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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**

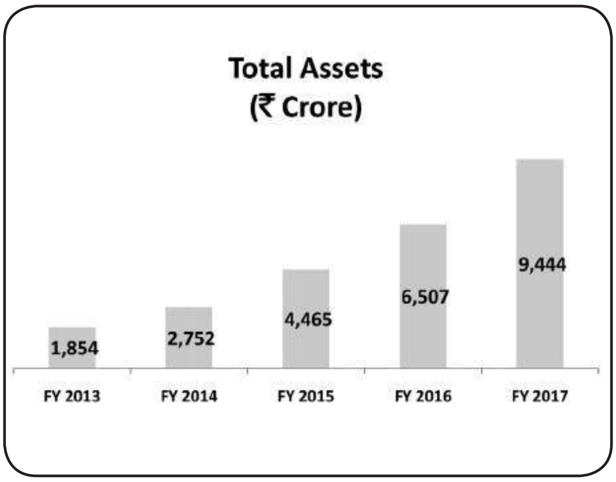
[#] FY 2016: UCV, LAP & M-LAP products, NPA recognition changed from 6 months to 5 months]

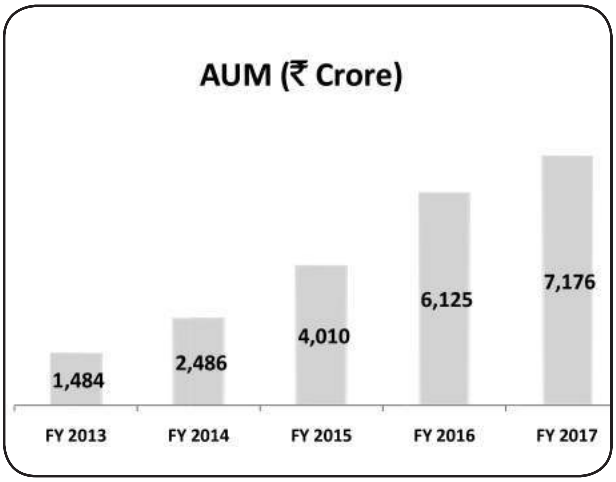
[$] FY 2017: UCV, LAP & M-LAP products, NPA recognition changed from 5 months to 90 days]

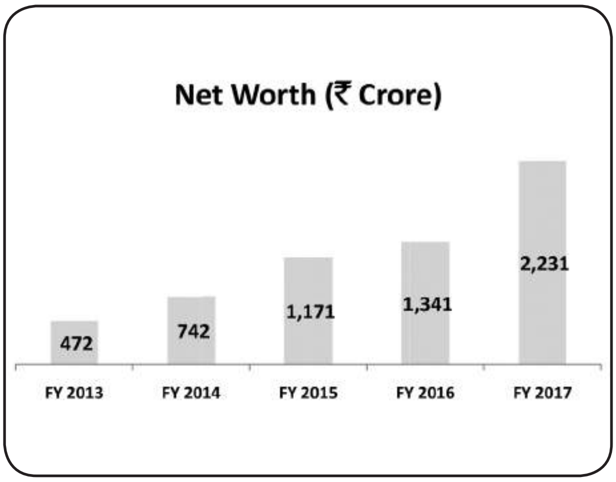
Per Share value for 2014-15 has been impacted due to Bonus issue and fresh infusion of equity. If Bonus issue is not considered, the impact would have been as follows:

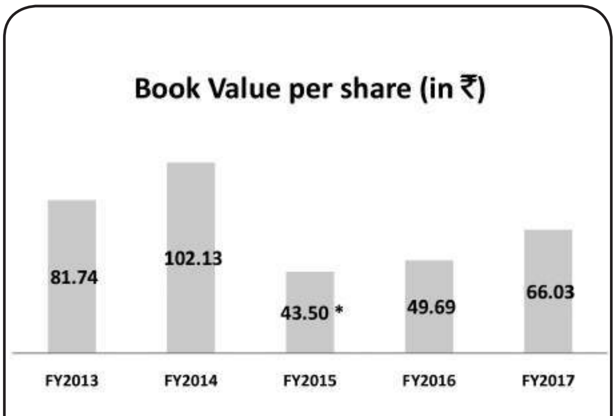
[*] Book Value ₹ 96.42 per share

[**] EPS ₹ 11.75 per share

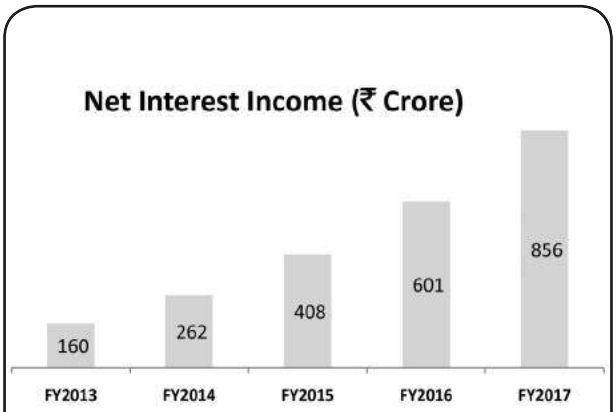




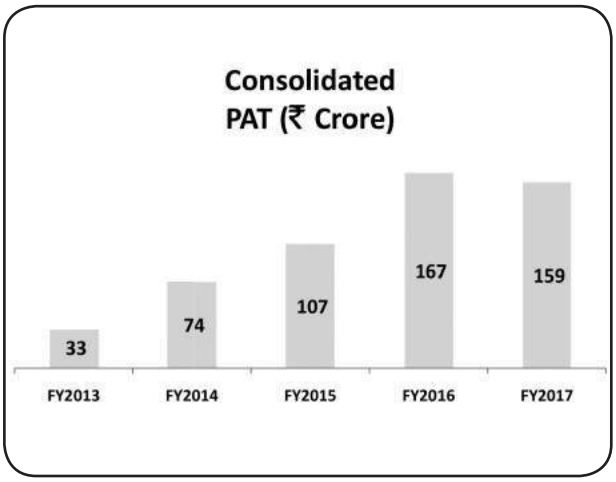


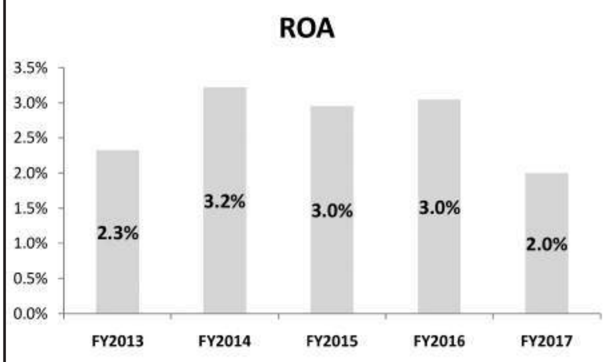


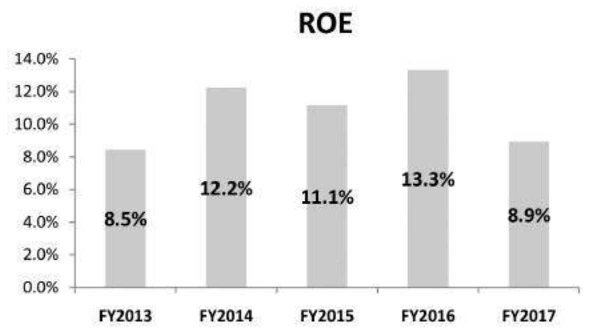
* Bonus Issue made in FY2015

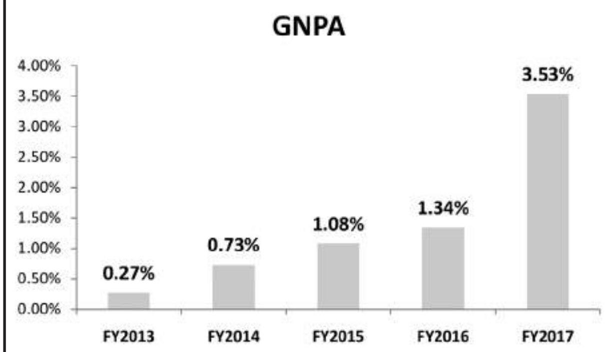


Net Interest Income = Interest Income, including Securitisation Income, net of Finance cost

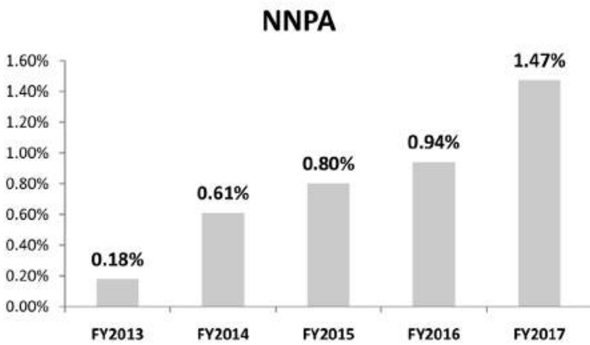


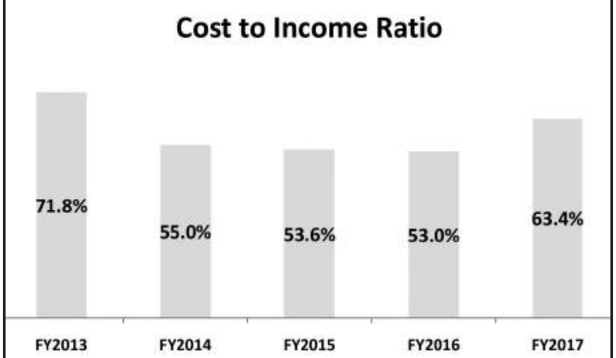






NPA recognition change in FY2016 and FY2017 due to Regulatory requirements





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, 4th 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-serviced 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.

Inspite 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

(EMFL) and Equitas Housing Finance Limited (EHFL) were merged with another wholly owned subsidiary viz., Equitas Finance Limited (EFL) with effect from September 2, 2016, pursuant to Orders of Honourable High Court of Judicature at Madras (HC), Chennai dated June 6, 2016. The name of EFL was changed to Equitas Small Finance Bank Limited (ESFBL) and ESFBL commenced banking operations with effect from September 5, 2016. In accordance with the Court approved Scheme of Amalgamation, EMFL and EHFL were dissolved vide orders of the HC dated December 2, 2016.

As at March 31, 2017, the Company had the following two subsidiaries:

Sl No.	Name of the Subsidiary	Activities
1	Equitas Small Finance Bank Limited (ESFBL)	• ESFBL is engaged in Banking business. On the Advances side, it offers loans such as Micro Finance, Agri Loans, Used Commercial Vehicle (UCV) Finance, Micro Loan against Property (LAP), Housing Finance, Business Loans, Gold Loans etc. On the Liabilities side, it offers Term Deposits and Current & Savings Accounts (CASA), distribution of Insurance and Mutual Fund products, etc.
2	Equitas Technologies Private Limited (ETPL)	• ETPL is engaged in freight facilitation business under the brand name of 'Wowtruck'. The Company provides a common platform for transporters and customers to connect 'online' and carry out transactions on real time basis.

As required under Regulations 16(1)(c) & 46 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations"], the Board of Directors had approved the Policy for determining Material Subsidiaries ("Policy"). The details of the Policy are available on our website *http://www.equitas.in/sites/default/files/EHL-Policy-on-Material-Subsidiary.pdf*

Performance and Financial Position of each Subsidiary Company

(₹ in lakh)

Sl. No.	Particulars	1	2
1.	**Name of the Subsidiary**	**ESFBL**	**ETPL**
2.	Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	N.A.	N.A.
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.
4.	Share capital	100,594.34	1500
5.	Reserves & surplus	100,597.76	(955.24)
6.	Total assets	9,24,540.31	641.29
7.	Total liabilities	9,24,540.31	641.29
8.	Investment in shares/Mutual funds	20.00	477.75
9.	Turnover (Revenue from operations)	1,21,432.17	83.29
10.	Profit before taxation	16,144.72	(710.25)
11.	Provision for taxation	5,731.32	-
12.	Profit after taxation	10,413.40	(710.25)
13.	Proposed Dividend	-	-
14.	% of shareholding	100%	100%

Consolidated Financial Statements

In accordance with the requirements of the Companies Act, 2013, ("the Act") the audited consolidated financial statements are provided in the Annual Report.

Corporate Governance Rating

CRISIL has reaffirmed 'CRISIL GVC Level 2' rating for the Company. This Governance and Value Creation (GVC) rating indicates very high capability of the Company with regard to Corporate Governance and value creation for all its stakeholders.

Management Discussion and Analysis Report, Report on Corporate Governance and Business Responsibility Report

In accordance with SEBI (LODR) Regulations, the Management Discussion and Analysis Report, Corporate Governance Report with auditor's certificate thereon and the Business Responsibility Report (BRR) form part of this report.

Corporate Social Responsibility

The Company has laid down a Corporate Social Responsibility Policy, which is disclosed on our website *http://www.equitas.in/sites/default/files/EHL-CSR-Policy.pdf*. In accordance with the Policy, the Company and its Subsidiary, ESFBL contribute 5% of its net profits to Equitas Development Initiatives Trust, a Public Charitable Trust, set up by the Company and Equitas Dhanyakosha India, a not-for-profit, Section 25 Company, under the Companies Act, 1956, for carrying out CSR activities on their behalf. A report on CSR is at **Annexure - I**.

Board Meetings

During the Financial Year 2016-17, our Board has met five times.

Composition of Audit Committee

The Company has constituted an Audit & Risk Management Committee in terms of the requirements of the Act, Regulation 18 of SEBI (LODR) and RBI Regulations. The composition of the same is disclosed in the Corporate Governance Report.

Directors & Key Managerial Personnel

Change in Directors

The Board of Directors of the Company appointed Dr Parthasarathi Shome as an Additional Director with effect from (w.e.f.) July 22, 2016, pursuant to the provisions of Section 161 of the Act. He resigned from the Board of the Company w.e.f. the close of office hours on April 21, 2017 due to extensive commitments abroad.

Mr Vasudevan P N, Managing Director, Mr Srinivasan N and Mr Vinod Kumar Sharma, Independent Directors resigned from the Board of the Company w.e.f. close of office hours on July 22, 2016, to facilitate their joining the Board of Equitas Small Finance Bank Limited.

Your Directors place on record their appreciation for the valuable advice and guidance rendered by Mr Vasudevan P N, Mr Srinivasan N, Mr Vinod Kumar Sharma and Dr Parthasarathi Shome during their tenure as Directors of the Company.

The Board of Directors of the Company at its Meeting held on October 21, 2016 has appointed Mr Bhaskar S as a Whole-time Director of the Company, designated as Executive Director & Chief Executive Officer (ED & CEO) w.e.f. October 21, 2016.

The appointment of Mr Bhaskar S as Director has been included in the Notice of the Annual General Meeting ("AGM"). Additional information and brief profile with respect to appointment of a new director has been annexed to the Notice of the AGM.

As on the date of this report, the Company has six Independent Directors including a lady Director. The Company has familiarized the Independent Directors with the Company, their roles and responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details of the familiarization programme imparted to Independent Directors are available on our website *http://www.equitas.in/sites/default/files/EHL-Policy-on-Familiarisation-Programme.pdf*.

The terms and conditions of appointment of Independent Directors are also available on our website *http://www.equitas.in/sites/default/files/EHL-ID-Appt-TermsnConditions.pdf.*

Section 152 of the Act provides that unless the articles provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. For the purpose of determining the total number of directors, Independent Directors are required to be excluded. The only Non-Independent Director on the Board of the Company viz., Mr Bhaskar S has been appointed as Whole-time Director during the course of the year and his appointment as Director of the Company is being considered in the ensuing AGM. Hence, there is no Director liable to retire by rotation in the ensuing AGM.

Declaration from Independent Directors

The Board has received declarations from the Independent Directors as required under Section 149(7) of the Act and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Act.

Evaluation of Board Performance

The performance of the Chairman, the Board, Audit & Risk Management Committee (ARMC), Nomination, Remuneration & Governance Committee (NRGC), Corporate Social Responsibility Committee (CSRC), Stakeholders' Relationship Committee (SRC) and that of individual Directors for the Year 2016-17 were evaluated on the basis of criteria as approved by the Board. All Directors were provided the criteria for evaluation which were duly filled in. The feedback was then collated and shared in confidence with the Chairman of the NRGC.

The Chairman of NRGC discussed the same at length with the other Members of the Committee. Areas of improvement in the functioning of the Board and Committees were identified. Later at the Board Meeting, the Chairman of NRGC shared the feedback with the Chairman of the Board and the other Directors. Specific action points were drawn out.

Policy on Directors' appointment & remuneration and other details

Pursuant to the provisions of Section 178 of the Act, the Company has formulated and adopted Policy on selection of Directors and Remuneration Policy which are disclosed on our website, links of which are provided below.
http://www.equitas.in/sites/default/files/EHL-Fit-and-Proper-Policy-for-selection-of-Directors.pdf
http://www.equitas.in/sites/default/files/EHL_RemunerationPolicy.pdf

Directors' Responsibility Statement

The Board of Directors of the Company, to the best of their knowledge and belief, confirm that:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;
3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4) the Directors have prepared the annual accounts on a going concern basis;
5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Whistle Blower Policy/Vigil Mechanism

The Company has devised a Vigil mechanism for Directors and employees through the adoption of Whistle Blower Policy, details whereof is available on our website *http://www.equitas.in/sites/default/files/EHL-Whistle-Blower-Policy.pdf.*

Key Managerial Personnel

During the year under review, Mr Vasudevan S was appointed as the Chief Financial Officer of the Company w.e.f. October 21, 2016 in the place of Mr Bhaskar S who was appointed as ED & CEO of the Company on the same date. As at March 31, 2017, the Company had the following KMPs:

Sl. No.	Name of the Key Managerial Personnel	Designation
1	Mr Bhaskar S	ED & CEO
2	Mr Vasudevan S	Chief Financial Officer
3	Ms Jayashree S Iyer	Company Secretary

Overall remuneration

Details of all elements of remuneration paid to all the Directors are given in the Corporate Governance Report. The Non-Executive Directors of the Company are not entitled to stock options.

Details of remuneration as required to be provided under Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Qualification of Managerial Personnel) Rules, 2014

(i) Ratio of Remuneration of each Director with Median Employees Remuneration	**Name of the Director/ Designation**	**Ratio of remuneration to Median Remuneration of Employees**	**% increase in remuneration**
	Mr Rangachary N, Non-executive/Independent Director /Chairman	0.21:1	35.59%
	Ms Jayshree Ashwinkumar Vyas, Non-executive/ Independent Director	0.10:1	35.55%
	Mr Kuppuswamy P T, Non-executive/ Independent Director	0.09:1	NA*
	Mr Nanda Y C, Non-executive/ Independent Director	0.06:1	NA*
	Mr Rajaraman P V, Non-executive/ Independent Director	0.06:1	NA*
	Other Directors	No remuneration was paid by the Company as they would be paid remuneration by the subsidiary(ies).	NA
	*Since these Directors drew remuneration from the subsidiaries, they were not paid any remuneration by the Company in the previous year.		
(ii) the percentage increase in remuneration of Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	Increase in remuneration** of KMP is as follows: MD / ED / CEO - Not applicable*** CFO - Not applicable**** Company Secretary - 23% **excluding the perquisite value arising out of exercise of Employee Stock Options granted by the Company. ***There was a change in the MD/ED. Earlier Mr Vasudevan P N was the MD. To facilitate his joining the Board of Equitas Small Finance Bank Limited, he resigned as MD and Mr Bhaskar S has been appointed as Executive Director w.e.f. October 21, 2016. Hence comparison of percentage increase is not feasible. ****There was a change in the CFO. Earlier Mr Bhaskar S was the CFO. On his appointment as ED of the Company, Mr Vasudevan S was appointed as CFO w.e.f. October 21, 2016. Hence comparison of percentage increase is not feasible.		

(iii) the percentage increase in the median remuneration of employees in the financial year;	(-) 59%. This is due to change in employee profile with increase in number of staff in the junior level.
(iv) the number of permanent employees on the rolls of the Company as on 31st March 2017	6
(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial Remuneration.	The average percentage increase in salaries of employees other than the managerial personnel in the last financial year was 16.5%. The managerial personnel viz., Mr Vasudevan P N, Managing Director ceased to be a Director w.e.f July 22, 2016 while Mr Bhaskar S was appointed as Executive Director w.e.f. October 21, 2016. Hence, comparison of percentile increase in managerial remuneration is not feasible.
(vi) affirmation that the remuneration is as per the remuneration policy of the Company.	The remuneration is as per the Remuneration Policy of the Company.

None of the employees drew remuneration beyond the limits specified under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Auditors

Statutory Auditors:

M/s Deloitte Haskins & Sells, Chartered Accountants, who were appointed as Auditors of the Company for two years till the conclusion of the 10th Annual General Meeting to be held in the year 2017, complete their tenure of 10 years with the Company. In view of the same, the Board at its Meeting held on May 5, 2017, pursuant to the recommendation of the Audit & Risk Management Committee and subject to approval of the shareholders, has appointed M/s. S R Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors of the Company for a period of four years i.e. from the conclusion of the Tenth AGM till the conclusion of the Fourteenth AGM. Your Company has received written consent(s) and certificate(s) of eligibility in accordance with Sections 139, 141 and other applicable provisions of the Act and Rules issued thereunder (including any statutory modification(s) or re-enactment(s) for the time being in force), from M/s. S R Batliboi & Associates LLP. Further, they have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India (ICAI) as required under SEBI (LODR) Regulations.

Details in respect of frauds, if any, reported by Auditors:

There have been no frauds reported during the Financial Year ended March 31, 2017.

Secretarial Auditor:

The Board appointed M/s B Ravi & Associates, Practising Company Secretaries as the Secretarial Auditors to conduct an audit of the secretarial records, for the Financial Year 2016-17. The Secretarial Audit Report for the Financial Year ended March 31, 2017 is given in this Report as **Annexure – II**

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made –

(i) Statutory Auditor’s report
There are no qualifications, reservations, adverse remarks or disclaimers in the auditor’s report.

(ii) Secretarial Auditor’s Report
The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Information as per Section 134 (3) (q) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014

The Company has no activity relating to conservation of energy or technology absorption. However, the Company has been continuously using technology in its operations.

During the year, the Company did not have any foreign currency earnings. Foreign currency expenditure of ₹ 51.4 lakh was incurred by the Company mainly towards legal and professional fee in connection with the IPO and reimbursement of travel expenses.

Details of Employee Stock Option Scheme

The Nomination, Remuneration & Governance Committee constituted by the Board of Directors of the Company, administers the Employees Stock Option Schemes, formulated by the Company, from time to time.

