital work-in-progress**	**6,81,993**	**4,14,311**
	TOTAL	**60,47,251**	**37,91,304**

Schedules to Balance Sheet
as at March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Schedule 11 - Other Assets

		As at March 31, 2024	As at March 31, 2023
I	Interest accrued	43,82,229	33,93,940
II	Tax paid in advance (Net of provision for tax)	3,31,599	1,84,157
III	Stamps	126	804
IV	Deferred tax asset	19,95,770	18,73,825
V	Others	41,96,486	32,63,489
	TOTAL	**1,09,06,210**	**87,16,215**

Schedule 12 - Contingent Liabilities

		As at March 31, 2024	As at March 31, 2023
I	Claims against the Bank not acknowledged as debts		
	(a) Service Tax and Goods and Service Tax	2,43,492	93,546
	(b) Income Tax	84,952	1,69,719
	(c) Others	87,500	79,334
II	Guarantees given on behalf of constituents		
	(a) In India	1,93,837	2,12,456
	(b) Outside India	-	-
III	Other items for which the Bank is contingently liable		
	(a) Depositor Education and Awareness Fund (DEAF)	2,144	2,094
	(b) Credit enhancements provided by the Bank towards securitisation advances	14,79,316	-
	(c) Capital commitments	20,05,660	3,67,783
	(d) Investment purchases pending settlement	-	3,01,766
	Total	**40,96,901**	**12,26,698**

Schedules to Profit and Loss Account

Schedule 13 - Interest Earned

		Year ended March 31, 2024	Year ended March 31, 2023
I	Interest/discount on advances/bills	4,92,09,626	3,76,47,247
II	Income on investments (including dividend)	53,97,529	31,56,094
III	Interest on balance with RBI and other inter-bank funds	2,56,879	8,15,440
IV	Others	-	-
	Total	**5,48,64,034**	**4,16,18,781**

Schedule 14 - Other Income

		Year ended March 31, 2024	Year ended March 31, 2023
I	Commission, exchange and brokerage	39,11,144	31,89,622
II	Profit / (loss) on sale of investments (net)	10,43,208	2,13,646
III	Profit / (loss) on sale of building and other assets (net)	2,806	(412)
IV	Miscellaneous income*	30,29,548	32,93,001
	Total	**79,86,706**	**66,95,857**

*Includes ₹ Nil Crore (Previous year ₹ 7.46 Crore) of income from sale of PSL Certificates and ₹ Nil Crore Profit on Sale of NPA to ARC (Previous year ₹ 70.14 Crore)

Schedules to Profit and Loss Account
for the year ended March 31, 2024

(All amounts in 000's of ₹, unless otherwise specified)

Schedule 15 - Interest Expended

		Year ended March 31, 2024	Year ended March 31, 2023
I	Interest on deposits	2,14,59,698	1,35,83,022
II	Interest on RBI / inter-bank borrowings	6,00,827	5,60,891
III	Others	20,05,903	20,27,626
	Total	**2,40,66,428**	**1,61,71,539**

Schedule 16 - Operating Expenses

		Year ended March 31, 2024	Year ended March 31, 2023
I	Payments to and provisions for employees	1,36,88,300	1,09,66,760
II	Rent, taxes and lighting	17,76,676	15,22,882
III	Printing and stationery	1,62,535	1,40,340
IV	Advertisement and publicity	4,97,148	3,32,548
V	Depreciation on Bank's property	13,44,156	8,45,378
VI	Directors' fees, allowances and expenses	34,997	31,351
VII	Auditors' fees and expenses	9,911	12,419
VIII	Legal and Professional fees	5,05,826	4,67,238
IX	Postage, telegram, telephone etc.	3,27,726	3,03,984
X	Repairs and maintenance	3,54,611	3,57,861
XI	Insurance	24,628	18,234
XII	Commission and Brokerage	7,92,375	5,54,718
XIII	Information Technology Expenses	14,36,608	12,04,693
XIV	Travel & Conveyance	9,53,010	7,17,799
XV	Bank and other finance charges	3,64,658	3,82,803
XVI	Cash handling charges	2,48,373	2,26,946
XVII	CSR contributions & Expenses	3,10,771	1,58,368
XVIII	Other expenditure *	21,78,359	21,38,702
	Total	**2,50,10,668**	**2,03,83,024**

* Includes ₹ 0.06 Crore (Previous year ₹ Nil Crore) towards fees paid for purchase of PSL Certificates

Schedule 17 – Significant accounting policies forming part of the financial statements

Corporate information

1. Background

Equitas Small Finance Bank Limited (CIN: L65191TN1993PLC025280) ("ESFBL" or the "Bank"), is engaged in retail banking business with focus on micro-finance, commercial vehicle finance, home finance, loan against-property, 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. The shares of the Bank are listed on National stock exchange (NSE) and BSE Ltd. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013.

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 ("Indian GAAP") 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 previous financial year.

3. Significant accounting policies

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.

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.

Schedule 17 – Significant accounting policies forming part of the financial statements

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 / 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.

In respect of stressed assets sold by the Bank under an asset securitisation, where the investment by the bank in security receipts (SRs) backed by the assets sold by it is more than 10 % of such SRs, in accordance with RBI guidelines, provisions held are higher of the provisions required in terms of net asset value declared by the Securitisation Company ('SC') / Reconstruction Company ('RC') and provisions as per the extant norms applicable to the underlying loans, notionally treating the book value of these SRs as the corresponding stressed loans assuming the loans remained in the books of the Bank.

Investments in SRs issued by ARCs are valued periodically by reckoning the Net Asset Value (NAV) declared by the ARC based on the recovery ratings received for such instruments. However, in respect of the stressed loans transferred to ARC, the investments are carried on an ongoing basis, until its transfer or realisation, at lower of the redemption value of SRs arrived based on the NAV as above, and the NBV of the transferred stressed loan at the time of transfer.

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

Schedule 17 – Significant accounting policies forming part of the financial statements

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).

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, amounts received in advance from customers, 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 inter-bank 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. In addition, the Bank has a policy for making provisions for standard assets at rates higher than the regulatory minimum, based on evaluation of risk and stress in various sectors.

Provision for Unhedged Foreign Currency Exposure (UFCE) of borrower entities is made in accordance with the guidelines issued by RBI, which requires the Bank to ascertain the amount of UFCE, estimate the extent of likely loss and estimate the riskiness of unhedged position of those entities. The Provision is classified under Schedule 5 – Other Liabilities in the Balance Sheet.

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.

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. In respect of loans and advances accounts subjected to restructuring, the account is upgraded to standard only after the specified period i.e. a period of one year after the date when first payment of interest or of principal, whichever is later, falls due, subject to satisfactory performance of the account during the period, in accordance with the extant RBI guidelines in this regard.

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.

Financial Assets sold to Reconstruction Company

In accordance with RBI guidelines on sale of nonperforming advances, if the sale is at a price below the net book value (i.e., book value less provisions held), the shortfall is charged to the Profit and Loss Account and if the sale is for a value higher than the net book value, the excess provision is credited to the Profit and Loss Account in the year the amounts are received. Further, such reversal shall be limited to the extent to which cash received exceeds the net book value of the loan at the time of transfer as per RBI guidelines.

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 securitisation transactions are without recourse to the Bank. The transferred loans and such securitised receivables are de-recognised as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank.

Any profit , loss or premium realised at the time of the sale are accounted for in the accounting period during which the sale is completed in line with RBI Master Direction – Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021 dated September 24, 2021.

The unrealised gains, associated with expected future margin income is recognised in profit and loss account on receipt of cash, after absorbing losses, if any.

As per the RBI guidelines issued on September 24, 2021, any loss or realised gain from sale of loan assets through direct assignment is accounted through profit and loss account on completion of transaction.

3.5. Fixed Assets (Property, Plant and Equipment (PPE) and depreciation)

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met, directly attributable cost of bringing the asset to its working condition for the intended

Schedule 17 – Significant accounting policies forming part of the financial statements

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
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 recognised in the Profit and Loss Account when the asset is derecognised.

PPE held for sale is valued at lower of their carrying amount and net realisable value. Any write-down is recognised 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 amortisation and accumulated impairment losses, if any.

Intangible assets are amortised 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 amortisation period and the amortisation method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation 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 recognised in the Profit and Loss Account when the asset is derecognised.

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.

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 recognised 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 recognised 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.

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 recognised 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

Schedule 17 – Significant accounting policies forming part of the financial statements

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 and Guidelines issued by the Reserve Bank of India on Compensation of Whole Time Directors / Chief Executive Officers / Material Risk Takers and Control Function Staff (WTD/CEO/MRTS).

The Bank follows intrinsic value method to account for its stock based employee compensation plans for all the options granted till the accounting period ending 31 March, 2021.

For all options granted after 31 March, 2021, the Bank follows the fair value method and recognises the fair value of such options computed using the Black-Scholes model, as compensation expense over the vesting period, as per RBI Guidelines dated August 30, 2021. The compensation cost is amortised on a straight-line basis over the vesting period of the option with a corresponding credit to Share Based Reserve. On exercise of the stock options, corresponding balance in the Share Based Reserve is transferred to Share Premium. In respect of the options which expire unexercised, the balance standing to the credit of Share Based Reserve is transferred to the Balance in Surplus in profit and loss account. Also refer Note 18.22

3.11. Leases

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 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

Schedule 17 – Significant accounting policies forming part of the financial statements

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 realisability.

At each reporting date, the Bank re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

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

Dividend proposed/ declared after the balance sheet date is accounted in the books of the Bank in the year in which the dividend is approved by the shareholders. Proposed dividend or dividend declared after the balance sheet date are disclosed in the notes to accounts. However, the Bank reckons proposed dividend in determining the capital fund in computing the capital adequacy ratio.

3.16. Segment reporting

The disclosure relating to segment information is in accordance with AS-17, Segment Reporting and 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 confined within one geographical segment (India) and accordingly, this is considered as the only secondary segment.

Schedule 17 – Significant accounting policies forming part of the financial statements

3.17. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised 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 recognised 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 recognised because it cannot be measured reliably. The Bank does not recognise a contingent liability but discloses its existence in the financial statements. Contingent assets are neither recognised nor disclosed 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 of Cash in Hand and Balances with RBI and Balances with Banks and Money at Call and Short Notice.

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 recognise 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.

3.21. Share issue expenses

Share issue expenses are adjusted from Share Premium Account in terms of Section 52 of the Companies Act, 2013.

3.22. Corporate social responsibility

Expenditure towards corporate social responsibility, in accordance with Companies Act, 2013, is recognised in the Profit and Loss Account.

Schedule 18 - Notes forming part of the financial statements

for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

1 Regulatory Capital

a) Composition of Regulatory Capital

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 March 31, 2024	As at March 31, 2023
i)	Common Equity Tier 1 capital	5,128.39	4,583.58
ii)	Additional Tier 1 Capital	-	-
iii)	Tier 1 Capital (i + ii)	5,128.39	4,583.58
iv)	Tier 2 Capital	244.32	143.67
v)	Total Capital (Tier 1 + Tier 2)	5,372.71	4,727.25
vi)	Total Risk Weighted Assets (RWAs)	24,761.88	19,864.32
vii)	CET 1 Ratio (CET 1 as a percentage of RWAs)	20.71%	23.08%
viii)	Tier 1 Ratio (Tier 1 capital as a percentage of RWAs)	20.71%	23.08%
ix)	Tier 2 Ratio (Tier 2 capital as a percentage of RWAs)	0.99%	0.72%
x)	Capital to Risk Weighted Assets Ratio (CRAR) (Total Capital as a percentage of RWAs)	21.70%	23.80%
xi)	Leverage Ratio #	11.41%	13.21%
xii)	Percentage of the shareholding of		
	a) Government of India	NA	NA
	b) State Government of India	NA	NA
	c) Sponsor Bank	NA	NA
xiii)	Amount of paid-up equity capital raised during the year	24.33	2.94
xiv)	Amount of non-equity Tier 1 capital raised during the year	0.00	0.00
xv)	Amount of Tier 2 capital raised during the year	0.00	0.00

Leverage ratio computed as per Basel III framework

(a) The Bank, during the year ended March 31, 2024 has allotted 2,43,29,125 (Previous year 29,38,696) equity shares of ₹ 10/- each, fully paid up, on exercise of options by its employees in accordance with the ESFB ESOP Scheme.

(b) As per the approved Scheme of amalgamation, 933,943,363 shares held by Equitas Holdings Limited are to be extinguished and 789,535,166 shares are to be allotted to the shareholders of Equitas Holdings Limited upon the scheme becoming effective. The Board of Directors on their meeting held on February 08, 2023 have approved allotment and extinguishment of shares. Accordingly, the effect of such adjustments are given as on Appointed date i.e. January 01, 2023.

1 b) Draw down from Reserves:

The Bank has not drawn down any amount from its opening reserves during the year ended March 31, 2024 and March 31, 2023. Please refer note no.18.21 for amalgamation of Equitas Holdings Ltd with Bank.

1 c) Appropriations to reserve:

(i) 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 percent of such profit. The Bank has transferred ₹ 199.74 Crore (Previous year ₹ 143.40 Crore) to Statutory Reserve for the year.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

(ii) Capital Reserve

During the year, the Bank had appropriated ₹ 1.15 Crore (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.

(iii) 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 percent 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 capitalised from reserves) of the entity. During the year, the Bank has transferred an amount of ₹ 19.46 Crore (Previous year ₹ 12.02 Crore) to Special Reserve. There is no drawdown from this reserve during FY 2023-24 and FY 2022-23.

(iv) Investment Reserve

In accordance with Reserve Bank of India guidelines, reversal of excess depreciation on Investments to the profit and loss account, net off taxes and transfer to Statutory reserve is transferred to investment reserve. The total amount required to be transferred to the investment reserve in FY 2023-24 is ₹ 1.78 Crore (Previous year : Nil).

