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FINANCIAL HIGHLIGHTS [CONSOLIDATED]
₹ Crore

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Interest Income	268	452	702	1,037	1,443
Finance Cost	108	190	295	436	587
Net Interest Income	160	262	408	601	856
Other Income	15	32	54	78	114
Total Income	283	484	756	1,115	1,557
Profit After Tax	33	74	107	167	159
Net Worth	472	742	1,171	1,341	2,231
Paid-up Equity Share Capital [₹ 10/- each]	58	73	269	270	338
Reserves and Surplus	414	669	902	1,071	1,893
Borrowings	1,274	1,849	3,032	4,683	4,657
Deposits	-	-	-	-	1,886
Advance under Management [AUM]	1,484	2,486	4,010	6,125	7,176
GNPA [#] & [\$]	0.27%	0.73%	1.08%	1.34%	3.53%
NNPA [#] & [\$]	0.18%	0.61%	0.80%	0.94%	1.47%
Book Value per Share [₹] [*]	81.74	102.13	43.50	49.69	66.03
Earnings per Share [₹] [Diluted] [**]	6.23	11.61	4.48	6.19	4.69

[#] FY 2016: UCV, LAP & M-LAP products, NPA recognition changed from 6 months to 5 months]

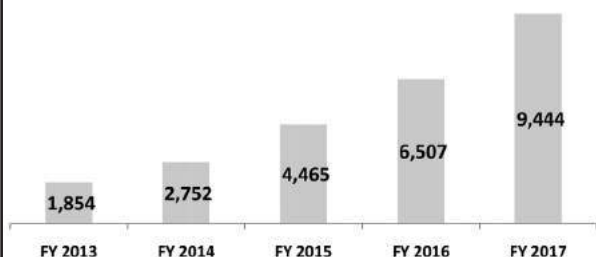
[\$] FY 2017: UCV, LAP & M-LAP products, NPA recognition changed from 5 months to 90 days]

Per Share value for 2014-15 has been impacted due to Bonus issue and fresh infusion of equity. If Bonus issue is not considered, the impact would have been as follows:

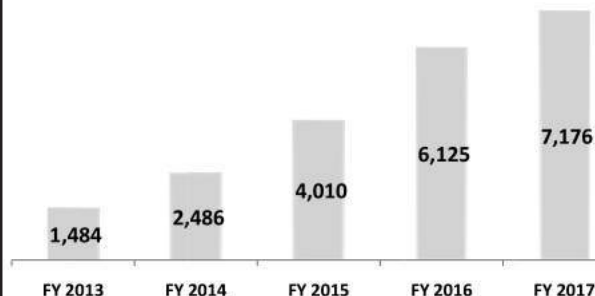
[*] Book Value ₹ 96.42 per share

[**] EPS ₹ 11.75 per share

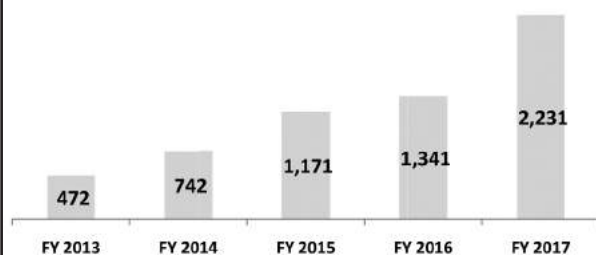
**Total Assets
(₹ Crore)**



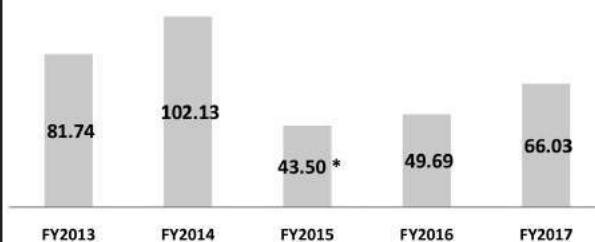
AUM (₹ Crore)



Net Worth (₹ Crore)