On December 17, 2007, the Company implemented the Equitas Employees Stock Option Scheme 2007 (“ESOP Scheme 2007”). Under the plan, the Company was authorized to issue upto 56,20,000 Equity Shares of ₹ 10/- each to eligible employees of the Company and its Subsidiaries. Employees covered by the plan were granted options to purchase shares of the Company subject to the terms and conditions of the Scheme.

Effective November 10, 2012, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (“ESOP Scheme 2012”). Under the plan, the Company was authorized to issue upto 10,00,000 Equity Shares of ₹ 10/- each to eligible employees of the Company and its Subsidiaries. ESOP Scheme 2007 was subsequently terminated and the outstanding options under ESOP Scheme 2007 have been transferred and made available for grant under ESOP Scheme 2012.

Effective July 8, 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (“ESOP Scheme 2014”). Under the plan, the Company is authorized to issue upto 1,05,00,000 (Post bonus in the ratio of 2:1) Equity Shares of ₹ 10/- each to eligible employees of the Company and its subsidiaries as per the terms and conditions of the Scheme. ESOP Scheme 2012 was subsequently terminated. Further, the outstanding options under ESOP Scheme 2012 have been transferred and made available for grant under ESOP Scheme 2014.

Thereafter, effective September 7, 2015, the Equitas Employees Stock Option Scheme, 2015 (“ESOP Scheme 2015”) was implemented. ESOP Scheme 2015 was for a total of 2,22,00,000 Equity Shares. ESOP Scheme 2014 was subsequently terminated and all options that had lapsed, cancelled, withdrawn, recalled or surrendered (including those having lapsed by forfeiture) or outstanding under ESOP Scheme 2014 have been transferred and made available for grant under ESOP Scheme 2015.

Information as required under Section 62 of the Companies Act, 2013 and Rule 12 of the Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 (SEBI Regulations):

Sl. No.	Information required	Particulars
1	Number of options granted during the year	1,93,85,700
2	Number of options vested during the year	28,96,582
3	Number of options exercised during the year	24,38,834
4	Number of shares arising as a result of exercise of options	24,38,834
5	Number of options forfeited/ lapsed during the year	55,66,843
6	Exercise Price (₹)	178/184/173/182/183/165
7	Money realized by exercise of Options	₹1051.96 lakh
8	Total number of options in force	4,09,16,591
9	Variation of terms of options	Nil

Employee-wise details of options granted during the year to

1. Key Managerial Personnel

Employee Name	Designation	Options Granted	Exercise Price [₹]
Bhaskar S	ED & CEO	27,000	184
Vasudevan S	Chief Financial Officer	Nil	Nil
Jayashree S Iyer	Company Secretary	Nil	Nil

2. Any other employee who receives a grant of options in any one year of options amounting to five percent or more of options granted during that year:

Nil

3. Identified employees who were granted options during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Nil

Other details relating to Stock Options as required under SEBI (Share Based Employee Benefits) Regulations, 2014 are displayed on our website *www.equitas.in/sites/default/files/ESOS-Information-2016-17.pdf.*

The Company has not issued any Equity Shares with differential rights or Sweat Equity Shares during the financial year.

Particulars of contracts or arrangements with related parties

Pursuant to Section 134(3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Act in Form AOC-2.

All Related Party Transactions as required under Accounting Standards AS-18 are reported in Note 23 - Notes to Accounts of the Standalone financial statements of your Company.

The Company's Policy on dealing with Related Party Transactions is available on our website *http://www.equitas.in/sites/default/files/EHL-Policy-on-Related-Party-Transactions.pdf*

Risk Management

The Company is a Core Investment Company ("CIC") and its operations are limited to being a CIC. The risks therefore relate to investments made in its subsidiaries. The operations of each of the subsidiaries, the risks faced by them and the risk mitigation tools followed to manage them are reviewed periodically by the Audit Committees and the Boards of the respective subsidiaries. The same are considered by the Board of the Company, as well. Details of the same are covered in the Management Discussion and Analysis Report.

Internal Financial controls

The Company has clear delegation of authority and standard operating procedures. These are reviewed periodically by the Audit & Risk Management Committee. These measures help in ensuring adequacy of internal financial controls commensurate with the nature and scale of operations of the Company.

Loans / Guarantees / Investments

During the year, the Company had given fresh loans amounting to ₹ 176.70 crore to its wholly owned subsidiaries. The amount of loans outstanding from these subsidiaries as on March 31, 2017 is ₹ 121.70 crore. The guarantees outstanding on the loans availed by its wholly owned subsidiaries and other companies amount to ₹ 339.53 crore as on March 31, 2017.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a Policy on Prevention of Sexual Harassment in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee has been set up to redress complaints received under the Policy. No complaint has been received by the Company under this Policy during the year 2016-17.

Significant and Material Orders Passed by the Regulators or Courts

There have been no significant and material orders passed by Regulators or Courts or Tribunals impacting the going concern status and the future operations of the Company. Further, no penalties have been levied by the RBI /any other Regulators during the year under review.

Extract of Annual Return as required and prescribed under Section 92(3) of the Act and Rules made thereunder

The extract of Annual Return in MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure - III** to this Report.

Depository System

As the Members are aware, the Company's Equity Shares are tradable in electronic form. As on March 31, 2017, out of the Company's total equity paid-up share capital comprising of 33,78,13,746 Equity Shares, only 45,72,417 Equity Shares were in physical form and the remaining shares are in electronic form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail of the facility of dematerialization.

Acknowledgement

The Directors thank the investors for reposing confidence in Equitas. The Directors are also grateful to the Financial Institutions and Banks associated with the Company and the subsidiaries for their support. The Directors also thank the employees of the Company and the Subsidiaries for their commitment and contribution towards the Mission and Vision of the organisation.

For and on behalf of the Board of Directors

Bhaskar S	**Rangachary N**
Executive Director and CEO	Chairman

Chennai
May 5, 2017

Annexure - I

Corporate Social Responsibility (CSR) Report

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Companies Act, 2013
and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

CSR Policy of Equitas is available on our website *http://www.equitas.in/sites/default/files/EHL-CSR-Policy.pdf*

The oversight of Projects undertaken by Equitas Development Initiatives Trust (EDIT), through which the Company carries on CSR activities, is done by the CSR Committee and the Board.

2. The Composition of the CSR Committee as on March 31, 2017 was:

a) Mr Arun Ramanathan, Chairman & Independent Director

b) Ms Jayshree Ashwinkumar Vyas, Independent Director

c) Mr P V Rajaraman, Independent Director

d) Mr Yogesh Chand Nanda, Independent Director

3. Average net profit of the Company for last three financial years:

Particulars	₹ in lakh
Profit - 2015-16	391.06
Profit - 2014-15	422.33
Profit - 2013-14	128.04
Average PROFIT for CSR purpose	313.81
2% of average Profit for last three years	6.28*

* Prescribed CSR Expenditure

4. Details of CSR contribution made by the Company to EDIT during the year:

Particulars	₹ in lakh
CSR contribution made during the year	17.95
TOTAL	**17.95**

The entire sum contributed was productively spent

5. **Details of Expenditure**

(₹ in lakh)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs**	**Amount outlay (budget) project or program wise**	**Amount spent on the projects or programs Sub – heads : (1) Direct expenditure on projects or programs (2) Overheads**	**Cumulative expenditure upto the reporting period (FY 2016-17)**	**Amount spent : Direct or through implementing agency**
1	Providing support to 6 Matriculation schools set up by the Company, run for students from socially and economically weaker sections of the society, by Equitas Development Initiatives Trust (EDIT)	Education	6 schools in Tamil Nadu located at Karur, Trichy, Salem, Coimbatore, Dindigul, and Cuddalore	Same as Column 2	17.95	17.95	Through implementing agency – EDIT, a public charitable trust
	TOTAL				17.95	17.95	

6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

We hereby confirm, on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Bhaskar S
Executive Director and CEO

Arun Ramanathan
(Chairman – CSR Committee)

Place: Chennai
Date : May 5, 2017

Annexure - II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,
EQUITAS HOLDINGS LIMITED
CIN: U65100TN2007PLC064069
410A, 4th Floor, Spencer Plaza, Phase II
No.769, Mount Road, Anna Salai
Chennai-600002

Dear Members,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by EQUITAS HOLDINGS LIMITED (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Equitas Holdings Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by EQUITAS HOLDINGS LIMITED ("the Company") for the financial year ended on 31st March, 2017according to the provisions of:

(i) The Companies Act, 1956, the Companies Act, 2013 (to the extent Sections and Schedules notified) and the Rules made thereunder including Amendment, Circulars, Notifications and Removal of Difficulties Orders issued by the Ministry of Corporate Affairs from time to time;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder to the extent applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations to the extent of Foreign Direct Investment;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')as amended:-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (was not applicable to the Company during the period under review)

(f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (was not applicable to the Company during the period under review)

(g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (was not applicable to the Company during the period under review);

(h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) The following industry specific laws, directions:

(a) Reserve Bank of India Act, 1934;

(b) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;

(c) Core Investment Companies (Reserve Bank) Directions, 2011 and 2016,including applicable Know Your Customer (KYC) Directions,

(d) The Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

We further report that based on the information received, explanations given, process explained, records maintained, statutory compliance and statutory internal audit reports submitted to the Board on quarterly basis, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour Laws, Rules, Regulations and Guidelines. The Company has confirmed compliance with the labour laws:

(a) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

(b) The Employees' State Insurance Act, 1948

(c) Applicable state laws relating to Labour Welfare Fund

(d) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

(e) The Tamil Nadu Shops and Establishment Act, 1947

We further report that based on the information received, explanations given, process explained, records maintained and Internal audit reports submitted to the Board, the Company is regular in making statutory payments and there have been no prosecution or notices issued to the Company or its officers under the following Acts:

a) Finance Act, 1994 with respect to Service Tax

b) Income Tax Act, 1961 with respect to Tax Deducted at Source and advance tax

c) The Tamil Nadu Tax on Professions, Trades, Callings and Employments Act, 1992

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Director(s) and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

All decisions were carried out unanimously.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that during the audit period the Company:

a. Has allotted 6,54,54,545 equity shares of Rs. 10 each through Initial Public offer on 16.04.2016 and consequent to which the shareholder's agreement and supplemental shareholder's agreement stands terminated.

b. Has been issued with Certificate of Registration from the Reserve Bank of India on 01.09.2016 vide number N-07.00822, to carry on the business of Non-Deposit Taking Systemically Important Core Investment Company(ND-SI-CIC).

c. Has received order dated 02.12.2016 from Hon'ble High Court having judicature at Madras for dissolution of two of its Subsidiaries namely Equitas Micro Finance Limited and Equitas Housing Finance Limited pursuant to Scheme of Amalgamation approved by the Hon'ble High Court having judicature at Madras on 06.06.2016.

Place : Chennai
Date : 10.04.2017

Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES

The Members,
EQUITAS HOLDINGS LIMITED
CIN: U65100TN2007PLC064069
410A, 4th Floor, Spencer Plaza, Phase II
No.769, Mount Road, Anna Salai
Chennai-600002

Dear Members,

Sub: Our Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management, our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place : Chennai
Date : 10.04.2017

Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
Managing Partner
B Ravi & Associates

Annexure - III

EXTRACT OF ANNUAL RETURN

(As on March 31, 2017)

(forming part of the Directors' Report for the FY 2016-17)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	U65100TN2007PLC064069	**Registration Date**	22.06.2007
Category/Sub-Category of the Company	Company Limited by Shares		
Company name	EQUITAS HOLDINGS LIMITED		
Registered Office Address	410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai – 600002		
Phone	044 4299 5000	Fax	044 4299 5050
Email	secretarial@equitas.in	Website	www.equitas.in
Whether listed Company Yes/No		Yes (Listed w.e.f. 21st April 2016)	
Name & Address of Registrar and Transfer Agent, if any	**Karvy Computershare Private Limited** Karvy Selenium Tower B, Plot number 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad 500 032		
Phone	040 6716 2222		
Email	rajitha.cholleti@karvy.com		
Contact Person	Ms Rajitha Choletti		

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

Sl No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Services of holding equity of subsidiary companies	99717010	100

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	**Equitas Small Finance Bank Limited** 4th Floor, Phase II, Spencer Plaza, No.769, Mount Road, Anna Salai, Chennai – 600002	U65191TN1993PLC025280	Subsidiary	100	2(87)
2	**Equitas Technologies Private Limited** 601, 6th Floor, Phase I, Spencer Plaza, No 769, Anna Salai, Mount Road, Chennai 600002	U72900TN2015PTC102697	Subsidiary	100	2(87)

4) SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Shareholding

Category of shareholders	No of shares held at the year beginning				No of shares held at the year end				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(2) Foreign									
a) NRIs –Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Category of shareholders	No of shares held at the year beginning				No of shares held at the year end				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	0	0	0	0	93571208	0	93571208	27.70	27.70
b) Banks / FI	6177831	0	6177831	2.29	6876691	0	6876691	2.04	-0.25
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	14884016	0	14884016	5.51	32605228	0	32605228	9.65	4.14
h) Foreign Venture Capital Funds	8147298	0	8147298	3.02	0	0	0	0	-3.02

Category of shareholders	No of shares held at the year beginning				No of shares held at the year end				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Others (specify) - Multilateral Institution	38523657	0	38523657	14.27	0	0	0	0	-14.27
- Development Finance Institution	14564521	0	14564521	5.40	0	0	0	0	-5.40
Alternate Investment Funds	0	0	0	0	9367914	0	9367914	2.77	2.77
Sub-total (B)(1):-	**82297323**	**0**	**82297323**	**30.49**	**142421041**	**0**	**142421041**	**42.16**	**8.9**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	25704826	0	25704826	7.61	7.61
ii) Overseas	173939160	0	173939160	64.44	117812768	0	117812768	34.88	-29.56
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	715082	519333	1234415	0.46	28630467	497059	29127526	8.62	8.16
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	8086569	4362900	12449469	4.61	13386019	4263000	17649019	5.22	0.61
c) Others specify) ESOP Trusts									
Foreign Nationals	0	0	0	0	2348	0	2348	0.00	0.00
NRI	0	0	0	0	333578	0	333578	0.10	0.10
NRI – Non Repatriation	0	0	0	0	79480	0	79480	0.02	0.02
Trust	0	0	0	0	2594011	0	2594011	0.77	0.77
NBFC	0	0	0	0	21385	0	21385	0.01	0.01
Clearing Members	0	0	0	0	2067764	0	2067764	0.61	0.61
Sub-total (B)(2):-	**182740811**	**4882233**	**187623044**	**69.51**	**190632646**	**4760059**	**195392705**	**57.84**	**-8.9**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	265038134	4882233	269920367	100.00	333053687	4760059	337813746	100.00	0
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**265038134**	**4882233**	**269920367**	**100.00**	**333053687**	**4760059**	**337813746**	**100.00**	**0**

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
				N I L				

iii) Change in Promoters' Shareholding (please specify, if there is no change) : Not applicable as there is no promoter

Sl No	Date wise Increase / Decrease in Promoters Share holding during the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company	
	01.04.2016					
Not applicable						
	31.03.2017					

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No	Name of Top 10 Shareholders	Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1.	**CDC Group PLC**					
	At the beginning of the year		26791230	9.93		
	Datewise increase/ decrease during the year		0	0	26791230	7.93
	At the end of the year				**26791230**	**7.93**
2.	**International Finance Corporation**					
	At the beginning of the year		38523657	14.27		
	Datewise increase/ decrease during the year					
	16.04.2016	Offer for sale in the IPO	(16463772)	(4.91)	22059885	6.53
	At the end of the year				**22059885**	**6.53**

Sl No	Name of Top 10 Shareholders	Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
3.	**Credit Access Asia N.V.**					
	At the beginning of the year		17566159	6.51		
	Datewise increase/ decrease during the year		0	0	17566159	5.20
	At the end of the year				**17566159**	**5.20**
4.	**Creation Investments Equitas Holdings LLC**					
	At the beginning of the year		18182037	6.74		
	Datewise increase/ decrease during the year					
	16.04.2016	Offer for sale in the IPO	(868125)	(0.26)	17313912	5.13
	At the end of the year				**17313912**	**5.13**
5.	**DEG-DEUTSCHE INVESTITIONS UNDENTWICKLUNGSGESELLSCHAFT MBH**					
	At the beginning of the year		14564521	5.40		
	Datewise increase/ decrease during the year		0	0	14564521	4.31
	At the end of the year				**14564521**	**4.31**
6.	**FRANKLIN TEMPLETON MUTUAL FUND A/C. FRANKLIN INDIA PRIMA FUND**					
	At the beginning of the year		0	0		
	Datewise increase/ decrease during the year					
	16.04.2016	IPO Allotment	3753507	1.12	3753507	1.12
	29.04.2016	Purchase	7500000	2.24	11253507	3.33
	At the end of the year				**11253507**	**3.33**
7.	**CMDB II**					
	At the beginning of the year		9256497	3.43		
	Datewise increase/ decrease during the year		0	0	9256497	2.74
	At the end of the year				**9256497**	**2.74**

Sl No	Name of Top 10 Shareholders	Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
8.	**FRANKLIN INDIA SMALLER COMPANIES FUND**					
	At the beginning of the year		0	0		
	Datewise increase/ decrease during the year					
	16.04.2016	IPO Allotment	3887515	1.16		
	22.04.2016	Purchase	5000000	1.49	8887515	2.63
	At the end of the year				**8887515**	**2.63**
9.	**PI OPPORTUNITIES FUND I**					
	At the beginning of the year		0	0		
	Datewise increase/ decrease during the year					
	16.04.2016	IPO Allotment	5360985	1.60		
	22.04.2016	Purchase	3455898	1.03	8816883	2.61
	At the end of the year				**8816883**	**2.61**
10.	**FRANKLIN TEMPLETON INVESTMENT FUNDS**					
	At the beginning of the year		0	0		
	Datewise increase/ decrease during the year					
	29.04.2016	Purchase	7384200	2.20	7384200	2.20
	20.05.2016	Purchase	226500	0.07	7610700	2.27
	23.09.2016	Purchase	620132	0.18	8230832	2.44
	21.10.2016	Purchase	28300	0.01	8259132	2.45
	11.11.2016	Purchase	276000	0.08	8535132	2.53
	At the end of the year				**8535132**	**2.53**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No	Name of Shareholders Who are also KMP/ Directors of the Company	Reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1.	Vasudevan P N - MD					
	At the beginning of the year		8532999	3.16		
	Datewise increase/ decrease during the year					
	16.04.2016	Offer for sale	(180000)	(0.05)	8352999	2.47
	At the end of the year				**8352999**	**2.47**
2.	Bhaskar S – ED & CEO					
	At the beginning of the year		1905000	0.71		
	Datewise increase/ decrease during the year					
	12.05.2016	Sale	(500000)	(0.15)	1405000	0.42
	At the end of the year				**1405000**	**0.42**
3.	Vasudevan S– CFO					
	At the beginning of the year		0	0.00		
	Datewise increase/ decrease during the year					
	16.04.2016	IPO Allotment	1890	0.00	1890	0.00
	11.06.2016	ESOP Allotment	4091	0.00	5981	0.00
	03.02.2017	ESOP Allotment	4091	0.00	10072	0.00
	At the end of the year				**10072**	**0.00**
4.	Jayashree S Iyer – CS					
	At the beginning of the year		7740	0.00		
	Datewise increase/ decrease during the year					
	16.04.2016	IPO Allotment	1485	0.00	9225	0.00
	At the end of the year				**9225**	**0.00**

V. INDEBTEDNESS

(Indebtedness of the Company including interest outstanding/accrued but not due for payment) N I L

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	N I L			
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
Addition	N I L			
Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	N I L			
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF MANAGING DIRECTOR, DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration of KMP during Financial Year 2016-17

S. No.	Particulars of Remuneration	MD*	ED & CEO**	CFO		CS****
				Mr Bhaskar S**	Mr Vasudevan S***	
	Gross salary (a) Salary as per provisions contained in sec.17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary u/s.17(3) Income-tax Act, 1961	14,09,677 12,242	26,69,130 17,671	33,12,294 21,929	17,77,866 9,638	21,03,036 9813
2	Stock Option	Nil	Nil	Nil	3,65,858	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil	Nil
4	Commission - as % of profit - others	Nil	Nil	Nil	Nil	Nil
5	Others – Contribution to Provident Fund	71,226	1,28,131	1,59,005	85,399	6,01,088
	Total (A)	**14,93,145**	**28,14,932**	**34,93,228**	**22,38,761**	**27,13,937**

* Salary of Mr Vasudevan PN was for the period April 1, 2016 to July 22, 2016 due to his resignation as Managing Director of the Company w.e.f. close of office hours on July 22, 2016.

** Mr. Bhaskar S drew salary from the Company for the period April 1, 2016 to October 20, 2016 as CFO and October 21, 2016 to March 31, 2017 as ED & CEO.

*** Mr. Vasudevan S was appointed as CFO w.e.f October 21, 2016. Hence, his salary is for the period October 21, 2016 to March 31, 2017.

**** Others include one-time incentive of ₹ 5,00,000/- paid to Ms Jayashree S Iyer, Company Secretary.

B. Remuneration to Non-Executive Directors **(in ₹)**

Name	Remuneration	Fee for attending Board/ Committee Meetings***	Others	Total
Mr Rangachary N	3,07,500	1,40,000	-	4,47,500
Mr Arun Ramanathan	-	4,65,000	-	4,65,000
Ms Jayshree Ashwinkumar Vyas	1,53,800	50,000	-	2,03,700
Mr Kuppuswamy P T	1,31,500*	4,00,000	-	5,31,500
Dr Parthasarathi Shome**	-	25,000	-	25,000
Mr Rajaraman P V	87,600*	3,35,000	-	4,22,600
Mr Srinivasan N	-	1,30,000	-	1,30,000
Mr Vinod Kumar Sharma	-	2,05,000	-	2,05,000
Mr Yogesh Chand Nanda	87,600*	2,05,000	-	2,92,700
Total	**7,68,000**	**19,55,000**	**-**	**27,23,000**
Overall Ceiling for Remuneration as per Act	**1% of Profits for Financial Year 2016-17 computed under Section 197 of the Act**			**7,68,000**
Commission payable to Directors as above				**7,68,000**

** Till the Merger and commencement of small finance bank, these Directors drew remuneration from respect to Subsidiary(ies).*

*** Resigned from the Board of the Company w.e.f. close of office hours on April 21, 2017.*

****Includes sitting fee of ₹ 15,000/- per meeting of Independent Directors paid to them for attending the Separate Meeting of Independent Directors*

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Company/Directors/Other Officers in default): NIL

Type	Section of the Companies Act	Brief Description	Details of the Penalty, Fees etc	Authority imposing (RD/ NCLT/ Court)	Details of Appeal made if any
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

For and on behalf of the Board of Directors

Bhaskar S
Executive Director and CEO

Rangachary N
Chairman

Chennai
May 5, 2017

MANAGEMENT DISCUSSION & ANALYSIS [MD&A]

Equitas Holdings Limited [EHL], the Holding Company of the Equitas Group of Companies, is a Non Deposit-taking - Systemically Important- Core Investment Company [ND – SI - CIC] as per RBI Regulations. Apart from investments in the subsidiaries, EHL also provides loans to subsidiaries and also places deposits with its banking subsidiary – Equitas Small Finance Bank Limited [ESFBL].