(v) Investment Fluctuation Reserve

During the FY 2023-24, the Bank has apportioned ₹ 127.50 Crore (Previous year : ₹ 38.08 Crore) to Investment Fluctuation Reserve, based on the value of investments in HFT and AFS category, to protect against future increase in yield, in accordance RBI guidelines.

(vi) Declaration of Dividends

The Board of Directors at their meeting held on April 24, 2024 proposed a dividend of ₹ 1.00 per share amounting to ₹ 113.49 Crore for the year ended March 31, 2024 (previous year: ₹ 1.00 per share amounting to ₹ 111.06 Crore) which is subject to shareholders approval in ensuing Annual General Meeting. In terms of revised Accounting Standard (AS) 4 'Contingencies and Events occurring after the Balance sheet date' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendment Rules, 2016, the Bank has not appropriated proposed dividend aggregating ₹ 113.49 Crore from Profit and Loss Account. However, the effect of the proposed dividend has been reckoned in determining Capital funds in the computation of capital adequacy ratio as at March 31, 2024.

2 Asset Liability Management

a) Maturity pattern of certain items of assets and liabilities

i) As at March 31, 2024

Particulars	Day 1	2-7 days	8-14 days	15 to 30 days	31 days to 2 Months	Over 2 Months and upto 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	594.77	1,404.09	401.39	330.02	1,023.40	1,185.71	2,399.92	8,769.96	10,183.35	7,500.91	2,335.68	36,129.20
Advances	14.26	207.92	245.41	340.05	861.72	547.11	1,731.90	4,436.99	12,083.05	3,949.84	6,546.05	30,964.30
Investments	2,727.93	0.10	-	425.95	264.36	177.84	459.19	1,323.41	2,032.43	1,279.09	374.97	9,065.27
Borrowings	-	-	7.83	120.00	131.16	107.83	317.94	437.10	521.35	88.96	55.36	1,787.53
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

ii) As at March 31, 2023

Particulars	Day 1	2-7 days	8-14 days	15 to 30 days	31 days to 2 Months	Over 2 Months and upto 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	475.95	946.35	411.02	179.22	433.31	651.63	1,950.41	4,622.80	15,623.25	23.07	31.47	25,348.48
Advances	9.38	230.22	208.97	(55.08)	735.88	328.79	1,170.61	3,652.39	9,321.82	3,420.64	6,774.94	25,798.56
Investments	2,520.74	14.70	-	385.17	133.53	105.95	297.13	709.86	2,370.86	80.78	45.84	6,664.56
Borrowings	-	-	8.30	120.00	66.63	108.30	478.23	821.41	1,370.89	-	-	2,973.76
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. Also the liquid assets in the form of Reverse Repo for ₹ Nil Crore as on March 31, 2024 with residual maturity upto Nil days (March 31, 2023 - ₹ Nil Crore with residual maturity upto Nil days) were not included in the above disclosure.

b) (i) Liquidity Coverage Ratio (LCR)

Quantitative information on Liquidity coverage ratio (LCR) for year ended March 31, 2024 is given below:

	Particulars	Quarter ended June 30, 2023		Quarter ended September 30, 2023		Quarter ended December 31, 2023		Quarter ended March 31, 2024	
		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)		6,193.60		6,653.38		6,943.57		8,611.87
Cash Outflows									
2	**Retail deposits and deposits from small business customers, of which:**								
(i)	Stable deposits	3,230.07	161.50	3,310.26	165.51	3,364.97	168.25	3,492.37	174.62
(ii)	Less stable deposits	14,497.60	1,449.76	16,000.31	1,600.03	17,036.88	1,703.69	18,022.96	1,802.30
3	**Unsecured wholesale funding, of which:**								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	2,478.78	1,716.54	2,874.37	2,014.47	3,490.59	2,608.72	4,043.81	3,281.76
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
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	161.42	8.30	182.09	9.68	182.24	9.38	183.20	9.37
6	**Other contractual funding obligations**	603.31	603.31	824.49	824.49	635.02	635.02	922.32	922.32
7	**Other contingent funding obligations**	219.43	10.55	293.48	14.35	250.85	12.16	256.58	12.44
8	**TOTAL CASH OUTFLOWS**		**3,949.96**		**4,628.53**		**5,137.22**		**6,202.81**

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Particulars		Quarter ended June 30, 2023		Quarter ended September 30, 2023		Quarter ended December 31, 2023		Quarter ended March 31, 2024	
		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)
Cash Inflows									
9	Secured lending (e.g. reverse repos)	123.87	-	192.80	-	123.89	-	243.10	-
10	Inflows from fully performing exposures	740.00	433.25	1,034.66	710.06	1,048.45	719.39	777.97	436.80
11	Other cash inflows	242.76	121.38	218.45	109.23	233.71	116.86	257.20	128.60
12	**TOTAL CASH INFLOWS**	1,106.63	**554.63**	**1,445.91**	**819.29**	**1,406.05**	**836.25**	**1,278.27**	**565.40**
13	**TOTAL HQLA**		**6,193.60**		**6,653.38**		**6,943.57**		**8,611.87**
14	**TOTAL NET CASH OUTFLOWS**		**3,395.33**		**3,809.24**		**4,300.97**		**5,637.41**
15	**LIQUIDITY COVERAGE RATIO (%)**		**182.42**		**174.66**		**161.44**		**152.76**

Qualitative disclosure around LCR

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 1 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.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

b) (ii) Liquidity Coverage Ratio (LCR)

Quantitative information on Liquidity coverage ratio (LCR) for year ended March 31, 2023 is given below:

Particulars		Quarter ended June 30, 2022		Quarter ended September 30, 2022		Quarter ended December 31, 2022		Quarter ended March 31, 2023	
		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)		5,388.27		5,456.03		5,891.03		5,784.50
Cash Outflows									
2	**Retail deposits and deposits from small business customers, of which:**								
(i)	Stable deposits	3,050.32	152.52	3,150.03	157.50	3,212.21	160.61	3,220.11	161.01
(ii)	Less stable deposits	10,757.08	1,075.71	11,885.64	1,188.56	12,874.47	1,287.45	13,613.78	1,361.38
3	**Unsecured wholesale funding, of which:**								
(i)	Operational deposits (all counterparties)	-	-	-	-	-	-	-	-
(ii)	Non-operational deposits (all counterparties)	2,723.08	1,764.69	2,545.99	1,701.49	2,310.23	1,590.22	2,369.47	1,578.42
(iii)	Unsecured debt	-	-	-	-	-	-	-	-
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	124.84	6.30	143.89	7.27	159.17	9.65	171.44	8.86
6	**Other contractual funding obligations**	253.10	253.10	554.68	554.68	279.37	279.37	467.14	467.14
7	**Other contingent funding obligations**	161.58	7.78	184.10	8.79	194.44	9.28	185.72	8.85
8	**TOTAL CASH OUTFLOWS**		**3,260.10**		**3,618.29**		**3,336.58**		**3,585.66**
Cash Inflows									
9	Secured lending (e.g. reverse repos)	2,286.96	-	1,990.23	-	1,519.22	-	519.26	-
10	Inflows from fully performing exposures	571.30	331.78	564.14	397.63	698.95	437.15	652.32	367.33
11	Other cash inflows	203.68	101.84	203.06	101.53	220.28	110.14	226.03	113.01
12	**TOTAL CASH INFLOWS**	3,061.94	**433.62**	**2,757.43**	**499.16**	**2,438.45**	**547.29**	**1,397.61**	**480.34**
13	**TOTAL HQLA**		**5,388.27**		**5,456.03**		**5,891.03**		**5,784.50**
14	**TOTAL NET CASH OUTFLOWS**		**2,826.48**		**3,119.13**		**2,789.29**		**3,105.32**
15	**LIQUIDITY COVERAGE RATIO (%)**		**190.63**		**174.92**		**211.20**		**186.28**

Qualitative disclosure around LCR

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.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

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 1 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.

c) (i) Net Stable Funding Ratio (NSFR) as at March 31, 2024:

Available Stable Funding (ASF) Item		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	>= 1 Year	
1	**Capital: (2+3)**	**5,372.71**	**-**	**-**	**-**	**5,372.71**
2	Regulatory capital	5,372.71	-	-	-	5,372.71
3	Other capital Instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers: (5+6)**	**9,360.91**	**1,648.01**	**11,736.49**	**7.05**	**20,666.72**
5	Stable deposits	3,776.11	-	-	-	3,587.30
6	Less stable deposits	5,584.80	1,648.01	11,736.49	7.05	17,079.42
7	**Wholesale funding: (8+9)**	**2,183.76**	**1,036.86**	**7,056.49**	**1,021.42**	**6,159.98**
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	2,183.76	1,036.86	7,056.49	1,021.42	6,159.98
10	**Other Liabilities (11+12)**	**6,368.40**	**-**	**-**	**-**	**-**
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	6,368.40	-	-	-	-
13	**Total ASF (1+4+7+10)**					**32,199.41**
Required Stable Funding (RSF) Item						
14	Total NSFR high-quality liquid assets (HQLA)					475.21
15	Deposits held at other financial institutions for operational purposes	78.60	-	-	-	39.30
16	**Performing loans and securities: (17+18+19+20+21+22+23)**	**-**	**4,730.17**	**4,537.86**	**20,875.12**	**21,927.33**
17	Performing loans to financial institutions secured by Level 1 HQLA		-	-	-	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

	Available Stable Funding (ASF) Item	Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	>= 1 Year	
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	358.87	170.62	-	139.14
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	4,371.30	3,867.56	-	4,119.43
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	18,376.02	15,619.62
21	Performing residential mortgages, of which:	-	-	-	2,499.10	1,624.41
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	499.67	-	424.72
24	**Other assets: (sum of rows 25 to 29)**	**4,352.43**	**0.73**	**0.78**	**13.73**	**4,356.51**
25	Physical traded commodities, including gold					
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	74.29	-	-	-	63.15
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	4,278.13	0.73	0.78	13.73	4,293.36
30	Off-balance sheet items	428.05	-	-	-	21.01
31	**Total RSF (14+15+16+24+30)**	**4,859.07**	**4,730.89**	**4,538.64**	**20,888.85**	**26,819.36**
32	**Net Stable Funding Ratio (%)**					**120.06%**

Qualitative disclosure around Net Stable Funding Ratio (NSFR) :

The objective of NSFR is to ensure that Banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the probability of erosion of a Bank's liquidity position due to disruptions in a Bank's regular sources of funding that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability.

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

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

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

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 NSFR and monitors the same as per the operating guidelines for small finance banks. The Bank has been submitting NSFR reports to RBI from December 2021. Currently the Net Stable Funding Ratio is at optimal level compared with the prescribed regulatory limit of 100%. Periodical reports are placed before the Bank's ALCO for perusal and review.

In accordance with the RBI guidelines, Banks are required to make Net Stable Funding Ratio (NSFR) disclosures under the Basel III Framework. These disclosures are available on the Bank's website at the following link: https://ir.equitasbank.com/reports-and-presentations/. The quarterly disclosures are not subjected to audit by the Statutory auditors of the Bank.

c) (ii) Net Stable Funding Ratio (NSFR) as at March 31, 2023:

Available Stable Funding (ASF) Item		Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	>= 1 Year	
1	**Capital: (2+3)**	**4,727.35**	**-**	**-**	**-**	**4,727.35**
2	Regulatory capital	4,727.35	-	-	-	4,727.35
3	Other capital Instruments	-	-	-	-	-
4	**Retail deposits and deposits from small business customers: (5+6)**	**9,205.13**	**1,147.09**	**1,357.49**	**5,732.53**	**16,439.00**
5	Stable deposits	3,352.23	-	-	-	3,185.00
6	Less stable deposits	5,852.90	1,147.09	1,357.49	5,732.53	13,254.00
7	**Wholesale funding: (8+9)**	**1,889.57**	**781.46**	**4,014.20**	**2,096.77**	**5,439.39**
8	Operational deposits	-	-	-	-	-
9	Other wholesale funding	1,889.57	781.46	4,014.20	2,096.77	5,439.39
10	**Other Liabilities (11+12)**	**5,136.90**	**-**	**-**	**-**	**-**
11	NSFR derivative liabilities		-	-	-	
12	All other liabilities and equity not included in the above categories	5,136.90	-	-	-	-
13	**Total ASF (1+4+7+10)**					**26,605.74**
Required Stable Funding (RSF) Item						
14	Total NSFR high-quality liquid assets (HQLA)					337.59
15	Deposits held at other financial institutions for operational purposes	30.65	-	-	-	15.24
16	**Performing loans and securities: (17+18+19+20+21+22+23)**	**99.95**	**4,221.00**	**3,609.00**	**17,184.16**	**17,910.10**
17	Performing loans to financial institutions secured by Level 1 HQLA	-	-	-	-	-
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	99.95	286.00	264.00	-	190.05
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which:	-	3,935.00	3,345.00	-	3,640.06
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	14,551.41	12,368.70

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

	Available Stable Funding (ASF) Item	Unweighted value by residual maturity				Weighted value
		No Maturity	< 6 months	6 months to < 1 year	>= 1 Year	
21	Performing residential mortgages, of which:	-	-	-	2,632.75	1,711.29
22	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	-	-
23	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	-	-	-	-
24	**Other assets: (sum of rows 25 to 29)**	**3,376.27**	**58.46**	**42.53**	**283.97**	**3,749.99**
25	Physical traded commodities, including gold	-	-	-	-	-
26	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	77.27	-	-	-	65.68
27	NSFR derivative assets	-	-	-	-	-
28	NSFR derivative liabilities before deduction of variation margin posted	-	-	-	-	-
29	All other assets not included in the above categories	3,299.00	58.46	42.53	283.97	3,684.31
30	Off-balance sheet items	276.00	-	-	-	13.36
31	**Total RSF (14+15+16+24+30)**	**3,782.87**	**4,279.46**	**3,651.53**	**17,468.13**	**22,026.28**
32	**Net Stable Funding Ratio (%)**					**120.79%**

Qualitative disclosure around Net Stable Funding Ratio (NSFR) :

The objective of NSFR is to ensure that Banks maintain a stable funding profile in relation to the composition of their assets and off-balance sheet activities. A sustainable funding structure is intended to reduce the probability of erosion of a Bank's liquidity position due to disruptions in a bank's regular sources of funding that would increase the risk of its failure and potentially lead to broader systemic stress. The NSFR limits overreliance on short-term wholesale funding, encourages better assessment of funding risk across all on- and off-balance sheet items, and promotes funding stability.

The NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off-balance sheet (OBS) exposures.

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 NSFR and monitors the same as per the operating guidelines for small finance banks. The Bank has been submitting NSFR reports to RBI from December 2021. Currently the Net Stable Funding Ratio is at optimal level compared with the prescribed regulatory limit of 100%. The Bank is consistently increasing the Available Stable Funds from stable customers which significantly increases NSFR. Periodical reports are placed before the Bank's ALCO for perusal and review.

In accordance with the RBI guidelines, Banks are required to make Net Stable Funding Ratio (NSFR) disclosures under the Basel III Framework. These disclosures are available on the Bank's website at the following link: https://ir.equitasbank.com/reports-and-presentations/. The quarterly disclosures are not subjected to audit by the Statutory auditors of the Bank.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

3 Investments

a)(i) Composition of Investment Portfolio as on March 31, 2024

Particulars	Investment in India							Particulars	Investment Outside India				
	Government securities	Other approved securities	Shares	Debentures and bonds	Subsidiaries and/ or Joint Ventures	Others	Total Investments in India		Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity								**Held to Maturity**					
Gross	7,253.78	-	-	-	-	-	7,253.78	Gross	-	-	-	-	7,253.78
Less: Provision for depreciation and Non Performing Investment (NPI)	-	-	-	-	-	-	-	Less: Provision for depreciation and NPI	-	-	-	-	-
Net	7,253.78	-	-	-	-	-	7,253.78	Net	-	-	-	-	7,253.78
Available for Sale								**Available for Sale**					
Gross	575.01	-	0.20	499.93	-	274.63	1,349.77	Gross	-	-	-	-	1,349.77
Less: Provision for depreciation and Non Performing Investment (NPI)	-	-	-	0.26	-	91.69	91.95	Less: Provision for depreciation and NPI	-	-	-	-	91.95
Net	575.01	-	0.20	499.67	-	182.94	1,257.82	Net	-	-	-	-	1,257.82
Held for Trading								**Held for Trading**					
Gross	553.68	-	-	-	-	-	553.68	Gross	-	-	-	-	553.68
Less: Provision for depreciation and Non Performing Investment (NPI)	-	-	-	-	-	-	-	Less: Provision for depreciation and NPI	-	-	-	-	-
Net	553.68	-	-	-	-	-	553.68	Net	-	-	-	-	553.68
Total Investments								**Total Investments**					
Gross	8,382.47	-	0.20	499.93	-	274.63	9,157.22	Gross	-	-	-	-	9,157.22
Less: Provision for depreciation and Non Performing Investment (NPI)	-	-	-	0.26	-	91.69	91.95	Less: Provision for depreciation and NPI	-	-	-	-	91.95
Net	**8,382.47**	**-**	**0.20**	**499.67**	**-**	**182.94**	**9,065.28**	**Net**	**-**	**-**	**-**	**-**	**9,065.28**

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

a)(ii) Composition of Investment Portfolio as on March 31, 2023

Particulars	Investment in India							Particulars	Investment Outside India				
	Government securities	Other approved securities	Shares	Debentures and bonds	Subsidiaries and/ or Joint Ventures	Others	Total Investments in India		Government securities (including local authorities)	Subsidiaries and/or joint ventures	Others	Total Investments outside India	Total Investments
Held to Maturity								**Held to Maturity**					
Gross	5,314.20	-	-	-	-	-	5,314.20	Gross	-	-	-	-	5,314.20
Less: Provision for depreciation and Non Performing Investment (NPI)	-	-	-	-	-	-	-	Less: Provision for depreciation and NPI	-	-	-	-	-
Net	5,314.20	-	-	-	-	-	5,314.20	Net	-	-	-	-	5,314.20
Available for Sale								**Available for Sale**					
Gross	1,022.40	-	32.55	-	-	140.33	1,195.27	Gross	-	-	-	-	1,195.27
Less: Provision for depreciation and Non Performing Investment (NPI)	0.01	-	3.16	-	-	40.33	43.50	Less: Provision for depreciation and NPI	-	-	-	-	43.50
Net	1,022.39	-	29.39	-	-	100.00	1,151.77	Net	-	-	-	-	1,151.77
Held for Trading								**Held for Trading**					
Gross	198.59	-	-	-	-	-	198.59	Gross	-	-	-	-	198.59
Less: Provision for depreciation and Non Performing Investment (NPI)	-	-	-	-	-	-	-	Less: Provision for depreciation and NPI	-	-	-	-	-
Net	198.59	-	-	-	-	-	198.59	Net	-	-	-	-	198.59
Total Investments								**Total Investments**					
Gross	6,535.19	-	32.55	-	-	140.33	6,708.06	Gross	-	-	-	-	6,708.06
Less: Provision for depreciation and Non Performing Investment (NPI)	0.01	-	3.16	-	-	40.33	43.50	Less: Provision for depreciation and NPI	-	-	-	-	43.50
Net	**6,535.18**	**-**	**29.39**	**-**	**-**	**100.00**	**6,664.56**	**Net**	**-**	**-**	**-**	**-**	**6,664.56**

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

b) Movement of Provisions for Depreciation and Investment Fluctuation Reserve

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Movement of provisions held towards depreciation on investment		
	a) Opening balance	**43.50**	**0.56**
	b) Add: Provisions made during the year *	51.62	42.94
	c) Less: Write off / write back of excess provisions during the year	3.17	-
	d) Closing balance	**91.95**	**43.50**
(ii)	Movement of Investment Fluctuation Reserve		
	a) Opening balance	52.50	14.42
	b) Add: Amount transferred during the year	127.50	38.08
	c) Less: Drawdown	-	-
	d) Closing balance	**180.00**	**52.50**
(iii)	Closing balance in IFR as a percentage of closing balance of investments in AFS and HFT/current category	9.94%	3.89%

* includes Non Performing Investment (NPI) provision for investment in Security receipts.

c) Sale and transfer of securities to / from HTM category

During the current year, through conversion/switch of security auctions conducted by RBI, Bank had sold SLR securities from HTM category with book value ₹ 47.30 Crore and subscribed government securities as per the RBI press release. The Bank had also made outright sale transaction from HTM category of book value ₹ 253.13 Crore. As on March 31, 2024, market value of the investments held in the HTM category is ₹ 7,185.19 Crore and book value over market value is ₹ 68.59 Crore.

During the previous year, there were no sale of securities from HTM category. As on March 31, 2023, market value of the investments held in the HTM category is ₹ 5,162.25 Crore and book value over market value is ₹ 151.95 Crore.

d) Non - SLR investment portfolio

(i) Non-performing non-SLR investments

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
a)	Opening balance	40.33	-
b)	Additions during the year since 1st April	60.28	40.33
c)	Reductions during the year	-	-
d)	Closing balance	100.61	40.33
e)	Total provisions held	91.69	40.33

Note: During the FY 2023-24, the Bank had subscribed to Security Receipts for a consideration of ₹ 60.28 Crore. This investment in Security Receipts is classified in the books as Non-Performing Investment and provisioning of ₹ 51.36 Crore has been made against this investment.

During the previous year, the Bank had subscribed to Security Receipts for a consideration of ₹ 40.33 Crore. This investment in Security Receipts is classified in the books as Non-Performing Investment and provisioning of ₹ 40.33 Crore has been made against this investment.

(ii) Issuer composition of Non SLR investments as at March 31, 2024:

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	97.19	97.19	-	-	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

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
4	Private Corporates	500.13	200.13	-	-	-
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others	177.44	177.44	-	-	-
7	Provision held towards depreciation / NPI	(91.95)	(91.69)	-	-	-
	Total	**682.81**	**383.07**	**-**	**-**	**-**

Note: Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.

**Excludes Investment in Security Receipts of ₹ 100.61 Crore, Pass Through Certificates of ₹ 76.83 Crore, Certificate of Deposits of ₹ 97.19 Crore and Equity of ₹ 0.20 Crore.

(ii) Issuer composition of Non SLR investments as at March 31, 2023:

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	6.26	-	-	-	-
2	FIs	-	-	-	-	-
3	Banks	14.70	-	-		-
4	Private Corporates	11.59	0.20	-	-	-
5	Subsidiaries / Joint Ventures	-	-	-	-	-
6	Others	140.33	40.33	-	-	-
7	Provision held towards depreciation / NPI	43.49	40.33	-	-	-
	Total	**129.39**	**0.20**	**-**	**-**	**-**

Note: Amounts reported under columns 4, 5, 6 and 7 are not mutually exclusive.

**Excludes Investment in Security Receipts of ₹ 40.33 Crore and Equity of ₹ 0.20 Crore.

e) Details of Repo / Reverse Repo including those under Liquidity Adjustment Facility (LAF) transactions :

As at March 31, 2024

S. No	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2024 #
(i)	**Securities sold under repo**				
	a. Government securities	-	2,420.00	837.20	-
	b. Corporate debt securities	-	-	-	-
	c. Any other securities	-	-	-	-
(ii)	**Securities purchased under reverse repo**				
	a. Government securities	-	1,650.00	112.18	-
	b. Corporate debt securities	-	-	-	-
	c. Any other securities	-	-	-	-

Repo and Reverse Repo Transactions (including LAF) are disclosed above in Face Value terms.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

As at March 31, 2023

S. No	Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily Average outstanding during the year	Outstanding as on March 31, 2023 #
(i)	**Securities sold under repo**				
	a. Government securities	-	3,220.00	1,108.09	-
	b. Corporate debt securities	-	-	-	-
	c. Any other securities	-	-	-	-
(ii)	**Securities purchased under reverse repo**				
	a. Government securities	-	3,030.00	994.51	40.00
	b. Corporate debt securities	-	-	-	-
	c. Any other securities	-	-	-	-

Repo and Reverse Repo Transactions (including LAF) are disclosed above in Face Value terms.

f) Government Security Lending (GSL) transactions (in market value terms) : Nil

4 Asset quality

a) Classification of advances and provisions held as on March 31, 2024

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening balance	25,486.54	320.94	393.67	9.35	723.96	26,210.50
Add: Additions during the year					1,138.88	
Less: Reductions during the year*					1,041.56	
Closing balance	30,603.40	515.97	293.17	12.14	821.28	31,424.68
*Reductions in Gross NPAs due to:						
i) Upgradation					441.31	
ii) Recoveries (excluding recoveries from upgraded accounts)					368.23	
iii) Technical/ Prudential Write-offs					62.02	
iv) Write-offs other than those under (iii) above					170.00	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	136.86	120.21	282.39	9.35	411.95	548.81
Add: Fresh provisions made during the year					453.74	
Less: Excess provision reversed/ write-off loans					405.31	
Closing balance of provisions held	116.96	216.71	231.53	12.14	460.38	577.34

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
Net NPAs						
Opening balance		200.73	111.28	-	312.01	
Add: Fresh additions during the year					685.14	
Less: Reductions during the year					636.25	
Closing balance		299.26	61.64	-	360.90	
Floating Provisions						
Opening balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						-
Technical write-offs and the recoveries made thereon						
Opening balance of technical/ prudential written-off accounts						204.81
Add: Technical/ Prudential write-offs during the year						62.02
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						10.41
Closing balance						256.42

Classification of advances and provisions held as on March 31, 2023

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
Gross Standard Advances and NPAs						
Opening balance	18,894.73	572.39	239.75	25.04	837.18	19,731.91
Add: Additions during the year					1,087.09	
Less: Reductions during the year*					1,200.31	
Closing balance	25,486.54	320.94	393.67	9.35	723.96	26,210.50
*Reductions in Gross NPAs due to:						
i) Upgradation					458.94	
ii) Recoveries (excluding recoveries from upgraded accounts)					331.53	
iii) Technical/ Prudential Write-offs					155.63	

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Particulars	Standard	Non-Performing				Total
	Total Standard Advances	Sub-Standard	Doubtful	Loss	Total Non-Performing Advances	
iv) Write-offs other than those under (iii) above					254.21	
Provisions (excluding Floating Provisions)						
Opening balance of provisions held	235.06	189.97	142.70	25.04	357.71	592.77
Add: Fresh provisions made during the year					681.41	
Less: Excess provision reversed/ write-off loans					627.17	
Closing balance of provisions held	136.86	120.21	282.39	9.35	411.95	548.81
Net NPAs						
Opening balance		382.42	97.05	-	479.47	
Add: Fresh additions during the year					405.68	
Less: Reductions during the year					573.14	
Closing balance		200.73	111.28	-	312.01	
Floating Provisions						
Opening balance						-
Add: Additional provisions made during the year						-
Less: Amount drawn down during the year						-
Closing balance of floating provisions						-
Technical write-offs and the recoveries made thereon						
Opening balance of technical/ prudential written-off accounts						571.20
Add: Technical/ Prudential write-offs during the year						155.63
Less: Recoveries made from previously technical/ prudential written-off accounts during the year						522.02
Closing balance						204.81

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

NPA Ratio:

