

## Issue highlights

- ❑ **Promoted by Equitas Holdings Limited ("EHL"), Equitas Small Finance Bank ("ESFB")** was incorporated on June 21, 1993. The Bank, seeking in-principle approval from RBI to undertake a merger of EHL with the Bank, such that the merger would be effective from September 4, 2021 and seeking in-principle approval to permit the dilution of EHL's shareholding in the Bank pursuant to such merger.
- ❑ ESFB is the largest SFB in India in terms of number of banking outlets, and the 2<sup>nd</sup> largest SFB in India in terms of Assets under Management ("AUM") and total deposits in Fiscal 2019. (Source: CRISIL Report). **ESFB has been able to successfully diversify their loan portfolio and significantly reduce their dependence on the microfinance business as compared to other microfinance companies that have converted to SFBs.**
- ❑ Their asset products include small business loans, housing loans, and agriculture loans, Vehicle Loan, MSE Loan etc. On the liability side, they offer current accounts, salary accounts, savings accounts, and a variety of deposit accounts to their clients. In addition, ESFB also provide non-credit offerings comprising ATM-cum-debit cards, third party insurance, mutual fund products, and issuance of FASTags.
- ❑ **As of March 31, 2019, ESFB had the largest network of banking outlets among all SFBs in India (Source: CRISIL Report). As of June 30, 2020, their distribution channels comprised 856 Banking Outlets and 322 ATMs across 17 states and union territories in India.**
- ❑ The shares will be listed on BSE and NSE.

## Brief Financial Details\*

(₹ In Cr)

	As at Jun' 30,		As at Mar' 31,		
	2020	2019	2020	2019	2018
Equity Share Capital	1,053.40	1,005.94	1,053.40	1,005.94	1,005.94
Reserves#	1,735.14	1,292.16	1,677.47	1,235.10	1,024.53
Net worth	2,788.54	2,298.10	2,730.87	2,241.04	2,030.47
Deposits as stated	11,787.13	9,133.42	10,788.41	9,006.74	5,603.97
Deposits Growth (%)	29.05%	-	19.78%	60.72%	-
Advances as stated	14,388.62	12,023.30	13,747.24	11,593.57	7,706.03
Advances Growth (%)	19.67%	-	18.58%	50.45%	-
Interest Earned	721.31	603.39	2,645.44	2,111.93	1,531.69
Interest Earned Growth (%)	19.54%	-	25.26%	37.88%	-
EBITDA	93.13	111.79	447.39	415.52	136.02
EBITDA (%)	12.91%	18.53%	16.91%	19.67%	8.88%
Profit Before Tax	73.68	88.75	350.94	323.74	48.51
Net Profit for the year	57.67	57.06	243.64	210.57	31.83
Net Profit as % to revenue	8.00%	9.46%	9.21%	9.97%	2.08%
Net Interest Margin	2.16%	2.22%	9.11%	8.55%	9.02%
Gross NPAs	416.67	334.30	417.32	295.71	212.53
Net NPAs	213.37	187.21	228.63	167.43	112.51
EPS (₹) as stated~	0.55	0.57	2.39	2.09	0.32
RoNW (%) as stated	2.07%^	2.48%	8.92%	9.40%	1.57%
Net Asset Value (₹)	26.47	22.85	25.92	22.28	20.18

Source: RHP \*Restated Summary Statement, Ratios calculated for 30th June 2020 & 30th June 2019 is not annualised. #Reserves are net of Capital Reserve

## Issue Details

Fresh Issue of Equity shares aggregating upto ₹ 280 Crore and Offer for sale of up to 72,000,000 Equity Shares by Equitas Holdings Ltd ("EHL").

### Issue summary

**Net Issue size: ₹ 510 Cr – 518 Cr**

**No. of shares ('000): 159,500 – 156,848**

**Face value: ₹ 10**

### Reservation for:

Employees (Bank, EHL)	₹ 1 Cr
EHL Shareholders ("EHL S/H")	₹ 51 Cr

(Eligible EHL Shareholders: Individuals and HUFs who are the public equity shareholders of Equitas Holdings & the Promoter, as on the date of the Red Herring Prospectus i.e. 11<sup>th</sup> Oct'2020.

### Issue summary

**Price band : ₹ 32 - 33**

**Bid Lot: 450 Shares** and in multiple thereof

**Post Issue Implied Marker Cap =**

**₹ 3,651 – 3,756 Cr**

**BRLMs:** JM Financial, Edelweiss Financial, IIFL Securities

**Registrar:** KFin Technologies Pvt. Ltd.

**Issue opens on:** Tuesday, 20<sup>th</sup> Oct'2020

**Issue closes on:** Thursday, 22<sup>nd</sup> Oct'2020

### Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	27-10-2020
Refunds/Unblocking ASBA Fund	28-10-2020
Credit of equity shares to DP A/c	29-10-2020
Trading commences	02-11-2020

### Issue break-up

	No. of Shares ('000)	₹ In Cr	% of Issue
QIB	71,615 – 70,545	229 - 233	50%
NIB	21,487 – 21,163	69 - 70	15%
Retail	50,137 – 49,381	160 – 163	35%
Emp	312 - 303	1 - 1	-
EHL S/H	15,937 – 15,454	51 - 51	-
<b>Total</b>	<b>159,500 – 156,848</b>	<b>510 - 518</b>	<b>100%</b>

### Shareholding (No. of Shares)

Pre issue	Post issue^	Post issue#
1,053,401,602	1,140,901,602	1,138,250,086

^@Lower price Band #@ Upper Price Band

### Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	95.49%	82.05%
Public	4.51%	17.95%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## BACKGROUND

### Company and Directors

Equitas Small Finance Bank ("ESFB") was originally incorporated as 'V.A.P. Finance Private Limited' on June 21, 1993. The Bank Promoter, Equitas Holdings Limited ("EHL") was granted the RBI Final Approval on June 30, 2016, to establish an SFB. Subsequently, the Bank was converted in to an SFB and they commenced operations on September 5, 2016 as an SFB.

The Bank, seeking in-principle approval from RBI to undertake a merger of EHL with the Bank, such that the merger would be effective from September 4, 2021 and seeking in-principle approval from the RBI to permit the dilution of EHL's shareholding in the Bank pursuant to such merger. The Bank had also clarified that any steps in furtherance of the proposed merger would be undertaken post receipt of formal approval from the RBI. The RBI has pursuant to its letter dated June 6, 2019 clarified that the RBI would examine any proposal for merger of EHL with the Bank (and the consequent dilution of EHL's shareholding in the Bank) at the relevant time.

### **Scheme of Amalgamation of Equitas Micro Finance Limited ("EMFL") & Equitas Housing Finance Limited ("EHFL") with and into the Bank**

The Bank, EMFL and EHFL filed a scheme of amalgamation of EMFL and EHFL (collectively, the **"Transferor Companies"**) with the Bank (the **"Amalgamation Scheme"**). The rationale of the Amalgamation Scheme was to amalgamate the Transferor Companies and the Bank and subsequently convert the Bank into an SFB. Further the Amalgamation Scheme was expected to, *inter-alia*, help in the creation of a platform for the future business activities, to act as a gateway for growth and expanding business operations, enable smoother implementation of policy changes at a higher level from a management perspective and achieve business synergies. Pursuant to the Amalgamation Scheme, EMFL and EHFL amalgamated with and into the Bank.