Business Environment

Indian Economy overview FY 2016-17

Growth

India's GDP growth decelerated from 7.6% in FY 2015-16 to 7.1% in FY 2016-17 due to lacklustre private investment and household consumption and also perhaps the impact of demonetisation. Contribution from agriculture increased while growth in industrial and mining sectors decelerated. Government consumption was the major source of growth through increased spending on infrastructure.

Inflation

Retail inflation dropped from 4.8% in March 2016 to 3.8% in March 2017. The drop in inflation was mainly led by the fall in food prices due to bumper agriculture production. Wholesale inflation, however, rebounded to 3.7% in FY 2016-17. This was mainly driven by fuel and power inflation.

Monetary Policy

Continuing its accommodative stance on the monetary policy, the Reserve Bank of India delivered a total 50bps cut in FY 2016-17 in its benchmark repo rate, bringing it down to a six-year low of 6.25%. Monetary transmission also picked up pace after demonetisation as many large banks cut their lending rates by up to 80 bps, lowering the cost of borrowings.

Demonetisation and ensuing process of remonetisation

Government decided to ban the high value currency notes of ₹ 1,000 and ₹ 500 on November 8, 2016. Non-availability of cash created disruption in economic activity in the months of November and December 2016, particularly in the unorganised sector. Highly cash dependent sectors of the economy – land, real estate, construction, luxury items, gold etc. witnessed sharp falls in demand. However, many organised segments of the economy were close to normalcy by March 2017.

Passage of GST Bills

FY 2016-17 has been a historical year from a proposed GST roll-out perspective. Lok Sabha passed four Bills required to implement the Goods and Services Tax in FY 2017-18.

Banking Sector overview FY 2016-17

At the system level, deposit accretion outpaced credit growth for FY 2016-17 growing by about 13%, compared to credit growth of about 4.5% resulting in a fall in credit-deposit [C/D] ratio to around 70%. The demonetisation of higher denomination currencies in the month of November 2016 led to deposit growth spiking to 16% YoY for November 2016, compared to 10% in October 2016. A majority of these deposits came in the form of Current account and Savings account [CASA] deposits, resulting in higher CASA ratio for most banks. While this was initially seen as temporary, most banks have seen a structural improvement in their CASA ratio in FY 2016-17, despite substantial CASA outflows from the banking system during the March quarter.

With the emergence of Small Finance Banks, the landscape is set to get more competitive and granular with a focus on grass root banking and delivering banking to the hinterlands of the country.

Asset quality

FY 2016-17 was marked by continuing stress in asset quality with banks normally lending to large corporates also reporting a substantial spike in NPAs. At a systemic level, GNPAs increased from 7.8% in FY 2015-16 to 9.1% by H1 FY 2016-17 while stressed assets [GNPAs + restructured assets] increased from 11.5% in FY 2015-16 to 12.3% by H1 FY 2016-17.

Treasury Operations and margins

The 10 year GOI benchmark yield softened during the year from a high of 7.52% to 6.67% in the first half of the year as GOI securities saw good buying interest from banks. Demonetisation and resultant deposit inflows into the banks resulted in surplus liquidity owing to weak credit demand. The benchmark yields hovered around the 6.40% levels until the RBI in its monetary policy review in February 2017 changed its stance to ‘neutral’ from ‘accommodative’ resulting in benchmark yields spiking to 6.94%. The yields settled at 6.68% as at the end of the financial year.

Key Highlights FY 2016-17 - Equitas Group

- The ‘in principle’ approval from RBI to EHL for setting up the SFB required it to reduce the foreign holdings to below 49%. In order to comply with this requirement and to raise further capital, EHL made its maiden IPO in April 2016. The IPO was over-subscribed 17.2 times. The shares were listed on BSE and NSE on April 21, 2016.
- From out of the IPO proceeds, EHL had infused ₹ 616 crore in April 2016 into the three subsidiaries viz., Equitas Finance Limited [EFL], Equitas Micro Finance Limited [EMFL] and Equitas Housing Finance Limited [EHFL].
- As part of the banking transition and to comply with RBI conditions to set-up the SFB, EMFL and EHFL merged into EFL on September 2, 2016 to form the Bank.
- ESFBL commenced operations as an SFB on September 5, 2016 and became a Scheduled Bank effective December 23, 2016 vide Official Gazette Notification dated February 4, 2017.

Financial performance – FY 2016-17

Consolidated **₹ Crore**

Particulars	FY 2016-17	FY 2015-16
Revenue from Operations	1,554.4	1,110.9
Other Income	2.2	3.9
Total Revenue	**1,556.6**	**1,114.9**
Finance costs	576.0	436.0
Operating expenses	615.0	359.7
Provision and Contingencies	102.9	59.1
Total Expenses	**1,293.9**	**854.8**
Profit before tax & exceptional items	262.6	260.1
Exceptional Item	11.1	
Provision for tax	92.2	93.0
Profit after tax	**159.4**	**167.1**

Standalone **₹ Crore**

Particulars	FY 2016-17	FY 2015-16
Total Income	12.4	8.2
Operating Expenses	4.9	4.4
Profit before tax	7.5	3.8
Provision for tax	2.8	1.7
Profit after tax	4.7	2.1

The Consolidated financial results for the year 2016-17 includes the following:

- Standalone EHL financials
- Equitas Technologies Private Limited [ETPL] operations, which is in start-up stage
- EFL, EMFL and EHFL operations up to the date of Merger i.e., September 1, 2016
- ESFBL operations from the date of Merger, which includes the earlier operations of EMFL and EHFL as well as that of EFL

On a Consolidated basis, Group has achieved a PAT of ₹ 159.4 crore for the year against a PAT of ₹ 167.1 crore for the previous year. Some of the key factors that influenced the financial performance for the year are given below. These relate mainly to transition into a bank and the adverse impact on our MF business post demonetisation.

- ➢ High cost Term loans taken as an NBFC were retired in H1FY17, which impacted in terms of pre-closure cost but were partially offset by lower borrowing cost in H2FY17.
- ➢ PSLC income on trading in PSL advances was a new income source from September 2016 onwards.
- ➢ Due to the setting up of the Banking operations, ESFB had to undertake the following activities, which resulted in incremental operating costs for the year: setting up of the IT & communication infrastructure, setting up of liabilities branches and related infrastructure, resourcing of the Bank branches, setting up of the Centralised Processing Centre for the banking operations, setting up of the various other corporate functions including IT, Treasury, Compliance, Risk Management, Internal Audit and Brand Building & Advertisement cost for promoting the 'fun banking' theme of the Bank etc.
- ➢ NPA recognition transitioned from the 5 months recognition up to March 2016 to 90 days Bank norms resulting in additional NPA provision.
- ➢ Additional Standard Assets provision on the Micro Finance portfolio beyond the RBI norms of 0.25% was written back to P&L. This was partly used towards the creation of Floating Provision in books.
- ➢ The Micro Finance business, predominantly cash oriented, was impacted post demonetisation. The delinquencies were significantly high in specific branches in certain states. The Bank reviewed the MF portfolio as at March 31, 2017 and identified certain impaired portfolio and prudently made appropriate provisions, even though these were not technically NPAs as per RBIs Guidelines.

Overview of Subsidiaries

I) Equitas Small Finance Bank Limited.

Equitas Small Finance Bank Limited ['ESFB' or 'Bank'], formerly Equitas Finance Limited ['EFL'], commenced operations as a Small Finance Bank [SFB] on September 5, 2016. Prior to commencement of operations as a SFB, EFL operated as an NBFC, engaged in Used Commercial Vehicle and Loan against Property Finance.

Small Finance Bank [SFB] – brief summary

The objectives of RBI issuing a separate category of SFB licenses to set-up banks in the Private Sector was to further financial inclusion by (i) provision of savings vehicles and (ii) supply of credit to small business units, small and marginal farmers, micro and small industries and other unorganised sector entities, through high technology, low cost operations

Some of the key differences between an SFB and a Universal Bank are:

- ✓ SFBs will be required to extend 75 per cent of its Adjusted Net Bank Credit [ANBC] to the sectors eligible for classification as priority sector lending [PSL] by the Reserve Bank, against 40% for Universal Banks
- ✓ At least 50 per cent of its loan portfolio should constitute loans and advances of upto ₹ 25 lakh against no such specific requirements for Universal Banks
- ✓ It shall be required to maintain a minimum Capital Adequacy Ratio [CAR] of 15% of its risk weighted assets [RWAs], against 9% for Universal Banks

Strategy as a Bank

The strategy of the Bank on the asset side is to stay focussed on the low and moderate income segment of the population and roll out products relevant to their needs. On the deposit side, the strategy is to focus not only on the existing borrower segments, but also on the mass and the mass affluent segment of the population and offer them a strong product offering based on digital services as well as customised product features.

Asset side - Business Divisions

The asset side of the Bank is led by the following Divisions, which are based on the similarity of the customer profile being served as well as the channels which are used for reaching out to them:

Business Divisions	Product offerings
Agri, Micro Enterprise & Inclusive Banking	Micro Finance, Micro Loan against Property and Agricultural loans
Emerging Enterprise Banking	Commercial vehicle finance, including used vehicles
MSE Banking	Loans to Micro and Small Enterprises
Home Loans	Affordable home financing
Business Banking	Business and working capital loans to Medium Enterprises
Outreach Banking	Business Correspondent Channel
Corporate Banking	Banking solutions to emerging corporates

Agri, Micro Enterprise and Inclusive Banking

Micro Finance [MF] and Micro Loan against Property [M-LAP] are products which have been on offer for the last 10 and 5 years' respectively while Agriculture loan has been introduced recently. The Micro Finance loan ranges from ₹ 15,000 – 30,000 while M-LAP is between ₹ 50,000 to 5 lakh. Agri loans are based on the size of the land holding of the farmers and starts from ₹50,000 for farmers owning 1 acre.

Emerging Enterprise Banking

Emerging Enterprise Banking deals with helping people who have been drivers of commercial vehicles to turn owners by providing them with the capital required to buy their first used commercial vehicle. While this product has been on offer for the past 6 years, the product range has been recently expanded to include funding for new LCVs [Light Commercial Vehicles] as well as funding small to medium size fleet operators for their working capital purposes.

MSE Banking

MSE Banking provides capital in the form of term loans to enterprises which are small and have turnover in the range of ₹ 1 – 10 crore. The loan sizes typically range between ₹ 10 – 100 lakh.

Home Loans

Home Loans supports the aspiration of owning a house for the large segment of low income families. The focus is on affordable housing, which also enables the borrowers' access to schemes of the Government by way of interest subsidies. The normal loan sizes are in the range of ₹ 1 -5 lakh for the EWS and LIG segment of borrowers while it is ₹ 5 – 100 lakh for other segments.

Business Banking

This Division focuses on providing secured and unsecured working capital and term loans to medium enterprises. The typical turnover of such medium enterprises range from ₹ 10 – 50 crore. The average loan sizes range normally between ₹ 10 – 100 lakh.

Outreach Banking

The Bank intends to supplement the reach of its own branches through Business Correspondents [BCs]. Since the Bank has developed sufficient expertise in dealing with a large number of small value transactions over the years, it intends to leverage this by appointing BCs to the Bank to act as Customer Service Points [CSPs] in their respective local community. The BCs would offer both the asset and liability products of the Bank.

Corporate Banking

The recently launched Corporate Banking business aims to leverage its deep understanding of a multi-product NBFC operations to provide innovative banking solutions to mid-sized corporates and collaborate with new age companies to leverage the banking technology platform.

Liability side

The Bank has the benefit of a large number of existing client relationship on the loan side. The Bank has also set up a strong sales team for liability sourcing. These teams are actively involved in running multiple campaigns in catchment areas, promoting the products and services offered by the Bank to prospective clients. The Bank plans to address the mass and the mass affluent segment of the population for mobilising deposits and liability accounts. Digital banking services and key product differentiation would be the key USPs to drive the Bank's thrust on the Liability acquisition.

Over a period of time, the positioning of the Bank in the industry is expected to be one where it minimises costs by being highly digitised in its way of offering products and services to depositors and in supporting the financial needs of tiny and small entrepreneurs.

II) Equitas Technologies Private Limited

Equitas Technologies Private Limited [‘ETPL’], incorporated on October 27, 2015, is a wholly owned subsidiary of EHL. ETPL is in the freight facilitation-cum-aggregation business under the brand name of ‘Wowtruck’, with web domain name registered as ‘www.Wowtruck.in’.

ETPL has been set-up with the objective of generating business for transportersby helping them improve vehicle utilization through technology, aggregate loads from cargo providers, match loads with transporters in the right locations, track deliveries to completion and facilitate documentation, billing and payments. Use of technology is expected to improve vehicle availability for cargo providers and minimise idle time and empty kilometres for transporters, thereby generating value-add for both parties.

ETPL commenced operations during FY 2015-16 and as of now deals only with intra-city freight in three cities:Chennai, Coimbatore and Madurai.

Risk Management

ETPL has various operational risks in operating the platform and conducting its business. However, the key risk relates to the Business Model stabilisation. ETPL, in consultation with the users, is in the process of developing a stable platform capable of meeting their expectations, in the short and medium term.

Operating performance - FY 2016-17

Deposits

As of March 31, 2017, Bank had mobilised CASA deposits of ₹ 332 crore – Current Account balance of ₹ 65 crore and Savings Account balance of ₹267 crore.The Demand & Term Deposits stood at ₹1,554 crore, representing at the Consolidated level, a total deposit base of ₹1,886 crore.

The deposits as a percentage of total borrowings stood at 28.8% while CASA percentage for the year was 5.1%.

The Bank has also started offering cross-sell Third Party Products of Insurance and Mutual Funds.On Mutual Funds, the Bank has become an agent for about 20 Mutual Funds in the country. With the offering of these products on a Pan India basis, the Bank expects fee income to grow from FY 2017-18 onwards.

Advances

On an overall basis, despite the challenges of the economic environment,the Advances portfolio of Equitas grew 17% to ₹ 7,176 crore as of March ‘17 against ₹ 6,125 crore as of March ‘16. The GNPA as at March ‘17 stood at 3.53% and NNPA at 1.80% vs. 1.33% and 0.94% respectively as at March ‘16. Though the numbers are not strictly comparable, the increase in NPA is mainly attributable to the transition to the RBI norms for NPA recognition applicable to Banks and the prudent provision for impairment on the MF portfolio above regulatory stipulations made post demonetisation.

Our performance on the various Asset products is summarised below.

Agri, Micro Enterprise and Inclusive Banking

Micro Finance [MF] Advances as at March 31, 2017 stood at ₹3,293 crore, with demonetisation affecting disbursements during months of November & December 2016. As a prudent measure, the disbursement of loans post demonetisationwas moved entirely to the bank mode against the earlier 70% cash disbursement.

Agri loans have commenced post bank commencement. With the branch network currently in place and further to be expanded by Q2FY18, this portfolio is likely to grow consistently

Loans to Micro Enterprises [M-LAP] as at March 31, 2017 stood at ₹1,290 crore. This is a fast growing segment over the last few years. During the year, the portfolio grew by 53.9%, despite the disbursal volumes getting impacted during the demonetisation period. Despite being a cross-sell product to higher end Micro Finance customers, this segment did not face problems.

Emerging Enterprise Banking

The Bank's UCV finance focusses on first time buyers of vehicles with no prior formal financing experience. Launched in 2011 as part of EFL, the portfolio has steadily grown over the years and is present in 175 locations across the country with over 76,000 customers.

UCV finance maintained its healthy growth trend during FY 2016-17 with the Advances at ₹ 1,928 crore as at March 31, 2017, a growth of 27.7% over the previous year, despite a slowdown in the demonetisation period.

The Bank has recently forayed into financing fleet owners and providing finance for working capital. This is expected to give the business a strong foothold in the segment and help its robust growth.

MSE Banking

MSE Banking targets funding to Small and Medium Enterprises through secured lending against property. Theseadvances stood at ₹ 269 crore as at March 31, 2017 and witnessed nominal growth. This product will receive adequate focused attention.

Home Loans

Home Loans maintained nominal growth during FY 2016-17, with advances of ₹265 crore as at March 31, 2017. ESFB home loan growth rate remains below industry levels. During the year, the bank has revamped its offerings to better suit customer needs and market potential, given the Government's push on affordable housing.

We aim to see traction in this business with liability branches becoming a good source for originating home loans.

Business Banking

This was launched post commencing banking operations. This has seen initial traction with the loans outstanding at ₹ 63 crore as at March 31, 2017. This is planned to be launched across about 70 locations through the year 2017-18.

Other Functions – brief overview

Information Technology [IT]

As part of its banking transition, ESFB has made significant investments to set up technology platforms which are robust and resilient and capable of supporting the various lines of businesses. ESFB has invested in the following areas to support its banking business and credit offerings – IT Infrastructure, Applications, Information Security and People.

One of the key areas of focus for ESFB has been to have a strong digital footprint. The Bank has implemented an Enterprise Application Integration layer, which would enable it to integrate with external and third party applications without the need for significant development efforts in future.

Treasury Operations

The Bank's well equipped Treasury operations are located at the Head Office, Chennai. The Bank is a member of Fixed Income, Money Markets and Derivatives Association [FIMMDA] and has also obtained AD II category license for dealing in Forex.

Treasury activities commenced about a month before EFL got converted into a Bank. The Bank managed the transition by raising adequate funds at optimal cost. These funds were partly utilised to retire high cost term loans as well as to meet statutory investment requirements.

The Treasury also made use of instruments like Inter Bank Participatory Certificates [IBPC] to reduce funding costs and Priority Sector Lending Certificates [PSLC] to earn fee income during the year.

Risk Management

ESFB manages Risk under an Enterprise-wide Risk Management [ERM] framework that aligns risk and capital management to business strategy, protects its financial strength, reputation and ensures support to business activities for adding value to customers while creating sustainable shareholder value. The Risk Unit works closely with the business teams within each Division, maintaining its independence. The independent Risk function is headed by the Bank's Head Risk who reports directly to the MD and CEO of the Bank. It provides an independent and integrated assessment of risks across various business lines. The Board of Directors is assisted by various Board level and Management Committees to track credit, operational and market risks like liquidity and interest rate risks.

Capital Adequacy

The Bank aims to maintain a strong capital base to support the risks inherent in its business. To this end, it ensures adequate capitalisation to meet short term and long term business plans, and capital buffers to absorb unforeseen stresses

In accordance with RBI guidelines for SFBs dated October 6, 2016 vide Circular No.: DBR.NBD. No.26/16.13.218/2016-17, the Bank adopts the standardised approach for credit risk. Operating guidelines on Market Risks and Operational Risks for SFBs are awaited.

Compliance

The Bank is committed to adhere to the highest standards of compliance with respect to regulatory matters as well as its internal norms & guidelines. This aspect is dealt through the Compliance function, which disseminates regulatory changes to the internal stakeholders on an ongoing basis. It also advises the internal stakeholders to ensure that policy design complies with regulatory requirements. The Audit Committee of the Board reviews compliance across functions.

Internal Audit

The Bank's Internal Audit function provides independent assurance to the Board of Directors on an ongoing basis on the quality and effectiveness of its internal controls, risk management, governance systems and processes. To ensure independence, Internal Audit functionally reports to the Audit Committee of the Board and for administrative purposes to the MD and CEO of the Bank. The Audit Committee of the Board reviews on a half yearly basis, the performance of the Department, the effectiveness of controls laid down by the Bank and compliance with regulatory guidelines.

Human Resources

The employee strength of the Group as of March '17 increased by over 50% from March '16 levels.

During FY 2016-17, ESFB's key focus was on hiring the right talent for the Consumer Banking, on people development and aligning itself to HR norms of banking industry. With the installation of a new HR System, many of the HR processes have been completely digitised improving efficiency and eliminating paper work normally associated with such activities.

Corporate Social Responsibility

The Mission of Equitas Group is "Empowering through Financial Inclusion". In line with this Mission, besides providing finance at reasonable cost to those who are not effectively serviced by the mainstream financial institutions, Equitas has also developed a wide range of initiatives towards improving the quality of life of its low-income constituents. These initiatives are carried out through a 'not-for-profit' Trust--Equitas Development Initiatives Trust [EDIT] established by Equitas Holdings Limited, as well as through 'a not-for-profit'Company, Equitas Dhanyakosha India [EDK]. As per the CSR Policy, all the Companies in the Group contribute up to 5% of their net profits every year to these entities to carry on CSR initiatives on their behalf.

The CSR activities are undertaken by way of educational initiatives through i) seven schools in Tamil Nadu, ii) skill development of women through training in tailoring & embroidery, doll making, artificial jewellery making, candle making etc., iii) pavement dwellers rehabilitation programs [Equitas Birds Nest], iv) placement coordination for unemployed youth of low income communities networking with recruiters and employers, v) health care services by connecting with hospitals, vi) empowering women by training and helping them set up grocery shops in rural areas. The summary of the various CSR activities covered through the funding by the Group for FY 2016-17 as well as cumulative from inception of the Company is summarised in the following table:

Nature of activity	**FY 2016-17**	**Cumulative**
No. of eye-camp participants [A]	2,99,941	18,25,541
No. of spectacles [free of cost]	8,852	91,502
No. of cataract operations [free of cost]	1,842	27,950
Other Medical camps [B]	5,37,306	27,56,815
Total [Eye camps + Med. Camps] [A]+[B]	8,37,247	45,82,356
Participants in skill training programs	39,406	4,48,895
Health Helpline	2,103	22,801
Placement for Unemployed children	32,090	91,719
Swasth Mahila Health Education	36,363	1,04,245
Equitas Birds Nest	482	1,193

In addition to the above, the Group through its CSR activities, has supported about 4,875 persons with disability during FY 2016-17 and cumulatively over 19,000 persons. Of these, around 1,090 blind persons were supported during FY 2016-17 and cumulatively over 3,650 blind persons.

Outlook and challenges

The operations of ESFB would have a major impact on the profitability of the Group. The Bank will constantly endeavour to maximise value to all its stakeholders and is hopeful of making full use of the growth opportunities available to it as an SFB. However, the challenge remains on being able to leverage these initiatives to carve out a space in the competitive banking industry and be able to take banking to the masses efficiently and at optimal costs.