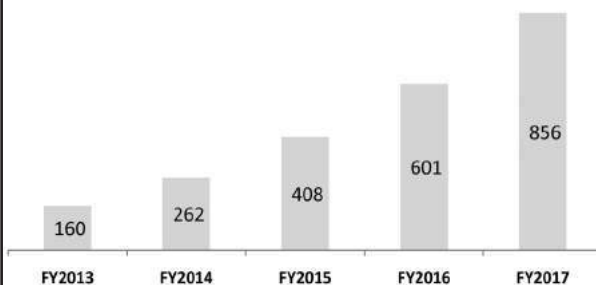


Book Value per share (in ₹)



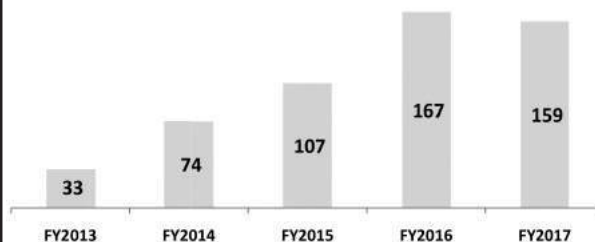
* Bonus Issue made in FY2015

Net Interest Income (₹ Crore)

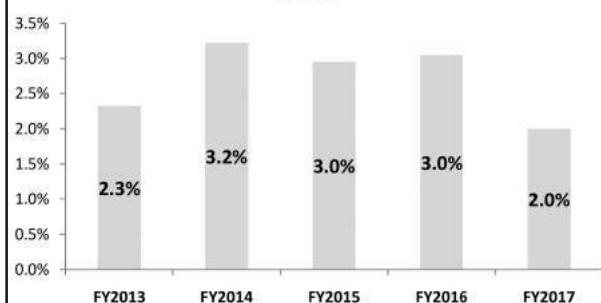


Net Interest Income = Interest Income, including
Securitisation Income, net of Finance cost