**Arun Ramanathan** is the Part-time Chairman and Non-Executive Independent Director of the Bank. Prior to his becoming a Director of the Bank, he has more than 34 years of service in the Indian Administrative Service. He held several postings in the Government of India at the level of Secretary in various ministries. He has served as a director on the boards of several companies including State Bank of India, IDBI Bank Ltd, ICICI Bank Ltd, India Infrastructure Finance Co. Ltd., IDFC Ltd, ONGC, Shipping Corporation of India Ltd, Tamil Nadu Petroproducts Ltd, National Textile Corporation Ltd, ONGC Videsh Ltd, Titan Industries Ltd, United Stock Exchange of India Ltd, Indian Clearing Corporation Ltd, Jenson and Nicholson (I) Ltd, JCT Electronics Ltd, Religare Enterprises Ltd and L&T Infra Debt Fund Ltd. He was a member of the Life Insurance Corporation of India. He has served as chairman of the audit committees of Oil and Natural Gas Corporation Ltd and Shipping Corporation of India Ltd.

**Vasudevan Pathangi Narasimhan** is the MD and CEO of the Bank. He has extensive experience in the financial services sector and had served as the executive vice president and head of consumer banking group in Development Credit Bank Ltd, for more than one and half years. He has also worked for about 2 decades in Cholamandalam Investment and Finance Co. Ltd., part of the Murugappa Group. He was also the chairman of the managing committee of the South India Hire Purchase Association for Fiscal 2006. He joined erstwhile Equitas Finance Limited, now the Bank on July 25, 2016. Prior to joining the Bank, he was the Managing Director of EHL.

**Nagarajan Srinivasan, Arun Kumar Verma, Narayanaswamy Balakrishnan, Navin Avinashchander Puri, Sridhar Ganesh, Narasimhan Srinivasan, Tabassum Abdulla Inamdar and Vinod Kumar Sharma** are the Non-Executive Independent Director of the Bank.

**Sridharan Nanuiyer** is the CFO of the Bank. He joined erstwhile EHFL, now the Bank on August 16, 2010.

**Sampathkumar K. Raghunathan** is the Company Secretary and Compliance Officer of the Bank. Prior to joining the Bank, he worked at Hinduja Leyland Finance Ltd. He joined erstwhile EHFL, now the Bank on August 13, 2014.

The Bank has won several Certificates of Recognition/ Certificates of Appreciation awards:

Year	Awards and Accreditations
2018	<ul style="list-style-type: none"> <li>Awarded the ABP News Brand Excellence Award, 2018 in banking, financial services and insurance ("BFSI") sector</li> <li>Awarded the Skoch Order of Merit for qualifying amongst the top ranking banking and finance projects in India for Equitas Ecosystem</li> </ul>
2017	<ul style="list-style-type: none"> <li>The Marketing Excellence Award, 2017 in the BFSI sector by the Times Network National Awards For</li> </ul>

Year	Awards and Accreditations
	Marketing Excellence, 2017 <ul style="list-style-type: none"> <li>The Disability Matters Asia – Pacific Market Place Award, 2017 by Disability Matters</li> <li>The India's Best Bank Award, 2017-18 by the Financial Express in SFB Category</li> <li>Selected as one of the 67 Innovative Practices and Policies by the Zero Project</li> </ul>
<b>2016</b>	<ul style="list-style-type: none"> <li>The Marketing Excellence Award in BFSI sector at the Global Marketing Excellence Awards, 2016</li> </ul>

## OBJECTS OF THE ISSUE

(₹ In Cr)	
Objects	Amount
To augmenting the Bank's Tier – 1 capital base to meet the future capital requirements.	[ • ]
General Corporate Purposes	[ • ]
<b>Total</b>	[ • ]

## BUSINESS OVERVIEW

**Equitas Small Finance Bank Limited ("ESFB")** is the largest SFB in India in terms of number of banking outlets, and the 2<sup>nd</sup> largest SFB in India in terms of Assets under Management ("AUM") and total deposits in Fiscal 2019. (Source: CRISIL Report). ESFB has been able to successfully diversify their loan portfolio and significantly reduce their dependence on the microfinance business as compared to other microfinance companies that have converted to SFBs. ESFB offers a range of banking products and services to customers with a focus on serving the financially unserved and underserved customer segments in India. ESFB's strength lies in promoting financial inclusion within these segments, with their group beginning operations in 2007 as an NBFC providing microfinance loans through EMFL. ESFB has been providing housing finance since 2011 through EHFL. They have also been providing vehicle finance and MSE finance through the Erstwhile NBFC that received its asset finance license in 2012, primarily to economically disadvantaged households. While their business model has transitioned over the years, the provision of sustainable credit to unserved and underserved segments has remained their core focus.

Bank's focus customer segments include individuals with limited access to formal financing channels on account of their informal, variable and cash-based income profile. ESFB offer a range of financial products and services that address the specific requirements of these customer segments by taking into account their income profile, nature of business and type of security available. The asset products are suited to a range of customers with varying profiles. These include provision of small business loans comprising LAPs, housing loans, and agriculture loans to micro-entrepreneurs, microfinance to JLGs predominantly comprising women, used and new commercial vehicle loans to drivers and micro-entrepreneurs typically engaged in logistics, MSE loans to proprietorships, and corporate loans. On the liability side, their target customers comprise mass and mass-affluent individuals to whom they offer current accounts, salary accounts, savings accounts, and a variety of deposit accounts. In addition, ESFB also provide non-credit offerings comprising ATM-cum-debit cards, third party insurance, mutual fund products, and issuance of FASTags.

The Bank has witnessed significant growth in their business, and in Fiscal 2019 had a market share of 16% in terms of AUM in India (Source: CRISIL Report).

- The Gross Advances (including IBPC issued) has grown from ₹7,937.06 crore as of March 31, 2018 to ₹11,702.85 crore as of March 31, 2019 and was ₹15,366.94 crore as of March 31, 2020, and Rs.15,572.91 crore as of June 30, 2020; of which secured advances constituted 66.33% as of March 31, 2018, 70.72 as of March 31, 2019, and increased to 75.39% as of March 31, 2020 and further increased to 75.75% as of June 30, 2020.
- In Fiscal 2019, ESFB recorded the 4<sup>th</sup> lowest yields indicating their diversification away from microfinance.
- They also witnessed the 2<sup>nd</sup> fastest growth in deposits from Fiscal 2018 to Fiscal 2019 (Source: CRISIL Report).
- Their deposits has grown at a CAGR of 38.75% from ₹5,603.97 crore as of March 31, 2018 to ₹10,788.41 crore as of March 31, 2020.
- As of March 31, 2019 the CASA ratio was the 2<sup>nd</sup> highest among SFBs in India, and
- The retail deposits to total deposits ratio was the 3<sup>rd</sup> highest among SFBs in India (Source: CRISIL Report).
- As of June 30, 2020, the CASA ratio and retail deposits to total deposits ratio was 19.97% and 37.13%, respectively.
- The certificate of deposits programme has been rated CRISIL A1+ by CRISIL Ltd and the long-term borrowings and non-convertible debentures/ subordinated debt have both been rated CRISIL A+/Stable.