Ratios	As at March 31, 2024	As at March 31, 2023
Gross NPA to Gross Advances	2.61%	2.76%
Net NPA to Net Advances	1.17%	1.21%
Provision coverage ratio	56.06%	56.90%

b) Sector-wise Advances and Gross NPAs

S. No	Sector	As at March 31, 2024			As at March 31, 2023		
		Outstanding Advances	Gross NPAs	% of Gross NPAs to Total advances	Outstanding Advances	Gross NPAs	% of Gross NPAs to Total advances
(i)	**Priority Sector**						
a)	Agriculture and allied activities	4,486.98	190.47	4.24%	4,278.91	121.04	2.83%
b)	Advances to industries sector eligible as priority sector lending	2,742.78	31.34	1.14%	1,718.70	39.08	2.27%
c)	Services	11,107.31	179.39	1.62%	8,434.75	101.62	1.20%
	- Retail Trade	6,025.12	59.93	0.99%	4,119.21	50.29	1.22%
	- Vehicle / Auto Loans	4,735.41	113.74	2.40%	4,094.63	49.51	1.21%
d)	Personal loans*	1,322.12	22.43	1.70%	1,545.91	20.39	1.32%
	- Home Loan	1,322.12	22.43	1.70%	1,545.91	20.39	1.32%
e)	Others	1,782.73	92.16	5.17%	1,525.06	53.90	3.53%
	Sub-total (i)	**21,441.92**	**515.79**	**2.41%**	**17,503.33**	**336.03**	**1.92%**
(ii)	**Non-priority Sector**						
a)	Agriculture and allied activities	-	-	0.00%	-	-	0.00%
b)	Industry	680.61	4.78	0.70%	1,133.81	4.78	0.42%
	- NBFC	680.61	4.78	0.70%	1,133.81	4.78	0.42%
c)	Services	158.55	60.89	38.40%	164.23	11.68	7.11%
	- Retail Trade	75.84	0.80	1.06%	77.71	1.53	1.97%
d)	Personal loans**	6,634.31	171.32	2.58%	5,339.84	276.47	5.18%
	- Home Loan	1,312.29	14.84	1.13%	629.70	7.75	1.23%
e)	Others	2,509.29	68.50	2.73%	2,069.29	95.00	4.59%
	Sub-total (ii)	**9,982.76**	**305.49**	**3.06%**	**8,707.17**	**387.93**	**4.46%**
	Total (i) + (ii)	**31,424.68**	**821.28**	**2.61%**	**26,210.50**	**723.96**	**2.76%**

* Personal loans includes Housing Loans

** Personal loans includes Housing Loans, Loan Against Property and Loan Against Gold

Priority sector includes ₹ Nil Crore (Previous year ₹ 1,600 Crore), 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.

c) 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).

d) Particulars of resolution plan and restructuring

The Bank has not done any restructuring of advances under "Prudential Framework for Resolution of Stressed Assets' issued vide circular DBR.No.BP.BC.45/21.04.048/2018-19 dated June 07, 2019.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

e) Divergence in asset classification and provisioning

No disclosure on divergence in asset classification and provisioning for NPAs is required with respect to RBI's supervisory process for the year ended 31st March 2024 and 31st March 2023, based on the conditions mentioned in RBI circular No. DOR. ACC.REC.No.74/21.04.018/2022-23 dated October 11, 2022.

f) Disclosure of transfer of loan exposures

(i) In respect of loans not in default that are transferred or acquired

a. Details of loans not in default transferred through assignment during the year ended March 31, 2024 are given below:

Particulars	As at March 31, 2024	As at March 31, 2023
Aggregate amount of loans transferred (₹ in Crore)	715.76	-
Weighted average residual maturity (in years)	14.95	-
Weighted average holding period by originator (in years)	1.42	-
Retention of beneficial economic interest by the originator	10%	-
Tangible security coverage	100%	-

The loans transferred are not rated as these are to non-corporate borrowers.

b. The Bank has not acquired loans not in default during the current and previous year.

(ii) In the case of stressed loans transferred or acquired

a. Details of stressed loans (classified as NPA) transferred during the year March 31, 2024

Particulars	To ARCs	To permitted transferees	To other transferees
Number of accounts	7,845	-	-
Aggregate principal outstanding of loans transferred	161.86	-	-
Weighted average residual tenor of the loans transferred (in years)	4.19	-	-
Net book value of loans transferred (at the time of transfer)	34.87	-	-
Aggregate consideration	118.19	-	-
Additional consideration realised in respect of accounts transferred in earlier years	0	-	-

Details of stressed loans (classified as NPA) transferred during the year March 31, 2023

Particulars	To ARCs	To permitted transferees	To other transferees
Number of accounts	4,91,963	-	-
Aggregate principal outstanding of loans transferred	581.27	-	-
Weighted average residual tenor of the loans transferred (in years)	0.03	-	-
Net book value of loans transferred (at the time of transfer)	0	-	-
Aggregate consideration	81.38	-	-
Additional consideration realised in respect of accounts transferred in earlier years	0	-	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

b. During the year, the Bank has not acquired stressed loans (Previous year: Nil)

(iii) The Bank has reversed excess provision of ₹ 23.04 Crore to the profit and loss account on account of sale of non performing advances to ARC (Previous year: ₹ 11.24 Crore).

(iv) Details of recovery ratings assigned to Security Receipts as at March 31, 2024

Recovery rating	Anticipated Recovery as per Recovery Rating	Book value	Provision
R1 +/RR1 +	> 150%	-	-
R1 /RR1	100% - 150%	60.28	51.36
R2 / RR2	75% - 100%	-	-
R3 / RR3	50% - 75%	-	-
RR4 / R4	25% - 50%	-	-
RR5 / R5	0% - 25%	40.33	40.33
Yet to be rated	-	-	-
Unrated	-	-	-

Details of recovery ratings assigned to Security Receipts as at March 31, 2023

Recovery rating	Anticipated Recovery as per Recovery Rating	Book value	Provision
R1 +/RR1 +	> 150%	-	-
R1 /RR1	100% - 150%	-	-
R2 / RR2	75% - 100%	-	-
R3 / RR3	50% - 75%	-	-
RR4 / R4	25% - 50%	-	-
RR5 / R5	0% - 25%	-	-
Yet to be rated #	-	40.33	40.33
Unrated	-	-	-

Pursuant to regulatory norms, the ARC has time to obtain initial rating of SRs from an approved credit rating agency within a period of six months from the date of acquisition of assets by it.

g) Fraud accounts

Particulars	As at March 31, 2024	As at March 31, 2023
Number of frauds reported	2,040	784
Amount involved in fraud	11.81	5.90
Amount of provision made for such frauds*	4.48	2.55
Amount of Unamortised provision debited from 'other reserves' as at the end of the year	-	-

* Net of recovery

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

h (i) Details of Loans Restructured under Resolution Framework for COVID-19-related Stress

Details of resolution plan implemented under the Resolution Framework for covid-19 related stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2024 are given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A)$	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year #	Of (A) amount paid by the borrowers during the half-year ##	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	8.55	1.31	0.00	0.34	6.90
Corporate persons*	4.38	-	-	0.66	3.72
Of which MSMEs	1.88	-	-	0.00	1.88
Others	332.78	29.88	1.15	72.30	230.60
Total	**345.71**	**31.19**	**1.15**	**73.30**	**241.22**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

represents debt that slipped into NPA and was subsequently written off during the half year.

includes change in the balances on account of interest.

$ Excludes other facilities to the borrowers which have not been restructured

There were 650 borrower accounts having an aggregate exposure of ₹ 17.17 Crore to the Bank, where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 06, 2020 and were modified under RBI's Resolution Framework 2.0 dated May 05, 2021

(ii) Details of Loans Restructured under Resolution Framework for COVID-19-related Stress

Details of resolution plan implemented under the Resolution Framework for covid-19 related stress as per RBI circular dated August 06, 2020 (Resolution Framework 1.0) and May 05, 2021 (Resolution Framework 2.0) as at March 31, 2023 are given below:

Type of borrower	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of the previous half-year (A) $	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A) amount written off during the half-year #	Of (A) amount paid by the borrowers during the half-year ##	Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at the end of this half-year
Personal Loans	11.70	1.26	0.02	1.03	9.41
Corporate persons*	8.72	1.03	0.26	1.85	5.84
Of which MSMEs	4.73	0.75	0.09	1.26	2.72
Others	705.01	102.15	12.29	129.50	473.36
Total	**725.43**	**104.44**	**12.57**	**132.38**	**488.61**

* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016.

represents debt that slipped into NPA and was subsequently written off during the half year.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

includes change in the balances on account of interest.

$ Excludes other facilities to the borrowers which have not been restructured

There were 805 borrower accounts having an aggregate exposure of ₹ 45.59 Crore to the Bank, where resolution plans had been Implemented under RBI's Resolution Framework 1.0 dated August 06, 2020 and now modified under RBI's Resolution Framework 2.0 dated May 05, 2021.

The Bank continues to monitor and assess the impact of COVID-19 pandemic on its operations and financials, including the possibility of higher defaults by customers. The Bank has considered the information available upto the date of these results and have made adequate provisions in this regard to the extent required.

5 Exposures

a) Exposures to Real Estate Sector

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	**Direct Exposures**		
	(a) Residential Mortgages - Lending fully secured by Mortgages on residential property that is or will be occupied by the borrower or that is rented^	15,784.11	12,673.55
	- of which housing loans eligible for inclusion in priority sector advances are rendered #	1,401.11	1,956.18
	(b) Commercial Real Estate **		
	Lending secured by mortgages on commercial real estate (office buildings, retail space, multi purpose commercial premises, multi family residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non fund based (NFB) limit	127.03	112.46
	(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
	a. Residential	-	-
	b. Commercial real estate	-	-
(ii)	**Indirect Exposures $**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	159.86	214.98
	Total exposure to Real Estate Sector	**16,071.00**	**13,000.99**

Exposure represents the higher of the sanctioned or outstanding to Real estate sector.

^Includes exposure to Home Loans as well as Loan Against Property (incl Residential mortgages), other than those classified under CRE-RH; inclusive of IBPC exposure of ₹ 500 Crore as at March 31, 2024 (Previous year ₹ 1,050 Crore)

**Commercial Real estate exposure classification is based on RBI circular DBOD.BP.BC.No. 42/08.12.015/2009-10 dated September 09, 2009 and includes. a) Exposure to Real Estate Builders/ Developers and b) 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.

$ Indirect exposure includes a) Non-SLR investment in HFCs & b) Loan to HFCs

Priority sector loans excludes Securitised assets, if any, and IBPC and PSLCs

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

b) Exposures to Capital Market

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
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	32.55
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;	0.01	0.01
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	All exposures to Venture Capital Funds (both registered and unregistered)	-	-
	Total exposure to Capital market	**0.21**	**32.56**

c) Risk category-wise country exposure

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).

d) Unsecured advances

Particulars	As at March 31, 2024	As at March 31, 2023
Total unsecured advances of the Bank	5,459.59	4,724.35
Out of the above, amount of advances for which intangible securities such as charge over the rights, licenses, authority, etc. have been taken	-	-
Estimated value of such intangible securities	NA	NA

e) Factoring exposures

The factoring exposure of the Bank as at March 31, 2024 is ₹ 44.73 Crore (previous year: ₹ 166.17 Crore)

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

f) Intra- Group exposure

S. No.	Particulars	As at March 31, 2024	As at March 31, 2023
(i)	Total amount of intra-group exposures	-	-
(ii)	Total amount of top 20 intra-group exposures	-	-
(iii)	Percentage of intra-group exposures to total exposure of the Bank on borrowers/customers	-	-
(iv)	Details of breach of limits on intra-group exposures and regulatory action thereon, if any.	-	-

g) Unhedged foreign currency exposure

In accordance with RBI guidelines, as at March 31, 2024 the Bank holds standard asset provisions of ₹ 0.029 Crore (previous year: ₹ 0.011 Crore) in respect of the unhedged foreign currency exposure of its customers.

6 Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits

Particulars	As at March 31, 2024	As at March 31, 2023
Total deposits of twenty largest depositors	5,639.87	4,114.38
Percentage of deposits of twenty largest depositors to total deposits of the Bank	15.61%	16.23%

b) Concentration of Advances*

Particulars	As at March 31, 2024	As at March 31, 2023
Total advances of twenty largest borrowers	666.39	1,072.68
Percentage of advances of twenty largest borrowers to Total advances of the Bank	2.03%	3.87%

*Advance is based on credit exposure (fund and non fund based exposure) as prescribed in RBI's Master Circular on Exposure Norms. Advances includes IBPC advances. Advances against banks own term deposit is not considered for above advance computation.

c) Concentration of Exposures *

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure of twenty largest borrowers/customers	1,152.19	1,092.68
Percentage of exposures of twenty largest borrowers/customers to total exposures of the Bank on borrowers/customers	3.46%	3.88%

*Exposure is based on credit and investment exposure as prescribed in RBI's Master Circular on Exposure Norms. Exposures includes IBPC advances. Advances against banks own term deposit is not considered for above exposure computation.

d) Concentration of NPA

Particulars	As at March 31, 2024	As at March 31, 2023
Total exposure to the top twenty NPA accounts	54.23	51.66
Percentage of exposures to the twenty largest NPA exposure to total Gross NPAs.	6.60%	7.14%

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

7 Derivatives

The Bank have not entered into any transactions in derivatives in the current and previous years

8 Disclosures relating to securitisation

The information on securitisation activity of the Bank as an originator as per RBI guidelines "Revisions to the Guidelines on Securitisation Transactions" is given below.