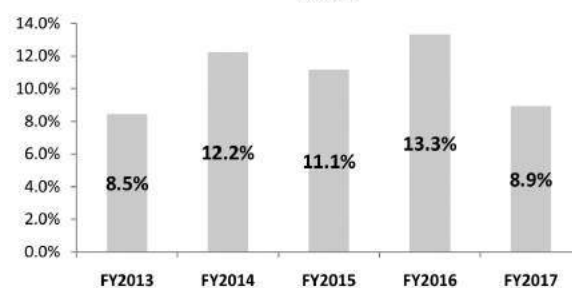
**Consolidated
PAT (₹ Crore)**



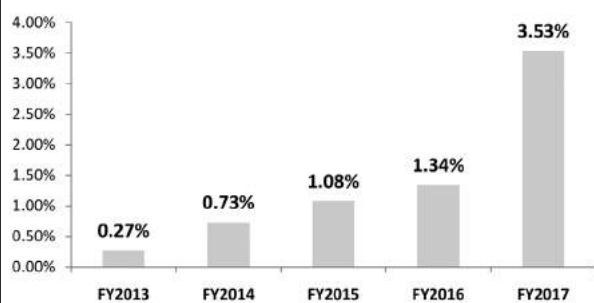
ROA



ROE

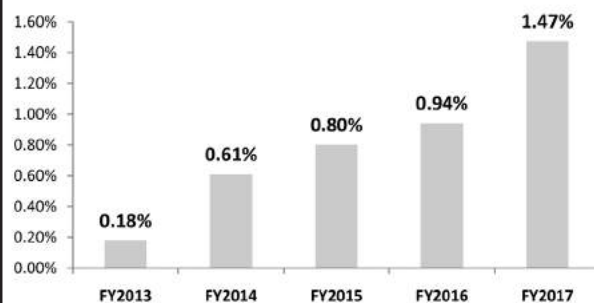


GNPA

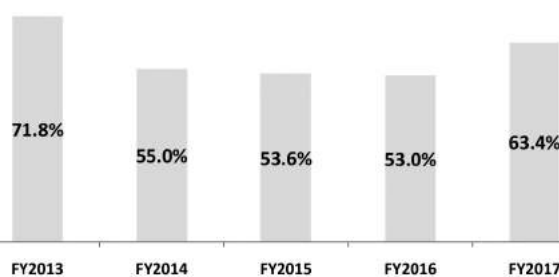


NPA recognition change in FY2016 and FY2017 due to Regulatory requirements

NNPA



Cost to Income Ratio



CORPORATE INFORMATION	
BOARD OF DIRECTORS	
Mr. Rangachary N	Chairman and Independent Director
Mr. Arun Ramanathan	Independent Director
Ms. Jayshree Ashwinkumar Vyas	Independent Director
Mr. Kuppuswamy P T	Independent Director
Mr. Nanda Y C	Independent Director
Mr. Rajaraman P V	Independent Director
Mr. Bhaskar S	Executive Director and CEO
KEY MANAGERIAL PERSONNEL	
Mr. Vasudevan S	Chief Financial Officer
Ms. Jayashree S Iyer	Company Secretary & Compliance Officer
Registered Office	Statutory Auditors
410A, 4 th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai Chennai – 600002 Tel : +91 44 4299 5000 Fax : +91 44 4299 5050 Email : Corporate@equitas.in Website: www.equitas.in CIN: U65100TN2007PLC064069	M/s. Deloitte Haskins & Sells, ASV'N Ramana Towers 52, Venkatanarayana Road T. Nagar, Chennai – 600017 Tel : +91 44 6688 5000 Fax : +91 44 6688 5100
Bankers	Registrar & Share Transfer Agent
Axis Bank Limited ICICI Bank Limited The HongKong and Shanghai Banking Corporation Limited State Bank of India Equitas Small Finance Bank Ltd	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot number 31-32, Gachibowli Financial District Nanakramguda Hyderabad 500 032 Ph: +91 40 6716 2222 Email: einward.ris@karvy.com Website: https://karisma.karvy.com

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

On the special occasion of your Company completing a decade of useful existence which also has been embellished by the report on the performance of our Equitas Small Finance Bank, I send you all my greetings coupled with thanks for your continued support for the cause for which we started our efforts, which is serving the community at large with fervour and dedication.

The past ten years has been a wonderful journey for Equitas, from a small urban micro financier in 2007 to a diversified pan India NBFC by 2015 followed by an IPO in 2016 and now as India's second Small Finance Bank among the ten that were granted an "in principle" approval by RBI in 2015.

Building up the liability franchise

Branch Channel:

I am happy to share that we opened 284 Liability branches during the year and our deposit mobilisation has gained significant traction. Our customer deposits balance stands at ₹ 1,886 crore as on March 31, 2017. Out of these deposits, CASA (Current and Savings Account) balances are ₹ 332 crore, giving us a CASA percentage of 17%. These early signs have been very encouraging!

We have ~600 Lending branches of the erstwhile NBFC out of which, during the year, 284 Branches have been converted into full fledged bank branches. As per regulatory requirement, the remaining are also required to be converted into bank branches within a period of 3 years from the start of our banking operations.

Digital channel:

We have been able to roll-out, within a short time frame, significant number of services over the digital platform. Net and Mobile banking for individuals and the Wallet have been rolled out. Account holders can now perform basic transactions like transfers, remittance, mobile top-ups, bill payments, etc., through their net or mobile banking app.

We have also become an issuer of FASTag, which is an electronic RFID (Radio Frequency Identification) sticker for vehicles through which, road toll can be paid electronically in the Toll Plazas.

Setting up of other services such as Corporate Net Banking, UPI (Unified Payments Interface) etc., is in progress.

Outreach Banking Channel:

We are working to supplement our own branch channel with Business Correspondent (BC) channel. We intend to have a network of BCs operationalised over the next one year which would help us take banking services to the masses in areas which are currently not sufficiently serviced. Pilots have been already rolled out.

In essence, we hope to build a strong Liability Franchise for the Bank using multiple channels to reach out and service customers with different needs. The initial flow of deposits augurs well and we hope to get the benefit of reduced cost of funds over time.

Diversifying our credit offering:

Our journey to have a well-diversified credit offering continues.