Bank's widespread and stable retail deposit base enables them to access low cost funding, as reflected in their cost of funds, which was 8.36%, 8.13% 7.97% and 7.63% (annualized) as of March 31, 2018, 2019, 2020 and June 30, 2020, respectively.

ESFB apply different credit assessment procedures for their product segments, which is guided by their risk management framework, and supervised by the Risk Management Committee. The risk management framework together with their experience of dealing with unserved and underserved customer segments has helped them contain their NPA levels, and improve their credit ratings, which has allowed them to access capital from banks and financial institutions at competitive rates.

**As of March 31, 2019, ESFB had the largest network of banking outlets among all SFBs in India (Source: CRISIL Report). As of June 30, 2020, their distribution channels comprised 856 Banking Outlets and 322 ATMs across 17 states and union territories in India.** They also distribute products through digital channels, and leverage technology to identify opportunities to better serve their target customer segment. To this end, they have introduced facial recognition features for transaction authentication in their mobile banking application.

They have over the years also invested in building a large and trained employee base, and as of March 31, 2019, ESFB had the 3<sup>rd</sup> largest number of employees among SFBs in India. As its products comprise small ticket loans and retail deposits, its operations require a large number of employees in the field to generate volumes for this business. As a result, they train their employees to undertake assessment and appraisal of customer creditworthiness with limited documented income. As of March 31, 2019, ESFB were 3<sup>rd</sup> among SFBs in India in terms of advances made per employee and 4<sup>th</sup> in terms of deposits collected per employee.

The performance metrics of the Bank:

(₹ In Cr, except %)

	As of and for the three Months ended June 30,		As of and for year ended March 31,		
	2020	2019	2020	2019	2018
Total Disbursements	564.25	2,008.40	9,911.07	8,578.31	5,808.70
Retail Deposits	4,377.12	2,247.37	3,811.29	1,636.25	642.63
CASA	2,354.01	2,236.97	2,208.21	2,274.27	1,637.84
CASA Ratio	19.97%	24.49%	20.47%	25.25%	29.23%
Net profit for the period / year	57.67	57.06	243.64	210.57	31.83
Net Interest Income	404.28	337.16	1,495.31	1,151.73	860.54
Net Interest Margin*	8.63%	8.88%	9.11%	8.55%	9.02%
Cost to Income Ratio	67.27%	69.83%	66.38%	70.30%	79.97%
Debt Equity Ratio	6.18	5.96	5.80	5.76	5.28
CRAR	22.02%	22.03%	23.61%	22.45%	29.60%
Common Equity Tier 1 Capital Ratio	21.04%	20.65%	22.44%	20.93%	27.07%
Net worth	2788.54	2298.10	2730.87	2,241.04	2,030.47
GNPA Ratio	2.68%	2.73%	2.72%	2.53%	2.68%
Net NPA to net Advance (%)	1.48%	1.56%	1.66%	1.44%	1.46%
Provision coverage ratio	48.79%	44.00%	45.22%	43.38%	47.07%
Return on Assets*	1.12%	1.43%	1.38%	1.43%	0.30%
Net Profit as a % of Average Shareholders' Equity*	8.32%	10.00%	9.84%	9.85%	1.57%

\* Annualised for 3 months period.

## KEY FINANCIAL AND OPERATIONAL METRICS

### Yield, Spreads and Margins

(₹ In Cr, except %)

	Three Months ended June 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Interest on advances	661.61	550.02	2,420.01	1,823.66	1,331.22
<b>Interest earned</b>	<b>721.31</b>	<b>603.39</b>	<b>2,645.44</b>	<b>2,111.93</b>	<b>1,531.69</b>
<b>Interest expended</b>	<b>317.03</b>	<b>266.22</b>	<b>1,150.14</b>	<b>960.20</b>	<b>671.15</b>
Total Average Interest Earning Assets	18,733.83	15,190.35	16,407.79	13,469.87	9,541.95
Average Balance of Advances	14,067.93	11,808.43	12,805.57	9,533.96	6,502.83

	Three Months ended June 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Total Average Interest Bearing Liabilities	16,617.97	13,379.01	14,427.20	11,807.37	8,030.41
Total Average Assets	20,103.34	16,213.75	17,492.88	14,477.87	10,579.13
<b>Net Interest Income</b>	<b>404.28</b>	<b>337.16</b>	<b>1,495.31</b>	<b>1,151.73</b>	<b>860.54</b>
Average Balance of Advances as a % of Total Average Assets	69.98%	72.83%	73.20%	65.85%	61.47%
Total Average Interest Bearing Liabilities as a % of Total Average Assets	82.66%	82.52%	82.47%	81.55%	75.91%
Average Balance of Advances as a % of Total Average Interest Bearing Liabilities	84.65%	88.26%	88.76%	80.75%	80.98%
<b>Yield*</b>	<b>15.40%</b>	<b>15.89%</b>	<b>16.12%</b>	<b>15.68%</b>	<b>16.05%</b>
Yield on Advances*	18.81%	18.63%	18.90%	19.13%	20.47%
<b>Cost of Funds*</b>	<b>7.63%</b>	<b>7.96%</b>	<b>7.97%</b>	<b>8.13%</b>	<b>8.36%</b>
<b>Spread*</b>	<b>11.18%</b>	<b>10.67%</b>	<b>10.93%</b>	<b>11.00%</b>	<b>12.11%</b>
<b>Net Interest Margin*</b>	<b>8.63%</b>	<b>8.88%</b>	<b>9.11%</b>	<b>8.55%</b>	<b>9.02%</b>
Other Income to Total Income ratio	3.95%	8.93%	9.64%	11.81%	13.61%
Credit Cost Ratio*	1.94%	1.04%	1.93%	1.07%	2.65%
<b>Cost of Borrowings*</b>	<b>8.10%</b>	<b>9.10%</b>	<b>9.08%</b>	<b>9.93%</b>	<b>9.83%</b>

\* annualised for 3 months period

**Financial Ratios of the Bank**

	Three Months ended June 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Net profit as a % of Average Shareholders' Equity*	8.32%	10.00%	9.84%	9.85%	1.57%
Return on Total Average Assets*	1.15%	1.41%	1.39%	1.45%	0.30%
Operating Expenses to Total Average Assets*	5.81%	6.83%	6.75%	6.97%	8.33%
Average Shareholders' Equity to Total Average Assets	13.79%	14.08%	14.15%	14.76%	19.15%
Credit to Deposit ratio	189.12%	189.23%	190.53%	174.98%	181.29%
Retail Term Deposit to Total Term Deposit Ratio	46.40%	32.59%	44.42%	24.30%	16.20%
CASA Ratio	19.97%	24.49%	20.47%	25.25%	29.23%
Cost to Income Ratio	67.27%	69.83%	66.38%	70.30%	79.97%