Cautionary Statement

Statements made in this MD&A describing the Group's objectives, projections, estimates, general market trends, expectations etc., may constitute 'forward looking statements' within the ambit of applicable laws and regulations. These 'forward looking statements' involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the 'forward looking statements'. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategies, future levels of non-performing advances, our growth and expansion, the adequacy of our allowance for credit losses, our provisioning policies, technological changes, investment income, cash flow projections, our exposure to market risks or other risks.

For and on behalf of the Board of Directors

Bhaskar S
Executive Director and CEO

Rangachary N
Chairman

Chennai
May 5, 2017

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

The philosophy of Equitas on Corporate Governance envisages adherence to the highest levels of transparency, accountability and fairness, in all areas of its operations and in all its interactions with its stakeholders. Equitas deals with borrowers who are mostly from the economically weaker sections of the society with poor linkages to mainstream financial markets. Right from inception, the Company's policies and processes have been fine-tuned to ensure utmost clarity while dealing with semi-literate and poor clients. The Governance and Value Creation Rating by CRISIL captures some of the best practices the Company adopts in transacting with its clients as well as employees.

CORPORATE GOVERNANCE RATING

Equitas has been recognized for its compliance with the highest levels of Corporate Governance. CRISIL had reviewed and re-affirmed Equitas at Level 2 on Governance & Value Creation Rating, on a scale of 1-8.

2. BOARD OF DIRECTORS

Composition of Board

The Board of Directors ("Board") currently comprises of seven experts drawn from diverse fields / professions. The Board is in conformity with the provisions of Section 149 of the Companies Act, 2013 ('the Act') and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations").

The Board of Directors met five (5) times during the year 2016-17 viz., May 6, 2016, June 22, 2016, July 22, 2016, October 21, 2016 and February 1, 2017. The names and categories of Directors on the Board, their attendance at Board Meetings and at the last Annual General Meeting ("AGM") along with number of Board and Committee Chairmanships / Memberships held by them as well as their shareholding as on March 31, 2017 are given below:

Meetings & Attendance

Name	No. of Board Meetings during the year 2016-17		Attendance at the last AGM	Board $		Committee ##		No. of equity shares held on March 31, 2017
	Held	Attended		Member-ship	Chairman-ship	Member-ship	Chairman-ship	
INDEPENDENT NON-EXECUTIVE								
Rangachary N (Chairman)	5	5	Yes	7	1	5	4	Nil
Arun Ramanathan	5	5	Yes	4	2	2	1	Nil
Jayshree Ashwinkumar Vyas	5	2	Yes	3	Nil	3	Nil	Nil
Kuppuswamy P T	5	5	Yes	2	Nil	3	2	Nil
Rajaraman P V	5	3	No	1	Nil	2	Nil	Nil
Yogesh Chand Nanda	5	4	Yes	5	Nil	3	Nil	Nil
Parthasarathi Shome**	3	1	Not Applicable	2	Nil	1	Nil	Nil
Srinivasan N	3	2	Yes	*		*		*
Vinod Kumar Sharma	3	3	Yes	*		*		*
EXECUTIVE								
Bhaskar S #	2	2	Yes	Nil	Nil	Nil	Nil	14,05,000
Vasudevan P N	3	3	Yes	*		*		*

$ Excluding Directorship in private limited companies, foreign companies and companies under Section 8 of the Act

Audit Committee and Stakeholders Relationship Committee in public limited companies alone are considered.

*** Dr Parthasarathi Shome joined the Board on July 22, 2016 and subsequently resigned as Director w.e.f. close of office hours on April 21, 2017*

** Mr Srinivasan N, Mr Vinod Kumar Sharma, Independent Directors and Mr Vasudevan P N, Managing Director resigned from the Board w.e.f. close of office hours on July 22, 2016.*

 # Mr Bhaskar S joined the Board on October 21, 2016. However, he attended the last AGM in the capacity of Chief Financial Officer.

There is no relationship between directors *inter-se*.

Familiarisation programme for Directors

All Independent Directors inducted on the Board undergo an orientation programme. Presentations are made by Chief Executives and Senior Management giving an overview of the group structure, its businesses including its subsidiaries, the environment in which it operates, its various regulators and the Board constitution. The details of familiarization programme for Directors is available on our website *http://www.equitas.in/sites/default/files/EHL-Policy-on-Familiarisation-Programme.pdf*

Information to the Board

In advance of each Meeting, the Board is presented with relevant information on various matters relating to the working of the Company, especially those that require deliberation and guidance at the highest level. Presentations are also made to the Board by different functional heads on important matters from time to time. Directors have separate and independent access to management. In addition to items which are required to be placed before the Board for its noting and/or approval, information is provided on all significant matters. The Company diligently ensures that the information furnished by Management to the Board of the Company is comprehensive and of a very high order.

Separate Meeting of Independent Directors

During the calendar year 2016, in line with the requirements under the Act, the Independent Directors had a separate Meeting on May 6, 2016 without the presence of the Management team and the Non-Independent Directors of the Company.

3. COMMITTEES OF THE BOARD

The Board at present has four Committees viz., Audit & Risk Management Committee, Nomination, Remuneration & Governance Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee. The Board fixes the terms of reference of Committees and also delegates powers from time to time. The Minutes of the Meetings of the Committee are placed before the Board.

A. AUDIT & RISK MANAGEMENT COMMITTEE

Composition:

The composition of the Audit & Risk Management Committee and the details of Meetings attended by its Members are given below:

The Audit & Risk Management Committee as on March 31, 2017 comprised of four (4) Independent Directors.

1. Mr Kuppuswamy P T, Chairman
2. Dr Parthasarathi Shome**
3. Mr Rajaraman P V
4. Mr Yogesh Chand Nanda

Meetings & Attendance

The Committee held four (4) Meetings during the year on May 6, 2016, July 22, 2016, October 21, 2016 and February 1, 2017.

Name	No. of Meetings during the FY 2016-17	
	Held	Attended
Mr Kuppuswamy P T, Chairman	4	4
Dr Parthasarathi Shome**	2	0
Mr Rajaraman P V $	2	2
Mr Srinivasan N *	2	1
Mr Vinod Kumar Sharma *	2	2
Mr Yogesh Chand Nanda	4	3

** resigned from the Board w.e.f. close of office hours on July 22, 2016*

*** Inducted into the Committee on July 22, 2016 and subsequently resigned as Director w.e.f. close of office hours on April 21, 2017.*

$ Inducted into the Committee at the Meeting of the Board held on July 22, 2016

Terms of Reference

The role of the Audit & Risk Management Committee, among others includes:

(a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory auditor and internal auditors of the Company;

(c) Approval of payment to statutory auditors for any other services rendered by statutory auditors;

(d) Reviewing, with the Management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

  (i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

  (ii) Changes, if any, in accounting policies and practices and reasons for the same;

  (iii) Major accounting entries involving estimates based on the exercise of judgment by Management;

  (iv) Significant adjustments made in the financial statements arising out of audit findings;

  (v) Compliance with accounting and other legal requirements relating to financial statements;

  (vi) Disclosure of any related party transactions;

  (vii) Modified opinion(s) in the draft audit report.

(e) Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval;

(f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (preferential issue, rights issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;

(g) Review and monitor the auditor's independence, performance and effectiveness of audit process;

(h) Approval or any subsequent modification of transactions of the Company with related parties;

(i) Scrutiny of inter-corporate loans and investments;

(j) Valuation of undertakings or assets of the Company, wherever it is necessary;

(k) Evaluation of Internal Financial Controls and Risk Management Systems;

(l) Reviewing, with the management, the performance of statutory and internal auditors and the adequacy of the internal control systems;

(m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(n) Discussion with internal auditors on any significant findings and follow up thereon;

(o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(p) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(r) To review the functioning of the whistle blower mechanism;

(s) Approval of appointment of the CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience, background etc. of the candidate;

(t) Review the financial statements, in particular the investments made by the Subsidiary Company;

(u) Laying down and review of procedures relating to risk assessment and risk minimization to ensure that executive management control risk through means of a properly defined framework;

(v) Review and monitoring of implementation and functioning of the Policy for Prevention of Sexual harassment at work place; and

(w) Carrying out any other function as is mentioned in the terms of reference of the Audit & Risk Management Committee.

The Audit & Risk Management Committee shall mandatorily review the following information:

(i) Management discussion and analysis of financial condition and result of operations;

(ii) Statement of significant related party transactions (as defined by the Audit & Risk Management Committee), submitted by the Management;

(iii) Management letters / letters of internal control weaknesses issued by the statutory auditor;

(iv) Internal audit reports relating to internal control weaknesses;

(v) The appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit & Risk Management Committee; and

(vi) Statement of deviations:

   (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and

   (b) annual statement of funds utilized for purposes other than those stated in the offer document /prospectus / notice in terms of the SEBI Listing Regulations.

The powers of the Audit & Risk Management Committee shall include the following:

(i) To investigate any activity within its terms of reference;

(ii) To seek information from any employee;

(iii) To obtain outside legal or other professional advice; and

(iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

B. NOMINATION, REMUNERATION & GOVERNANCE COMMITTEE

Composition

The Nomination, Remuneration & Governance Committee as on March 31, 2017, comprised of three (3) Independent Directors.

1. Mr Rajaraman P V, Chairman
2. Mr Arun Ramanathan
3. Dr Parthasarathi Shome $

Meetings & Attendance

The Committee held four (4) Meetings during the year on May 6, 2016, July 22, 2016, October 21, 2016 and February 1, 2017.

Name	No. of meetings	
	Held	Attended
Mr Rajaraman P V, Chairman	4	3
Mr Arun Ramanathan	4	4
Dr Parthasarathi Shome $	2	0
Mr Srinivasan N *	2	1
Mr Vinod Kumar Sharma *	2	2

** resigned from the Board w.e.f. close of office hours on July 22, 2016*

$ Inducted into the Committee at the Meeting of the Board held on 22nd July, 2016 and subsequently resigned as Director w.e.f. close of office hours on April 21, 2017

Terms of Reference

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;

(b) Formulation of criteria for evaluation of performance of Independent Directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and evaluation of Director's performance;

(e) Determining whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;

(f) Fixing and revision of remuneration payable to the Managing and Whole-time Directors of the Company from time to time;

(g) Administration and superintendence in connection with the Employees Stock Option Scheme ("the Scheme") under the broad policy and framework laid down by the Company and/or by the Board of Directors;

(h) Formulate from time to time specific parameters relating to the Scheme, including,

   (i) The quantum of options to be granted under the Scheme to a particular eligible employee or to category or group of eligible employees and in aggregate;

   (ii) Determination of eligibility conditions and selection of eligible employees to whom options may from time to time be granted hereunder;

(iii) The vesting period and the exercise period within which the eligible employee should exercise the options and those options would lapse on failure to exercise the options within the exercise period;

(iv) The conditions under which options vested in eligible employee may lapse in case of termination of employment for misconduct;

(v) The specified time period within which the eligible employee shall exercise the vested options in the event of termination or resignation of an eligible employee;

(vi) The right of an eligible employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

(vii) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues etc.;

(viii) Make rules by which all options including non-vested options vest immediately in case of sale, transfer or takeover of the Company or amalgamation of the Company with any other company, etc. and provide for rules related to exercise period under such circumstances;

(ix) Make rules related to performance based vesting of such part of the options granted to eligible employees as the Committee may decide;

(x) To prescribe, amend and rescind rules and regulations relating to the Scheme;

(xi) To construe, clarify and interpret the terms of the scheme and options granted pursuant to the Scheme.

(i) To study the report issued by CRISIL on the Governance Rating as well as the Guidelines on Corporate Governance and Corporate Social Responsibility issued by Ministry of Corporate Affairs, SEBI and other authorities.

(j) To study the best practices and benchmarks of leading Indian corporates as well as international best practices.

(k) To recommend to the Board, the draft set of governance guidelines to achieve the highest level of governance on par with global benchmarks.

(l) Based on approval by the Board, to oversee the implementation of the same, both at the Board level and Management level.

Performance evaluation criteria

The Nomination, Remuneration & Governance Committee has drawn out a Policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of Directors of the Company. The process for Board Evaluation is given in the Directors' Report.

REMUNERATION OF DIRECTORS

Remuneration Policy

The Company has in place a Remuneration Policy which is guided by the principles and objectives as enumerated in Section 178 of the Act which is also disclosed on our website *http://www.equitas.in/sites/default/files/EHL_RemunerationPolicy.pdf.* The compensation to the Executive Director of the Company is within the limits prescribed under the Act. He is not paid Sitting fees for any Board / Committee Meeting attended by him.

The remuneration to the Non-Executive / Independent Directors has been fixed at a level, not exceeding 1% of the net profits of the Company calculated in accordance with Section 198 of the Act. Non-Executive / Independent Directors who are on the Board of the Company as well as in the Subsidary Company (ies) are paid remuneration either by the Company or Subsidary Company (ies).

The Independent Directors of the Company are not eligible for stock options. The Directors are not paid / entitled to any remuneration except as disclosed in this Report. There is no pecuniary relationship or transaction between the Company and the Non-Executive / Independent Directors.

All Directors, except the Executive Director, are paid the following sitting fees for attending every Meeting of the Board and Committees:

S. No.	Nature of Meetings*	Sitting Fees (in ₹)
1	Board	25,000
2	Audit & Risk Management Committee	20,000
3	Nomination Remuneration & Governance Committee	15,000
4	Corporate Social Responsibility Committee	
5	Stakeholders Relationship Committee	

** Independent Directors are paid a sitting fee of ₹ 15,000 for every Meeting of Independent Directors attended by them*

The details of remuneration provided / sitting fees paid to Independent / Non-Executive Directors for the year ended March 31, 2017 are as follows:

Name	Remuneration (in ₹)	Sitting Fees (in ₹)	
		Board	Committee
Mr Rangachary N	3,07,500	1,25,000	15,000
Mr Arun Ramanathan	Nil	1,25,000	3,40,000
Ms Jayshree Ashwinkumar Vyas	1,53,800	50,000	Nil
Mr Kuppuswamy P T**	1,31,500	1,25,000	2,75,000
Dr Parthasarathi Shome*	Nil	25,000	Nil
Mr Rajaraman P V**	87,600	75,000	2,60,000
Mr Srinivasan N $	Nil	50,000	80,000
Mr Vinod Kumar Sharma $ (till July 22, 2016)	Nil	75,000	1,30,000
Mr Yogesh Chand Nanda**	87,600	1,00,000	1,05,000

** Resigned as Director w.e.f. close of office hours on April 21, 2017*

*** Till the Merger and commencement of small finance bank, these Directors drew remuneration from respective Subsidiary (ies).*

$ Resigned as Director w.e.f. close of office hours on July 22, 2016

Remuneration of Managing Director/Executive Director & Chief Executive Officer

Details of remuneration paid to Executive Directors for the year ended March 31, 2017 are as follows:

Sl. No.	Particulars of remuneration	Mr Vasudevan P N * Managing Director (in ₹)	Mr Bhaskar S** ED & CEO (in ₹)
1	Salary	14,09,677	26,69,130
2	Perquisite value of car	12,242	17,671
3	Others – Employer's Contribution to Provident Fund etc.	71,226	1,28,131
4	Medical Reimbursement	Nil	Nil
5	Stock Options	Nil	Nil
	Total	**14,93,145**	**28,14,932**

** Remuneration of Mr Vasudevan P N is for the period April 1, 2016 to July 22, 2016*
***Remuneration of Mr Bhaskar S is for the period October 21, 2016 to March 31, 2017.*

Details of Employee's Stock Options granted to Directors

Mr Bhaskar S was granted 10,00,000 options under the Company's ESOP Scheme 2007, during the Financial Year 2008-09. In accordance with the specific parameters for vesting of options, 8,85,000 options vested in him in four instalments in the years 2009, 2010, 2011 and 2012 and the same have been exercised by him at an exercise price of ₹ 10/- per share.

During the year, Mr Bhaskar S was granted 27,000 options under Equitas Employees' Stock Option Scheme, 2015 at an exercise price of ₹184/- per share which would vest in the year 2017.

There are no performance linked incentives, service contracts, notice period or severance fees to the Directors.

C. STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition

The Stakeholders Relationship Committee as on March 31, 2017 comprised of three (3) Independent Directors.

1. Mr Kuppuswamy P T, Chairman
2. Mr Arun Ramanathan
3. Mr Rajaraman P V

Meetings & Attendance

The Committee held four (4) Meetings during the year on May 6, 2016, July 22, 2016, October 21, 2016 and February 1, 2017.

Name	No. of Meetings	
	Held	Attended
Mr Kuppuswamy P T , Chairman	4	4
Mr Arun Ramanathan	4	4
Mr Rajaraman P V	4	3
Mr Vasudevan P N, MD *	2	2

** resigned as Director of the Company w.e.f. close of office hours on July 22, 2016*

Terms of reference

(a) Consider and resolve grievances of the security holders of the Company, including complaints related to the transfer of shares, non-receipt of annual report and non-receipt of declared dividends;

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Issue of duplicate certificates and new certificates on split/consolidation/renewal;

(d) To issue and allot shares on exercise of options granted to employees under the Equitas Employees Stock Option Scheme, 2015 or such other Scheme formulated by the Company from time to time; and

(e) Carrying out any other function as prescribed under the SEBI Listing Regulations.

Name, designation and address of Compliance Officer:

Ms Jayashree S Iyer
Company Secretary
Equitas Holdings Limited
410A, 4th Floor, Spencer Plaza, Phase-II
No.769, Mount Road, Anna Salai
Chennai 600 002
Telephone: +91 44 4299 5000
Fax: +91 44 4299 5050
Email: secretarial@equitas.in

Details of investor complaints received and redressed during the year 2016-17 are as follows:

Investors' complaints	Attended / Resolved during 2016-17
Pending at the beginning of the year	0
Received during the year	492
Resolved during the year	492
Remaining unresolved at the end of the year	0

D. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition

The Corporate Social Responsibility Committee as on March 31, 2017 comprised of foue (4) Independent Directors.

1. Mr Arun Ramanathan, Chairman
2. Mr Rajaraman P V
3. Mr Yogesh Chand Nanda
4. Ms Jayshree Ashwinkumar Vyas*

Meetings & Attendance

The Committee held two (2) Meetings during the year on May 6, 2016 and July 22, 2016.

Name	No. of Meetings	
	Held	Attended
Mr Arun Ramanathan, Chairman	2	2
Mr Rajaraman P V	2	1
Mr Yogesh Chand Nanda	2	2
Ms Jayshree Ashwinkumar Vyas*	1	0

* *Inducted into the Committee at the Meeting of the Board held on May 6, 2016.*

Terms of reference

(a) Review the mission of the Organisation from time to time and ensure it stays aligned to the changing context of the Organisation;

(b) Ensure alignment of the business goals and objectives of the Company in line with the mission of the Organisation;

(c) Bring specific focus on certain excluded segments of client community and set benchmark for the same;

(d) Review all the social activities of the Company and suggest to the Board of Trustees suitable measures for enhancing the efficacy of these activities;

(e) Deploy such tools of measurement as may be relevant and available from time to time to study the impact of the social performance activities of the Company and benchmark the same with other MFIs in India and around the world;

(f) Disseminate information related to the social performance of the Organisation in such manner as deemed appropriate;

(g) Review the amount spent on social activities and advise the Board on its efficacies; and

(h) To formulate and recommend to the Board, the CSR policy of the Company.

E. OTHER COMMITTEES

Consequent to accomplishment of the purpose for which the IPO Committee and Small Finance Bank Committee had been formed, these Committees were dissolved. Business Committee and Resources Committee were also dissolved during the year.

4. GENERAL BODY MEETINGS

Details relating to last three Annual General Meetings:

Year	Date	Time	Location	No. of Special Resolution(s) passed
2016	June 22, 2016	11.30 A.M.	Kamarajar Arangam, Teynampet, Chennai 600 006	Two
2015	June 29, 2015	01.00 P.M.	410A, 4th Floor, Spencer Plaza, Phase II, No.769, Anna Salai, Chennai 600 002	Three
2014	July 18, 2014	12.30 P.M.	410A, 4th Floor, Spencer Plaza, Phase II, No.769, Anna Salai, Chennai 600 002	One

All the proposed resolutions, including Special Resolutions, were passed by the shareholders as set out in their respective Notices.

Details of special resolution passed through postal ballot for FY 2015-16:

Pursuant to Section 110 of the Act, read with Companies (Management & Administration) Rules, 2014, the following Special Resolution was passed by the Members by way of Postal Ballot:

Particulars	Amendment of Object Clause of Memorandum of Association of the Company	
Name of the Scrutiniser	Ms Bhuvana R, Practising Company Secretary	
Date of Report of Scrutiniser	June 29, 2016	
Date of declaration of Results	June 29, 2016	
Valid Ballots/Votes	No. of Members voted through electronic voting system and through physical ballot form	Number of votes
In favour	296	14,54,41,894
Percentage (%) in favour of the resolution	97.37	99.9986
Against	8	1,885
Percentage (%) against the resolution	2.63	0.0012
Invalid Ballots/Votes	0	0

Thus, the above Resolution was passed by the Members with requisite majority. The members were provided an option to vote either through Postal Ballot or electronically.

Resolution(s), if required, shall be passed by Postal Ballot during the Financial Year 2017-18, as per the prescribed procedure.

5. MEANS OF COMMUNICATION

The quarterly, half-yearly and annual financial results of the Company are published in one English and Regional language [Tamil] newspapers viz., Business Standard and Makkal Kural, respectively. The Company's financial results and official news releases, presentations made to institutional investors / analysts are hosted on our website *http://www.equitas.in* under the Investor Information Section.

Pursuant to the Companies (Accounts) Rules, 2014, the Company proposes to send the financial statements for the year ended March 31, 2017, by electronic mode to the Members whose email Ids are registered with the Depository / Company for communication purposes.

The financial results and other information filed by the Company from time to time are also available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited. The said stock exchanges have introduced BSE Listing centre and NSE Electronic Application Processing System (NEAPS). Various compliances as required / prescribed under the SEBI Listing Regulations are filed through these systems.