Our ability to build new products has been one of the key strengths at Equitas. We had diversified into Used Commercial Vehicle finance in 2011 and funding of tiny and micro entrepreneurs in 2013. These products have grown well over the years, with good portfolio quality on a risk weighted return basis.

New product launches:

Post becoming a bank, we have rolled out three new loan products viz. Agri Loans, Business Loans for small and medium enterprises and Gold Loans.

Leveraging our skills:

Over the years, at Equitas, we have built up capability to be able to do credit and cash flow assessment of borrowers from the informal economy. We have also built up a robust legal, collection and operational risk management system to support such client segments and loan offerings. These will be leveraged for the new products that have been launched. These skills are, to a large extent, unique to the banking industry in India and we hope to continue to strengthen our capabilities in these segments, enabling us to establish a unique franchise on the lending side while also supporting the credit needs of these segments of people.

New to Bank borrowers:

Over the past ten years, we have funded about 1,00,000 customers for purchasing of second hand trucks out of which about 80% of customers are people who have borrowed from a formal institution for the first time in their life. Similarly in the tiny and micro enterprise segment we have funded over 90,000 customers, out of which about 95% are 'new to bank' customers. In Micro Finance, out of about four million borrowers we have financed, about 60% are 'new to bank' borrowers. With the addition of new loan products, we hope to continue to remain an Institution, which helps mainstream large number of people from the low income and under-served segments of the society.

We intend to leverage the nimbleness of an NBFC but with the cost of funds and credibility of a bank to be able to remain the Banker of Choice for these customers.

Micro Finance

The third and fourth quarters of FY16-17 have been difficult for the MFI Industry in the country. The Demonetisation drive of the Government had some unexpected impact on the micro finance industry. The initial cash crunch combined with activism by some anti-social and other elements have led to significant increase in delinquency levels. The impact was very particularly visible in Maharashtra, Karnataka and Madhya Pradesh.

This trend is worrisome as the nature of this risk makes it difficult to fathom at this stage the long-term impacts it could have on customers' repayment culture and credit discipline. This uncertainty makes risk mitigation extremely difficult.

We have been a prudent lender in the micro finance space with low loan ticket size, filtering out customers who have tended to borrow from other lenders etc. We had also actively participated in industry initiatives to make available credit bureau services for the micro finance industry, which helps us factor in earlier borrowings by the

loan applicants. We have stayed committed to the promise of being a 'Responsible Lender' even though it had meant that our growth over the past few years was much lower than the industry average.

In spite of these, our micro finance portfolio has also seen delinquency levels going up over the past 4 months. Though impact on our resources at this stage is not very worrisome, it is felt that the continuance of this phenomenon may significantly affect our Micro Finance operations. We will be calibrating our product mix such that we are able to build a strong and diversified portfolio of various types of loan products which would help create a sustainable model for the long term.

The year ahead:

As we step into the second decade of our service, the year ahead promises to be the most challenging year yet in the history of the Company - on the one hand, we need to focus on accelerating contribution from new loan products to offset the slow down in Micro finance, while retaining strong control over quality of portfolio; and on the other, to create and strengthen the liability franchise of the bank.

Managing this duality calls for innovation and superior execution – the very DNA of Equitas.

Social Initiatives:

Our social initiatives continue to move forward in creating a meaningful and significant social impact.

During the year, we conducted medical camps where over eight lakh people benefited, our job fairs enabled over 30,000 unemployed youth to get placed in jobs, we were able to impart cottage skill training to around 40,000 people and our pavement dweller rehabilitation program helped move around 480 families from pavements to houses.

Our schools, Equitas Gurukuls continue to function well. Currently, we are running seven such schools in Tamilnadu through our Trust, Equitas Development Initiatives Trust (EDIT) while the eighth school is expected to start functioning from the coming academic year. Our students make us proud by excelling themselves in studies.

With the blessing from all our stakeholders, I am confident the Group shall continue to serve society in a meaningful manner. The second decade of Equitas' existence will not be any less glorious than the first decade and with these hopes I wish you all the very best.