\* annualised for 3 months period

**Return on Equity and Assets**

(₹ In Cr, except %)

	Three Months ended June 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Net profit for the period/ year	57.67	57.06	243.64	210.57	31.83
Average Shareholders' Equity	2,772.99	2,282.85	2475.13	2,136.98	2,026.24
Total Average Assets	20,103.34	16,213.75	17,492.88	14,477.87	10,579.13
Net profit as a percentage of Total Average Assets*	1.15%	1.41%	1.39%	1.45%	0.30%
Net profit as a percentage of Average Shareholders Equity*	8.32%	10.00%	9.84%	9.85%	1.57%
Average shareholders' equity as a % of Total Average Assets	13.79%	14.08%	14.15%	14.76%	19.15%
Gross Advances (including IBPC issued)	15,572.91	12,251.39	15,366.94	11,702.85	7,937.06
Advances	14,388.62	12,023.30	13,747.24	11,593.57	7,706.03

\* annualised for 3 months period

**Funding**

(₹ In Cr, except %)

	Three Months ended June 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Deposits	11,787.13	9,133.42	10,788.41	9,006.74	5,603.97
Average Balance of Deposits	11,287.77	9,070.08	9,889.38	7,269.02	3,684.99
Interest on deposits	209.15	168.21	738.12	509.70	244.17
Average interest rate*	7.41%	7.42%	7.46%	7.01%	6.63%

\* annualised for 3 months period



**Deposits**

	Three Months ended June 30,				Year ended March 31,					
	2020		2019		2020		2019		2018	
	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total
Demand deposits	330.26	2.80%	471.65	5.16%	349.63	3.24%	482.35	5.36%	389.13	6.94%
Savings deposits	2,023.75	17.17%	1,765.32	19.33%	1,858.58	17.23%	1,791.91	19.89%	1,248.71	22.28%
<b>Total CASA</b>	<b>2,354.01</b>	<b>19.97%</b>	<b>2,236.97</b>	<b>24.49%</b>	<b>2,208.21</b>	<b>20.47%</b>	<b>2,274.26</b>	<b>25.25%</b>	<b>1,637.84</b>	<b>29.23%</b>
Time deposits	9,433.12	80.03%	6,896.44	75.51%	8,580.19	79.53%	6,732.47	74.75%	3,966.13	70.78%
• Retail Deposits	4,377.12	-	2,247.37	-	3,811.29	-	1,636.25	-	642.63	-
• Bulk Deposits	5,056.00	-	4,649.08	-	4,768.91	-	5,096.22	-	3,323.50	-
<b>Total Deposits</b>	<b>11,787.13</b>	<b>100.00%</b>	<b>9,133.42</b>	<b>100.00%</b>	<b>10,788.41</b>	<b>100.00%</b>	<b>9,006.74</b>	<b>100.00%</b>	<b>5,603.97</b>	<b>100.00%</b>

**Borrowings**

	Three Months ended June 30,		Year ended March 31,		
	2020	2019	2020	2019	2018
Borrowings	5,525.53	4,644.84	5,134.87	3,973.03	5,177.21
Average Balance of Borrowings	5,330.20	4,308.94	4,537.83	4,538.36	4,345.42
Interest on RBI/inter-bank borrowings and Other interest	107.88	98.01	412.02	450.50	426.98
Cost of Borrowings*	8.10%	9.10%	9.08%	9.93%	9.83%

\* Annualised for 3 months period

**Capital Adequacy**

	Three Months ended June 30,		As of and for the year ended March 31,		
	2020	2019	2020	2019	2018
Tier I Capital	2,558.42	2,110.77	2,526.07	2,076.11	1,890.20
Tier II Capital	118.69	141.17	131.51	150.38	176.91
<b>Total Capital</b>	<b>2,677.11</b>	<b>2,251.95</b>	<b>2,657.57</b>	<b>2,226.49</b>	<b>2,067.11</b>
<b>Total Credit Risk Weighted Assets</b>	<b>12,161.29</b>	<b>10,220.63</b>	<b>11,257.48</b>	<b>9,918.92</b>	<b>69,824.03</b>
<b>Capital Adequacy Ratio</b>					
Tier I Capital (as a % of Credit Risk Weighted Assets (%))	21.04%	20.65%	22.44%	20.07%	27.07%
Tier II Capital (as a % of Credit Risk Weighted Assets (%))	0.98%	1.38%	1.17%	2.53%	2.53%
<b>Total Capital (as a % of Total Credit Risk Weighted Assets (%))</b>	<b>22.02%</b>	<b>22.03%</b>	<b>23.61%</b>	<b>29.60%</b>	<b>29.60%</b>

**Non-Performing Assets**

	Three months ended June 30,		As of Year ended March 31,		
	2020	2019	2020	2019	2018
Gross NPAs as at the period end	<b>416.67</b>	<b>334.30</b>	<b>417.32</b>	<b>295.71</b>	<b>212.53</b>
Closing balance of provision for NPAs	184.29	128.09	169.70	109.28	81.03
Closing balance of floating provisions	19.00	19.00	19.00	19.00	19.00
<b>Net NPAs</b>	<b>213.37</b>	<b>187.21</b>	<b>228.63</b>	<b>167.43</b>	<b>112.51</b>
Gross Advances (including IBPC issued)	15,572.91	12,251.39	15,366.94	11,702.85	7,937.06
Advances	14,388.62	12,023.30	13,747.24	11,593.57	7,706.03
Gross Advances	14,572.91	12,151.39	13,916.94	11,702.85	7,787.06
Gross NPAs/ Gross Advances (%)	<b>2.86%</b>	<b>2.75%</b>	<b>3.00%</b>	<b>2.53%</b>	<b>2.73%</b>
Gross NPAs/ (Gross Advances including IBPC issued (%))	2.68%	2.73%	2.72%	2.53%	2.68%
Net NPAs/ net Advances (%)	1.48%	1.56%	1.66%	1.44%	1.46%
Provision for NPA as a percentage of Gross NPAs	44.23%	38.32%	40.66%	36.96%	38.12
Provision coverage ratio	48.79%	44.00%	45.22%	43.38%	47.07%

## Productivity Ratios

	As of June 30,		As of year ended March 31,		
	2020	2019	2020	2019	2018
Banking Outlets (Nos.)	856	853	854	853	889
ATMs (Nos.)	322	320	322	322	320
Total number of employees (Nos.)	15,843	15,261	16,104	14,608	13,490
Gross Advances (including IBPC issued) per employee (₹ Cr)	0.98	0.80	0.95	0.80	0.59
Gross Advances (including IBPC issued) per Banking Outlet (₹ Cr)	14.19	14.36	17.99	13.72	8.93
Total Accounts (Nos. in Cr)	0.36	0.26	0.35	0.25	0.24
Disbursements per Banking Outlet (₹ Cr)	2.36	0.66	11.61	10.06	6.53
Disbursements per employee (₹ Cr)	0.13	0.04	0.62	0.59	0.43
Deposits per employee (₹ Cr)	0.60	0.74	0.67	0.62	0.42
Deposits per Banking Outlet (₹ Cr)	10.71	13.77	12.63	10.56	6.30

## BUSINESS IMPACT – COVID 19

- The Bank has experienced and may continue to experience a significant decline in collections as a significant proportion of its collections is cash-based and involve physical presence of their employees,
- There has been and there may continue to be a decline in disbursements due to reduced economic activity. As a result, related revenue from processing fees and documentation charges, have and may continue to decline.
- There may be a significant increase in the NPA levels due to possible deterioration in the credit quality of its customers.
- Reduction in policy rates may be passed on to customers; however, there may not be a corresponding reduction in borrowing costs in-line with the reduction in policy rates.