6. GENERAL SHAREHOLDER INFORMATION

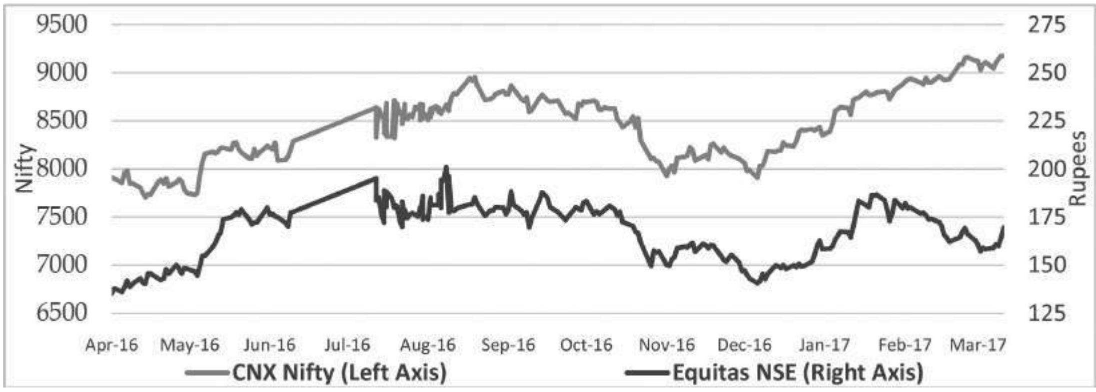
Annual General Meeting Date	Friday, June 30, 2017
Time	10:15 A.M.
Venue	Sri Thyaga Brahma Gana Sabha, Vani Mahal, 103, G N Chetty Road, T. Nagar, Chennai 600 017
Financial year	April 1, 2016 to March 31, 2017
The name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s):	The BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 National Stock Exchange of India Limited Exchange Plaza Bandra Kurla Complex (BKC) Bandra (East) Mumbai – 400051
Listing Fees	Listing fees payable to the stock exchanges for the financial year 2016-17 have been paid in full.
Stock Code	BSE – 539844 NSE – EQUITAS
ISIN	INE988K01017
Book Closure Date	June 24, 2017 to June 30, 2017
Market price data- high, low during each month in last financial Year	Details are provided in the table below
Performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index, etc.	Details are provided in the chart below
Registrar and Share Transfer Agents	Karvy Computershare Private Ltd ("Karvy") Karvy Selenium Tower B, Plot number 31-32, Gachibowli Financial District Nanakramguda Hyderabad 500 032 Contact Person: Ms Rajitha Cholleti Ph: +91 40 6716 2222 Email: einward.ris@karvy.com Website: https://karisma.karvy.com
Share transfer system	98.6% of the equity shares of the Company are in electronic form. Transfer of these shares are done through the Depositories with no involvement of the Company. As regards transfer of shares held in physical form, the transfer documents can be lodged with Karvy at the address mentioned above. Transfer of shares in physical form is normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects.

Distribution of shareholding (as on 31.03.2017)	Details are provided in the table below
Dematerialization of shares and liquidity (as on 31.03.2017)	The total shares held in dematerialized form : 98.6%
Outstanding Global Depository Receipts or American Depository Receipts or warrants or any convertible instruments, conversion date and likely impact on equity	Nil
Commodity price risk or foreign exchange risk and hedging activities	Nil
Plant locations	Nil
Address for correspondence	Company Secretary Equitas Holdings Limited 410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai 600 002 Tel : +91 44 4299 5000 Fax: + 91 44 4299 5050 Email : secretarial@equitas.in

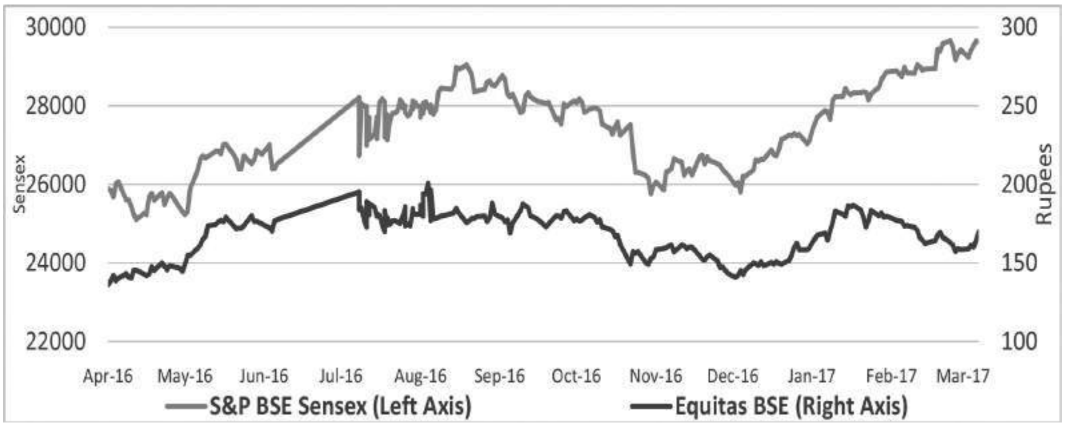
Market price data - High, Low during each month in last Financial Year (in ₹):

	BSE		NSE	
Month	**High**	**Low**	**High**	**Low**
Mar-17	179.40	156.50	179.60	156.55
Feb-17	188.05	160.35	188.20	160.20
Jan-17	170.25	146.40	169.80	146.25
Dec-16	163.35	139.40	163.50	139.20
Nov-16	181.50	138.55	182.00	138.35
Oct-16	190.00	171.95	189.60	171.70
Sep-16	189.90	152.55	189.90	149.95
Aug-16	200.75	169.10	200.65	168.85
Jul-16	206.00	170.50	206.25	170.10
Jun-16	187.70	157.55	187.70	157.65
May-16	163.20	137.80	163.45	137.75
Apr-16	147.00	134.15	147.00	134.30

Equitas Holdings Ltd. and CNX Nifty



Equitas Holdings Ltd. and S&P BSE Sensex



Shareholding pattern as on March 31, 2017:

Description	No. of Shares	% Equity
Foreign Corporate Bodies	11,78,12,768	34.88%
Foreign Institutional Investors/ Foreign Portfolio Investors	3,26,05,228	9.65%
Non Resident Indians /Non-Resident Indians - Non Repatriable/Foreign Nationals	4,15,406	0.12%
Mutual Funds	9,35,71,208	27.70%
Resident Individuals	4,67,76,545	13.85%
Bodies Corporates	2,57,04,826	7.61%
Alternative Investment Fund	93,67,914	2.77%
Banks / Indian Financial Institutions	68,76,691	2.04%
Others (Trust, NBFC, Clearing Members)	46,83,160	1.38%
Total	**33,78,13,746**	**100.00%**

Distribution of equity shareholding as on March 31, 2017:

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount in ₹	% of Amount
1-5000	1,09,364	90.56	1,49,85,063	1,49,850,630	4.44
5001- 10000	6,068	5.02	46,48,209	4,64,82,090	1.38
10001- 20000	2,589	2.14	38,21,119	3,82,11,190	1.13
20001- 30000	792	0.66	20,40,696	2,04,06,960	0.60
30001- 40000	348	0.29	12,42,314	1,24,23,140	0.37
40001- 50000	286	0.24	13,53,989	1,35,39,890	0.39
50001- 100000	420	0.35	30,74,126	3,07,41,260	0.91
100001 & Above	523	0.43	30,64,60,588	30,64,605,880	90.72
Shares awaiting listing approval	375	0.31	1,87,642	18,76,420	0.06
Total	**1,20,765**	**100.00**	**33,78,13,746**	**33,78,13,7460**	**100.00**

7. OTHER DISCLOSURES

A. Related Party Transactions

The particulars of transactions between the Company and its related parties, as defined under Section 2(76) of the Act, and in Accounting Standard 18, are set out in the financial statements. The Board has put in place a policy on related party transactions and the same has been uploaded on our website *http://www.equitas.in/sites/default/files/EHL-Policy-on-Related-Party-Transactions.pdf*. There were no materially significant related party transactions having potential conflict with the interest of the company during the year 2016-17.

B. Details of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authorities on any matter related to capital markets during the last three years:

Nil

C. Whistle Blower Policy

The Company has established a Whistle Blower Policy pursuant to which Directors, employees and vendors of the Company can report their concerns on unethical and improper behavior, practices, actual or suspected fraud or violation of the Company's Code of Conduct or any other wrongful conduct in the Company or of its employees. None of the personnel has been denied access to the Audit & Risk Management Committee.

D. Mandatory Requirements

The Company is in compliance with the mandatory requirements.

Non-Mandatory Requirements

The Company has a record of unqualified financial statements from inception.

During the year, Statutory Auditors and Internal Auditors have had separate discussions with the Audit & Risk Management Committee without the presence of the Management team.

The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer. Mr Rangachary N is the Chairman of the Company and Mr Bhaskar S is the Executive Director and Chief Executive Officer of the Company.

E. Subsidiary Companies

A policy on material subsidiaries has been formulated and the same is posted on our website *http://www.equitas.in/sites/default/files/EHL-Policy-on-Material-Subsidiary.pdf*. The financial statements of Subsidiary companies are tabled at the Board Meeting every quarter.

F. PREVENTION OF INSIDER TRADING CODE

The Board has adopted a code for the Prevention of Insider Trading in the securities of the Company. The Code *inter alia* requires pre-clearance from Designated Persons for dealing in the securities of the Company as per the criteria specified therein and prohibits the purchase or sale of securities of the Company by Designated Persons while in possession of Unpublished Price Sensitive Information in relation to the Company besides during the period when the trading window is closed.

8. COMPLIANCE

The Company is in compliance with the requirements stipulated under Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations as applicable, with regard to Corporate Governance.

M/s. Deloitte Haskins & Sells have certified that the Company has complied with the mandatory requirements as stipulated under SEBI (LODR) Regulations. The said Certificate is annexed to this Report.

9. ED & CEO / CFO CERTIFICATION

ED & CEO and CFO have given a certificate to the Board as per Regulation 17 of the SEBI (LODR) Regulations. The said certificate is a part of this Annual Report.

10. CODE OF CONDUCT

The Company has laid down a Code of Conduct for the Members of Board of Directors and Senior Management Personnel. The Code of Conduct is available in our website *http://www.equitas.in/sites/default/files/EHL-CODE-OF-CONDUCT-FOR-DIRECTORS.pdf*.

11. EQUITY SHARES IN THE DEMAT SUSPENSE ACCOUNT

Particulars	Number of shareholders	Number of equity shares
Aggregate number of shareholders and the outstanding shares in the demat suspense account of the Company as on April 21, 2016	10	1350
Shareholders who approached the Company for transfer of shares from demat suspense account during the year	9	1215
Shareholders to whom shares were transferred from the demat suspense account during the year	9	1215
Aggregate number of shareholders and the outstanding shares in the suspense account as on March 31, 2017	1	135

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claim the shares.

12. TRANSFER OF UNCLAIMED / UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND:

The Company has not declared any dividends from its incorporation. Hence, there is no unclaimed dividend relating to the earlier financial years, which needs to be transferred to the Investors Education and Protection Fund, in terms of Section 125 of the Act.

For and on behalf of the Board of Directors

Bhaskar S
Executive Director and CEO

Rangachary N
Chairman

Chennai
May 5, 2017

I confirm that for the Financial Year ended March 31, 2017 Members of the Board of Directors and Senior Management Personnel have affirmed compliance with Code of Conduct as applicable to them.

Chennai
May 5, 2017

Bhaskar S
Executive Director and CEO

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF
EQUITAS HOLDINGS LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated 15th July, 2016.

2. We, Deloitte Haskins & Sells, Chennai, Chartered Accountants, the Statutory Auditors of Equitas Holdings Limited ("Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2017, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and paras C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. 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.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and paras C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Chennai, 5 May 2017

ED & CEO / CFO Certificate

The Board of Directors
Equitas Holdings Limited

This is to certify that:

1. We have reviewed Financial Statements and the Cash Flow Statement for the Financial Year ended 31st March, 2017 and that to the best of our knowledge and belief:
   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent or illegal or violative of Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for Financial Reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting.
4. We have indicated to the Auditors and the Audit & Risk Management Committee:
   a. Significant changes in internal control over financial reporting during the year;
   b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Bhaskar S
Executive Director and CEO

Vasudevan S
Chief Financial Officer

Place: Chennai
Date : May 5, 2017

BUSINESS RESPONSIBILITY REPORT

(Pursuant to Regulation 34 (2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations")

Introduction

Equitas Holdings Limited is a Core Investment Company which carries on business through its subsidiaries viz., Equitas Small Finance Bank Limited (ESFBL) and Equitas Technologies Private Limited (ETPL) (collectively referred as "Equitas Group"). The disclosures in this report are aligned to the Principles of Business Responsibility as prescribed under the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) released by Ministry of Corporate Affairs, Government of India. This report provides transparent and relevant information on Equitas Group's efforts and its performance against the nine principles of Business Responsibility.

Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	U65100TN2007PLC064069
2	Name of the Company	Equitas Holdings Limited
3	Registered address	410A, 4th Floor, Spencer Plaza, Phase II, No.769, Mount Road, Anna Salai, Chennai 600002, Tamil Nadu
4	Website	http://www.equitas.in
5	Email id	secretarial@equitas.in
6	Financial year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	National Industrial Classification 2008 Section K: Financial and Insurance Activities Code:64200
8	Three key products/services of the Company (as in balance sheet)	Core Investment Company making investments in subsidiary companies
9	Number of international locations	Nil
10	Number of National locations	1 (Equitas Group has operations in more than 500 locations across 11 states of the country)
11	Markets served by the Company – Local/State/National/ International	National

Section B: Financial Details of the Company

S.No.	Particulars	Details
1.	Paid up capital (₹ in lakh)	₹ 33,781.37
2	Total turnover (₹ in lakh)	₹ 1,235.53
3	Total profit after taxes (₹in lakh)	₹ 468.17
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of Profit After Tax (%)	3.83%
5	List of activities in which expenditure in 4 above has been incurred	Educational Initiatives carried out through Equitas Development Initiatives Trust (EDIT), a Public Charitable Trust set up by the Company, which runs schools in 7 locations across Tamil Nadu. Details of CSR activities carried out by Equitas Group or given under MD & A Report which form part of the Annual Report.

SECTION C – OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?	Yes
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s)	Yes. Equitas Group as a whole actively carries out the BR initiatives.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Details of Director(s) responsible for BR

(a) Details of the Director responsible for implementation of the BR policy(ies)

1. DIN	02360919
2. Name	Mr Bhaskar S
3. Designation	ED & CEO

(b) Details of the BR head

1. DIN (if applicable)	02360919
2. Name	Mr Bhaskar S
3. Designation	ED & CEO
4. Telephone number	+ 91 44 4299 5000
5. e-mail id	corporate@equitas.in

2. Principle-wise (as per National Voluntary Guidelines) BR Policy(ies)

Equitas Holdings Limited is a Core Investment Company which carries on the business through its subsidiaries viz., ESFBL and ETPL. Therefore, the following sections capture BR compliances at the Group level.

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy(ies) for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)*	Y	Y	Y	Y	Y	Y	-	Y	Y
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y

6	Indicate the link for the policy to be viewed online	All Policies which are statutorily required to be displayed on the website are available on *www.equitas.in* under Policies section.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The communication on policies covering all internal and external stakeholders is an on-going process.								
8	Does the Company have in-house structure to implement the policy(ies)	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy(ies) to address stakeholders' grievances related to the policy(ies)	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of these policies by an internal or external agency?	The Heads of Departments are responsible for effective implementation of the Policies. The Compliance Department of ESFBL monitors the adherence to implementation of policies mandated by RBI.								

* All Policies have been formulated after detailed deliberations on best practices adopted by banks and financial institutions and customized as per our requirements.

P1 Code of Conduct adopted for employees, Directors and senior management and Whistle Blower Policy ensure conducting of business with Ethics, Transparency and Accountability.

P2 Fair Practices Code promote responsible lending and guard against over-leveraging of its customers to ensure sustainability throughout the life cycle of the loan.

P3 Policy on Prevention of Sexual Harassment and Whistle Blower Policy, endeavour to provide an environment of care, concern, nurturing and an opportunity to women employees to accomplish their professional aspirations. These Policies can be viewed online at *www.equitas.in* under Policies section.

P4 The interests of the marginalised and vulnerable stakeholders are taken care through Priority Sector Lending and Financial Inclusion. The Fair Practices Code protects the interests of customers who are primarily from the vulnerable sections of the society. Corporate Social Responsibility [CSR] Policy seeks to engage with client communities through community development initiatives and improve their life and life style on a holistic basis. This Policy can be viewed online at *www.equitas.in*.

P5 Code of Conduct for employees lays down acceptable employee behavior while dealing with clients on various aspects, including human rights.

P6 Policy on Environmental and Social Safeguards framework for Micro & Small Enterprises, ensures integration of environmental and social safeguards into the appraisal process of loan applications for micro & small enterprises.

P7 While there is no specific policy outlined in respect of this Principle, Equitas Group, through various trade bodies and associations, puts forth a number of suggestions with respect to the financial services sector.

P8 The very idea behind differentiated licensing of Small Finance Banks is to further the agenda of financial inclusion and bring about equitable development. Hence, the entire operations of Company's subsidiary, ESFBL are directed towards inclusive growth and equitable development. Further, in accordance with the Corporate Social Responsibility Policy, Equitas Group carries out various social initiatives to promote equitable development amongst its client communities.

P9 Equitas Group has undertaken wide range of social initiatives under Corporate Social Responsibility Policy to improve the quality of life of its client communities. Details of the same are given in the MD & A Report which forms part of the Annual Report. Customer Grievance Redressal Policy is aimed at redressal of customer grievances expeditiously. The said Policies can be viewed online on *www.equitas.in* under Policies section.

3. Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company (Within 3 months, 3-6 months, Annually, More than 1 year).	The performance on aspects of BR is proposed to be reviewed by the Management Committee on a periodical basis i.e., at least once a year.
(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Business Responsibility Report is made part of the Annual Report from FY 2016-17 onwards.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

   Equitas Group has put in place a Code of Conduct which covers all its employees. The Code articulates the ethical principles and acceptable behavior that the employees are expected to demonstrate and also to uphold the values of Equitas Group. The Code covers aspects related but not limited to ethics, accountability, conflict of interest, bribery and corruption. Equitas Group has also adopted Code of Conduct for Directors & Senior Management to provide a framework to the Board members and Senior Management in ensuring adoption of highest ethical standards in managing the affairs of the Group. The Group's commitment to ethics and accountability is emphasized upon in all interaction with the stakeholders, right from the time of association with the Group.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   Equitas Group has established various channels of communication, including grievance redressal mechanisms, for stakeholders to communicate their expectations and concerns. The details of the stakeholder complaints are as below:

	Complaints received during 2016-17	% of complaints resolved
Customer complaints	2,150	95.72%
Investor complaints	492	100.00%

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   Equitas Group believes that it has a significant role to play in furthering financial inclusion in the country to achieve inclusive growth and equitable development. Towards this end, the Small Finance Bank (SFB) has begun operations in September 2016. In its earlier avatar as an NBFC, the three wholly owned subsidiaries of Equitas Holdings Limited viz., Equitas Micro Finance Limited, Equitas Finance Limited and Equitas Housing Finance Limited, were catering to those who do not have access to formal financial system by offering loan products in the form of Micro Finance, Used Commercial Vehicle Finance, Housing Finance, Loan against Property, etc. As a bank, we continue to provide the aforesaid offerings and have also added new offerings such as Agri Loans, Gold Loans, Business Loans, etc. This way, we intend to develop further on the financial inclusion agenda, which is one of the avowed objectives for which SFBs have been licensed by RBI to operate. The Bank primarily deals with the financially vulnerable sections of the society and hence it is all the more important to be responsible in lending and guard the borrowers from getting over leveraged. The Bank carries out due diligence to ascertain the repayment capacity of the borrowers before lending.

Micro Finance: Micro lending to women who belong to the economically weaker sections of the society (with household income less than ₹ 1.6 lakh per annum). Most of these loans are for income generation purposes, which provide assistance to our customers to increase their household income, develop financial independence over time and for most of our customers, an opportunity to become part of the formal financial system. All our customers are included in the Credit Bureau database thereby ensuring their inclusion into the formal economy.

Used Commercial Vehicle Finance: These loans are provided predominantly to first time entrepreneurs in the commercial logistics service industry, who have the expertise but lack capital to own a commercial vehicle of their own. This loan provides them with the opportunity to own their business and improve or develop their socio-economic standing.

MSE Banking: The Bank provides capital in the form of term loans to enterprises which are small and have turnover in the range of ₹ 1 – 10 crore. The loan size typically varies between ₹ 10 – 100 lakh.

Housing Finance: The Bank supports the aspiration of owning a house for a large segment of low income families by focusing on affordable housing. The Bank also offers the benefits accruing under *Pradhan Mantri Awas Yojana* to deserving beneficiaries from economically weaker sections and low income groups.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**

(a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

(b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Equitas Group as a whole, consciously strives to reduce the usage of paper. Towards this end, tab-based loan processing has been successfully implemented in micro finance product. Similar initiatives are also being planned in other segments. The account holders of the Bank are encouraged to adopt paper-free banking practices like e-mail account statements, internet banking, mobile banking, e-Wallet, Electronic Toll Collection and other such initiatives.

We follow other sustainable practices to reduce our impact on the environment and promote efficient consumption of resources viz. Heating, Ventilation and Air Conditioning (HVAC) run time monitoring, installation of CFL & other low energy consuming office equipment, restricted printer and copier usage.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

As a responsible corporate citizen, Equitas Group endeavours to reduce the environmental impact of its operations. The Bank has made conscious efforts to reduce the usage of paper through various digital initiatives, some of which have been outlined elsewhere in this document.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The business of Equitas Group is service oriented and not material resource intensive. The human resources and other services required for our operations are generally sourced from within the local area to the extent feasible. The financial products offered by the Group are aimed at encouraging entrepreneurship, innovation and capacity building among the financially vulnerable sections of the society as well as to enable them to scale up their business operations.

The Group is in the process of setting up Business Correspondents (BCs) channel of banking, which aims to empower local business owners, usually micro-businesses, to act as centers of banking. Such BCs will be provided technological infrastructure and technical training to carry out basic banking operations. Such measures will be beneficial to local businesses by increasing their business capability & network, improve their financial literacy and also providing additional and sustainable source of income. The local communities would also benefit from the presence of these BCs, who are drawn from the same community, which would help in improving financial literacy and well-being of the community at large.

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Our operational practices are focused to continually reduce consumption of paper and progressive measures are being implemented across different processes (Refer to Principle 2: Question 2) to facilitate the same.

Our digital banking and other related initiatives also strive to meet sustainability goals of waste reduction and more efficient resource utilisation.

