



**Independent Auditors Review Report on the unaudited quarterly financial results of Equitas Small Finance Bank Limited pursuant to Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

Review Report to  
The Board of Directors  
Equitas Small Finance Bank Limited  
4th Floor, Phase II, Spencer Plaza,  
No. 769, Mount Road, Anna Salai,  
Chennai – 600 002

We have reviewed the accompanying statement of unaudited financial results of Equitas Small Finance Bank Limited (the "Bank") for the quarter ended 30<sup>th</sup> June 2021 (the 'Statement') attached herewith, being submitted by the Bank pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations"), except for the disclosures relating to Pillar 3 disclosure under Basel III Capital Regulations, as at 30<sup>th</sup> June 2021, including Leverage Ratio and Liquidity Coverage Ratio as have been disclosed on the Bank's website and in respect of which a link has been provided in the Statement have not been reviewed by us.

This statement, which is the responsibility of the Bank's Management and has been approved by the Board of Directors has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard 25, (AS 25) "Interim Financial Reporting", prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder, the relevant provisions of the Banking Regulation Act, 1949, the circulars, guidelines and directions issued by the Reserve Bank of India (RBI) from time to time (RBI Guidelines) and other recognized accounting principles generally accepted in India. Our responsibility is to express a conclusion on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with the recognition and measurement principles laid down in AS 25, prescribed under section 133 of the Companies Act 2013, the RBI Guidelines and other accounting principles generally accepted in India, has not disclosed the information required to

T R Chadha & Co., a partnership firm converted into T R Chadha & Co LLP  
(A limited liability partnership with LLP Identification No. AAF-3926) with effect from 28<sup>th</sup> December 2015

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**T R Chadha & Co LLP**  
Chartered Accountants



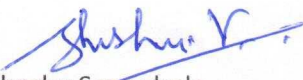
be disclosed in terms of the Listing Regulation including the manner in which it is to be disclosed, or that it contains any material misstatement or that it has not been prepared in accordance with the relevant prudential norms issued by the Reserve Bank of India in respect of income recognition, asset classification, provisioning and other related matters.

**Emphasis of Matter**

We draw attention to Note 10 to the statement which describes the extent to which the Covid-19 pandemic will continue to impact the Bank's results will depend on ongoing and uncertain future developments.

Our opinion is not qualified with regard to this matter.

**For T R Chadha & Co LLP**  
Chartered Accountants  
**ICAI Firm Registration Number: 006711N/N500028**

  
Sheshu Samudrala  
Partner  
Membership No: 235031  
UDIN: 21235031AAAABL9573



Place: Chennai  
Date: 30.07.2021

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CIN: U65191TN1993PLC025280

[ Subsidiary of Equitas Holdings Limited ]

Regd. Office: 4th Floor, Phase II, Spencer Plaza, No. 769, Mount Road, Anna Salai, Chennai 600 002

Website: www.equitasbank.com

1. Statement of unaudited Financial Results for the quarter ended June 30, 2021.

(₹ in Lakh)

Particulars	Quarter ended			Year Ended
	30-Jun-21	31-Mar-21	30-Jun-20	31-Mar-21
	Unaudited	Audited (Refer Note No 5)	Unaudited	Audited
1 Income Earned (a)+(b)+(c)	81,896.91	81,833.36	72,131.17	3,19,441.32
(a) Interest Income from Advances	74,215.37	73,637.70	66,160.54	2,90,082.90
(b) Income on Investments	5,677.62	5,859.30	4,386.63	21,938.47
(c) Interest on balances with Reserve Bank of India and other inter bank funds	2,003.92	2,336.36	1,584.00	7,419.95
2 Other Income	10,362.42	17,839.59	2,965.59	41,805.47
3 Total Income (1)+(2)	92,259.33	99,672.95	75,096.76	3,61,246.79
4 Interest Expended	35,793.12	36,976.40	31,703.29	1,39,645.29
5 Operating Expenses (i)+(ii)	40,022.00	37,712.32	29,191.73	1,32,942.86
(i) Employees Cost	22,165.39	20,423.79	19,448.05	79,144.96
(ii) Other Operating Expenses	17,856.61	17,288.53	9,743.68	53,797.90
6 Total Expenditure (4)+(5) (excluding provisions & contingencies)	75,815.12	74,688.72	60,895.02	2,72,588.15
7 Operating Profit before Provisions & Contingencies (3)-(6)	16,444.21	24,984.23	14,201.74	88,658.64
8 Provisions (other than tax) and Contingencies	15,019.45	9,698.23	6,834.05	37,531.96
9 Exceptional Items	-	-	-	-
10 Profit from Ordinary Activities before tax (7)-(8)-(9)	1,424.76	15,286.00	7,367.69	51,126.68
11 Tax Expense	232.17	3,999.13	1,600.57	12,704.36
12 Net Profit from Ordinary Activities after tax (10)-(11)	1,192.59	11,286.87	5,767.12	38,422.32
13 Extraordinary Items (net of Tax Expense)	-	-	-	-
14 Net Profit for the Period / Year (12)-(13)	1,192.59	11,286.87	5,767.12	38,422.32
15 Paid-up Equity Share Capital (Face Value of ₹ 10/- each)	1,14,244.85	1,13,927.83	1,05,340.16	1,13,927.83
16 Reserves excluding Revaluation Reserves				2,25,706.28
17 Analytical Ratios				
(i) Percentage of Shares held by Government of India	Nil	Nil	Nil	Nil
(ii) Capital Adequacy Ratio (%) - Basel-II	24.07%	24.18%	22.02%	24.18%
(iii) Earnings Per Share (EPS) - (Face Value of ₹ 10/- each)				
- Basic (₹) before & after extraordinary items (net of tax expense) - not annualised	0.10	0.99	0.55	3.53
- Diluted EPS (₹) before & after extraordinary items (net of tax expense) - not annualised	0.10	0.98	0.55	3.49
(iv) NPA Ratio				
(a) Gross NPAs	81,617.05	64,278.42	41,666.55	64,278.42
(b) Net NPAs	39,822.37	26,617.46	21,337.14	26,617.46
(c) % of Gross NPA to Gross Advances	4.76%	3.73%	2.86%	3.73%
(d) % of Net NPA to Net Advances	2.38%	1.58%	1.48%	1.58%
(v) Return on Assets (average)- not annualised	0.05%	0.44%	0.28%	1.65%