The RBI issued guidelines as part of a COVID-19 Regulatory Package dated March 27, 2020, April 17, 2020 and May 23, 2020. In terms of these guidelines, the bank has granted a moratorium of up to 6 months on the payment of all instalments and/ or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers, in accordance with the schemes approved by the Board.

### Collection Efficiencies and Moratorium Information

Collection efficiency is calculated as the aggregate EMI amounts collected in the relevant period divided by the total amount due for collection in such period.

Asset Products	August	July	June	May	April	March
Small Business Loans	105.02%	66.27%	60.55%	15.91%	17.03%	72.81%
Micro Finance	77.09%	61.23%	42.21%	6.57%	0.08%	77.41%
Vehicle Finance	71.52%	48.40%	42.02%	14.11%	13.04%	80.52%
MSE Finance	41.03%	21.00%	19.50%	20.50%	21.50%	34.50%
Corporate	96.26%	88.07%	91.79%	33.33%	67.12%	99.25%
<b>Total</b>	<b>83.42%</b>	<b>60.50%</b>	<b>49.38%</b>	<b>12.30%</b>	<b>10.96%</b>	<b>78.13%</b>

Notes: (1) Excludes working capital loans (CC/OD) and loans classified as others, i.e. loan-against-gold, unsecured business loans, overdrafts against fixed deposits and staff loans. (2) Excludes foreclosures

Moratorium information for a particular month is calculated as the aggregate value of EMIs due in a particular month that have not been repaid, divided by Gross Advances (including IBPC issued):

Asset Products	For August 2020	For July 2020	For June 2020
	Value of EMIs due that have not been paid in the month of:		
	August 2020, as a % of Gross Advances (including IBPC issued) as of June 30, 2020	July 2020, as a % of Gross Advances (including IBPC issued) as of June 30, 2020	June 2020, as a % of Gross Advances (including IBPC issued) as of March 31, 2020
Small Business Loans	39.25%	39.17%	42.06%
Micro Finance	24.65%	41.60%	58.00%
New Commercial Vehicle Finance	46.56%	53.52%	65.82%
Used Commercial Vehicle Finance	54.57%	58.90%	74.40%
MSE Finance (including Working Capital)	18.60%	40.59%	48.25%
Corporate	13.69%	13.65%	12.42%
<b>Total</b>	<b>36.24%</b>	<b>42.40%</b>	<b>51.17%</b>

Notes: (1) Moratorium information for their MSE Finance segment (excluding working capital) was 62.40%, 52.12% and 61.03%, for June 2020, July 2020 and August 2020, respectively.

## COMPETITIVE STRENGTHS

- Customer centric organization with a deep understanding of the unserved and underserved customer segments**

Bank's strength lies in promoting financial inclusion within unserved and underserved customer segments, beginning from their operations in 2007 as an NBFC providing microfinance loans through EMFL. They have also been providing vehicle finance and MSE finance through the Erstwhile NBFC that received its asset finance license in 2012, primarily to economically disadvantaged households. ESFB has gained a deep understanding of the market over the years that enable them to meet the financing requirements of potential customers. ESFB disbursed "priority sector loans" to 93,196 customers as of June 30, 2020. Further, as of June 30, 2020, advances to the unserved and underserved segments represented 89.12% of their Gross Advances (including IBPC issued).

Bank's engagement with its target customer segments and understanding of related socio-economic dynamics allows them to establish effective credit and operational procedures, identify potential market demand, and leverage their existing operating network to introduce new products, increase the customer base, and grow their product portfolio.

- Among the largest SFBs in India with a well-diversified asset portfolio**

ESFB is the largest SFB in India in terms of number of banking outlets, as of March 31, 2019, and in Fiscal 2019 they recorded the 4<sup>th</sup> lowest yields indicating their diversification away from microfinance. Their asset products include provision of small business loans comprising LAPs, housing loans, agriculture loans, microfinance to JLGs, used and new commercial vehicle loans, gold loans, MSE loans, and corporate loans.

Details of Gross Advances (including IBPC issued) by product:

	As of June 30,				As of March 31					
	2020		2019		2020		2019		2018	
	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total	Amount (₹ in Cr)	% to Total
<b>Small Business Loans*</b>	<b>6,484.22</b>	<b>41.64%</b>	<b>4,926.06</b>	<b>40.20%</b>	<b>6,279.44</b>	<b>40.86%</b>	<b>4,577.12</b>	<b>39.11%</b>	<b>2,670.55</b>	<b>33.64%</b>
• Small Business Loans	5,152.00	33.08%	3,944.27	32.19%	4,994.91	32.50%	3,672.80	31.38%	2,113.44	26.62%
• Housing Finance	628.64	4.04%	410.81	3.35%	604.19	3.93%	376.59	3.22%	270.39	3.41%
• Agriculture Loans	703.58	4.52%	570.98	4.66%	680.35	4.43%	527.74	4.51%	286.73	3.61%
<b>Micro Finance</b>	<b>3,617.86</b>	<b>23.23%</b>	<b>3,123.74</b>	<b>25.50%</b>	<b>3,616.16</b>	<b>23.53%</b>	<b>3,069.60</b>	<b>26.23%</b>	<b>2,257.31</b>	<b>28.44%</b>
<b>Vehicle Finance</b>	<b>3,776.49</b>	<b>24.25%</b>	<b>3,055.46</b>	<b>24.94%</b>	<b>3,759.98</b>	<b>24.47%</b>	<b>2,951.20</b>	<b>25.21%</b>	<b>2,237.89</b>	<b>28.19%</b>
• Used Commercial Vehicles	2,627.63	16.87%	2,266.50	18.50%	2,625.11	17.08%	2,259.55	19.31%	1,984.81	25.00%
• New Commercial Vehicles	1,148.86	7.38%	788.96	6.44%	1,134.88	7.39%	691.65	5.90%	253.07	3.19%
<b>MSE Finance (Working Capital)</b>	<b>711.80</b>	<b>4.57%</b>	<b>280.06</b>	<b>2.29%</b>	<b>669.41</b>	<b>4.36%</b>	<b>180.86</b>	<b>1.55%</b>	<b>7.62</b>	<b>0.10%</b>
<b>Corporates</b>	<b>772.10</b>	<b>4.96%</b>	<b>526.33</b>	<b>4.30%</b>	<b>818.12</b>	<b>5.32%</b>	<b>455.97</b>	<b>3.90%</b>	<b>249.91</b>	<b>3.15%</b>
<b>Others*</b>	<b>210.44</b>	<b>1.35%</b>	<b>339.75</b>	<b>2.77%</b>	<b>223.83</b>	<b>1.46%</b>	<b>468.10</b>	<b>4.00%</b>	<b>513.78</b>	<b>6.48%</b>
<b>Total Gross Advances^</b>	<b>15,572.91</b>	<b>100.00%</b>	<b>12,251.39</b>	<b>100.00%</b>	<b>15,366.94</b>	<b>100.00%</b>	<b>11,702.85</b>	<b>100.00%</b>	<b>7,937.06</b>	<b>100.00%</b>