Principle 3 – Businesses should promote the well-being of all employees

1	Total Number of Employees	13,367
2	Total number of employees hired on contractual basis	11
3	Number of permanent women employees	1,274
4	Number of permanent employees with disabilities	11
5	Is there an employee association that is recognized by management.	Equitas Group engages with employees through various fora to obtain constructive feedback. Regular Audio bridges are conducted offering an opportunity for all employees to directly express their views, ideas and feedback to the top management. While there is a structured employee grievance redressal mechanism in place, employees are also encouraged to directly approach MD/ED/CEO and Audit & Risk Management Committee in case of serious grievances, misgivings or unethical practices.
6	Percentage of your permanent employees who are members of this recognized employee association	

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No. of complaints filed during the financial year	No. of complaints pending as at the end of financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual Harassment	2	Nil
3	Discriminatory Employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

All employees are given periodical training on precautions and procedures to be followed in cases of emergencies such as fire, earthquake and other natural calamities.

In respect of skill training, Equitas Group has institutionalized learning and development process to create right competencies across various levels and help in career progression of employees. The key focus during the year has been on development of People Managers and imparting functional and technical training to branch banking executives. The Equitas Way – PRO (Performance management, Recruitment and Onboarding) training has been imparted to managers across all divisions. A customized induction program to provide comprehensive training on functional aspects was developed for branch banking roles. An in-house lab is being set up for effective hands-on training in banking software.

The details of employees who underwent skill up-gradation training during the FY 2016-17 are as follows:

Permanent Employees	38.84%
Permanent Women Employees	35.00%
Contractual Employees	45.45%
Employees with Disabilities	Nil

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

1. **Has the Company mapped its internal and external stakeholders?**

   Equitas Group engages with multiple stakeholders through formal and informal channels of communication. The key stakeholder groups are identified as follows:

   i) Employees
   ii) Customers
   iii) Investors
   iv) Vendors / Service Providers
   v) Regulators
   vi) Community

   Equitas Group constantly strives to keep the channels of communication open and transparent with all its stakeholders, with a view to maximizing stakeholder satisfaction and value creation.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   Equitas Group engages with vulnerable and marginalised sections of society through its loan products, employment practices, community engagement initiatives and technology-enabled services. Through the Rural and Inclusive banking initiatives, the Bank engages with economically excluded sections of the society to create financial literacy and further the agenda of financial inclusion through specialised products.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   Equitas Group directly or through its implementing agency, Equitas Development Initiatives Trust (EDIT) engages with stakeholders such as women, people with disabilities, unemployed youth and pavement dwellers to create a positive impact through community development initiatives.

   EDIT runs seven schools primarily for socially and economically weaker sections of society. EDIT has empowered around half a million women by imparting training in skills such as tailoring, embroidery, doll making, artificial jewelry making, agarbathi and candle making. EDIT also endeavors to rehabilitate pavement dwellers through Equitas Birds Nest (EBN) initiative and fulfil their dream of economic empowerment.

   EDIT actively conducts job fairs across India for unemployed youth of low income communities, thereby providing gainful employment. The recruitment and employment practices of Equitas Group are also attuned towards talent spotting and acquisition from among marginalized sections of the society.

   EDIT also provides access to affordable healthcare through its medical camps and Equitas Sugam Clinics.

Principle 5: Businesses should respect and promote human rights

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?**

   Equitas Group is committed to upholding the dignity of every individual engaged or associated with the Group. The Fair Practices Code as well as Employee Code of Conduct, lays down the acceptable employee behavior on various aspects including human rights. All employees with direct interface to customers including collection staff are trained to be polite and courteous to customers under all circumstances. This focus on human rights extends towards all its interactions with stakeholders with utmost importance placed on fairness and transparency.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   Kindly refer to response to Principle 1 – Question 2.

Principle 6: Business should respect, protect and make efforts to restore the environment

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others.**

   Equitas Group recognizes the need to respect, protect and make efforts to restore the environment in all its activities. Some of the initiatives taken in this regard have been outlined under Principle 2 – Question 2.

   The Group also endeavors to promote sound environmental, social and governance standards (ESG). The Bank has a Policy on Environmental and Social Safeguards framework for Micro & Small Enterprises, integrating environmental and social safeguards into the appraisal process of loan applications for micro & small enterprises.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.**

   In respect of its operations, Equitas Group focuses on reducing the usage of paper to reduce the carbon footprint. Towards this end, the Bank emphasizes the use of alternate banking channels like internet banking, mobile banking, ATMs, Tab-based account opening, etc. The operations of ETPL are carried out using mobile and web based applications.

   Our efficient operational practices, digital banking, digital business initiatives and environment management practices help us reduce our environmental footprint and help us achieve environmentally sustainable business practices.

3. **Does the Company identify and assess potential environmental risks?**

   Equitas Group is aware of the potential environmental risks. We have also integrated environmental and social safeguards into the loan appraisal process.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   As detailed under Points 1-3 above, Equitas Group, through its initiatives, is aware of the importance of safeguarding the environment. As on date, the Group did not carry out any project related to the Clean Development Mechanism as prescribed under the Kyoto Protocol.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy etc., Y/N. If yes, please give hyperlink for web page etc.**

   As explained above, Equitas Group focuses on reducing the usage of paper and provides alternate banking channels like internet banking, mobile banking, ATMs, Tab-based account opening, etc.

   Focus is placed on energy efficiency, through practices including installation of CFL & LED light fixtures and installation of similar energy efficient office equipment. We also aim to leverage digital banking and digital business initiatives to reduce environmental impact related to usage of paper and reducing the need for travel by customers to bank branches.

   The Group also has implemented paperless recruitment process from application by the candidate to offer letter generation. This has reduced the need for travel by recruitment executives and candidates. This also reduces paper and printer usage during the recruitment process.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

   The operations of Equitas Group do not result in any significant environmental or pollution related issues.

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

The operations of Equitas Group do not result in any significant environmental or pollution related issues. No notices were received by the Group as on March 31, 2017.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

   Some of the key trade and industry associations where the Group is represented, include:

   i. Indian Banks' Association (IBA)
   ii. Fixed Income Money Market and Derivatives Association (FIMMDA)
   iii. SaDhan – The Association of Community Development Finance Institutions
   iv. Association of Mutual Funds in India (AMFI)
   v. Confederation of Indian Industry (CII)
   vi. The Indus Entrepreneurs (TiE)

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   The Bank was an active member of Micro Finance Institutions Network (MFIN) when it was operating as a Non-Banking Finance Company – Micro Finance Institution (NBFC – MFI), before transitioning into a bank. Through this and other trade & industry associations, Equitas has promoted various social and welfare initiatives like responsible lending, financial literacy, creation of a more transparent financial system, ease of credit access to the underbanked/unbanked, operational ease of providing loans to economically excluded sections of the economy, etc.

Principle 8: Businesses should support inclusive growth and equitable development

The main focus of Equitas Group is inclusive growth and equitable development. The word "Equitas" is a Latin word meaning justice, fairness and equity. Towards this end, we wish to state that the very idea behind differentiated licensing of Small Finance Banks is to further the agenda of financial inclusion and bring about equitable development. Hence, the entire operations of the Group are directed towards inclusive growth and equitable development.

1. **Does the Company have specified programmes / initiatives/ projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   The focus of Equitas Group is improving the quality of life by increasing the total household asset value of those who are not effectively serviced by the financial sector by providing transparent and trustworthy access to financial and other relevant products and services through deployment of cutting edge technology. The Group has also developed a wide range of social initiatives towards improving the quality of life of its client communities. As a Bank, we have enhanced the association with the financially excluded section of the society not only by offering credit, which is typically of a short-term nature but also liabilities offerings – deposits, insurance etc. – which are more long term oriented products and have the potential to engage with customers for mutual benefits over long periods of time.

2. **Are the programmes / projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?**

   CSR programmes are undertaken by Equitas Group, directly as well as through implementing agencies, viz., Equitas Development Initiatives Trust, a registered public charitable trust and Equitas Dhanyakosha India, a not-for-profit Company registered under Section 25 of the Companies Act, 1956. CSR initiatives carried out by Equitas Group forms part of the annual report.

3. **Have you done any impact assessment of your initiative?**

   The impact of business model and operations of Equitas Group on governance, workers, community and environment aspects, was carried out by Global Impact Investing Rating System (GIIRS). Equitas business model was granted

“Platinum Rating” (on a scale of Bronze to Platinum), which is the highest rating under the framework. Equitas was also granted “Five Stars” rating (on a scale of one to five stars) on operations.

4. **What is your Company’s direct contribution to community development projects - Amount in INR and the details of the projects undertaken?**

   The details of the contribution towards CSR initiatives is available in CSR Report forming part of Annual Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   CSR initiatives are reviewed by Board-level CSR Committee of the respective entities, from time to time. The Group closely tracks not only the number of beneficiaries but also qualitative improvement in the lives of beneficiaries. The educational initiatives undertaken through implementing agency, EDIT creates enduring value for the beneficiaries by empowering people to rise above their existing socio-economic constraints. The Schools run by EDIT cater predominantly to people from the lower income group. The children studying in the schools develop English speaking skills apart from their academic pursuits, where they are continuing to do well. This apart, they also develop life skills and get their personality shaped which would go a long way in changing the future outlook of their life. The Equitas Birds Nest (EBN) project has enabled pavement dwellers to attain self-sustenance status and fulfil their dream of economic empowerment.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

   4.28% of the customer complaints are pending as at the end of the financial year 2016-17. All the pending complaints have since been resolved within the prescribed timelines.

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

   The Group endeavors to provide transparent information on its products through its website which has detailed information on product features, service charges and fees applicable. In respect of the Bank, interest rates for various deposit schemes are published on the website. SMS alerts are sent to customers when charges or fees get triggered or levied in their deposit accounts.

   As an NBFC-MFI, Equitas was the pioneer in disclosing the interest rates on reducing balance basis in the customer passbook, which later became a regulatory norm for the industry.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so**

   Nil

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   Equitas Group has an active customer service department which ensures continuous steps are taken to ensure customer satisfaction in all their dealings with the Group. Periodic customer surveys are conducted to understand the requirements, business needs, financial and socio-economic situation of the customers including potential customers. We also have a rigorous customer follow-up and survey mechanism to ensure customer satisfaction.

For and on behalf of the Board of Directors

Bhaskar S	**Rangachary N**
Executive Director and CEO	Chairman

Chennai
May 5, 2017

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EQUITAS HOLDINGS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Equitas Holdings Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts andthedisclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with thebooks of account.

   d) In our opinion, the aforesaid standalone financial statements comply withthe Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended,in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

      ii. The Company does not have any long-term contracts including derivative contracts.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Company has provided requisite disclosures in the Standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 05 May 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f)under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Equitas Holdings Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of thestandalonefinancial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financialcontrols based on the internal control over financial reporting criteriaestablished by the Company considering the essential components of internal control stated inthe Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued bythe Institute of Chartered Accountants of India. These responsibilities include the design,implementation and maintenanceof adequate internal financial controls that were operatingeffectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds anderrors, the accuracy and completeness of the accounting records, and the timely preparation ofreliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls overfinancial reporting based on our audit. We conducted our audit in accordance withthe Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribedunder Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit ofinternal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to providea basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us,the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 05 May 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its plant, property and equipment (PPE).

(b) Some of its PPE were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all its PPE at reasonable intervals. According to the informationand explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except title deeds for 2,22,328.10 sq.ft. which is in the name of Equitas Micro Finance India Private Limited, the erstwhile name of Equitas Holdings Limited.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 Order is not applicable.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans, to companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence compliance with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted is not applicable to the Company.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) of CARO 2016 Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31 March2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax which have not been deposited as on 31 March 2017on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute	Period to which the Amount Relates	Amount Involved (₹ in lakh)	Amount Unpaid (₹ in lakh)
Income Tax Act 1961	Disallowance of Securitization income	Commissioner of Income Tax (Appeals)	Assessment Year 2011-12	207.81	207.81
Income Tax Act 1961	Disallowance under Section 14A	Commissioner of Income Tax (Appeals)	Assessment Year 2014-15	26.88	26.88

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 Order is not applicable to the Company.

(ix) In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of Initial Public Offer for the purposes for which they were raised, other than temporary deployment pending application.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company isrequired to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm‘s Registration No. 008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 05 May 2017

Equitas Holdings Limited
Balance Sheet as at 31 March 2017

Particulars	Note No.	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	33,781.37	26,992.04
Reserves and Surplus	4	133,728.36	69,158.54
		167,509.73	**96,150.58**
Share Application Money Pending Allotment	5	26.90	-
Non Current Liabilities			
Long-Term Provisions	6	14.32	17.53
		14.32	**17.53**
Current Liabilities			
Trade Payables			
(i) Total outstanding due of micro and small enterprises		-	-
(ii) Total outstanding dues of Creditors other than micro and small enterprises	7	53.12	96.05
Other Current Liabilities	8	22.51	78.34
Short-Term Provisions	9	17.40	28.37
		93.03	**202.76**
TOTAL		**1,67,643.98**	**96,370.87**
ASSETS			
Non-Current Assets			
Fixed Assets			
- Property, plant and equipment	10	3,943.26	3,365.03
- Intangible Assets		1.42	2.15
- Capital Work in Progress	10.1	10.05	10.39
		3,954.73	**3,377.57**
Non-Current Investments	11	146,185.89	84,585.89
Deferred Tax Asset (Net)	12	12.13	15.15
Long-Term Loans and Advances	13	12,673.97	404.96
		1,62,826.72	**88,383.57**
Current Assets			
Cash and Cash Equivalents	14	4,490.77	6,620.27
Short-Term Loans and Advances	15	303.66	1,361.49
Other Current Assets	16	22.83	5.54
		4,817.26	**7,987.30**
TOTAL		**1,67,643.98**	**96,370.87**
Refer accompanying Notes forming part of the financial statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 5 May 2017

For and on behalf of the **Board of Directors**

N Rangachary
Chairman
DIN:00054437

S Bhaskar
Executive Director and CEO
DIN:02360919

P T Kuppuswamy
Director
DIN:00032309

S Vasudevan
Chief Financial Officer
Place : Chennai
Date : 5 May 2017

Jayashree S Iyer
Company Secretary
A11569

Equitas Holdings Limited

Statement of Profit and Loss for the year ended 31 March 2017

Particulars	Note No.	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
REVENUE			
Revenue from Operations	**17**	1,229.59	819.72
Other Income	**18**	5.94	-
Total Revenue		**1,235.53**	**819.72**
EXPENSES			
Employee Benefits Expense	**19**	131.54	152.46
Investments written off	**11.1**	-	200.00
Less: Written off out of provision made	**11.1**	-	(200.00)
Depreciation and Amortisation expense	**10**	57.17	91.23
Other expenses	**20**	296.52	191.97
Total Expenses		**485.23**	**435.66**
Profit Before Tax		**750.30**	**384.06**
Tax expense / (benefit):			
Income Tax			
- Current Tax		279.11	176.60
- Deferred Tax	**12**	3.02	(4.17)
Net Tax expense		282.13	172.43
Profit After Tax		**468.17**	**211.63**
Earnings Per Equity Share of ₹ 10 each fully paid up	**24**		
- Basic in ₹		0.14	0.08
- Diluted in ₹		0.14	0.08
Refer accompanying Notes forming part of the financial statements			

In terms of our report attached
For Deloitte Haskins & Sells
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Partner
Place : Chennai
Date : 5 May 2017

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Equitas Holdings Limited

Cash Flow Statement for the year ended 31 March 2017

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
A. Cash Flow from Operating Activities		
Profit Before Tax	750.30	384.06
Adjustments for:		
Depreciation and Amortisation expense	57.17	91.23
Provision not required written back	(2.72)	-
Interest Income on Loans to Related Parties	(799.23)	(634.14)
Interest Income on Deposits with Banks	(338.03)	(72.08)
Gain on Sale of Current Investments in Mutual Funds	(92.33)	(113.50)
Operating Loss before Changes in Working Capital	**(424.84)**	**(344.43)**
Adjustments for (increase) / decrease in operating assets:		
Long-Term Loans and Advances	(12,172.83)	6,696.50
Short-Term Loans and Advances	1,057.83	(1,344.44)
Adjustments for increase / (decrease) in operating liabilities:		
Trade Payables	(42.93)	34.24
Long-Term Provisions	(3.21)	2.75
Other Current Liabilities	(25.50)	30.70
Short-Term Provisions	(8.25)	8.47
Cash Flow (used in) / generated from Operations	**(11,619.73)**	**5,083.79**
Interest Income on Loans to Related Parties	799.23	634.14
Interest Income on Deposits with Banks	320.74	67.61
Gain on Sale of Current Investments in Mutual Funds	92.33	113.50
Direct Taxes Paid	(310.98)	(184.19)
Net Cash Flow (used in) / generated from Operating Activities	**(10,718.41)**	**5,714.85**
B. Cash Flow from Investing Activities		
Capital Expenditure including Capital Advances	(744.40)	(924.24)
Proceeds from Sale of Fixed Assets	15.43	0.09
Proceeds from Current Investments (Net)	-	2,150.00
Investments in Equity shares of subsidiaries	(61,600.00)	(1,500.00)
Bank Deposits (Net) (lien marked)	200.00	(375.34)
Net Cash Used in Investing Activities	**(62,128.97)**	**(649.49)**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
C. Cash Flow from Financing Activities		
Proceeds from Fresh Issue of Equity Share Capital, including Securities Premium	73,051.96	351.80
Share Application Money Received	26.90	-
Share Issue Expenses	(2,160.98)	(4.59)
Net Cash generated from Financing Activities	**70,917.88**	**347.21**
Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C)	**(1,929.50)**	**5,412.57**
Cash and Cash Equivalents at the Beginning of the Year	5,494.93	82.36
Cash and Cash Equivalents at the End of the Year	**3,565.43**	**5,494.93**
Note:		
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 14 is as follows:		
Cash and Cash Equivalents as per Note 14	4,490.77	6,620.27
Less: Deposits under lien	925.34	1,125.34
Cash and Cash Equivalents (as defined in AS 3 Cash Flow Statement) as at the end of the Year	**3,565.43**	**5,494.93**

Refer accompanying Notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 5 May 2017

For and on behalf of the **Board of Directors**

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Place : Chennai
Date : 5 May 2017

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Equitas Holdings Limited

Notes forming Part of the financial statements for the year ended 31 March 2017

1 CORPORATE INFORMATION

Equitas Holdings Limited (“the Company”) was incorporated on 22 June 2007. During the previous year, the Company was a “Not Systemically Important Core Investment Company” holding shares of its subsidiaries. The Company also provides financial support to its subsidiaries by way of unsecured loans, guarantees, etc.

The Company received a certificate of registration dated 1 September 2016 from the Reserve Bank of India (“RBI”) as a Non-Banking Financial Institution - Non-Deposit taking-Systemically Important Core Investment Company (“CIC- ND -SI”) under Section 45-1A of the Reserve Bank of India Act, 1934.

The Reserve Bank of India (“RBI”) had issued Licence No. MUM: 119 dated 30 June 2016 to carry on the Small Finance Bank (“SFB”) business in India with certain terms and conditions.

As per the stipulated conditions of the RBI, the subsidiaries of the Company namely, Equitas Micro Finance Limited (“EMFL”) and Equitas Housing Finance Limited (“EHFL”) (collectively “Transferor Companies”) have merged with Equitas Finance Limited (“EFL” / “Transferee Company”) as per the High Court Order with effect from 2 September 2016. The name of EFL was changed to Equitas Small Finance Bank Limited (“ESFBL / Bank”) and it commenced the SFB Business with effect from 5 September 2016. EMFL and EHFL had filed petition for dissolution of the respective Companies and the same has been approved by the Hon’ble High Court of Judicature at Madras vide its Order dated 2 December 2016, the certified copy of which was received on 22 December 2016. ESFBL has become a scheduled bank with effect from December 23, 2016 vide Official Gazette Notification dated February 4, 2017.

The above referred merger was accounted as per Pooling of Interest Method as stipulated by Accounting Standard 14 “ Accounting for Amalgamations” prescribed under Section 133 of the Companies Act, 2013 (AS 14). Accordingly, as per the said Standard, the Assets, Liabilities and Reserves of the Transferor Companies were accounted at their respective existing carrying values in the books of the Transferee Company.

As a consideration for transfer of Assets and Liabilities, based on the audited financial statements of EMFL, EHFL and EFL as of and for the period ended 1 September 2016, the Transferee Company issued to EHL 42,03,44,289 Equity Shares of ₹ 10 each fully paid-up, for merger of EMFL and 4,33,93,774 Equity Shares of ₹ 10 each, fully paid up, for the merger of EHFL. The issue of these shares were approved in the Board meeting of ESFBL held on 31 January 2017.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and Preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, and the relevant provisions of the Companies Act, 2013 as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

2.2 Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known / materialise.

2.3 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.5 Depreciation (Also Refer Note 10.2)

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on Property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Property, plant and equipment

Buildings - 50 years

Office Equipment - 3 years

Vehicles - 4 years

Computers Equipment - 3 years

Assets individually costing less than or equal to ₹ 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets are amortised over their estimated useful life as follows:

Software - Lower of license period or 5 years on straight line basis

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern.

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Interest Income on Loans granted is recognised under the internal rate of return method.

(b) Interest Income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(c) Dividend income is accounted for when the right to receive it is established.

(d) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

2.7 Property, Plant and Equipment [PPE]

PPE are carried at cost less accumulated depreciation and impairment losses, if any. The cost of a PPE comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure in making the asset ready for its intended use and net of any trade discounts and rebates.

Advances paid towards acquisition of PPE are included under long-term loans and advances.

Capital work in Progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, attributable interest and related incidental expenses, if any.

2.8 Intangible Assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure in making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.9 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange difference recognition

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

2.10 Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.11 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Company's contribution to provident fund are considered as defined contribution plan and are charged as an expense as it falls due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with Actuarial Valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average year until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.12 Deferred Employee Stock Compensation Cost

Deferred employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to the employee stock options using the intrinsic value method. The compensation cost, if any, is amortised uniformly over the vesting year of the options.

2.13 Segment Reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

2.14 Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rental income / expenses under operating leases arrangements are recognised in the Statement of Profit and Loss on a straight-line basis.

2.15 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.17 Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting years no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.18 Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

2.19 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account if any, are expensed in the Statement of Profit and Loss.