Particulars	As at March 31, 2024	As at March 31, 2023
1. No of SPEs holding assets for securitisation transactions originated by the originator	5	-
2. Total amount of securitised assets as per books of the SPEs	1,171.99	-
3. Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
a) Off-balance sheet exposures		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
First loss (Fixed Deposits)	71.10	-
Others (Investments in junior PTC's)	76.83	-
4. Amount of exposure to Securitisation transactions other than MRR		
a) Off-balance sheet exposures		
i) Exposure to own Securitisations		
First loss	-	-
Others	-	-
ii) Exposure to third party Securitisations		
First loss	-	-
Others	-	-
b) On-balance sheet exposures		
i) Exposure to own Securitisations		
First loss	-	-
Others	-	-
ii) Exposure to third party Securitisations		
First loss	-	-
Others	-	-
5. Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	1,258.12	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Particulars			As at March 31, 2024		As at March 31, 2023	
6.	**Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc.**					
	Services Provided	**Form of facility**	**No of Transaction**	**Value of Facility**	**No of Transaction**	**Value of Facility**
	Liquidity support	Fixed deposits	5	71.10	-	-
	Services Provided	**Form of facility**	**No of Transaction**	**Value of Facility**	**No of Transaction**	**Value of Facility**
	Post securitisation assets servicing	Servicing agent	5	1,171.99	-	-
7.	**Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc.**					
	Credit enhancement in form of fixed deposits					-
	(a) Amount paid (Initial CC)			71.10		
	(b) Repayment received (Reset CC)			-		
	(c) Outstanding amount (Outstanding CC)			71.10		
8.	**Average default rate of portfolios observed in the past**					
	a. Vehicle Finance Loans*			3.58%		
9.	**Amount and number of additional/top up loan given on same underlying asset.**					
	a. Vehicle Finance Loans			-		-
10.	**Investor complaints**					
	(a) Directly/Indirectly received and;			-		-
	(b) Complaints outstanding			-		-

* GNPA (%)

9 Off balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

Name of the SPV sponsored	
Domestic	**Overseas**
Nil	Nil

10 Transfers to Depositor Education and Awareness Fund (DEA Fund)

S. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
(i)	Opening balance of amounts transferred to DEA Fund	0.209	0.110
(ii)	Add: Amounts transferred to DEA Fund during the year	0.005	0.099
(iii)	Less: Amounts reimbursed by DEA Fund towards claims	-	-
(iv)	**Closing balance of amounts transferred to DEA Fund**	**0.214**	**0.209**

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

11 Disclosure of Complaints

a) Summary information on complaints received by the Bank from customers and from the Offices of Ombudsman (OBO)

Complaints received by the Bank from its customers

[Nos.]

S. No	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
1	Number of complaints pending at beginning of the year *	68	60
2	Number of complaints received during the year	3,590	2,802
3	Number of complaints disposed during the year	3,576	2,794
3.1	Of which, number of complaints rejected by the Bank	1,548	209
4	Number of complaints pending at the end of the year	82	68
Maintainable complaints received by the Bank from Offices of Ombudsman			
5	Number of maintainable complaints received by the Bank from Office of Ombudsman	294	215
5.1	Of 5, number of complaints resolved in favour of the Bank by Office of Ombudsman	175	107
5.2	Of 5, number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	119	105
5.3	Of 5, number of complaints resolved after passing of Awards by Office of Ombudsman against the Bank	0	0
6	Number of Awards unimplemented within the stipulated time (other than those appealed)	0	0

Note:

*i. Opening balance for FY 2023-24 - 71 (68 customer complaints & 3 OBO complaints)

ii. 791 cases closed in T+1 day (777 customer complaints & 14 OBO complaints)

iii. 14 OBO complaints resolved within T+1 day (6 cases - resolved through conciliation/mediation/advisories issued by BOs & 8 cases - resolved in favour of the Bank by BOs)

iv. 3 OBO complaints received in FY 2022-23 and closed in FY 2023-24 (of the 308 maintainable complaints)

v. Total complaints pending as of March 31, 2024 - 91 (9 OBO complaints & 82 customer complaints)

vi. Total complaints for FY 2023-24 (complaints received from customer and OBO) - 5849

b) Top five grounds of complaints received by the Bank from customers

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 days
1	2	3	4	5	6
		2023-24			
Account opening/difficulty in operation of accounts	28	592	46% decrease	6	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

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 days
1	2	3	4	5	6
Internet/Mobile/Electronic Banking	4	469	16% increase	11	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	179	101% increase	8	-
Loans and advances	17	572	26% decrease	12	-
ATM/Debit Cards	3	67	63% decrease	1	-
Others	19	2488	414% increase	44	-
Total	**71**	**4367**		**82**	**-**
2022-23					
Account opening/difficulty in operation of accounts	19	1091	49% increase	28	-
Internet/Mobile/Electronic Banking	14	406	21% decrease	4	-
Levy of charges without prior notice/excessive charges/ foreclosure charges	-	89	79% decrease	-	-
Loans and advances	15	768	78% increase	17	-
ATM/Debit Cards	1	179	16% increase	3	-
Others	11	484	104% increase	19	-
Total	**60**	**3017**		**71**	**-**

* Total number of customer complaints reported for FY 2023-24 - 4,367 (777 complaints resolved within T+1 day and 3590 resolved >T+1 day)

12 Disclosure of penalties imposed by the Reserve Bank of India

During the year ended March 31, 2024, RBI has not imposed any penalties on the Bank (Previous year : Nil)

13 Disclosure on remuneration

a) Qualitative disclosures

(a) Information relating to the composition and mandate of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is chaired by an Independent Director and comprises of four (4) other Independent Directors. 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 Directors, 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 Director/s of the Bank.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

(b) Information relating to the design and structure of remuneration processes and the key features and objectives of remuneration policy:

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 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 04, 2019.

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 compensation of MD/CEO of similar profiles in similar organisations and would be performance linked. From time to time, the NRC may fix a maximum ceiling on the fixed/variable component of compensation, subject to the approval of Reserve Bank of India and shareholders.

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 1949. NEDs including Independent Directors shall be reimbursed any out of pocket expenses incurred by them while performing duties for the Bank.

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.

(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") is 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 considers different aspects like risk-return alignment, cost to income ratio and the like in framing the remuneration policy and practice.

Performance parameters specified for the MD/ CEO also includes risk and control considerations such as Asset quality, implementation of guidelines on Compliance Risk Assessment, Reviewing And Enhancing Controls Of The Operating Risk Processes Of The Bank, Enhancing The Efficacy Of The Process & Quality Assurance Department.

The variable remuneration payable to MD/CEO & other Material Risk Takers are subject to relevant malus and clawback clauses to address issues such as losses in subsequent years due to acts in a given performance year, gross negligence, serious lapses in credit underwriting process, serious violations in AML / KYC, frauds and misconducts.

Further, the KRA's for Senior Executives of the Bank are clearly defined with adequate weightage given to Risk, Compliance, Credit & Asset Quality to ensure risks are assessed and mitigated. KRA's of Executives working in control functions like Risk & Compliance are defined independently and no weightage is given for achievement of business parameters/ targets to ensure independent evaluation.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

(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 deliveries of the Key Result Areas (KRA), top priorities of business, budgets, risk alignment etc. The performance appraisal system assigns a rating based on the achievement or otherwise of the KRAs. The change in remuneration is largely dependent on the rating assigned.

(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 ensured the remuneration for Material Risk Takers in line with the RBI circular dated November 04, 2019. Accordingly, the variable pay of identified MRTs is determined between 100% to 300% of fixed pay. This variable pay is further divided into cash and ESOPs. Both the cash and ESOPs of the said MRTs is to be deferred over a period of three year in line with the risk taken and as per relevant RBI approval received from time to time. 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 utilises 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 the variable pay is linked to defined performance targets. Other roles may be given variable pay based on their performance ratings. The variable pay amount varies depending on both the role of the individual as well as his/her performance levels. For senior executives of the Bank due consideration is also given to the overall performance of the Bank & respective division / function apart from individual performance ratings.

Employees above defined grade are eligible for Employee Stock Options issued by the Bank as determined by the Nomination and Remuneration Committee of the Bank. 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 are dependent on continuity and performance of the said individual.

A variable component may also be made available for specific employees as agreed and included as a part of their respective compensation structure. 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. Thus, the various types of variable pay is aligned over both short and long term periods.

b) Quantitative disclosures

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
g)	Number of meetings held by the Nomination and Remuneration Committee during the financial year and remuneration paid to its members.	10	6
	Remuneration paid to its members (Sitting Fees).	0.20	0.13

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
h)	(i) Number of employees having received a variable remuneration award during the financial year *	5	5
	(ii) Number and total amount of sign-on/joining bonus made during the financial year.	-	-
	(iii) Details of severance pay, in addition to accrued benefits, if any.	-	-
i)	(i) Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms.	Cash: ₹ 1,84,92,212 No. of ESOPs: 22,40,449 $ Value of ESOPs: ₹ 4,95,75,712	Cash: ₹ 1,37,59,688 No. of ESOPs: 13,01,811 Value of ESOPs: ₹ 3,02,68,512
	(ii) Total amount of deferred remuneration paid out in the financial year.	Cash: ₹ 73,04,754	Cash: ₹ 26,95,654
j)	Breakdown of amount of remuneration awards for the financial year to show fixed and variable, deferred and non-deferred.	Fixed: ₹ 7,44,52,221 ** Total Variable Cash : ₹ 1,94,43,418 *** a) Deferred Cash: ₹ 1,20,37,279 b) Paid Cash: ₹ 74,06,139 Non Cash - Deferred No of ESOPs: 22,02,566 **** Value of ESOPs: ₹ 6,16,42,203	Fixed: ₹ 6,70,05,100 ** Total Variable Cash : ₹ 1,61,64,800 *** a) Deferred Cash: ₹ 99,97,367 b) Paid Cash: ₹ 61,67,433 Non Cash - Deferred No of ESOPs: 26,62,995 **** Value of ESOPs: ₹ 5,13,83,529
k)	(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 financial year due to ex post explicit adjustments.	-	-
	(iii) Total amount of reductions during the financial year due to ex post implicit adjustments.	-	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

S. No	Particulars	As at March 31, 2024	As at March 31, 2023
l)	Number of MRTs identified	4	4
m)	(i) Number of cases where malus has been exercised.	-	-
	(ii) Number of cases where clawback has been exercised.	-	-
	(iii) Number of cases where both malus and clawback have been exercised.	-	-
n)	**General Quantitative Disclosure**		
	The mean pay for the Bank as a whole (excluding sub-staff) and the deviation of the pay of each of its WTDs from the mean pay.	Mean Pay: ₹ 5,07,502 Deviation: WTD (MD) Sal: 45.5 times Mean Pay	Mean Pay: ₹ 4,79,168 Deviation: WTD (MD) Sal: 43.4 times Mean Pay#

The quantitative disclosures are provided in respect of Whole Time Directors / Chief Executive Officer/ Other Risk Takers.

* Includes a retired employee for whom deferred variable pay was paid in FY 2023-24.

** MD's fixed remuneration reported as of March 2023 modified as per RBI approval for FY 2022-23. As of March 2024, MD's fixed remuneration pertains to FY 2023-24 as per RBI approval.

*** Variable pay reported refers to variable pay determined in FY 2023-24 and payable for FY 2022-23 performance.

**** ESOP data reported for FY 2023-24 is subject to RBI approval, ESOP data reported for FY 2022-23 is modified as per RBI approval.

$ MRT ESOPs vested in FY 2023-24 : No. of ESOPs: 15,48,865, Value of ESOPs: ₹ 2,91,40,031 (This does not include vesting of ESOPs granted to these employees before they were identified as MRTs).

Deviation reported for FY 2022-23 has been updated basis RBI approval received for MD remuneration pertaining to FY 2022-23.

Details of Remuneration (excluding sitting fees and reimbursement of reasonable expenses incurred) paid to Independent Directors for the year ended March 31, 2024 and for the year ended March 31, 2023 are as under:

Name	Remuneration	
	FY 2023-24	FY 2022-23
Mr. Arun Ramanathan (Chairman)*	0.20	0.12
Mr. Arun Kumar Verma	0.15	0.15
Prof Balakrishnan N	0.10	0.10
Mr. Navin Puri	0.10	0.10
Mr. Ramesh Rangan	0.10	0.10
Mr. Srinivasan N	0.10	0.10
Mr. Vinod Kumar Sharma	0.10	0.10
Mr. Samir Kumar Barua	0.10	0.10
Total	**0.95**	**0.87**

* includes ₹ 0.04 Crore remuneration paid to Mr. Arun Ramanathan (Chairman) for FY 2022-23 as increase in remuneration as approved by RBI.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

14 Other Disclosures

a) Business Ratio

S. No	Ratio	As at March 31, 2024	As at March 31, 2023
(i)	Interest Income as a percentage to working funds *	13.45%	13.21%
(ii)	Non interest income as a percentage to working funds *	1.96%	2.13%
(iii)	Cost of Deposits	7.12%	6.18%
(iv)	Net Interest Margin $	8.20%	8.67%
(v)	Operating profit as a percentage to working funds ^*	3.38%	3.73%
(vi)	Return on Assets @	1.96%	1.82%
(vii)	Business (deposits plus advances) per employee # & (₹ in Crore)	2.81	2.45
(viii)	Profit per employee & (₹ in Crore)	0.037	0.030

Note:

* Working funds to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to Reserve Bank of India in Form X for Commercial Banks and Form IX for UCBs., during the 12 months of the financial year.

$ Net Interest Income/ Average Earning Assets. Net Interest Income= Interest Income – Interest Expense.

@ Return on Assets would be with reference to average working funds (i.e., total of assets excluding accumulated losses, if any).

For the purpose of computation of business per employee (deposits plus net advances), inter-bank deposits shall be excluded.

^ Operating profit = (Interest Income + Other Income – Interest expenses – Operating expenses).

& Productivity ratios (Business per employee and Profit per employee) are based on average employee numbers, which excludes contract staff, intern etc.

b) Bancassurance Business

Commission, Exchange and Brokerage in Schedule 14 include the following fees earned on Bancassurance business:

Particulars	As at March 31, 2024	As at March 31, 2023
On insurance products	90.71	49.87
On mutual fund products	1.71	1.64
Total	**92.42**	**51.51**

c) Marketing and Distribution

Miscellaneous income in Schedule 14 include the following income earned on marketing and distribution activity:

Particulars	As at March 31, 2024	As at March 31, 2023
Fees for display of publicity material	3.55	13.06
Total	**3.55**	**13.06**

d) Inter-bank participation with risk sharing

The aggregate amount of participation issued by the Bank and reduced from advances as per regulatory guidelines is ₹ 1,180 Crore as on March 31, 2024 (Previous Year : ₹ 1,650 Crore).