\* Others include loan-against-gold, unsecured business loans, overdrafts against fixed deposits and staff loans. ^including IBPC issued.

Within their credit portfolio, the small business loans (including housing loan) and vehicle finance product segments recorded significant growth with a CAGR of 53.34% and 29.62%, respectively, from March 31, 2018 to March 31, 2020.

Their used commercial vehicle loan customers can avail top-up loans based on their repayment track record to finance repair work or purchase replacement parts. As a result of their diverse asset product portfolio, ESFB advanced small business loans to 185,128 new customers, microfinance to 2,656,819 new customers, and vehicle finance loans to 132,427 new customers from Fiscal 2018 to Fiscal 2020.

This approach has also resulted in the growth of their gross secured loan product portfolio, which has grown at a CAGR of 48.35% from ₹5,264.95 crore as of March 31, 2018 to ₹11,584.96 crore as of March 31, 2020, and was ₹11,796.85 crore as of June 30, 2020.

ESFB provides funding to sectors identified by the government as 'priority sectors' with specific focus on products to the MSE sector. Their priority sector credit portfolio represented 105.51% and 93% of their ANBC in Fiscal 2020 and



in the 3 months ended June 30, 2020, respectively, against the mandated 75%, primarily consisting of agriculture, MSE, housing, vehicle finance and micro credit.

- ***Strong retail liability portfolio with a strategic distribution network***

The bank offers a variety of demand deposits and savings bank account options including deposits and other services through which their customers can realize their savings goals. These deposits are primarily sourced from mass and mass-affluent customer segments, which has enabled low cost of funding opportunities and has been a source of strength for Bank's liability portfolio. Their retail deposit base has grown at a CAGR of 143.53% from ₹642.63 crore as of March 31, 2018 to ₹4,377.12 crore as of June 30, 2020. The ratio of their retail deposits to total deposits for the 3 months ended June 30, 2020 was 46.40. Demand deposits, savings account and term deposits represented 2.80%, 17.17%, and 80.03% of the total deposits, respectively, as of June 30, 2020.

The strong brand equity associated with their name "Equitas", which translates to fair and transparent, has partially aided the growth of their liability franchise, coupled with their social initiatives and marketing efforts that have improved visibility of their brand. Their distribution network and range of payment and transaction channels, including the network of ATMs and cash recyclers, and digital banking channels enables their mass and mass-affluent customers to use their demand deposits and savings accounts with ESFB as their primary transaction accounts.

As of June 30, 2020, ESFB had 856 Banking Outlets and 322 ATMs spread across 17 states and union territories in India. In the 3 months ended June 30, 2020, they recorded an average of 1,146 transactions per month per ATM, and an average of 78% of such transactions were by customers of other banks. In Fiscal 2019, 2020 and the 3 months ended June 30, 2020, the average debit card spend was ₹271.89 crore, ₹112.02 crore and ₹51.39 crore, respectively.

- ***Customized credit assessment procedures for effective credit risk management***

ESFB applies different credit assessment procedures based on the products they offer. They also have a risk management framework to identify, measure, monitor and manage credit, market and operational risks including IT security risk. The framework is aimed at protecting their Bank's financial strength and reputation, and ensures that their risk management operations are independent of the business operations, through various policies, procedures and allocation of responsibilities. The framework is monitored by the Board through its various Management Committees. Their risk management and credit evaluation processes, together with their ability to evaluate risk, have enabled them to contain their level of NPAs, restructured standard asset and special mention accounts category 2 levels. As of June 30, 2020, the Gross NPAs were ₹416.67 crore, or 2.68% of the Gross Advances (including IBPC issued), and Net NPAs were ₹213.37 crore, or 1.48% of the net Advances.

- ***Technology as an enabler to drive operating procedures***

ESFB has created a paperless onboarding process for originating microfinance loans, opening savings bank accounts and fixed deposits. As of June 30, 2020, 8,083 employees use tablets/ digital services for their savings account customer onboarding operations and 13,790 savings accounts were opened using tablets. They have introduced facial recognition features for transaction authentication in their mobile banking application. The facial recognition feature eliminates the use of passwords and other accessibility hindrances that are typically challenging for the customers they cater to, while ensuring security of data and supervised use of the application.

Their backend operations including core banking system, customer relationship management systems, anti-money laundering monitoring systems, and loan monitoring systems are also automated and supported by robotic process automation. They have also deployed API integration software to increase operating efficiencies between their various applications. As a result, they have been able to collaborate with fintech companies to enable them to provide their services by monetizing the digital assets and back-end operations.

- ***Professional management, experienced leadership and trained employee base***

Bank's senior management team has significant experience in the financial services industry and has been instrumental in developing and implementing the business strategy and commitment to fair and transparent business practices. The senior management team has a diversified track record in the financial services industry. The Managing Director and CEO, Vasudevan Pathangi Narasimhan has over 2 decades of experience in the financial

services sector in various capacities, including as head of consumer banking, and vice president and head of vehicle finance in different financial services entities. The Board consists of Directors with a diverse mix of experience in various sectors, in particular, the financial services industry.

The bank provide continuous support to their employees through the mobile learning application 'Equitas CLAPP', specifically for their field employees to provide them access with detailed information on their products, processes, incentives and other useful content, to keep them updated at all times.

## KEY BUSINESS STRATEGIES

- ***Leveraging on the existing network for deepening penetration and driving operational efficiency***

ESFB intends to leverage the functions to further grow their banking operations. In order to achieve this, they intend to further cross-sell their liability products such as recurring deposits to their asset side customers primarily comprising microfinance customers.

They will primarily focus on improving productivity across all their channels. They seek to improve monthly deposit generation and customer acquisition at their Banking Outlets that they have established with features such as instant account opening, customer service resources, mobile and banking applications with enhanced features and other value added services to attract mass and mass-affluent customers. They also intend to increase distribution of third party products by offering and marketing them across all their channels, including Banking Outlets and digital channels.

Their aim is to reduce the Cost to Income ratio which was 66.38% and 67.27% as of March 31, 2020 and June 30, 2020, respectively, by leveraging their existing infrastructure of Banking Outlets and large customer base to cross-sell their range of products.