2.20 Operating Cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount ₹ in lakh	Number of shares	Amount ₹ in lakh
3 Share Capital				
(a) Authorised				
Equity shares of ₹ 10 each	365,000,000	36,500.00	365,000,000	36,500.00
Compulsorily Convertible Preference Shares of ₹ 10 each	10,000,000	1,000.00	10,000,000	1,000.00
	375,000,000	**37,500.00**	**375,000,000**	**37,500.00**
(b) Issued, Subscribed and Fully Paid-up				
Equity shares of ₹ 10 each	337,813,746	33,781.37	269,920,367	26,992.04
	337,813,746	**33,781.37**	**269,920,367**	**26,992.04**

3.1 Reconciliation of Shares Outstanding at the beginning and at the end of the Year

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Number of shares	Amount ₹ in Lakh	Number of shares	Amount ₹ in Lakh
At the beginning of the Year	269,920,367	26,992.04	268,873,695	26,887.36
Exercise of options issued under - Employees Stock Option Scheme (refer note a)	2,438,834	243.88	1,046,672	104.68
Issued through IPO (refer note b)	65,454,545	6,545.45	-	-
Outstanding at the End of the Year	**337,813,746**	**33,781.37**	**269,920,367**	**26,992.04**

Notes:

(a) During the year, the Company allotted 2,438,834 (Previous Year 1,046,672) Equity Shares of ₹ 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums (Refer Notes 4.1.(a))

(b) During the year, Company has allotted 65,454,545 Equity Shares of ₹ 10 each issued through IPO at a premium of ₹ 100 per share. Accordingly, an amount of ₹ 65,454.55 Lakh was credited to Securities Premium Account. (Refer Notes 4.1(a) and 30)

3.2 Details of Shareholders holding more than 5% Shares in the Company:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	% Holding	Number of shares	% Holding
Equity Shares of ₹ 10 each				
International Finance Corporation	22,059,885	6.53%	38,523,657	14.27%
CDC Group Plc	26,791,230	7.93%	26,791,230	9.93%
India Financial Inclusion Fund	-	-	26,229,885	9.72%
Lumen Investment Holdings Limited	-	-	22,571,820	8.36%
Creation Investments Equitas Holdings LLC	17,313,912	5.13%	18,182,037	6.74%
Credit Access Asia N.V.	17,566,159	5.20%	17,566,159	6.51%
Microventures Spa	-	-	16,975,484	6.29%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	-	-	14,884,016	5.51%
Deutsche Investitions Und Entwicklungsgesellschaft Mbh	14,564,521	4.31%	14,564,521	5.40%

3.3 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash

Particulars	Aggregate number of shares	
	As at 31 March 2017	As at 31 March 2016
Equity shares issued as fully paid up by way of bonus shares	147,463,018	147,463,018

3.4 Disclosure of Rights

The Company has only one class of equity shares having a par value of ₹ 10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

3.5 Shares Reserved

Refer Note 3.6 with respect to Employee Stock Option Scheme.

3.6 Employee Stock Option Scheme

(a) On 17 December 2007, the Company established an Employees Stock Option Scheme 2007 (ESOP Scheme 2007). Under the plan, the Company is authorized to issue upto 5,620,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Employees covered by the plan are granted an option to purchase shares of the Company subject to the requirements of vesting. A Remuneration and Nomination Committee constituted by the Board of Directors of the Company administers the plan.

During the year ended 31 March 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from 10 November 2012. Under the plan, the Company was authorized to issue upto 1,000,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

During the year ended 31 March 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from 18 July 2014. Under the plan, the Company was authorized to issue upto 10,500,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme.

During the previous year ended 31 March 2015, pursuant to the issue of bonus shares for the existing shareholders, the company granted 2 additional options for every 1 option outstanding to be exercised as on the date of bonus issue. Further, the exercise price for each option was been reduced to one-third of the original exercise price determined at the grant date.

During the previous year ended 31 March 2016, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from 7 September 2015. Under the plan, the Company was authorized to issue upto 22,200,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2014 has been transferred and made available for grant under the new scheme.

As at 31 March 2017, 26,777,878 (As at 31 March 2016 - 15,397,855) (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at 31 March 2017:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11	Grant 12
Date of Grant	26-Feb-08	9-Jun-08	1-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	2-Nov-11	9-May-12	7-Nov-12	4-May-13
Exercise Price Per Option (₹) post bonus options	10.00*	12.00*	10.67	12.00	26.67	33.34	40.00	40.00	40.00	40.00	40.00	40.00
Total Options granted and outstanding as at 1 April 2016	-	-	-	51,258	49,788	229,371	316,731	243,052	208,682	331,211	397,925	265,466
Options granted during the Period	-	-	-	-	-	-	-	-	-	-	-	-
Less: Options Forfeited / Lapsed	-	-	-	1,500	13,080	24,084	53,811	21,755	21,982	42,060	75,937	45,355
Options Exercised	-	-	-	49,758	36,708	154,149	208,881	162,764	133,288	186,122	180,618	70,524
Options Outstanding as at 31 March 2017	-	-	-	-	-	51,138	54,039	58,533	53,412	103,029	141,370	149,587
vested	-	-	-	-	-	51,138	54,039	58,533	53,412	103,029	141,370	101,347
yet to vest	-	-	-	-	-	-	-	-	-	-	-	48,240

Particulars	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18	Grant 19	Grant 20	Grant 21	Grant 22	Grant 23	Grant 24
Date of Grant	15-Nov-13	9-May-14	12-Nov-14	7-May-15	7-Aug-15	6-Nov-15	1-Jul-16	4-Jul-16	5-Aug-16	10-Sep-16	21-Oct-16	1-Feb-17
Exercise Price Per Option (₹) post bonus options	40.00	43.34	55.00	65.00	70.00	70.00	178.00	184.00	173.00	182.00	183.00	165.00
Total Options granted and outstanding as at 1 April 2016	1,262,734	1,693,758	2,511,379	1,727,350	2,184,700	3,924,450	-	-	-	-	-	-
Options granted during the Period	-	-	-	-	-	-	7,597,900	838,500	1,840,150	2,007,200	2,038,500	5,063,450
Less: Options Forfeited / Lapsed	171,693	352,237	573,290	432,114	381,741	951,904	1,158,850	-	291,500	311,200	315,100	327,650
Options Exercised	453,529	317,619	306,877	90,465	27,596	59,936	-	-	-	-	-	-
Options Outstanding as at 31 March 2017	637,512	1,023,902	1,631,212	1,204,771	1,775,363	2,912,610	6,439,050	838,500	1,548,650	1,696,000	1,723,400	4,735,800
vested	398,924	453,242	795,112	262,921	464,053	721,435	-	-	-	-	-	-
yet to vest	238,588	570,660	836,100	941,850	1,311,310	2,191,175	6,439,050	838,500	1,548,650	1,696,000	1,723,400	4,735,800

*The exercise price is before bonus issue.

(b) The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant, using Black-Scholes model by an external firm of Chartered Accountants.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Variables	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11	Grant 12
	Date of Grant											
	26-Feb-08	9-Jun-08	1-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	2-Nov-11	9-May-12	7-Nov-12	4-May-13
Risk Free Interest Rate	8.50%	8.75% to 9%	9.75%	8.25%	6.75% to 7%	6.50% to 7.25%	7.25% to 7.50%	7.9% to 8.05%	8.40% to 8.65%	8.01% to 8.25%	7.89% to 8%	7.12% to 7.23%
Expected Life	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs
Expected Volatility	43% to 45%	43% to 45%	41% to 47%	42% to 44%	37% to 44%	37% to 40%	35% to 40%	38% to 41%	38% to 40%	39% to 42%	38% to 42%	33% to 37%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (₹) adjusted after bonus option	10.00	12.00	10.67	12.00	26.67	33.34	40.00	40.00	40.00	40.00	40.00	40.00
Fair Value of the Option (₹) after adjustment of bonus option												
1st Stage	0.63	3.14	4.06	2.75	2.08	6.75	8.70	9.41	9.34	3.28	3.87	2.92
2nd Stage	0.81	3.91	5.07	3.18	2.56	8.34	10.83	11.66	12.20	4.41	4.84	5.07
3rd Stage	1.00	4.02	5.76	3.85	3.78	10.09	13.06	13.79	14.26	6.00	6.65	6.31
4th Stage	1.32	4.70	6.12	4.56	5.38	12.27	15.84	16.11	16.19	7.25	7.97	7.99

Variables	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18	Grant 19	Grant 20	Grant 21	Grant 22	Grant 23	Grant 24
	Date of Grant											
	15-Nov-13	9-May-14	12-Nov-14	7-May-15	7-Aug-15	6-Nov-15	1-Jul-16	4-Jul-16	5-Aug-16	10-Sep-16	21-Oct-16	1-Feb-17
Risk Free Interest Rate	8.50% to 8.68%	8.38% to 8.60%	8.50% to 8.68%	7.74% to 7.79%	7.69% to 7.89%	7.43% to 7.64%	7.03% to 7.34%	7.03% to 7.32%	6.78% to 7.04%	6.71% to 6.91%	6.70% to 7.00%	6.45% to 6.84%
Expected Life	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.50 to 5.50 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.50 to 5.50 yrs	2.58 to 5.58 yrs
Expected Volatility	34% to 39%	33% to 38%	35% to 39%	33% to 37%	36% to 39%	33.80% to 37%	23.60% to 26%	23.40% to 26%	22.80% to 26%	22% to 25%	23.10% to 39.20%	22.20% to 24.70%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (₹) after adjustment of bonus options	40.00	43.34	55.00	65.00	70.00	70.00	177.70	183.75	172.10	181.75	182.50	164.35
Fair Value of the Option (₹)												
1st Stage	4.34	8.56	7.80	10.46	16.73	16.00	40.66	42.76	38.63	40.22	40.45	35.88
2nd Stage	7.08	11.59	11.66	14.58	20.61	18.79	53.39	55.99	51.40	53.26	52.49	47.18
3rd Stage	8.53	13.38	14.41	18.40	25.33	23.55	61.83	64.60	59.26	62.47	61.08	55.01
4th Stage	9.93	15.68	16.50	20.67	27.90	26.87	70.45	73.44	67.35	70.88	87.23	63.46

(c) Had compensation cost for the stock options granted under the Scheme been determined based on the fair value approach, the Company's net profit / (loss) and earnings per share would have been as per the Proforma amounts indicated below:

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Net Profit as per Statement of Profit and Loss (as reported)	468.17	211.63
Add: Stock Based Employee Compensation Expense included in profit before tax	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	2,950.09	487.28
Net (Loss) (Proforma)	(2,481.92)	(275.65)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Basic Earnings per Share of ₹ 10 each (as reported)	0.14	0.08
Basic Earnings per Share of ₹ 10 each (Proforma)	(0.75)	(0.10)
Diluted Earnings per Share of ₹ 10 each (as reported)	0.14	0.08
Diluted Earnings per Share of ₹ 10 each (Proforma)	(0.73)	(0.10)

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
4 Reserves and Surplus		
4.1 Securities Premium Account		
Opening Balance	63,970.44	63,715.71
Add: Premium on shares issued during the year (Refer Note (a))	66,262.63	259.32
Less: Utilised during the year for Share Issue Expenses (Refer Note (b))	(2,160.98)	(4.59)
Closing Balance	**128,072.09**	**63,970.44**
Note:		
(a) Additions to Securities Premium Account represents:		
Premium of ₹ 100 per share on allotment of 65,454,545 Equity shares (Previous Year Nil) ₹10 each to IPO Proceeds	65,454.55	-
Premium of ₹ 0.67 per share on allotment of Nil Equity shares (Previous Year - 21,390 Equity shares) of ₹ 10 each to employees under the ESOP scheme	-	0.14
Premium of ₹ 2 per share on allotment of 49,758 Equity shares (Previous Year - 99,696 shares) of ₹ 10 each to employees under the ESOP scheme	1.00	1.99
Premium of ₹ 16.67 per share on allotment of 36,708 Equity shares (Previous Year - 73,563 shares) of ₹ 10 each to employees under the ESOP scheme	6.12	12.26
Premium of ₹ 23.34 per share on allotment of 154,149 Equity shares (Previous Year - 178,731 shares) of ₹ 10 each to employees under the ESOP scheme	35.98	41.72
Premium of ₹ 30 per share on allotment of 1,395,726 Equity shares (Previous Year - 646,161 shares) of ₹ 10 each to employees under the ESOP scheme	418.72	193.85
Premium of ₹ 33.34 per share on allotment of 317,619 Equity shares (Previous Year - 24,422 shares) of ₹ 10 each to employees under the ESOP scheme	105.89	8.14
Premium of ₹ 45 per share on allotment of 306,877 Equity shares (Previous Year - 2,709 shares) of ₹ 10 each to employees under the ESOP scheme	138.09	1.22
Premium of ₹ 55 per share on allotment of 90,465 Equity shares (Previous Year - Nil Equity shares) of ₹ 10 each to employees under the ESOP scheme	49.76	-
Premium of ₹ 60 per share on allotment of 87,532 Equity shares (Previous Year - Nil Equity shares) of ₹ 10 each to employees under the ESOP scheme	52.52	-
(b) Share issue expenses adjusted to Securities Premium Account representing expenses incurred on professional and legal services in connection with issue of shares (including IPO) in accordance with Section 52 of the Companies Act, 2013.	2,160.98	4.59
4.2 Statutory Reserve (Refer Note 27)		
Opening Balance	1,206.70	1,164.30
Add: Amount Transferred during the Year	93.70	42.40
Closing Balance	**1,300.40**	**1,206.70**
4.3 Surplus in the Statement of Profit and Loss		
Opening Balance	3,981.40	3,812.17
Add: Profit for the Year	468.17	211.63
Less: Appropriations		
- Transfer to Statutory Reserve (Note 27)	93.70	42.40
Net Surplus in the Statement of Profit and Loss	**4,355.87**	**3,981.40**
	133,728.36	**69,158.54**

5 Share Application Money Pending Allotment

The Company has received ₹ 26.90 lakh as at 31 March 2017 (As at 31 March 2016: ₹ Nil) from employees towards exercise of options under the employees stock option scheme. Pending allotment of shares, the amount received has been shown as "Share application Money pending allotment", which has since been allotted on 5 May 2017.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
6 Long - Term Provisions		
Provision for Gratuity (Refer Note 21.2)	14.32	17.53
	14.32	**17.53**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
7 Trade Payables		
(i) Total outstanding due of micro and small enterprises	-	-
(ii) Total outstanding due of other than micro and small enterprises (Refer Note below)	53.12	96.05
	53.12	**96.05**
Note: Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Based on such information, there are no overdue amounts payable to micro and small enterprises, as at the Balance sheet date. This has been relied upon by the auditors.		

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
8 Other Current Liabilities		
Statutory Remittances	11.73	37.23
Payable for Purchase of Fixed Assets	10.78	41.11
	22.51	**78.34**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
9 Short-Term Provisions		
Provision for Compensated Absences	17.40	25.65
Provision for Wealth Tax	-	2.72
	17.40	**28.37**

10 Fixed Assets
Current Year:

(₹ in lakh)

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
	As at 1 April 2016	Additions	Disposals	As at 31 March 2017	As at 1 April 2016	For the year	Eliminated on Disposal of Assets	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Property, plant and equipment - owned										
Land - Freehold	1,097.25	434.60	-	1,531.85	-	-	-	-	1,531.85	1,097.25
Buildings (Refer Note 10.2) - Given on Operating Lease	2,505.78	207.16	-	2,712.94	269.88	49.35	-	319.23	2,393.71	2,235.90
Computer Equipment	2.00	0.37	-	2.37	0.49	0.74	-	1.23	1.14	1.51
Office Equipment	0.87	-	-	0.87	0.39	0.22	-	0.61	0.26	0.48
Vehicles	37.80	7.77	19.75	25.82	7.91	5.93	4.32	9.52	16.30	29.89
Sub Total	**3,643.70**	**649.90**	**19.75**	**4,273.85**	**278.67**	**56.24**	**4.32**	**330.59**	**3,943.26**	**3,365.03**
Intangible Assets - Acquired										
Computer Software	2.73	0.20	-	2.93	0.58	0.93	-	1.51	1.42	2.15
Sub-Total	**2.73**	**0.20**	**-**	**2.93**	**0.58**	**0.93**	**-**	**1.51**	**1.42**	**2.15**
Grand Total	**3,646.43**	**650.10**	**19.75**	**4,276.78**	**279.25**	**57.17**	**4.32**	**332.10**	**3,944.68**	**3,367.18**

Previous Year:

(₹ in lakh)

Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
	As at 1 April 2015	Additions	Disposals	As at 31 March 2016	As at 1 April 2015	For the year	Eliminated on Disposal of Assets	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Property, plant and equipment - owned										
Land - Freehold	1,097.25	-	-	1,097.25	-	-	-	-	1,097.25	1,097.25
Buildings Given on Operating Lease	1,563.90	941.88	-	2,505.78	185.74	84.14	-	269.88	2,235.90	1,378.16
Computer Equipment	0.85	1.15	-	2.00	0.07	0.42	-	0.49	1.51	0.78
Office Equipment	0.66	0.66	0.45	0.87	0.47	0.28	0.36	0.39	0.48	0.19
Vehicles	29.08	8.72	-	37.80	1.95	5.96	-	7.91	29.89	27.13
Sub Total	**2,691.74**	**952.41**	**0.45**	**3,643.70**	**188.23**	**90.80**	**0.36**	**278.67**	**3,365.03**	**2,503.51**
Intangible Assets - Acquired										
Computer Software	0.22	2.51	-	2.73	0.15	0.43	-	0.58	2.15	0.07
Sub-Total	**0.22**	**2.51**	**-**	**2.73**	**0.15**	**0.43**	**-**	**0.58**	**2.15**	**0.07**
Grand Total	**2,691.96**	**954.92**	**0.45**	**3,646.43**	**188.38**	**91.23**	**0.36**	**279.25**	**3,367.18**	**2,503.58**

10.1 Capital Work in Progress

The Capital Work in Progress as at 31 March 2017 amounting to ₹ 10.05 Lakh (As at 31 March 2016: ₹ 10.39 Lakh) represents the cost of construction of additional floors at the existing school buildings and new building works, which are in progress as at 31 March 2017.

10.2 Buildings given on Operating Lease

The Company has constructed buildings in Trichy, Dindigul, Salem, Coimbatore, Karur and Cuddalore in Tamil Nadu. These have been leased out for a period of 30 years, to Equitas Development Initiatives Trust (EDIT) for running schools, free of cost, as a part of its Corporate Social Responsibility initiatives.

With effect from 1 April 2016, the Company has re-estimated the useful life of buildings as 50 years. Accordingly, the written down value of the assets as on 1 April 2016 are being depreciated over the remaining useful life. Due to this change, the depreciation for the current year is lower by ₹ 82.86 Lakh.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
11 Non-Current Investments		
Investment in Equity Shares of Subsidiaries (Trade & Unquoted) - at Cost		
Nil (As at 31 March 2016 - 40,000,000) Equity Shares of Equitas Housing Finance Limited of ₹ 10 each Fully Paid up	-	4,000.00
Nil (As at 31 March 2016 - 198,750,000) Equity Shares of Equitas Micro Finance Limited of ₹ 10 each Fully Paid up	-	20,552.55
1,005,943,363 (As at 31 March 2016 - 423,000,000) Equity Shares of Equitas Small Finance Bank Limited of ₹ 10 each Fully Paid up	144,685.89	58,533.34
15,000,000 (As at 31 March 2016 - 15,000,000) Equity Shares of Equitas Technologies Private Limited of ₹ 10 each Fully Paid up (Refer Note 11.2)	1,500.00	1,500.00
	146,185.89	**84,585.89**
Note		
Aggregate Cost of Unquoted Investments (Cost)	146,185.89	84,585.89
Aggregate Cost of Unquoted Investments (Net of Provision for diminution)	146,185.89	84,585.89

11.1 Investment in Equitas B2B Trading Private Limited

As at 31 March 2015, Equitas B2B Trading Private Limited had filed a petition for voluntary winding up with Ministry of Corporate Affairs in accordance with the Companies Act, 2013. During FY 2015-16, the Ministry of Corporate of Affairs have struck off the name Equitas B2B Trading Private Limited from the Register and the investment was also written-off in full, from out of provisions made in earlier years.

11.2 Investment in Equitas Technologies Private Limited

Equitas Technologies Private Limited ('ETPL') was incorporated on 27 October 2015. The Company is a wholly owned subsidiary of Equitas Holdings Limited. ETPL is in the freight aggregation business under the brand name of 'Wowtruck' with web domain name registered as 'www.wowtruck.in'. ETPL provides a common platform for transporters and suppliers to connect with each other 'online' and carry out transactions on real time basis. During the previous year, the Company has invested 15,000,000 Equity Shares of ₹ 10 each fully paid up.

ETPL has completed its first full year of operations in FY17. Due to accumulated losses of ₹ 955.24 lakh as at March 31, 2017, ETPL's Net Worth is eroded by 63.68%. Considering the long term strategic nature of these investments, the board of Directors of the Company considers this diminution as temporary and accordingly, no provision is presently considered necessary.

12 Deferred Tax Assets

The Deferred Tax Asset of ₹ 12.13 Lakh as at 31 March 2017 has arisen on account of the following:

Particulars	As at 1 April 2016 ₹ in lakh	Credit / (Charged) ₹ in lakh	As at 31 March 2017 ₹ in lakh
Deferred Tax Assets			
On difference between book balance and tax balance of Fixed Assets	0.21	0.95	1.16
Provision for employee benefits and compensated absences.	14.94	(3.97)	10.97
Deferred Tax Assets	**15.15**	**(3.02)**	**12.13**

Note: Deferred Tax Asset arising out of Long Term Capital loss on account of write off of investments in Equitas B2B Trading Private Limited has not been recognised, in the absence of virtual certainty that there would be Long Term Capital Gains in future to offset the carried forward loss.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
13 Long-Term Loans and Advances - Unsecured, Considered Good		
Capital Advances	147.02	82.71
Loans and Advances to Related Parties (Refer Note 23)	12,170.00	-
Security Deposits	9.32	6.49
Advance Tax - (Net of Provisions ₹.856.22 Lakh (As at 31 March 2016 ₹ 577.11 Lakh))	347.63	315.76
	12,673.97	**404.96**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
14 Cash and Cash Equivalents		
Balances with Banks		
- In Current Accounts	65.43	1.21
- In Deposits Accounts - Free of Lien	3,500.00	5,493.72
- In Deposits Accounts - under Lien (Refer Note (b) below)	925.34	1,125.34
	4,490.77	**6,620.27**
Notes: (a) Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	**3,565.43**	**5,494.93**

(b) Deposits Under Lien

i) The Company has given Fixed deposits of ₹ 550.00 lakh (₹ 750.00 lakh as at 31 March 2016) as lien to certain banks as security for overdraft facilities sanctioned by the banks to Equitas Dhanyakosha India (EDK), which is engaged in supply of groceries at subsidised rates to lower income sections of the society. An amount of ₹ 138.32 lakh is outstanding and payable by EDK to Banks as at 31 March 2017 (₹ 681.71 lakh as at 31 March 2016).