2 Segment information in accordance with the Accounting standard on Segment Reporting (AS-17) of the operating segment of the Bank is as under:

(₹ in Lakh)					
SI No	Particulars	Quarter ended			Year Ended
		30-Jun-21	31-Mar-21	30-Jun-20	31-Mar-21
		Unaudited	Audited (Refer Note No 5)	Unaudited	Audited
1	<b>Segment revenue</b>				
a)	Treasury	9,151.98	12,900.50	6,252.54	39,811.89
b)	Retail Banking	79,874.18	82,778.37	65,568.51	3,05,303.23
c)	Wholesale Banking	2,536.49	2,248.47	2,166.80	9,954.49
d)	Other Banking operations	696.68	1,745.61	1,108.91	6,177.18
e)	Unallocated	-	-	-	-
	Less: Inter segment revenue	-	-	-	-
	<b>Income from operations</b>	<b>92,259.33</b>	<b>99,672.95</b>	<b>75,096.76</b>	<b>3,61,246.79</b>
2	<b>Segment results</b>				
a)	Treasury	4,576.10	9,822.42	3,225.72	27,361.26
b)	Retail Banking	(2,935.00)	4,790.48	3,898.05	20,936.25
c)	Wholesale Banking	22.36	361.78	70.33	1,568.18
d)	Other Banking operations	657.74	1,002.83	468.66	3,281.96
e)	Unallocated	(896.44)	(691.51)	(295.07)	(2,020.97)
	<b>Total Profit before Tax</b>	<b>1,424.76</b>	<b>15,286.00</b>	<b>7,367.69</b>	<b>51,126.68</b>
3	<b>Segment assets</b>				
a)	Treasury	6,28,201.43	4,21,997.41	3,90,760.00	4,21,997.41
b)	Retail Banking	17,30,479.33	19,21,051.91	15,72,533.81	19,21,051.91
c)	Wholesale Banking	1,25,478.93	1,13,138.96	99,889.00	1,13,138.96
d)	Other Banking operations	-	-	-	-
e)	Unallocated	18,484.29	15,321.84	22,424.84	15,321.84
	<b>Total Assets</b>	<b>25,02,643.98</b>	<b>24,71,510.12</b>	<b>20,85,607.65</b>	<b>24,71,510.12</b>
4	<b>Segment liabilities</b>				
a)	Treasury	5,41,596.61	3,65,996.80	3,40,990.81	3,65,996.80
b)	Retail Banking	15,09,380.61	16,66,119.60	13,76,061.30	16,66,119.60
c)	Wholesale Banking	1,08,677.13	98,125.00	87,573.27	98,125.00
d)	Other Banking operations	-	-	-	-
e)	Unallocated	1,298.00	1,634.61	800.25	1,634.61
	Capital and Other Reserves	3,41,691.63	3,39,634.11	2,80,182.02	3,39,634.11
	<b>Total liabilities</b>	<b>25,02,643.98</b>	<b>24,71,510.12</b>	<b>20,85,607.65</b>	<b>24,71,510.12</b>

Business Segments have been identified and reported taking into account the target customer profile, the nature of products and services, the differing risks and returns, and guidelines prescribed by RBI and in compliance with the Accounting Standard 17 - "Segment Reporting". The methodology adopted in compiling and reporting the above information has been relied upon by the auditors.