- ***Strengthen liability franchise and focus on increasing their retail base to further improve cost of funds***

As of June 30, 2020, ESFB had a liability customer base of 0.90 million customers. They intend to further strengthen their liability franchise with a focus on growing their retail deposit and CASA deposit base to provide them with a stable and low-cost source of funding. ESFB aims to achieve this by attracting greater retail deposits from their customer segments, and particularly the mass and mass-affluent customer segments.

They have recently launched differentiated CASA products for various types of customers, such as the 'Wings Account' for mass-affluent depositors, 'Namma Account' for retail informal and semiformal customers, and 'Elite Programme' for higher income households. As of June 30, 2020, their deposit base of ₹11,787.13 crore represented 68.08% of their overall funding profile. ESFB introduced an online account called 'Selfie Digital Savings Account', which enables potential customers to open a bank account online.

- ***Leverage data for analytics to drive operational efficiency***

The collaboration of microfinance institutions with fintech companies is expected to aid in raising their operational efficiencies and reduce cost (*Source: CRISIL Report*). ESFB therefore intends to continue to invest in technology as a means of improving their customers' banking experience and offer them a range of products tailored to their financial needs.

ESFB intends to develop such tailored products with the help of data analytics. The data they have collected over the years and continue to collect relating to cash flows, credit and demographic behaviours of their customer segments can be applied to derive a granular understanding of the banking trends of such customer segments. They are in the process of building data driven crossselling models to identify and tap into opportunities within their existing customer base.

Higher mobile penetration, improved connectivity, faster and cheaper data speed, supported by Aadhaar and bank account penetration have led India to shift from being a cash-dominated economy to a digital one (*Source: CRISIL Report*). ESFB therefore propose to capitalize on the opportunity it presents, in terms of aggregating data to derive business intelligence including banking trends in various communities, and leverage this to monitor business performance at a unit level with limited manual intervention.

- **Continue to focus on digital products and technology to grow operations**

ESFB intends to leverage their technological capabilities to access greater number of mass and mass-affluent customers for retail deposits through their mobile banking application. They also propose to develop products that will be available only on their digital platforms, specifically designed for the younger and technologically advanced customer base. These products will be customized in terms of the user interface to deliver specialized experiences.

- **Continue to diversify product offerings and leverage cross-selling opportunities**

According to the CRISIL Report, the loan portfolio of SFBs is expected to grow at a CAGR of 25% in the near term, largely supported by introducing new products and capitalizing on cross-selling opportunities. ESFB's primary focus is to diversify their product offerings while growing their secured loan portfolio, comprising vehicle finance, agriculture loans, gold loans, microloans against property, working capital loans, and affordable housing loans. They intend to continue to develop and offer a comprehensive range of products anchored around the unserved and underserved customer segments, that will help them attract new customers and deepen their relationship with their existing customer base.

In addition to expanding their product portfolio, ESFB intends to strengthen their alternate delivery channels and increase their adoption by encouraging customers to move from less cash to a cashless environment. They intend to achieve this by focusing on their existing internet banking system and mobile banking platform.

- **Increasingly focus on non-interest income sources**

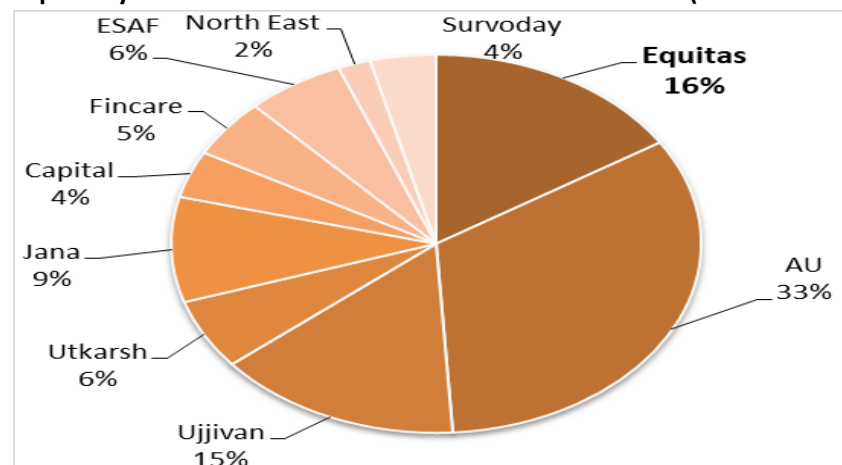
An important strategic focus for ESFB is to diversify their fee and non-fund based revenues. They intend to achieve this by further cross-selling existing fee income products like distribution of mutual funds and insurance products, and introducing newer products and services. They have engaged with car dealers for issuance of 'FASTag', a self-service application for toll booths. They intend to build on this income source and engage with more number of car dealers across India for issuance of similar products. They intend to provide various payment solutions through mobile and internet banking to increase the fee income generated from debit cards, bill payments, and transfers. For microfinance customers, they aim to market fee and non-fund based product such as health insurance, life insurance, general insurance and also introduce micro-insurance products. For their MSE and corporate customers, they intend to offer cash management services.

They also propose to focus on bancassurance channels to distribute various types of insurance products to existing customers, including to families of JLG customers, thereby promoting greater financial inclusion. As of June 30, 2020, they had 7 bancassurance relationships including with insurance companies offering general insurance, life insurance and health insurance products. They will also seek opportunities to undertake government banking business such as enrollment of Aadhar, collection and disbursement of gratuity and provident fund, tax collection. On the liability side, they will continue to engage with their mass and mass-affluent customers and promote their wealth management services such as mutual fund investments and PMS products, and strengthen distribution of such products to their existing customer base.

## INDUSTRY OVERVIEW

### Industry growth and outlook for SFBs

#### Top 3 Players account for 64% of the market as of FY 2019 (based on AUM)



### Details of SFB Players (FY 2019)

Player – SFB	AUM FY19 (₹ Cr)	AUM Growth (FY16-FY19)	Deposits (₹ Cr)	Deposit Growth YOY (FY18- FY19)	Credit to Deposit ratio	Banking Outlets (FY 2019)	No of Employees	Capital Adequacy Ratio (CAR)	States & UTs covered
AU SFB	24,250	50%	19,420	91%	1.17	558	12,623	19.30%	12
Equitas SFB	<b>11,840</b>	<b>28%</b>	<b>9,010</b>	<b>145%</b>	<b>1.29</b>	<b>991</b>	<b>14,653</b>	<b>22.40%</b>	<b>15</b>
Ujjivan SFB	11,050	32%	7,260	61%	1.43	524	14,757	18.90%	24
Jana SFB	6,220	(30)%	4200	NA	1.48	221	16,747	18.80%	NA
Utkarsh SFB	4,670	70%	3,790	73%	1.23	482	6,282	24.10%	11
ESAF SFB	4,590	76%	4,320	71%	1.05	424	2,168	27.60%	14
Fincare SFB	3,530	64%	2,040	181%	1.35	364*	4,357*	23.60%	10*
Capital SFB	3,110	38%	3,670	29%	0.71	129	1,315	17.47%	5
Suryoday SFB	2,710	82%	1,590	112%	1.70	382	4,000	35.90%	11