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

e) Priority Sector Lending Certificate (PSLCs)

Particulars	As at March 31, 2024	
	PSLCs bought during the year	PSLCs sold during the year
Agriculture	600.00	-
Small and Marginal Farmers	-	-
Micro Enterprises	-	-
General	-	-
Total	**600.00**	**-**

Particulars	As at March 31, 2023	
	PSLCs bought during the year	PSLCs sold during the year
Agriculture	-	-
Small and Marginal Farmers	-	900.00
Micro Enterprises	-	700.00
General	-	-
Total	**-**	**1,600.00**

f) Provisions and Contingencies

The breakup of provisions and contingencies debited to profit and loss account is given below:

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Provision for NPA (including write off)	284.52	464.08
Net provision / (reversal) towards standard assets (including provision for restructured standard assets)	(18.30)	(77.47)
Provision for Non Performing Investment	47.29	40.33
Provision for taxes (net)	276.36	168.81
Deferred tax (net)	(12.19)	26.41
Additional provision of standard assets	(1.59)	(20.73)
Other provision and contingencies	2.31	0.99
Total	**578.40**	**602.42**

g) Implementation of IFRS converged Indian Accounting Standards (Ind AS)

In January 2016, the Ministry of Corporate Affairs issued the roadmap for implementation of new Indian Accounting Standards (Ind AS), converged with International Financial Reporting Standards (IFRS), for scheduled commercial Banks, insurance companies and non-banking financial companies (NBFCs). However, currently the implementation of Ind AS for Banks has been deferred by RBI till further notice pending the consideration of some recommended legislative amendments by the Government of India. The Bank is in an advanced stage of preparedness for implementation of Ind AS, as and when these are made applicable to the Indian Banks.

As required by the RBI guidelines, the accounts of the Bank are converted into Ind AS format and submitted to the RBI at periodic intervals. The Bank has put in place Board approved policy on Expected Credit Loss (ECL) as per Indian Accounting Standards. The Bank carries out the expected loss provisioning using Probability of Default (PD) and Loss Given Default (LGD) framework by considering historical data. The Bank has identified an IT solution for Ind AS reporting and is currently in the process of implementing the solution.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

h) Payment of DICGC Insurance Premium

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
(i) Payment of DICGC Insurance Premium*	32.92	25.80
(ii) Arrears in payment of DICGC Insurance Premium	-	-

* Amount paid inclusive of GST.

i) Movement in provision for debit card reward points

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Opening provision for reward points	0.85	1.35
Provision for reward points made during the year	0.85	0.85
Utilisation / Write back of provision for reward points	(0.85)	(1.35)
Effect of change in rate for accrual of reward points	-	-
Effect of change in cost of reward points	-	-
Closing provision for reward points	**0.85**	**0.85**

j) Fixed Assets - details of software

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	173.72	59.74
Additions during the year	118.18	142.19
Less: Deletions	-	0.03
Less: Amortisation to date	60.15	28.18
Closing balance	**231.75**	**173.72**

k) i. Others under "Schedule 5 - Other Liabilities and Provisions":

Items under the head "Others (including provisions)" which exceeds one percent of the total assets are furnished below.

Particulars	As at March 31, 2024	As at March 31, 2023
NIL	-	-

ii. Others under "Schedule 11 - Other Assets":

Items under the head "Others" which exceeds one percent of the total assets are furnished below.

Particulars	As at March 31, 2024	As at March 31, 2023
NIL	-	-

iii. Miscellaneous income under "Schedule 14-Other Income"

Items under miscellaneous income head exceeds one percent of the total income are furnished below

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Profit on sale of NPA Advances to ARC	-	70.14

iv Other expenditure under "Schedule 16-Operating Expenses"

Items under other expenditure head exceeds one percent of the total income are furnished below

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Items exceeding one percent of the total income	-	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

l) Description of Contingent liabilities

i. Claims against the Bank not acknowledged as debts:

Claims against the Bank not acknowledged as debts includes liability on account of Service tax, Goods and Service Tax and Income Tax . 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.

ii. Guarantees given on behalf of constituents:

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 in case the customer fails to fulfill their financial or performance obligations.

iii. Other items for which the Bank is contingently liable:

These include:

a) Capital commitments

b) Amount transferred to the RBI under the Depositor Education and Awareness Fund (DEAF)

c) Investment purchases pending settlement

d) Credit enhancements provided by the Bank towards assets securitisation

m) 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.

n) 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).

o) Letters of Comfort

The Bank has not issued any letters of comfort during the year.(Previous year: Nil).

p) No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Bank to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Bank (Ultimate Beneficiaries). The Bank has not received any fund from any party(s) (Funding Party) with the understanding that the Bank shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Bank ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

q) 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 March 31, 2024	Year Ended March 31, 2023
a)	**Gross amount required to be spent by the Bank**	11.67	8.60
b)	**Amount approved by the Board to be spent during the year**	28.67	14.04
c)	**Amount spent**		
i)	Construction/acquisition of any asset	-	-
ii)	On purposes other than (i) above	28.67	14.04

Details of Related party transactions i.e contribution to Trusts (Entities under the same Management) are disclosed as per AS-18 refer Note No 18.17

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

r) Portfolio-level information on the use of funds raised from green deposits :

The Bank has not accepted green deposits during the current financial year (Previous year : Nil).

15 Employee Benefits (AS 15)

Defined Contribution Plan

Provident Fund and NPS

The Bank makes Provident Fund contributions and NPS 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 has recognised ₹ 63.56 Crore (Previous Year: ₹ 52.68 Crore) towards Provident Fund contributions and NPS 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 March 31, 2024	As at March 31, 2023
Change in defined benefit obligations during the year		
Present value of defined benefit obligation at beginning of the year	68.40	54.70
Current service cost	18.82	15.21
Interest cost	4.87	3.18
Benefits paid	(7.37)	(6.95)
Actuarial (gains)	0.76	2.26
Present value of Defined Benefit Obligation at end of the year	**85.48**	**68.40**
Change in Fair Value of Assets during the year		
Plan assets at beginning of the year	29.69	26.38
Expected return on plan assets	3.33	1.64
Actual Bank contributions	29.05	0.38
Benefits paid out of the asset	(0.05)	(0.18)
Actuarial gain / (loss)	(2.80)	1.47
Plan Assets at End of the Year	**59.22**	**29.69**
Liability Recognised in the Balance Sheet		
Present value of defined benefit obligation	(85.48)	(68.40)
Fair value of plan assets	59.22	29.69
Net Liability Recognised in the Balance Sheet	**(26.26)**	**(38.71)**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Cost of Defined Benefit Plan for the year		
Current service cost	18.82	15.21
Interest cost	4.87	3.18
Expected return on plan assets	(3.33)	(1.64)
Net actuarial gains	3.56	0.79
Net Cost Recognised in the Profit and Loss account	**23.92**	**17.54**

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Return on Plan Assets	3.33	1.64
Assumptions		
Discount rate (Refer note (b))	7.22%	7.53%
Interest rate (Estimated rate of return on assets)	7.53%	6.20%
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.

Experience Adjustments:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020
Projected benefit obligation	85.48	68.40	54.70	44.03	32.66
Fair value of plan assets	59.22	29.69	26.39	25.49	22.08
Surplus/ (Deficit)	(26.26)	(38.71)	(28.31)	(18.54)	(10.58)
Experience adjustments on plan liabilities - gains	(1.90)	10.05	(2.90)	(0.69)	(1.03)
Experience adjustments on plan assets - gains / (losses)	(2.80)	(1.47)	(1.53)	(0.01)	-

Category of Plan Assets

Particulars	% of fair value to total plan assets as at March 31, 2024	% of fair value to total plan assets as at March 31, 2023
Government securities	0%	0%
Debentures and bonds	0%	0%
Equity shares	0%	0%
Others	100%	100%

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 March 31, 2024	Year ended March 31, 2023
Assumptions:		
Discount rate	7.22%	7.53%
Future salary increase	10.00%	10.00%
Attrition rate	20.00%	20.00%

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

16 Disclosures- Accounting Standards

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. Also, refer Schedule 17.3.16.

As at March 31, 2024

Business Segments	Treasury	Retail Banking	Corporate / Wholesale Banking	Other Banking Business	Total
Segment revenue	670.28	5,391.92	101.07	121.80	**6,285.07**
Segment results	137.13	870.05	22.44	108.07	1,137.69
Unallocated (income)/expenses					74.57
Operating profit					1,063.12
Income taxes					264.16
Net Profit					**798.96**
Other information					
Segment assets	12,378.46	31,821.39	871.28	-	45,071.13
Unallocated assets					232.74
Total assets					**45,303.87**
Segment liabilities	10,764.12	27,780.80	761.44	-	39,306.36
Unallocated liabilities					28.81
Total liabilities					**39,335.17**
Net assets / Capital employed	1,614.34	4,040.59	109.84	-	5,764.77
Unallocated net assets / Capital employed					**203.93**
Total capital employed					**5,968.70**
Additional information					
Capital expenditure	**-**	**350.68**	**12.87**	**-**	**363.55**

As at March 31, 2023

Business Segments	Treasury	Retail Banking	Corporate / Wholesale Banking	Other Banking Business	Total
Segment revenue	426.50	4,241.62	89.81	73.53	**4,831.46**
Segment results	83.27	662.66	14.93	61.56	822.42
Unallocated (income)/expenses					53.62
Operating profit					768.80
Income taxes					195.21
Net Profit					**573.59**
Other information					
Segment assets	7,008.99	26,309.60	1,433.74	-	34,752.33
Unallocated assets					205.80
Total assets					**34,958.13**
Segment liabilities	5,971.76	22,556.32	1,228.61	-	29,756.69
Unallocated liabilities					43.50
Total liabilities					**29,800.19**

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Business Segments	Treasury	Retail Banking	Corporate / Wholesale Banking	Other Banking Business	Total
Net assets / Capital employed	1,037.23	3,753.28	205.13	-	4,995.64
Unallocated net assets / Capital employed					**162.30**
Total capital employed					**5,157.94**
Additional information					
Capital expenditure	**-**	**251.95**	**13.72**	**-**	**265.67**

Geographic segments

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.

The RBI vide its circular dated April 07, 2022 on establishment of Digital Banking Units (DBUs), has prescribed reporting of Digital Banking Segment as a sub - segment of Retail Banking Segment. The Bank has not set up any DBUs and hence no Digital Banking Segment disclosure have been made. The business operations of the Bank are in India and for the purpose of segment reporting as per Accounting Standard-17 (Segment reporting) the Bank is considered to operate only in domestic segment.

17 Related Party Transactions (AS 18)

i. Names of Related Parties and Nature of Relationship

Holding Company	Equitas Holdings Limited (upto December 31, 2022)
Fellow Subsidiaries	Equitas Technologies Private Limited (upto July 05, 2022)
Entities under the same Management	Equitas Development Initiatives Trust
	Equitas Healthcare Foundation
Key Management Personnel (KMP)	Vasudevan PN, MD & CEO
	N Sridharan, Chief Financial Officer
	N Ramanathan, Company Secretary
	Sampathkumar KR, Company Secretary (upto June 30, 2022)
Relatives of MD& CEO	P V Choodamani
	Late Pathangi Narasimhan
	Komala P N
	P.V. Varshini
	P.N. Sriraman
	P.N. Malolan
	P.N. Janardhanan
	P.N. Madhavan
Relative of Chief Financial Officer	Balambika S
Relative of Company Secretary	Gayathri E
Relative of Company Secretary - Sampathkumar KR	Sangeetha S

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

ii. Transactions with the Related Parties

Transaction	Name of the Related Party	Year ended March 31, 2024	Year ended March 31, 2023
Expenses			
CSR contribution	Equitas Development Initiatives Trust	8.00	4.28
	Equitas Healthcare Foundation	20.67	9.76
Income			
Safe deposit locker rent	Key Management Personnel	0.00	0.00
	Relatives of Key Management Personnel	0.00	0.00
Deposits			
Term deposits received	Equitas Holdings Limited	-	224.00
	Equitas Development Initiatives Trust	0.04	0.04
	Key Management Personnel	3.68	5.34
	Relatives of Key Management Personnel	0.26	0.35
Term deposits closed	Equitas Holdings Limited	-	496.30
	Equitas Development Initiatives Trust	0.00	0.02
	Key Management Personnel	2.66	3.98
	Relatives of Key Management Personnel	0.28	0.13
Interest on term deposits	Equitas Holdings Limited	-	11.98
	Equitas Development Initiatives Trust	0.02	0.01
	Key Management Personnel	0.40	0.20
	Relatives of Key Management Personnel	0.03	0.01
Interest on savings deposits	Equitas Development Initiatives Trust	0.53	0.34
	Equitas Healthcare Foundation	1.11	0.32
	Key Management Personnel	0.05	0.10
	Relatives of Key Management Personnel	0.25	0.04
Remuneration paid to Key Management Personnel (excludes employer's share of contribution to various funds and non-monetary perquisites)	Vasudevan PN, MD & CEO	2.73	2.16
	N Sridharan, Chief Financial Officer	1.55	1.43
	Ramanathan N, Company Secretary	0.41	0.24
	Sampathkumar KR, Company Secretary	-	0.11

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 March 31, 2024	Year ended March 31, 2023
Vasudevan PN	-	-
N Sridharan	2,69,840	-
Ramanathan N	-	-
Total	**2,69,840**	**-**

Under the ESFB Employees Stock Option Scheme, 2019 (ESFB ESOP, 2019) of the Bank, the Key Management Personnel were granted the following options:

Name of the Key Management Personnel	Year ended March 31, 2024	Year ended March 31, 2023
Vasudevan PN	8,24,968	10,78,431
N Sridharan	97,660	63,140
Ramanathan N	35,140	-
Total	**9,57,768**	**11,41,571**

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.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

iii. Balances outstanding at the end of the year

Particulars	Name of the Related Party	As at March 31, 2024	As at March 31, 2023
Term deposit	Equitas Development Initiatives Trust	0.26	0.22
	Key Management Personnel	4.59	3.46
	Relatives of Key Management Personnel	0.29	0.31
Interest payable on term deposits	Equitas Development Initiatives Trust	0.00	0.00
	Key Management Personnel	0.06	0.03
	Relatives of Key Management Personnel	0.00	0.00
Savings deposit	Equitas Development Initiatives Trust	5.02	5.59
	Equitas Healthcare Foundation	1.32	6.73
	Key Management Personnel	0.45	0.33
	Relatives of Key Management Personnel	2.23	2.12

iv. Maximum Outstanding during the year

Particulars	Name of the Related Party	Maximum Outstanding during Apr 23 to March 24	Maximum Outstanding during Apr 22 to March 23
Term deposit	Equitas Holdings Limited	-	309.61
	Equitas Development Initiatives Trust	0.26	0.22
	Key Management Personnel	7.28	3.50
	Relatives of Key Management Personnel	0.48	0.32
Demand deposits	Equitas Holdings Limited	-	82.94
Savings deposit	Equitas Development Initiatives Trust	10.82	9.22
	Equitas Healthcare Foundation	41.15	7.51
	Key Management Personnel	2.94	4.41
	Relatives of Key Management Personnel	102.68	28.29

18 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 March 31, 2024	Year ended March 31, 2023
Future lease rentals payable at the end of the year		
- Not later than one year	85.84	77.60
- Later than one year but not later than five years	154.52	166.17
- Later than five years	51.04	41.99
Total minimum lease payments recognised in the profit and loss account	90.33	76.82
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.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

19 Earnings per Share (AS 20)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net profit after tax	798.96	573.59
Basic weighted average number of equity shares	1,12,25,46,861	1,21,80,67,551
Diluted weighted average number of equity shares	1,14,05,54,799	1,22,92,65,819
Nominal value of equity shares (₹)	10.00	10.00
Basic earnings per share (₹)	7.12	4.71
Diluted earnings per share (₹)	7.01	4.67

During the year ended March 31, 2024, the Bank granted 87,56,571 options (Previous year 2,04,10,628 options) to its employees under the ESFB Employees Stock Option Scheme 2019. These options have dilutive impact on the earnings per share.

