



EQUITAS HOLDINGS LIMITED

FOR IMMEDIATE PUBLICATION

PRESS RELEASE

May 5, 2017

Equitas Holdings Consolidated FY17 Net Profit of ₹ 159.4 Crore

Equitas Holdings Limited [EHL], a diversified financial services provider and the Holding Company of Equitas Small Finance Bank Limited [ESFBL], announced today the Audited & Consolidated financial performance for the quarter and year ended March 31, 2017.

- **Consolidated Advances under Management [AUM] of ₹ 7,176 Crore as of March 31, 2017; growth of 17.2% YoY, despite fall in disbursements in Q3 & Q4 FY17**
- **Net Interest Income for Q4FY17 grew by 30% YoY; for FY17 it grew by 42.3%**
- **Due to stress in Micro Finance [MF] collections during Q3 & Q4FY17, an assessment was made by the Management of the overall MF portfolio. Though not an NPA as per RBI norms, the Management has identified an impaired MF portfolio of ₹ 58.2 Crore and made a provision of ₹ 35.8 Crore in Q4FY17**
- **Provision Coverage enhanced to 58.3% as of March 17 from 29.8% as of March 16**
- **Consolidated PAT for Q4 fell by 85.2% YoY and by 4.7% for FY17**
- **RoA and RoE for Q4FY17 are 0.31% and 1.24% respectively, while the corresponding numbers for FY17 are 2.02% and 8.92%**

The growth in Advances has been led by healthy disbursements in key focus asset products such as Commercial Vehicle finance and Micro-LAP loan offerings. Micro Finance [MF] AUM growth for FY17 was only 0.3% YoY, as MF loan disbursals were reduced during Q3 & Q4 FY17 in response to unfavourable market conditions.

Q4FY17 Consolidated Results

Net Interest Income increased by 30% YoY to ₹ 221.4 Crore for quarter ended March 31, 2017 as against ₹ 170.3 Crore for corresponding quarter last year. Profit after Tax [PAT] fell by 85.2% to ₹ 6.9 Crore for Q4FY17, against ₹ 46.8 Crore for corresponding quarter last year. Extraordinary provisions made during the quarter for impaired MF portfolio, along with higher operating expenses due to opening up of liability branches, led to this fall in profits.

FY17 Consolidated Results

Net Interest Income increased by 42% YoY to ₹ 855.5 Crore for the year ended March 31, 2017 as against ₹ 600.9 Crore for the previous year ended March 31, 2016. Profit after Tax [PAT] fell by 5% YoY to ₹ 159.4 Crore for FY17 against ₹ 167.1 Crore for previous year. The fall in profits, despite significant top-line growth, was due to increased operating expenses during the year incurred in setting up of the liabilities branches, higher credit cost due to change in NPA recognition norms consequent to becoming a Bank, additional provision for impaired MF portfolio and an extraordinary cost of ₹ 11.1 Crore on pre-closure of high cost term loans in Q2FY17.

About Equitas Holdings Limited [EHL]

Equitas Holdings Limited ('the Company') is a Non-Deposit Taking Systemically Important - Core Investment Company – (CIC-ND-SI) registered with The Reserve Bank of India. The activity of the Company is making investment in subsidiary companies and providing loans to them. It has no other operations.

The Company has the following Wholly Owned Subsidiaries:

- Equitas Small Finance Bank Limited, licensed under Section 22 of the Banking Regulations Act, 1949 to carry on the business of small finance bank;
- Equitas Technologies Private Limited [ETPL], a Company registered under the Companies Act, 2013 engaged in the business of freight aggregation.

About Equitas Small Finance Bank Limited [ESFBL]

Equitas Small Finance Bank Limited is a Small Finance Bank (SFB), licensed by Reserve Bank of India under Section 22 of the Banking Regulation Act, 1949 to carry on the business of Small Finance Bank. The Bank commenced the business of SFB on September 5, 2016. It is the first Private Sector Bank from Tamil Nadu to commence operations post Indian Independence.

ESFBL, with pan India operations, is focussed on 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.

True to its tag line – “Fun Banking”, the bank offers customized savings products with a focus towards giving children, youth, families and entrepreneurs across India, a new and a fun way to bank.