Note: Jana SFB, Utkarsh SFB, Suryoday SFB advances are mentioned. Players are arranged in descending order of AUM. ^Banking outlets including bank branches, asset centres and business correspondents' outlets as reported by the players. \* As of FY 2018

### Product mix of SFBs (as of FY 2019)

Player – SFB	MFI	Vehicle Loans	Mortgage Loan	MSME	Large and Mid-Corporate Loan	Gold Loan	Others
AU SFB	-	52%	-	43%	-	-	5%
Equitas SFB	26%	25%	3%	41%	4%	-	1%
Ujjivan SFB	83%	-	8%	5%	-	-	4%
Utkarsh SFB	89%	-	1%	4%	6%	-	1%
ESAF SFB	96%	0.1%	0.8%	1.9%	-	0.7%	0.2%
Fincare SFB*	85%	-	6%	-	7%	1%	1%
Suryoday SFB	81%	8%	5%	3%	-	-	2%

\* As of FY 2018

### Deposit details of SFBs as of FY 2019

SFBs	Proportion of Deposit in total borrowing (%)	Proportion of retail deposits in total deposits (%)	CASA (% of deposits)	Retail TD (% of deposits)	Bulk TD (% of deposits)
AU SFB	69.28%	44.44%	21.02%	23.42%	55.55%
Equitas SFB	69.39%	58.38%	28.34%	30.03%	41.61%
Ujjivan SFB	63.92%	42.81%	12.25%	30.56%	57.18%
Jana SFB	50.68%	NA	NA	NA	NA
Utkarsh SFB	72.62%	30.77%	10.01%	20.76%	69.23%
ESAF SFB	71.72%	92.33%	13.55%	78.78%	7.67%
Fincare SFB*	61.43%	23.00%*	5.09%*	18.16%*	76.75%*
Suryoday SFB	58.63%	61.49%	11.24%	50.25%	38.51%
Capital SFB	91.10%	NA	38.39%	NA	NA

\* as on FY 2018;

### Operational Efficiency of SFBs as of FY 2019

(₹ in Cr)						
SFBs	Business Per Branch	Advances per Branch	Deposit per Branch	Business per Employee	Advances per Employee	Deposit per Employee
AU SFB	75.7	40.9	34.8	3.3	1.8	1.5
Equitas SFB	20.8	11.7	9.1	1.4	0.8	0.6
Ujjivan SFB	34.2	20.1	14.1	1.2	0.7	0.5
Utkarsh SFB	17.5	9.7	7.9	1.3	0.7	0.6
ESAF SFB	20.9	10.7	10.2	4.1	2.1	2.0
Fincare SFB*	6.5	4.5	2.0	0.6	0.4	0.2
Suryoday SFB	11.3	7.1	4.2	1.1	0.7	0.4
Capital SFB	48.6	20.1	28.4	4.8	2.0	2.8
Jana SFB	47.1	28.1	19.0	0.6	0.4	0.2

For additional information & risk factors please refer to the Red Herring Prospectus

**Profitability parameters (as of FY19)**

SFBs	Yield on Advances (%)	Cost of Funds (%)	NIMs (%)	Non-Interest Income (%)	Opex (%)	Cost to Income (%)	PCR <sup>^</sup> (%)	GNPA <sup>^</sup> (%)	NNPA <sup>^</sup> (%)	Credit Cost (%)	Post Tax ROA (%)	ROE (%)
AU SFB	13.0	7.4	4.6	2.4	4.2	59.9	37.3	2	1.3	0.6	1.5	14.0
Equitas SFB	<b>19.0</b>	<b>8.2</b>	<b>7.9</b>	<b>1.9</b>	<b>6.3</b>	<b>63.9</b>	<b>43.3</b>	<b>2.5</b>	<b>1.4</b>	<b>0.7</b>	<b>1.4</b>	<b>9.8</b>
Ujjivan SFB	19.3	7.6	9.5	1.8	8.6	76.5	72	0.9	0.3	0.9	1.7	11.5
Jana SFB	18.3	10.2	4.6	1.2	11.8	204	NA	8.08	4.4	14.3	(20.3)	(177)
Utkarsh SFB	20.8	8.3	9.2	1.1	6.1	58.6	91.3	1.39	0.1	2.5	1.7	15.9
ESAF SFB	23.7	9.0	9.7	1.9	7.7	66.4	30	1.61	0.8	2.4	1.5	14.6
Fincare SFB	27.5#	8.9	11.7	2.2	9.2	66.4	23.5*	1.3	0.4	1.5	3.2	20.3
Capital SFB	10.9	5.9	3.5	0.8	3.4	79.4	28.6	1.3	0.9	0.2	0.5	8.1
Suryoday SFB	23.0	9.1	11.4	2.3	6.6	48.0	58.0	1.81	0.8	2.5	2.9	12.2

\* as on FY 2018; ^ as per company reports; # total Interest income is considered for calculation of yield

**COMPARISON WITH LISTED INDUSTRY PEERS (AS ON 31ST MARCH 2020)**

Name of the Bank	Consolidated / Standalone	Face Value	Total Income for Fiscal 2020 (₹ Cr)	EPS (Basic)	NAV <sup>^</sup>	P/E <sup>~</sup>	RoNW (%)
Equitas Small Finance Bank Ltd	Standalone	10	2,927.80	2.39	25.92	[ • ]	8.92%
<b>Listed Peers</b>							
AU Small Finance Bank Ltd	Standalone	10	4,991.98	22.78	143.6	32.24	15.45%
Ujjivan Small Finance Bank Ltd	Standalone	10	3,025.81	2.19	17.29	15.02	11.71%
DCB Bank Ltd	Standalone	10	3,927.73	10.90	100.44	7.48	10.84%
City Union Bank Ltd	Standalone	1	4,848.55	6.48	69.03	22.30	9.36%
Bandhan Bank Ltd	Standalone	10	12,434.69	18.78	90.98	16.29	20.64%
Shriram City Union Finance Ltd	Consolidated	10	6,239.30	154.95	1,112.81	5.89	13.92%
Shriram Transport Finance Ltd	Consolidated	10	16,582.63	110.73	798.42	5.91	13.87%
Cholamandalam Investment & Finance Ltd	Consolidated	2	8,712.63	13.39	100.05	19.49	12.85%
Mahindra & Mahindra Financial Services Ltd	Consolidated	2	11,996.46	17.48	196.51	7.51	8.89%
Sundaram Finance Ltd	Consolidated	10	4,722.53	71.85	604.24	18.72	12.70%
CreditAccess Grameen Ltd	Standalone	10	1,705.48	23.20	186.43	32.26	12.43%
Spandana Sphoorty Financial Ltd	Consolidated	10	1,469.51	56.21	408.29	10.41	13.38%

Source: RHP ~P/E Ratio has been computed based on the closing market price of Equity Shares on NSE on October 6, 2020..

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