20 Deferred Taxes (AS 22)

The major components of deferred tax assets/liabilities are as follows:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Assets	Liabilities	Assets	Liabilities
Timing difference on account of:				
Impact of difference between tax depreciation and depreciation/amortisation for financial reporting.	7.41		11.69	
Expenditure charged to the profit and loss account in the current year but allowed for tax purposes on payment basis.*	42.11		41.36	
Difference between provisions for doubtful debts and advances and amount allowable under section 36 (1) (viia) of Income Tax Act, 1961.	102.72		84.53	
Provision for advances	29.44		40.02	
Others	32.83		19.82	
Provision for special reserve u/s 36(i)(viii) of Income Tax Act, 1961		14.93		10.04
Net closing balance carried to the Balance Sheet (included in Schedule 11 - Other Assets)	**214.51**	**14.93**	**197.42**	**10.04**

*Amount pertains to Provision for Leave encashment ₹ 28.21 Crore (Previous year: ₹ 24.00 Crore), Provision for Gratuity ₹ 6.61 Crore (Previous year: ₹ 9.74 Crore) and Provision for Bonus and Others ₹ 7.29 Crore (Previous year: ₹ 7.61 Crore).

21 Scheme of Amalgamation

In the previous financial year, the Bank had obtained the approval for the "Scheme of Amalgamation" of erstwhile Equitas Holdings Limited ("EHL") with the Bank. The Scheme of Amalgamation had come in to force on January 01, 2023.

As per the scheme,

(i) in consideration of the transfer and vesting of the undertaking of the Transferor Company (EHL), 231 (Two hundred and thirty one) fully paid equity shares of ₹ 10/- each of ESFBL for every 100 (One hundred) fully paid equity shares of ₹ 10/- each of EHL, were issued, there by resulting in increase in the paid-up capital by ₹ 789.54 Crore (78,95,35,166 equity shares of face value of ₹ 10 each fully paid), post the extinguishment of ₹ 933.94 Crore (93,39,43,363 equity shares of face value of ₹ 10 each).

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

(ii) The Amalgamation is accounted under the "Pooling of Interest" method as prescribed in AS-14 "Accounting for amalgamation". In accordance with the accounting treatment provided for in the scheme, the Bank has recorded the assets and liabilities at the book values as appearing in the audited books of EHL at the close of business of the day immediately preceding the Appointed date (i.e. January 01, 2023).

Details of Net Assets and Reserves acquired by the ESFBL on amalgamation are as follows:

Net Assets	**₹ in Crore**
Balances with Bank and money at call and short notice	310.55
Investments	1,380.91
Fixed assets	0.04
Other assets	15.53
Total Assets	**1,707.03**
Less:	
Other liabilities and provisions	1.14
Net assets (a)	**1,705.89**
Reserves	
Statutory reserve	48.77
Surplus in profit and loss account	16.45
Securities premium account	1,298.88
Total Reserves (b)	**1,364.10**
78,95,35,166 share of face value of ₹ 10/ - each issued by ESFBL to Shareholders of EHL as per the approved "Share Exchange Ratio". (c)	789.54
Book value of investments made by EHL in ESFBL (d)	1,380.91
Add: Equity shares held by EHL in ESFBL (e)	933.94
Short fall adjusted to General Reserve (a-b-c-d+e)	**894.71**

The short fall as stated above of ₹ 894.71 Crore net of surplus in profit and loss account of ₹ 16.45 Crore has been adjusted to balance in statement of profit and loss as disclosed.

Intercompany outstanding balances between EHL and the Bank have been cancelled on the Appointed date as per the scheme of amalgamation.

22 Employees Stock Option Scheme

a) Change in Accounting Policy:

The Bank was following the intrinsic value method to account for its stock based employee compensation plans (Employees other than WTD/CEO/MRTs) and fair value method stock options using Black-Scholes model for all the options granted after March 31, 2021 to WTD/CEO/MRTs as required under RBI circular.

The Bank, having regard to the RBI advisory, has changed the accounting policy from intrinsic value method to fair value method for all employee stock options granted after March 31, 2021 and consequently recognised fair value of options estimated using Black–Scholes model, as compensation expense over the vesting period.

As a result, the Bank has additionally provided ₹ 29.21 Crore on March 31, 2024 as employee stock options expenses and included under operating expenses (employees cost).

b) ESFB ESOP 2019

During the year ended March 31, 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 authorised to issue upto 110,000,000 options (including 33,487,873 options under Grant 1 issued as a replacement option for the Scheme under the Holding Company) to eligible employees of the Bank and the erstwhile Holding Company. Each option entitles for apply and allotment of one fully paid share on payment of exercise price during the exercise period.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

As at March 31, 2024, 283,40,185 (previous year 486,14,746) (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, 2024.

Scheme: ESFB ESOP 2019

Grant	Date of Grant	Date of Board/ Committee Approval	Exercise Price Per Option (₹)	Total Options granted	Vesting Period	Method of Settlement	Exercise Period	1st Vesting	2nd Vesting	3rd Vesting	4th Vesting	Vesting Conditions
Grant 1	November 22, 2019 & December 08, 2019	November 22, 2019 & December 08, 2019	27.00	3,34,87,873	November 30, 2020 to December 15, 2022 (Vesting over 3 years)	Equity	3 years from the date of vesting of the options	92 % on 12 months and 8 days from the date of grant	6% on expiry of one year from the 1st vesting date	2% on expiry of two years from the 1st vesting date	-	Partly based on continuance of service and partly based on performance rating
Grant 2	December 12, 2019	December 12, 2019	27.00	12,00,000	December 12, 2020 to December 12, 2023 (Vesting over 4 years)	Equity	3 years from the date of vesting of the options	25 % on 12 months and 20 days from the date of grant	25% on expiry of one year from the 1st vesting date	25% on expiry of two years from the 1st vesting date	25% on expiry of three years from the 1st vesting date	Partly based on continuance of service and partly based on performance rating
Grant 3	January 29, 2020	January 29, 2020	38.00	64,38,855	January 29, 2021 to January 29, 2022. (Vesting over a period of two years)	Equity	3 years from the date of vesting of the options	67 % on completion of One year from the date of grant	33 % on expiry of one year from the 1st vesting date	-	-	On continuance of service
Grant 4	March 24, 2020	March 24, 2020	38.00	2,82,000	April 01, 2021 to April 01, 2024 (Vesting over a period of four years)	Equity	3 years from the date of vesting of the options	25 % on 12 months and 20 days from the date of grant	25% on expiry of one year from the 1st vesting date	25% on expiry of two years from the 1st vesting date	25% on expiry of three years from the 1st vesting date	Partly based on continuance of service and partly based on performance rating
Grant 5	September 26, 2020	September 26, 2020	38.00	38,00,360	September 26, 2021 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service
Grant 6	February 15, 2021	February 15, 2021	33.00	1,00,000	February 15, 2022 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service
Grant 7	February 15, 2021	February 15, 2021	34.00	1,58,346	February 22, 2022 to February 22, 2024 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	1/3rd on expiry of 12 months from the date of grant	1/3rd on expiry of one year from the 1st vesting date	1/3rd on expiry of two years from the 1st vesting date	-	Partly based on continuance of service and partly based on performance rating
Grant 8	February 15, 2021	February 15, 2021	35.00	2,91,000	February 22, 2022 to February 22, 2024 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	1/3rd on expiry of 12 months from the date of grant	1/3rd on expiry of one year from the 1st vesting date	1/3rd on expiry of two years from the 1st vesting date	-	Partly based on continuance of service and partly based on performance rating

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Grant	Date of Grant	Date of Board/ Committee Approval	Exercise Price Per Option (₹)	Total Options granted	Vesting Period	Method of Settlement	Exercise Period	1st Vesting	2nd Vesting	3rd Vesting	4th Vesting	Vesting Conditions
Grant 9	February 15, 2021	February 15, 2021	40.00	4,00,000	February 22, 2022 to February 22, 2025 (Vesting over a period of four years)	Equity	3 years from the date of vesting of the options	25 % on 12 months from the date of grant	25% on expiry of one year from the 1st vesting date	25% on expiry of two years from the 1st vesting date	25% on expiry of three years from the 1st vesting date	Partly based on continuance of service and partly based on performance rating
Grant 10	March 22, 2021	March 22, 2021	56.00	38,02,510	March 22, 2022 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service
Grant 11	March 22, 2021	March 22, 2021	56.00	11,42,500	March 22, 2022 to March 22, 2025 (Vesting over a period of four years)	Equity	3 years from the date of vesting of the options	25 % on 12 months from the date of grant	25% on expiry of one year from the 1st vesting date	25% on expiry of two years from the 1st vesting date	25% on expiry of three years from the 1st vesting date	Partly based on continuance of service and partly based on performance rating
Grant 12	June 01, 2021	June 01, 2021	60.00	8,37,657	June 01, 2022 to June 01, 2024 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	1/3rd on expiry of 12 months from the date of grant	1/3rd on expiry of one year from the 1st vesting date	1/3rd on expiry of two years from the 1st vesting date	-	Partly based on continuance of service and partly based on performance rating
Grant 13	July 30, 2021	July 30, 2021	64.00	51,76,800	July 30, 2022 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service
Grant 14	July 05, 2021	March 04, 2021	50.00	2,82,000	July 05, 2022 to July 05, 2025 (Vesting over a period of four years)	Equity	3 years from the date of vesting of the options	25 % on 12 months from the date of grant	25% on expiry of one year from the 1st vesting date	25% on expiry of two years from the 1st vesting date	25% on expiry of three years from the 1st vesting date	Partly based on continuance of service and partly based on performance rating
Grant 15	July 30, 2021	July 30, 2021	64.00	1,80,000	July 30, 2022 to July 30, 2025 (Vesting over a period of four years)	Equity	3 years from the date of vesting of the options	25 % on 12 months from the date of grant	25% on expiry of one year from the 1st vesting date	25% on expiry of two years from the 1st vesting date	25% on expiry of three years from the 1st vesting date	Partly based on continuance of service and partly based on performance rating
Grant 16	February 05, 2022	February 05, 2022	57.85	5,03,805	February 05, 2023 to February 05,2025 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	38.03% on expiry of 12 months from the date of grant	32.76% on expiry of one year from the 1st vesting date	29.21% on expiry of two years from the 1st vesting date	-	On continuance of service
Grant 17	February 07, 2022	February 07, 2022	57.85	11,81,684	February 07, 2023 to February 07,2025 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	38.03 % on expiry of 12 months from the date of grant	32.76% on expiry of one year from the 1st vesting date	29.21% on expiry of two years from the 1st vesting date	-	Based on performance rating

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Grant	Date of Grant	Date of Board/ Committee Approval	Exercise Price Per Option (₹)	Total Options granted	Vesting Period	Method of Settlement	Exercise Period	1st Vesting	2nd Vesting	3rd Vesting	4th Vesting	Vesting Conditions
Grant 18	May 30, 2022	May 30, 2022	43.60	45,33,410	May 30, 2023 to May 30, 2024 (Vesting over a period of two years)	Equity	3 years from the date of vesting of the options	60 % on expiry of 12 months from the date of grant	40% on expiry of one year from the 1st vesting date	-	-	Partly based on continuance of service and partly based on performance rating
Grant 19	May 30, 2022	May 30, 2022	43.60	1,09,59,260	May 30, 2023 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service
Grant 20	May 30, 2022	May 30, 2022	43.60	23,09,034	May 30, 2023 to May 30, 2025 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	38.41% on expiry of 12 months from the date of grant	32.61% on expiry of one year from the 1st vesting date	28.98% on expiry of two years from the 1st vesting date	-	Based on performance rating
Grant 21	October 31, 2022	October 31, 2022	49.00	14,37,208	October 31, 2023 to October 31, 2025 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	39.09% on expiry of 12 months from the date of grant	32.12% on expiry of one year from the 1st vesting date	28.79% on expiry of two years from the 1st vesting date	-	Based on performance rating
Grant 22	December 20, 2022	December 20, 2022	57.20	53,550	December 20, 2023 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service
Grant 23	December 20, 2022	December 23, 2022	57.20	10,78,431	December 20, 2023 to December 20, 2025 (Vesting over a period of three years)	Equity	3 years from the date of vesting of the options	39.85 % on expiry of 12 months from the date of grant	31.71% on expiry of one year from the 1st vesting date	28.44% on expiry of two years from the 1st vesting date	-	Based on performance rating
Grant 24	February 08, 2023	February 08, 2023	54.00	39,735	February 08, 2023	Equity	3 years from the date of vesting of the options	100% on grant of options	-	-	-	On continuance of service
Grant 25	May 05, 2023	May 05, 2023	75.15	53,37,675	May 05, 2024 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service
Grant 26	May 05, 2023	May 05, 2023	75.15	22,02,566	May 05, 2024 to May 05, 2026 (Vesting over a period of three year)	Equity	3 years from the date of vesting of the options	39.95 % on expiry of 12 months from the date of grant	31.80% on expiry of one year from the 1st vesting date	28.25% on expiry of two years from the 1st vesting date	-	Partly based on continuance of service and partly based on performance rating
Grant 27	August 18, 2023	August 18, 2023	83.15	12,16,330	August 18, 2024 (Vesting over a period of one year)	Equity	3 years from the date of vesting of the options	12 months from the date of grant	-	-	-	On continuance of service

Exercise Period: Eligible to exercise the options up to three years from the date of vesting.