For further details contact:

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Consolidated Financial Performance for the quarter and year ended March 31, 2017

- Consolidated Advances under Management [AUM] of ₹ 7,176 Crore as of March 31, 2017; growth of 17.2% YoY, despite fall in disbursements in Q3 & Q4 FY17
- Net Interest Income for Q4FY17 grew by 30% YoY; for FY17 it grew by 42.3%
- Due to stress in Micro Finance [MF] collections during Q3 & Q4FY17, an assessment was made by the Management of the overall MF portfolio. Though not an NPA as per RBI norms, the Management has identified an impaired MF portfolio of ₹ 58.2 Crore and made a provision of ₹ 35.8 Crore in Q4FY17
- Provision Coverage enhanced to 58.3% as of March 17 from 29.8% as of March 16
- Consolidated PAT for Q4 fell by 85.2% YoY and by 4.7% YoY for FY17
- RoA and RoE for Q4FY17 are 0.31% and 1.24% respectively, while the corresponding numbers for FY17 are 2.02% and 8.92%

Equitas Holdings Consolidated FY17 Net Profit of ₹ 159.4 Crore

Equitas Holdings Limited [EHL], a diversified financial services provider and the Holding Company of Equitas Small Finance Bank Limited [ESFBL], announced today the consolidated financial performance for the quarter and year ended March 31, 2017.

Performance Highlights

Growth in Advances under Management [AUM]

AUM as of March 31, 2017 grew 17.2% to ₹ 7,176 Crore as compared to ₹ 6,125 Crore as of March 31, 2016. Growth was led by healthy disbursements in key focus asset products such as Commercial Vehicle finance and Micro-LAP loan offerings. Micro Finance [MF] AUM growth for FY17 was only 0.3% YoY, as MF loan disbursals were reduced during Q3 & Q4 FY17 in response to unfavourable market conditions.

Q4FY17 Consolidated Results

Net Interest Income increased by 30% YoY to ₹ 221.4 Crore for quarter ended March 31, 2017 as against ₹ 170.3 Crore for corresponding quarter last year. Profit after Tax [PAT] fell by 85.2% YoY to ₹ 6.9 Crore for Q4FY17, against ₹ 46.8 Crore for corresponding quarter last year. Extraordinary provisions made during the quarter for impaired MF assets, along with higher operating expenses due to opening up of liability branches, led to this fall in profits.

FY17 Consolidated Results

Net Interest Income increased by 42.3% to ₹ 855.5 Crore for the year ended March 31, 2017 as against ₹ 600.9 Crore for the previous year ended March 2016. Other non-interest income increased 46.0% to ₹ 114 Crore, due to new sources of income as a bank. This led to Net Income increasing by 43% to ₹ 969.5 Crore in FY17 vs. ₹ 678.9 Crore in FY16. Profit after Tax [PAT] fell by 4.7% YoY to ₹ 159.4 Crore for FY17 against ₹ 167.1 Crore for FY16. The fall in profits, despite significant top-line growth, was due to increased operating expenses during the year incurred in setting up of the liabilities branches, higher credit cost due to change in NPA recognition norms consequent to becoming a Bank, additional provision on impaired MF portfolio and an extraordinary cost of ₹ 11.1 Crore on pre-closure of high cost term loans in Q2FY17.

AUM performance - product-wise

Products	AUM [₹ Cr]		
	March 16	March 17	YoY (%)
Micro Finance	3,283	3,293	0.3%
UCV	1,510	1,928	27.7%
Micro – LAP	838	1,259	50.2%
LAP	249	269	8.3%
Housing Finance	246	265	7.6%
Business Loans	0	63	N.A.
Agri Loans	0	31	N.A.
Gold Loans	0	3	N.A.
Others	0	65	N.A.
Total	6,125	7,176	17.2%

Asset quality trends

Particulars	March 16 [*]	December 16 [#]	March 17 [#]
Gross NPA (Rs. Cr)	68.1	145.0	206.0
Net NPA (Rs. Cr)	47.8	45.5	105.0
Gross NPA %	1.34%	2.46%	3.53%
Net NPA %	0.94%	0.77%	1.47%
Provision Coverage Ratio %	29.8%	68.6%	58.3%

[*] NPA recognition @ 5 months

[#] NPA recognition @ 90 days

Asset quality indicators – Notes

- RBIs Circulars issued post demonetisation with respect to deferment in classification of Advances from Standard to Sub-standard availed by the Bank
- Q4FY17 GNPA and NNPA include the impaired MF portfolio and its provisioning
- NNPA and PCR calculated including Floating Provision created

