

T R Chadha & Co LLP
Chartered Accountants
Door No. 5D, V Floor,
Mount Chambers
758, Anna Salai
Chennai - 600 002, Tamil Nadu

Varma & Varma
Chartered Accountants
Sreela Terrace, Level 4, Unit -D
105, 1st Main Road,
Gandhi Nagar Adyar
Chennai - 600 020, Tamil Nadu

**INDEPENDENT AUDITORS' CERTIFICATE ON THE PROPOSED ACCOUNTING TREATMENT SPECIFIED IN THE
DRAFT SCHEME OF AMALGAMATION**

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

1. This certificate is issued in accordance with the terms of our Engagement Letter dated March 7, 2022 with Equitas Small Finance Bank Limited.
2. We, Varma & Varma and T R Chadha & Co LLP, the Joint Statutory Auditors of Equitas Small Finance Bank Limited (hereinafter the "Bank" or "Transferee Company"), have examined the proposed accounting treatment specified in Clause 10 'Accounting Treatment' of Part IV of the draft scheme of amalgamation as approved by the Board of Directors of the Bank in their meeting dated March 21, 2022 for amalgamation between Equitas Holdings Limited ("Transferor Company") and Equitas Small Finance Bank Limited (Transferee Company) and their respective shareholders ("Draft Scheme") in terms of provisions of Section 230 to 232 of the Companies Act, 2013, with reference to its compliance with the applicable Accounting Standards specified under the Companies Act, 2013, the Banking Regulation Act, 1949 and other generally accepted accounting principles.

Management's Responsibility

3. The responsibility for the preparation of the Draft Scheme along with the accounting treatment and its compliance with the relevant laws and regulations, including the Applicable Accounting Standards as aforesaid is that of the Board of Directors of the companies involved in the scheme. This responsibility includes the design, implementation and maintenance of the internal control relevant to the preparation and presentation of the Draft Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Auditor's Responsibility

4. Our responsibility is to express reasonable assurance, based on our examination and according to the information and explanations given to us, as to whether the proposed accounting treatment specified in the Draft Scheme complies with the applicable Accounting standards and Other Generally Accepted Accounting Principles.
5. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Bank.
6. A reasonableness assurance engagement includes performing procedures to obtain sufficient appropriate evidence on the reporting criteria, mentioned in paragraph 4 above. Accordingly, we have performed the following procedures in relation to the certificate:
 - a) Read the proposed accounting treatment as specified in Clause 10 of Part IV of the Draft Scheme, which is attached as Annexure 1 to this certificate and initialed by us only for the purpose of identification.



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- b) Validated the accounting treatment as described in the Draft Scheme with the accounting treatment as prescribed under the applicable Accounting standards notified by the Central Government under section 133 of the Companies Act, 2013, read with the rules made thereunder and other Generally Accepted Accounting Principles.
7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. This Guidance note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

9. Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with the applicable Accounting Standards notified by the Central Government under section 133 of the Companies Act, 2013, read with the rules made thereunder and other generally accepted accounting principles as applicable.

Restriction on Use

10. This Certificate is issued at the request of the Bank and addressed to the Board of Directors of the Bank, solely for the purpose to comply with the requirements of the SEBI Listing Regulations, 2015 for onward submission to the National Stock Exchange and BSE Ltd and National Company Law Tribunal (the "NCLT").

This Certificate should not be used for any other purpose without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For T R Chadha & Co LLP
Chartered Accountants
Firm Registration No 006711N/N500028

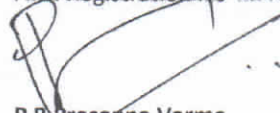

Sheshu Samudrala
Partner

ICAI Membership No. 235031
UDIN:22235031AFHKXH9002

Place: Chennai
Date: March 21, 2022



For Varma & Varma
Chartered Accountants
Firm Registration No 0045328


P R Prasanna Varma
Partner
ICAI Membership No. 025854
UDIN: 22025854AFHKII6679



Place: Chennai
Date: March 21, 2022

Annexure-1

1. The Transferee Company shall follow the method of accounting as prescribed for the pooling of interest method' under Accounting Standard 14 as notified under the Companies Accounting Rules, 2006.
2. The Transferee Company shall, upon this Scheme becoming effective and with effect from the Appointed Date, record the assets and liabilities of the Transferor Company transferred to and vested in it pursuant to this Scheme at their respective book values as appearing in the books of the Transferor Company as at the close of business of a day immediately preceding the Appointed Date.
3. The share capital held by the Transferor Company in the Transferee Company shall stand cancelled upon the Scheme becoming effective.
4. In respect of inter-company outstanding balances between the Transferor Company and Transferee Company, the obligations in respect thereof shall come to an end and there shall be no liability in that behalf and corresponding effect shall be given in the books of account and records of the Transferee Company.
5. The Transferee Company shall issue and allot equity shares to the shareholders of the Transferor Company in accordance with Clause 9 above and credit the face value of such equity shares to its share capital account.
6. The balances in the revenue reserves and statutory reserves as appearing in the books of the Transferor Company as at the close of business of a day immediately preceding the Appointed Date shall be recorded in the books of the Transferee Company as required by accounting standards applicable to the Transferee Company.
7. The excess or short fall, if any after recording the assets and liabilities of the Transferor Company and after making the adjustments as per Clause 10.3 to 10.6 shall be credited to Capital Reserve Account or debited to the General Reserve Account of the Transferee Company, as the case may be.
8. In case of any difference in accounting policy between the Transferor Company and Transferee Company, the accounting policies followed by the Transferee Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve /Capital Reserve Account, as the case may be, to ensure that the financial statements of the Transferee Company reflect the financial position on the basis of consistent accounting policy.



BEYOND BANKING

When you bank with us, you contribute towards a better society.

Equitas Small Finance Bank Limited
(Previously known as Equitas Finance Limited)

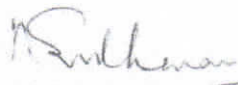
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9. Notwithstanding the above the Board of Directors of the Transferee Company are authorised to account for any of these balances in any manner whatsoever, as may be deemed fit in accordance with the prescribed accounting standards' under the Act and applicable RBI regulations and applicable generally accepted accounting principles as applicable to the Transferee Company.
10. As the Transferor Company shall stand dissolved without being wound up upon the Scheme becoming effective, hence there is no accounting treatment prescribed under this Scheme in the books of the Transferor Company.

For Equitas Small Finance Bank Limited


Sridharan N
Chief Financial Officer



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