**Notes**

- 3 The above unaudited financial results (along with the notes given below) hereafter " Statement" of Equitas Small Finance Bank Limited ("Bank" or "ESFBL") for the quarter ended June 30, 2021 were reviewed by the Audit Committee at their meeting held on July 29, 2021 and approved by the Board of Directors at their meeting held on July 30, 2021 and have been subjected to a limited review by the statutory auditors of the Bank.
- 4 The above financial results of the Bank have been prepared in accordance with the Banking Regulation Act, 1949, generally accepted accounting principles in India, including Accounting Standards as prescribed under section 133 of the Companies Act, 2013, Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and the guidelines issued by the Reserve Bank of India (RBI).
- 5 The figures for the quarter ended March 31, 2021 are the balancing figures between audited figures in respect of the financial year 2020-21 and the published year to date figures upto December 31, 2020.
- 6 The Bank has applied its significant accounting policies in the preparation of these financial results that are consistent with those followed in the annual financial statements for the year ended March 31, 2021
- 7 The Capital adequacy ratio ("CAR") of the Bank has been computed as per applicable Basel II requirements in accordance with RBI Master Circular No.DBOD.BP.BC.9/21.06.001/2013-14 dated 1 July 2013, on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF).
- 8 RBI circular DBOD.No.BP.BC.1/21.06.201/2015-16 dated 1st July, 2015 on 'Basel III Capital Regulations' read together with the RBI circular DBR.No.BP.BC.80/21.06.201/2014-15 dated 31st March, 2015 on 'Prudential Guidelines on Capital Adequacy and Liquidity Standards-Amendments' requires banks to make applicable Pillar 3 disclosures including leverage ratio and liquidity coverage ratio 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/html>. These disclosures have not been subjected to audit or limited review.
- 9 The Board of Directors of Equitas Small Finance Bank Limited (ESFBL) and Equitas Holdings Limited (EHL) at their respective Meetings held on July 26, 2021 approved a Scheme of Amalgamation between EHL, ESFBL and their respective shareholders, contemplating amalgamation of EHL with ESFBL under applicable provisions of the Companies Act 2013. The Scheme seeks to achieve the RBI licensing requirement of dilution of promoter shareholding in the Bank, in a manner that is in the best interests of and without being prejudicial to EHL, ESFBL, their respective shareholders or any other stakeholders. The Scheme, when implemented, will also enable ESFBL to meet the minimum public shareholding requirement prescribed by SEBI Regulations.

Upon coming into effect of this Scheme and in consideration of the amalgamation of EHL with ESFBL, ESFBL, without any further application, act or deed, shall issue and allot to each of the equity shareholders of EHL as on the Record Date defined in the Scheme, 226 equity Shares of Rs.10/- each credited as fully paid up of ESFBL, in respect of every 100 Equity Shares of ₹.10/- each fully paid up held by them in EHL.

The Scheme is subject to receipt of necessary approvals from RBI, SEBI, Stock Exchanges, public shareholders and creditors of EHL and ESFBL, sanction of National Company Law Tribunal (NCLT) and other such regulatory approvals and sanctions as required.

- 10 The COVID-19 pandemic (declared as such by the World Health Organisation on March 11,2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict nation-wide lockdown in India in march 2020 to contain the spread of the virus. Subsequently, while the national lockdown was lifted, regional lockdowns continued in many parts of the country with significant number of COVID-19 infections.

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

- 11 Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated August 6, 2020 (Resolution Framework 1.0) are given below:

Type of Borrower	Amount in ₹ .crore except number of accounts				
	A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	Additional funding sanctioned, if any, including between invocation of the plan and implementation	Increase in provisions on account of the implementation of the resolution plan
Personal Loans	-	-	-	-	-
Corporate persons*	147	14.55	-	-	0.99
Of which, MSMEs	76	6.96	-	-	0.42
Others	8,030	417.92	-	2.88	26.24
<b>Total</b>	<b>8,177</b>	<b>432.47</b>	<b>-</b>	<b>2.88</b>	<b>27.23</b>

\*As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

There was one borrower account having an aggregate exposure of ₹. 0.03 crore to the Bank, where resolution plan had been implemented and now modified under RBI's Resolution Framework - 2.0 dated May 5, 2021. The above table does not include restructuring done under the Resolution Framework - 2.0 for COVID-19 announced on 5th May 2021. The Bank has restructured loans amounting to ₹ 400.48 crore as of 30th June 2021, ₹. 496.52 crore in July 2021 and has made provision of ₹. 110.51 crore against these restructuring under Resolution Framework - 2.0.

- 12 The Bank has granted 8,37,657 options under the ESFB Employees Stock Option Scheme 2019 (ESFB ESOP Scheme) to eligible employees of the Bank as defined during quarter ended June 30,2021. Out of total 5,19,41,101 options granted till June 30,2021, 258,55,985 Options were vested and 67,57,788 options were lapsed, and 151,28,911 options are yet to be vested.
- 13 The Bank, during the quarter ended June 30,2021 has allotted 31,70,253 equity shares of ₹. 10/- each, fully paid up, on exercise of options by its employees and employees of the Holding company(Equitas Holdings Limited) in accordance with the ESFB ESOP Scheme.
- 14 Previous period / year figures have been reclassified/regrouped, wherever necessary, to conform to the current period / year classification/ grouping.

For Equitas Small Finance Bank Limited



P N Vasudevan

Managing Director and Chief Executive Officer

Place: Chennai  
Date: July 30, 2021