Equitas Holdings Limited - Consolidated - Key parameters – Q4FY17

Particulars	(Amount in Rs. Cr, except as otherwise stated)							
	Q4FY16	Q4FY17	YoY Growth %	Q3FY17	QoQ Growth %	FY 2015-16	FY 2016-17	YoY Growth %
AUM	6,125	7,181	17.2%	7,181	0.0%	6,125	7,181	17.2%
NII	170	221	29.9%	231	-4.1%	601	856	42.4%
Operating cost (%)	6.91%	8.61%	24.5%	7.75%	11.1%	6.65%	7.79%	17.1%
PAT	47	7	-85.2%	45	-84.6%	167	159	-4.7%
GNPA (%)	1.34%	3.53%		2.46%		1.34%	3.53%	
NNPA (%)	0.94%	1.47%		0.77%		0.94%	1.47%	
Credit Cost	1.39%	2.03%		1.65%		1.17%	2.13%	
Provision Coverage	29.84%	58.27%		68.64%		29.84%	58.27%	
RoA (%)	3.08%	0.31%		2.04%		3.09%	2.02%	
Gearing (No. of times)	3.61	3.06		3.01		3.30	3.42	
RoE (%)	14.21%	1.24%		8.18%		13.31%	8.92%	

Notes:

NPA Ratio - calculated on Advance outstanding i.e., 'On Book' Advances only

Credit cost calculated as proportion of average AUM

Management Commentary

Commenting on the results and financial performance, Mr S Bhaskar, Executive Director & Chief Executive Officer, Equitas Holdings Limited, said,

“We had a reasonable year given the economic environment and market conditions. AUM as of March 17 grew by 17.2%. Profits for FY17 declined 4.7%.

We continue to remain focussed on the segments not sufficiently serviced by the mainstream financial system and this goal has been helped by our transformation into a Bank in Q2FY17. To a large percentage of our borrowers, we are the only formal lender.

Currently, the Bank has a range of loan products addressed to the mass market segments which are still not effectively serviced by the universal banks. Besides the above, our loan product offerings include agri and livestock loans, loan against gold, business loans for small business units etc.

In line with our tagline of “Fun banking”, it is our whole-hearted endeavour to bring a wave of freshness into banking through our focus on making normal banking transaction easy and enjoyable for our customer. We hope to impact about 5% of Indian Households by 2025.

To enable physical support to its millions of borrowers, we plan to have a network of Business Correspondents (BC) at branch level taking banking services right to the doorstep of its clients.

We have deployed cutting edge IT and digital solutions to make our banking experience a great experience for our mass and mass affluent borrower.”

Social initiatives

The Group continues its various social initiatives, as part of the Corporate Social Responsibility program. During the year, the Group reached out to 8.3 lakh beneficiaries through the health camps, 0.39 lakh beneficiaries through training on cottage livelihood skills, 0.32 lakh beneficiaries through job fairs and around 480 families rehabilitated through the Equitas Bird Nest program. The seven English Medium schools managed by the Group has a strength of over 5,040 students as of Mar-17. The various social initiatives undertaken is tabled below:

Particulars	FY 16	Q3FY17	Q4FY17	FY17	Cumulative [since inception]
No. of beneficiaries in health camps	8,64,384	2,00,072	2,30,995	8,37,247	45,82,356
No. of spectacles provided [free of cost]	11,690	2,340	1,335	8,852	91,502
No. of cataract operations [free of cost]	1,563	483	472	1,842	27,950
No. of people trained on cottage livelihood skills	41,268	8,033	13,264	39,406	448,895
No. of unemployed youth placed in jobs	26,320	10,027	9,864	32,090	91,719
No. of payment dwelling families rehabilitated	362	167	124	482	1,193
No. of children studying in the 7 Equitas schools	4,142	5,043	5,043	5,043	N.A.

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ESFBL was formed by the Merger of two wholly owned subsidiaries of EHL viz., Equitas Micro Finance Limited [EMFL] and Equitas Housing Finance Limited [EHFL] with Equitas Finance Limited [EFL].

ESFBL, with pan India operations, is focussed on 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 bank offers customized savings products with a focus towards giving children, youth, families and entrepreneurs across India, a new and a fun way to bank.

ESFBL plans to roll out a network of bank branches spread across India. Of these branches, 50% will be in South, 30% in West and the remaining 20% in North. About 25 per cent of the bank branches will be located in rural, unbanked villages. Currently, the bank has an AUM of ₹ 7,176 Cr, of which about 46% is contributed by Micro Finance, 27% by Used Commercial Vehicle Finance, 18% by Micro-LAP and the remaining made up of LAP, Housing & Affordable Housing Finance, Business loans, Agri loans Gold loans etc.

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