Manner of vesting: In a graded manner over 1 to 4 years commencing from the date of grant.

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

As at March 31, 2024:

Particulars	Date of Grant	Outstanding Options as at April 01, 2023	Options granted during the Year	Less: Options Forfeited / Lapsed	Options Exercised	Outstanding options as at March 31, 2024	Vested	Yet to vest	Weighted Average of the remaining maturity (in years)
Grant 1	November 22, 2019 & December 08, 2019	1,30,05,823	-	13,81,321	1,12,74,516	3,49,986	3,49,986	-	0.97
Grant 2	December 12, 2019	11,40,000	-	30,000	8,40,000	2,70,000	2,70,000	-	2.75
Grant 3	January 29, 2020	41,40,318	-	3,29,343	31,65,172	6,45,803	6,45,803	-	0.83
Grant 4	March 24, 2020	2,67,900	-	7,050	40,000	2,20,850	1,50,350	70,500	1.82
Grant 5	September 26, 2020	17,31,452	-	19,100	11,39,097	5,73,255	5,73,255	-	0.49
Grant 6	February 15, 2021	1,00,000	-	-	1,00,000	-	-	-	-
Grant 7	February 15, 2021	54,342	-	-	36,228	18,114	18,114	-	2.87
Grant 8	February 15, 2021	2,61,900	-	-	15,000	2,46,900	2,46,900	-	1.93
Grant 9	February 15, 2021	2,95,000	-	10,000	1,45,000	1,40,000	40,000	1,00,000	3.58
Grant 10	March 22, 2021	31,43,400	-	52,452	11,59,148	19,31,800	19,31,800	-	0.97
Grant 11	March 22, 2021	8,05,103	-	1,50,237	94,916	5,59,950	4,14,450	1,45,500	2.59
Grant 12	June 01, 2021	8,09,737	-	27,922	-	7,81,815	5,02,596	2,79,219	2.20
Grant 13	July 30, 2021	41,89,290	-	1,61,480	13,24,365	27,03,445	27,03,445	-	1.33
Grant 14	July 05, 2021	2,74,950	-	10,575	98,700	1,65,675	24,675	1,41,000	3.53
Grant 15	July 30, 2021	-	-	-	-	-	-	-	-
Grant 16	February 05, 2022	5,03,805	-	-	-	5,03,805	3,56,644	1,47,161	2.76
Grant 17	February 07, 2022	6,66,590	-	-	-	6,66,590	4,71,879	1,94,711	2.76
Grant 18	May 30, 2022	37,74,810	-	14,27,541	5,19,662	18,27,607	6,66,947	11,60,660	2.79
Grant 19	May 30, 2022	1,03,82,960	-	2,94,525	42,36,441	58,51,994	58,51,994	-	2.16
Grant 20	May 30, 2022	4,58,442	-	35,220	1,40,880	2,82,342	-	2,82,342	3.63
Grant 21	October 31, 2022	14,37,208	-	1,12,350	-	13,24,858	4,49,402	8,75,456	3.55
Grant 22	December 20, 2022	53,550	-	10,710	-	42,840	42,840	-	2.72
Grant 23	December 20, 2022	10,78,431	-	3,11,086	-	7,67,345	3,05,785	4,61,560	3.61
Grant 24	February 08, 2023	39,735	-	39,735	-	-	-	-	-
Grant 25	May 05, 2023	-	53,37,675	2,13,600	-	51,24,075	-	51,24,075	3.09
Grant 26	May 05, 2023	-	22,02,566	-	-	22,02,566	-	22,02,566	3.97
Grant 27	August 18, 2023	-	12,16,330	77,760	-	11,38,570	-	11,38,570	3.37

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

As at March 31, 2023:

Particulars	Date of Grant	Outstanding Options as at April 01, 2022	Options granted during the Year	Less: Options Forfeited / Lapsed	Options Exercised	Outstanding options as at March 31, 2023	Vested	Yet to vest	Weighted Average of the remaining maturity (in years)
Grant 1	November 22, 2019 & December 08, 2019	1,65,18,419	-	12,91,456	22,21,140	1,30,05,823	1,30,05,823	-	0.80
Grant 2	December 12, 2019	11,70,000	-	30,000	-	11,40,000	8,40,000	3,00,000	2.28
Grant 3	January 29, 2020	48,05,993	-	3,86,061	2,79,614	41,40,318	41,40,318	-	1.17
Grant 4	March 24, 2020	2,74,950	-	7,050	-	2,67,900	1,26,900	1,41,000	2.56
Grant 5	September 26, 2020	22,99,024	-	2,41,090	3,26,482	17,31,452	17,31,452	-	1.50
Grant 6	February 15, 2021	1,00,000	-	-	-	1,00,000	1,00,000	-	1.88
Grant 7	February 15, 2021	54,342	-	-	-	54,342	36,228	18,114	2.88
Grant 8	February 15, 2021	2,81,300	-	19,400	-	2,61,900	1,64,900	97,000	2.92
Grant 9	February 15, 2021	3,90,000	-	5,000	90,000	2,95,000	95,000	2,00,000	3.90
Grant 10	March 22, 2021	33,51,725	-	2,02,805	5,520	31,43,400	31,43,400	-	1.98
Grant 11	March 22, 2021	8,31,248	-	11,025	15,120	8,05,103	2,79,478	5,25,625	3.55
Grant 12	June 01, 2021	8,37,657	-	27,920	-	8,09,737	2,51,299	5,58,438	3.21
Grant 13	July 30, 2021	46,77,340	-	4,87,230	820	41,89,290	41,89,290	-	2.34
Grant 14	July 05, 2021	2,82,000	-	7,050	-	2,74,950	63,450	2,11,500	3.81
Grant 15	July 30, 2021	1,80,000	-	1,80,000	-	-	-	-	-
Grant 16	February 05, 2022	5,03,805	-	-	-	5,03,805	1,91,612	3,12,193	3.77
Grant 17	February 07, 2022	11,81,684	-	5,15,094	-	6,66,590	2,53,524	4,13,066	3.77
Grant 18	May 30, 2022	-	45,33,410	7,58,600	-	37,74,810	-	37,74,810	3.57
Grant 19	May 30, 2022	-	1,09,59,260	5,76,300	-	1,03,82,960	-	1,03,82,960	3.17
Grant 20	May 30, 2022	-	23,09,034	18,50,592	-	4,58,442	-	4,58,442	4.08
Grant 21	October 31, 2022	-	14,37,208	-	-	14,37,208	-	14,37,208	4.49
Grant 22	December 20, 2022	-	53,550	-	-	53,550	-	53,550	3.73
Grant 23	December 20, 2022	-	10,78,431	-	-	10,78,431	-	10,78,431	4.62
Grant 24	February 08, 2023	-	39,735	-	-	39,735	39,735	-	2.87

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

c) 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:

Particulars	Grant Date	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share at the time of the Option Grant (₹)	Fair Value of the Option (₹)			
							1st Stage	2nd Stage	3rd Stage	4th Stage
Grant 1	November 22, 2019 & December 08, 2019	5.56% to 6.06%	2.52 yrs to 4.53 yrs	32.52% to 35.63%	-	27.00	7.10	8.70	10.69	-
Grant 2	December 12, 2019	5.85% to 6.59%	2.50 yrs to 5.51 yrs	32.61% to 35.74%	-	27.00	7.17	8.82	10.83	12.13
Grant 3	January 29, 2020	5.83 % to 6.12%	2.50 yrs to 3.51 yrs	32.66% to 32.86%	-	38.00	10.11	12.41	-	-
Grant 4	March 24, 2020	5.81 % to 6.41%	2.52 yrs to 5.52 yrs	32.86% to 35.33%	-	38.00	10.22	12.45	14.53	16.94
Grant 5	September 26, 2020	4.66%	2.50 yrs	40.98%	-	38.00	11.35	-	-	-
Grant 6	February 15, 2021	4.68%	2.50 yrs	42.05%	-	33.00	20.76	-	-	-
Grant 7	February 15, 2021	4.68% to 5.46%	2.50 yrs to 4.50 yrs	39.30% to 42.03%	-	34.00	20.20	22.24	24.28	-
Grant 8	February 15, 2021	4.68% to 5.46%	2.50 yrs to 4.50 yrs	39.30% to 42.03% "	-	35.00	19.65	21.73	23.81	-
Grant 9	February 15, 2021	4.68% to 5.75%	2.50 yrs to 5.50 yrs	39.30% to 42.03%	-	40.00	17.11	19.38	21.63	23.83
Grant 10	March 22, 2021	4.82%	2.50 yrs	42.24%	-	56.00	16.69	-	-	-
Grant 11	March 22, 2021	4.82% to 5.97%	2.50 yrs to 5.51 yrs	39.21% to 42.13%	-	56.00	16.66	19.60	22.52	25.33
Grant 12	June 01, 2021	4.76% to 5.56%	2.50 yrs to 4.50 yrs	38.27% to 43.09%	-	59.15	18.10	21.01	23.56	-
Grant 13	July 30, 2021	4.77%	2.50 yrs	43.04%	-	64.00	19.40	-	-	-
Grant 14	July 05, 2021	4.84% to 5.98%	2.50 yrs to 5.51 yrs	37.88% to 42.96%	-	49.70	21.76	24.56	26.93	29.57
Grant 15	July 30, 2021	4.77% to 5.95%	2.50 yrs to 5.51 yrs	37.68% to 43.04%	-	64.00	19.40	22.51	25.30	28.35
Grant 16	February 05, 2022	5.10% to 6.05%	2.50 yrs to 4.50 yrs	38.85% to 43.84%	-	57.85	18.45	21.41	24.01	-
Grant 17	February 07, 2022	5.10% to 6.05%	2.50 yrs to 4.50 yrs	38.85% to 43.84%	-	57.85	18.45	21.41	24.01	-
Grant 18	May 30, 2022	6.43% to 6.74%	2.50 yrs to 3.50 yrs	41.17% to 42.97%	-	43.60	14.26	16.80	-	-
Grant 19	May 30, 2022	6.43%	2.50 yrs	42.97%	-	43.60	14.26	-	-	-

Schedule 18 - Notes forming part of the financial statements for the year ended March 31, 2024

(All amounts in Crore of ₹, unless otherwise specified)

Particulars	Grant Date	Risk Free Interest Rate	Expected Life	Expected Volatility	Dividend Yield	Price of the underlying Share at the time of the Option Grant (₹)	Fair Value of the Option (₹)			
							1st Stage	2nd Stage	3rd Stage	4th Stage
Grant 20	May 30, 2022	6.43% to 6.95%	2.50 yrs to 4.51 yrs	39.40% to 42.97%	-	43.60	14.26	16.80	18.90	-
Grant 21	October 31, 2022	6.97% to 7.26%	2.50 yrs to 4.51 yrs	40.85% to 42.96%	-	49.00	16.14	19.64	21.91	-
Grant 22	December 20, 2022	6.85%	2.50 yrs	40.37%	-	57.20	18.15	-	-	-
Grant 23	December 20, 2022	6.85% to 7.12%	2.50 yrs to 4.51 yrs	40.37% to 42.90%	-	57.20	18.15	22.81	25.43	-
Grant 24	February 08, 2023	6.62%	1.25 yrs	39.90%	-	54.00	11.45	-	-	-
Grant 25	May 05, 2023	6.78%	2.50 yrs	39.27%	-	75.15	23.35	-	-	-
Grant 26	May 05, 2023	6.78% to 6.85%	2.50 yrs to 4.51 yrs	39.27% to 41.81%	-	75.15	23.35	29.34	33.02	-
Grant 27	August 18, 2023	6.92%	2.50 yrs	37.47%	-	83.15	25.17	-	-	-

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 annualised standard deviation of the continuously compounded rates of return on the stock over a period of time.

d) 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.

23 Prior period comparatives

Prior period comparatives have been reclassified / regrouped by the management, wherever necessary.

As per our report of even date

For **Varma & Varma,**
Chartered Accountants
Firm Registration No.: 004532S

For and on behalf of Board of Directors of Equitas Small Finance Bank Limited

P R Prasanna Varma
Partner
Membership No: 025854
Place: Chennai
Date: April 24, 2024

Arun Ramanathan
Chairman
DIN:00308848
Place: Chennai
Date: April 24, 2024

Vasudevan PN
Managing Director and
Chief Executive Officer
DIN:01550885
Place: Chennai
Date: April 24, 2024

Arun Kumar Verma
Director
DIN:03220124
Place: Chennai
Date: April 24, 2024

As per our report of even date

For **ASA & Associates LLP,**
Chartered Accountants
Firm Registration No.: 009571N / N500006

G N Ramaswami
Partner
Membership No: 202363

Place: Chennai
Date: April 24, 2024

N Sridharan
Chief Financial Officer

Place: Chennai
Date: April 24, 2024

Ramanathan N
Company Secretary
M.No:28366

Place: Chennai
Date: April 24, 2024

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