God Bless You

Rangachary N
Chairman

Place: Chennai

Date: May 5, 2017

DIRECTORS' REPORT

To,

The Members,

Equitas Holdings Limited

Your Directors have pleasure in presenting the Tenth Annual Report together with the audited accounts of the Company for the Year ended March 31, 2017 (FY 2016-17).

Financial Results

The summary of the Company's financial performance, both on a consolidated basis and standalone basis for FY 2016-17 compared to previous FY 2015-16 is given below:

(₹ in lakh)

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Gross Income	1,55,655.24	111,487.42	1235.53	819.72
Less: Total Expenditure	1,30,499.15	85,475.47	485.23	435.66
Profit before taxation	25,156.09	26,011.96	750.30	384.06
Provision for taxation	9,219.52	9,297.78	282.13	172.43
Profit after taxation	15,936.57	16,714.18	468.17	211.63
Transfer to Statutory Reserve	2697.05	3,410.00	93.70	42.40
Transfer to General Reserve	2097.55	Nil	Nil	Nil

Dividend

The Directors do not recommend any dividend for the year.

Transfer to Reserves

Your company has transferred a sum of ₹ 93.70 lakh to Statutory Reserve as required under the Reserve Bank of India Act, 1934.

Capital Adequacy

The Capital Adequacy Ratio of the Company was 81.60% as of March 31, 2017 as against the minimum capital adequacy requirements of 30% stipulated by RBI.

Material Changes and Commitments

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate to and the date of this Report.

IPO Update

The Company raised ₹ 720 crore through an Initial Public Offering (IPO) in April 2016, to fund the capital requirements of the subsidiaries. The Equity Shares of the Company were listed on BSE Limited and National Stock Exchange of India Limited on April 21, 2016. The entire proceeds of the IPO of the Company have been fully utilized in the manner specified in the prospectus, as detailed in Note No. 30 of the standalone financial statements for FY 2016-17.

Share Capital

During the year under review, the Company has made fresh issue of 6,54,54,545 Equity Shares in its IPO.

The Company has also issued in aggregate, 24,38,834 Equity Shares to employees of the Company and its Subsidiaries under the Equitas Employees Stock Option Scheme, 2015.

Pursuant to the aforesaid issue and allotment of Equity Shares, the paid-up share capital of the Company stood at ₹ 33781.37 lakh as at March 31, 2017 as compared to ₹26992.04 lakh as at March 31, 2016.

Investment in Subsidiaries

During the year under review, the Company has infused capital in its following subsidiaries by subscribing to the Equity Shares offered by them:

Name of the Subsidiary Company	Amount of capital subscribed (₹ in lakh)
Equitas Small Finance Bank Limited	28,800
Equitas Micro Finance Limited *	28,800
Equitas Housing Finance Limited *	4,000
Total	61,600

** Merged with Equitas Finance Limited, which was later re-named as Equitas Small Finance Bank Limited, with effect from September 2, 2016.*

Registration as a Core Investment Company

The Company has been registered as a Non-Banking Financial Institution - Non-Deposit taking-Systemically Important Core Investment Company (CIC-ND-SI) pursuant to the Certificate of Registration issued by the Reserve Bank of India ("RBI") dated September 1, 2016, under Section 45-IA of the Reserve Bank of India Act, 1934.

Statutory Disclaimer

The Company is having a valid Certificate of Registration dated September 1, 2016 issued by the RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, the RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for discharge of any liability by the Company.

Neither there is any provision in law to keep, nor does the Company keep any part of the deposits with the Reserve Bank of India and by issuing a Certificate of Registration to the Company, the Reserve Bank of India, neither accepts any responsibility nor guarantees the payment of deposits to any depositor or any person who has lent any sum to the Company.

Fixed Deposits

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

Subsidiary Companies

The Company conducts its business through subsidiaries.

To meet the conditions prescribed by RBI while granting 'in-principle' approval for establishing a 'Small Finance Bank' (SFB), the wholly owned subsidiaries of the Company viz., Equitas Micro Finance Limited