Considering the performance of EDK during the Financial year 2016 -17 and their current and future business plans, the Management is confident that EDK will generate sufficient profits to repay their debts and no losses are expected to devolve on the Company.

ii) During the Previous year, the Company has given Fixed Deposits of ₹ 375.34 lakh as Margin to a Bank for issue of Bank Guarantee to BSE Limited in connection with its IPO.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
15 Short-Term Loans and Advances - Unsecured, Considered Good		
Security Deposits (Refer Note a)	300.00	300.00
Prepaid Expenses	3.66	16.89
Other Advances	-	1,044.60
	303.66	**1,361.49**

Note (a): During the previous year, the Company had given a Refundable Security Deposits of ₹ 300 Lakh to BSE Limited in connection with its IPO.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
16 Other Current Assets		
Interest Accrued But Not Due		
- on Deposits with Banks	22.83	5.54
	22.83	**5.54**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
17 Revenue from Operations		
Interest Income on Loans to Related Parties (Refer Note 23.2)	799.23	634.14
Interest Income on Deposits with Banks	338.03	72.08
Gain on Sale of Current Investments in Mutual Funds	92.33	113.50
	1,229.59	**819.72**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
18 Other Income		
Provision no longer required - written back (Refer Note 21.2)	5.94	-
	5.94	**-**

21 Employee Benefits

21.1 Defined Contribution Plan

The Company makes Provident Fund contributions to State administered fund for qualifying employees. The Company is required to contribute a specified percentage of the payroll costs to the Fund. The Company recognised ₹ 6.33 Lakh (For the year ended 31 March 2016 ₹ 6.47 Lakh) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Company is at rates specified in the rules of the scheme.

21.2 Defined Benefit Plans

Gratuity provision has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary is as follows:

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Change in defined benefit obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	17.53	14.78
Current Service Cost	4.16	2.54
Interest cost	1.36	1.15
Benefits Paid	-	-
Actuarial (Gains)	(8.73)	(0.94)
Present value of Defined Benefit Obligation at End of the Year	**14.32**	**17.53**
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	-	-
Expected Return on Plan Assets	-	-
Actual Company Contributions	-	-
Actuarial loss	-	-
Plan Assets at End of the Year	-	-
Liability Recognised in the Balance Sheet		
Present Value of Defined Benefit Obligation	14.32	17.53
Fair Value of Plan Assets	-	-
Net Liability Recognised in the Balance Sheet	**14.32**	**17.53**
Cost of Defined Benefit Plan for the Year/Period		
Current Service Cost	4.16	2.54
Interest Cost	1.36	1.15
Expected Return on Plan Assets	-	-
Net Actuarial Gains	(8.73)	(0.94)
Net Cost Recognized in the Statement of Profit and Loss	**(3.21)**	**2.75**
(Refer Note 18 and 19)		
Return on Plan Assets	**-**	**-**
Assumptions		
Discount Rate (Refer Note (a))	6.60%	7.80%
Interest Rate (Rate of Return on Assets)	NA	NA
Future Salary Increase (Refer Note (b))	10.00%	10.00%
Mortality Table	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate (Refer Note (b))	20.00%	20.00%

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
19 Employee Benefits Expense		
Salaries	123.76	142.15
Contribution to Provident Fund	6.33	6.47
Gratuity Expenses (Refer Note 21.2)	-	2.75
Staff welfare expenses	1.45	1.09
	131.54	**152.46**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
20 Other Expenses		
Rent	1.40	1.45
Rates and Taxes	36.63	25.47
Insurance	20.61	35.75
Repairs and Maintenance - Others	5.80	2.73
Travelling and Conveyance	7.68	20.88
Printing and Stationery	3.02	2.31
Advertisement	3.40	3.04
Registrar Fee and AGM Exps	55.19	-
Legal and Professional Charges	29.19	42.63
Directors' Remuneration	8.24	5.84
Director' Sitting fees	19.27	29.21
Corporate Social Responsibility - (Refer Note 28)	17.95	7.00
Auditors' Remuneration		
- Statutory Audit	11.50	9.00
- Limited Review	15.00	-
- Tax Audit	1.50	1.00
- Other Services	24.45	1.40
- Reimbursement of Expenses	-	0.06
- Service Tax	7.87	1.82
Bank Charges	21.91	0.45
Communication Expenses	5.05	0.84
Miscellaneous Expenses	0.86	1.09
	296.52	**191.97**

Notes:

a) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

b) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.

c) Experience Adjustments:

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh	For the year ended 31 March 2015 ₹ in lakh
Projected Benefit Obligation	14.32	17.53	14.78
Fair Value of Plan Assets	-	-	-
(Deficit) / Surplus	(14.32)	(17.53)	(14.78)
Experience Adjustments on Plan Liabilities - Gains	8.73	0.94	0.67
Experience Adjustments on Plan Assets - Loss	-	-	-

21.3 Compensated Absences

The key assumptions used in the computation of provision for compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Assumptions		
Discount Rate	6.60%	7.80%
Future Salary Increase	10.00%	10.00%
Mortality Rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	20.00%	20.00%

22 Segment information

The Company is primarily engaged in the business of Core Investment Operations only in India. As such there are no separate reportable segments as per AS-17 "Segment Reporting".

23 Related Party Transactions

23.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2017	As at 31 March 2016
Subsidiaries	- Equitas Small Finance Bank Limited - Equitas Technologies Private Limited	Equitas Housing Finance Limited Equitas Finance Limited Equitas Micro Finance Limited Equitas Technologies Private Limited
Key Management Personnel	P.N.Vasudevan, Managing Director (upto 22 July 2016) S.Bhaskar, Executive Director and CEO (From 21 October 2016) S Vasudevan, Chief Financial Officer (From 21 October 2016) Jayashree S Iyer, Company Secretary	P.N.Vasudevan, Managing Director S.Bhaskar, Chief Financial Officer - Jayashree S Iyer, Company Secretary
Enterprises over which the company or its Key management personnel is able to exercise significant influence	Equitas Development Initiative Trust	Equitas Development Initiative Trust
Enterprises over which the company or Key management personnel is able to exercise significant influence	Equitas Dhanyakosha India	Equitas Dhanyakosha India

Note:

Related party relationships are as identified by the Management and relied upon by the auditors.

23.2 Transactions with the Related Parties

Transaction	Related Party	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Income			
Interest on Loans to Related Parties	Equitas Housing Finance Limited (Current year upto 1 September 2016)	24.42	627.51
	Equitas Small Finance Bank Limited (*)	774.81	6.63
Interest on Deposits Placed with Related Parties	Equitas Small Finance Bank Limited (*)	129.18	-
Recovery of Expenses	Equitas Housing Finance Limited	-	0.23
	Equitas Small Finance Bank Limited (*)	-	2.84
	Equitas Micro Finance Limited	-	4.52
	Equitas Technologies Private Limited	-	38.88
Expenses			
Reimbursement of Expenses	Equitas Micro Finance Limited (Current year upto 1 September 2016)	0.77	2.05
	Equitas Small Finance Bank Limited (*)	-	-
Donation	Equitas Development Initiative Trust	17.95	7.00
Remuneration to Key Managerial Personnel	P.N.Vasudevan, Managing Director (upto 22 July 2016)	14.93	48.53
	S.Bhaskar, Executive Director and CEO - From 21 October 2016 (upto 20 October 2016 as Chief Financial Officer - ₹ 34.93 Lakh included)	63.08	56.75
	S.Vasudevan, Chief Financial Officer (From 21 October 2016)	22.39	-
	Jayashree S Iyer, Company Secretary	27.14	19.60
Other Transactions			
Deposits placed	Equitas Small Finance Bank Limited (*)	3,560.00	-
Deposits Matured	Equitas Small Finance Bank Limited (*)	60.00	-
Loans given	Equitas Housing Finance Limited	3,670.00	3,500.00
	Equitas Small Finance Bank Limited (*)	14,000.00	2,000.00
Loans recovered	Equitas Housing Finance Limited	1,500.00	10,200.00
	Equitas Small Finance Bank Limited (*)	4,000.00	2,000.00
Sale of fixed assets	Equitas Small Finance Bank Limited (*)	15.42	-
Investment in Equity Shares of Subsidiaries, including premium	Equitas Small Finance Bank Limited (*)	28,800.00	-
	Equitas Micro Finance Limited (**)	28,800.00	-
	Equitas Housing Finance Limited (**)	4,000.00	-
	Equitas Technologies Private Limited	-	1,500.00
Guarantees given	Equitas Housing Finance Limited	-	19,000.00
	Equitas Small Finance Bank Limited (*)	-	8,800.00
Guarantees revoked	Equitas Housing Finance Limited, now ESFBL	17,700.00	2,500.00
	Equitas Small Finance Bank Limited (*)	94,000.00	21,500.00
	Equitas Micro Finance Limited, now ESFBL	-	40,600.00

* formerly, Equitas Finance Limited

** EMFL and EHFL have merged with ESFBL

Transaction	Related Party	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
Balance as at Year End			
Loans Outstanding	Equitas Small Finance Bank Limited	12,170.00	-
Deposits Placed	Equitas Small Finance Bank Limited	3,500.00	-
Interest Receivable on Deposits	Equitas Small Finance Bank Limited	7.64	-
Balances with Current Accounts	Equitas Small Finance Bank Limited	59.86	-
Corporate Guarantees	Equitas Housing Finance Limited	-	27,900.00
	Equitas Small Finance Bank Limited	42,500.00	126,300.00
Deposits under lien given as security for overdraft facilities	Equitas Dhanyakosha India	550.00	750.00

Notes:

The Company accounts for costs incurred by or on behalf of related parties based on the actual invoice / debit notes raised and accruals as confirmed by such related parties. The Related parties have confirmed to the management that as at 31 March 2017, there are no further amounts payable to / receivable from them, other than as disclosed above.

24 Earnings Per Share

(a) Basic

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after Tax attributable to Equity Shareholders - ₹ in Lakh	468.17	211.63
Weighted Average Number of Equity Shares	332,895,663	269,304,471
Earnings Per Share (Basic) - in ₹	0.14	0.08
Face Value Per Share - in ₹	10	10

(b) Diluted

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after Tax attributable to Equity Shareholders - ₹ in Lakh	468.17	211.63
Weighted Average Number of Equity Shares for Basic EPS	332,895,663	269,304,471
Add: Effect of Warrants and ESOPs which are Dilutive	7,122,457	783,876
Weighted Average Number of Equity Shares for Dilutive EPS	340,018,120	270,088,347
Earnings Per Share (Diluted) - in ₹	0.14	0.08
Face Value Per Share - in ₹	10	10

25 Commitments and Contingencies

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
Contingent Liabilities:		
Disputed Income tax (Refer Note (a) below)	251.47	38.39
Guarantees (Refer Note (b) below)	42,500.00	154,200.00
Guarantees to BSE (Refer Note (c) below)	1,876.68	1,876.68
Commitments:		
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	629.27	117.80
- Other Commitments	-	5,902.83

(a) Income Tax

While completing the Income Tax Assessment for the Assessment Year 2014-15, the Department had under Section 14A of the Income Tax Act 1961, disallowed a portion of total expenses stating that amount incurred would included expenses to earn non taxable income and raised a demand ₹ 26.88 Lakh. The Company has filled an appeal against the disallowances with Commissioner of Income tax - Appeals.

The Income Tax Department has during the year, reopened the Assessment for AY 2011-12 which was completed in earlier years. Based on the revised proceedings, the Department has raised a demand for ₹ 226.82 Lakhs. The main contention of the Department which resulted in the demand is that income on premium structure securitisation & Bilateral Assignment and Prompt repayment rebate are to be considered on cash basis. The company has filled an the appeal against order for the Assessment Year 2011-12 and the same is pending.

The Company has been professionally advised that they have a strong case in their favour and accordingly no provision has been considered necessary for these disputed demands and the amount have been disclosed as contingent liability after consider the provision already made in the financial statements.

For the Assessment Year 2012-13 and 2013-14, the Department had under Section 14A of the Income Tax Act 1961, disallowed a portion of total expenses stating that amount incurred would included expenses to earn non taxable income and raised a demand. The Company has filled an appeal which is desired in favour of the Company, however the Income Tax Department has made second level appeal with the Income Tax Tribunal.

(b) Guarantees

The Company has issued Corporate Guarantee amounting to ₹ 42,500 Lakh (As at 31 March 2016 - ₹ 154,200 Lakh) for the loans taken by its Subsidiary Companies from various banks. The amount of such loans outstanding as at 31 March 2017 is ₹ 38,815.16 Lakh (As at 31 March 2016 - ₹ 111,864.45 Lakh).

(c) Guarantees to BSE

During the previous year, in addition to the ₹ 300 Lakh deposit, the Company had also issued Bank Guarantee to BSE Limited amounting to Rs.1,876.68 Lakh as security deposits in connection with its IPO.

(d) Others

The contingent liabilities stated above excludes claims relating to Provident Fund and Cenvat Credit, which were transferred by the Company pursuant to Scheme of Arrangement with EMFL, with the latter now merged to form the ESFBL. The proceedings of the dispute are still carried out in the name of the Company. However, ESFBL have agreed to compensate the above contingencies.

26 Expenditure in Foreign Currency

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Directors Sitting Fees & Remuneration	-	0.90
Reimbursement of Travel Expenses	1.45	-
Professional charges	49.95	56.40
Total	**51.40**	**57.30**

27 Statutory Reserve

As per Section 45-IC of the Reserve Bank of India Act, 1934, the Company is required to create a reserve fund at the rate of 20% of the Profit after Tax. Accordingly, the Company has transferred an amount of ₹ 93.70 Lakh (Previous Year: ₹ 42.40 Lakh), out of the Profit after tax for the Year ended 31 March 2017 to Statutory Reserve.

28 CSR Activities

The Company in accordance with its CSR Policy has implemented CSR activities, through the Equitas Development Initiatives Trust, a public charitable trust established by the Company

The Board of Directors have approved a donation of ₹ 17.95 Lakh (Previous Year ₹ 7.00 Lakh) to Equitas Development Initiatives Trust for the Year Ended 31 March 2017 (Refer Note 20 & 23.2).

29 The Board of Directors have reviewed the realisable value of all the assets of the Group (other than Fixed Assets and Non-Current Investments) and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements.

30 Initial Public Offering

The Initial Public Offering (IPO) of the Company opened for subscription from 5 April 2016 to 7 April 2016. The IPO of 197,880,429 equity shares of the Company at the issue price of ₹ 110/- per share (consisting of 65,454,545 fresh issue of equity shares and 132,425,884 equity shares under offer for sale) was fully subscribed by the Public. Consequently, the paid up share capital of the Company stands increased to 335,374,912 equity shares of ₹ 10/- each. The equity shares were listed in National Stock Exchange of India Limited and BSE Limited on 21 April 2016.

As per clause 32 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, the details of the proceeds from the Initial Public Offer is given below:

Statement of Fresh Issue proceeds from the IPO

Particulars	Amount ₹ in lakh
Gross Proceeds of the Fresh Issue	72,000.00
Less : Fresh Issue Expenses *	2,160.98
Net Proceeds of the Fresh Issue	69,839.02
Add: Interest Income earned on temporary deployment of Net proceeds	106.74
Total Net proceeds of the Fresh Issue	**69,945.76**

Statement of Utilisation of Net proceeds

Particulars	Amount to be utilised as per Prospectus	Amount utilised
	(₹ in lakh)	(₹ in lakh)
1. Investment in Subsidiaries to augment their capital base to meet their future capital requirements arising out of growth in our business		
- Equitas Small Finance Bank Limited	28,800.00	28,800.00
- Equitas Micro Finance Limited **	28,800.00	28,800.00
- Equitas Housing Finance Limited **	4,000.00	4,000.00
Sub Total	**61,600.00**	**61,600.00**
2.Utilisation for General Corporate Purpose		
a)Loans to Subsidiaries		
- Equitas Finance Limited		6,000.00
- Equitas Housing Finance Limited **	8,345.76	2,170.00
b) Expenses incurred in the Ordinary course of Business		175.76
Sub Total	**8,345.76**	**8,345.76**
Grand Total	**69,945.76**	**69,945.76**

*The issue expenses have been adjusted against the Securities Premium as provided under Section 52 of the Companies Act, 2013.

The above Net Proceeds of the Issue has been deployed as per the Objects of the Issue. The monitoring agent of the IPO, Axis Bank Limited has provided their Monitoring Report dated 17 October 2016 confirming the utilisation of the aforesaid Net Proceeds.

** Erstwhile Subsidiaries of EHL, which were merged into EFL to form the SFB.

31. Additional Information as required by Reserve Bank of India, Master Direction - Core Investment Companies (Reserve Bank) Directions, RBI/DNBR/2016-17/39, Master Direction DNBR. PD. 003/03.10.119/2016-17, August 25, 2016

		As at 31 March 2017 ₹ in lakh	
Sl. No.	**Particulars**	**Amount Outstanding**	**Amount overdue**
1	**Liabilities side :** **Loans and advances availed by the CIC inclusive of interest accrued thereon but not paid:** (a) Debentures : Secured Unsecured (other than falling within the meaning of public deposits) (b) Deferred Credits (c) Term Loans (d) Inter-corporate loans and borrowing (e) Commercial Paper (f) Other Loans (specify nature)	Nil	Nil
	Assets side :		**₹ in lakh**
2	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		**Amount Outstanding**
	(a) Secured (b) Unsecured		- 12,170.00
3	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**		**₹ in lakh** **Amount Outstanding**
	(i) Lease assets including lease rentals under sundry debtors : (a) Financial lease (b) Operating lease		Nil
	(ii) Stock on hire including hire charges under sundry debtors: (a) Assets on hire (b) Repossessed Assets		Nil
	(iii) Other loans counting towards AFC activities (a) Loans where assets have been repossessed (b) Loans other than (a) above		Nil
4	**Break-up of Investments :**		**₹ in lakh**
	Current Investments : 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)		Nil
	2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)		Nil

	Long Term investments : 1. Quoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 2. Unquoted : (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)	Nil 146,185.89 - - - - -
5	**Borrower group-wise classification of assets financed as in (2) and (3) above :**	**₹ in lakh**

	Category	Amount net of provisions		
		Secured	**Unsecured**	**Total**
	1. Related Parties (a) Subsidiaries (b) Companies in the same group (c) Other related parties other than related parties	Nil	Nil	Nil
	Total	-	-	-

6	**Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**		**₹ in lakh**
	Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1. Related Parties (a) Subsidiaries (b) Companies in the same group (c) Other related parties other than related parties	146,185.89	146,185.89
	Total	146,185.89	146,185.89

7	**Other information**	
	Particulars	**₹ in lakh**
i)	Gross Non-Performing Assets (a) Related parties (b) Other than related parties	Nil
(ii)	Net Non-Performing Assets (a) Related parties (b) Other than related parties	Nil
(iii)	Assets acquired in satisfaction of debt	Nil

32 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 as provided in the table below:

₹ in lakh

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	0.04	0.18	0.22
(+) Permitted receipts	-	0.04	0.04
(-) Permitted payments	-	0.11	0.11
(-) Amount deposited in Banks	0.04	-	0.04
Closing cash in hand as on 30.12.2016	-	0.11	0.11

33 Previous Year

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

For and on behalf of the **Board of Directors**

N Rangachary
Chairman
DIN:00054437

S Bhaskar
Executive Director and CEO
DIN: 02360919

P T Kuppuswamy
Director
DIN: 00032309

S Vasudevan
Chief Financial Officer
Place : Chennai
Date : 5 May 2017

Jayashree S Iyer
Company Secretary
A11569

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF EQUITAS HOLDINGS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Equitas Holdings Limited (hereinafter referred to as "the Holding Company")and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Inconducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of the report referred to in other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us,and based on the consideration of report of other auditor on separate financial statements / financial information of the subsidiary referred to in other matter paragraph below,the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

The consolidated financial statements / financial information includes total assets of Rs.9,37,991.20 Lakhs as at 31 March 2017, total revenues of Rs.1,21,537.61 Lakhs and net cash inflows amounting to Rs.36,621.98 Lakhs for the year ended on that date relating to Equitas Small Finance Bank Limited, a subsidiary, as audited by their statutory auditors and whose report has been furnished to us by the management. As this is a material subsidiary, we have also carried out additional audit procedures as appropriate, for the purpose of the report of the consolidated financial statements. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based on the report of the other auditor and the additional audit procedures carried out by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements and the other financial information of subsidiary, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the report of the other auditor.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements and the other auditor.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor of its subsidiary company, incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company, incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts. The Group does not have any derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

iv. The Holding Companyhas provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016 of the Group entities as applicable.The MCA notification – Disclosure on Specified Bank Notes, dated 07 April, 2017, notifies the above disclosure is not applicable to banking company. Accordingly, the disclosure is not applicable for Equitas Small Finance Bank, the subsidiary of Equitas Holding Limited.Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us by the Management of the respective Group entities.

For **Deloitte Haskins & Sells**

Chartered Accountants
(Firm's Registration No.008072S)

Geetha Suryanarayanan

Partner
Membership No. 29519

Place: Chennai
Date: 05 May 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f)under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017 we have audited the internal financial controls over financial reporting of Equitas Holdings Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based onthe internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, which are incorporated in India,based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the subsidiary company, which is a company incorporated in India, in terms of the report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditor referred to in the Other Matters paragraph below, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively asat 31 March 2017 based onthe internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting includes the opinion on the internal financial controls over financial reporting relating to Equitas Small Finance Bank Limited, a subsidiary incorporated in India, as audited by their statutory auditors and whose report has been furnished to us by the management. As this is a material subsidiary, we have also carried out additional audit procedures as appropriate, for the purpose of the opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Holding Company and its subsidiaries. Our opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting insofar as it relates to the aforesaid subsidiary, is based on the report of the other auditor and the additional audit procedures carried out by us.

Our opinion is not modified in respect of the above matter.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

Geetha Suryanarayanan
Partner
Membership No. 29519

Place: Chennai
Date: 05 May 2017

Equitas Holdings Limited
Consolidated Balance Sheet as at 31 March 2017

Particulars	Note No.	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	33,781.37	26,992.04
Reserves and Surplus	4	189,279.00	107,143.23
		223,060.37	**134,135.27**
Share Application Money Pending Allotment	5	26.90	-
Non-Current Liabilities			
Long-Term Borrowings	6	343,902.51	260,875.24
Other Long-Term Liabilities	7	-	7,293.01
Long-Term Provisions	8	5,056.57	2,803.10
		348,959.08	**270,971.35**
Current Liabilities			
Short-Term Borrowings	9	156,107.39	23,517.72
Current Maturities of Long-Term Borrowings	10	154,278.74	183,935.34
Trade Payables			
(i) Total Outstanding dues of micro and small enterprises	11.1	-	-
(ii) Total Outstanding dues of creditors other than micro and small enterprises	11.2	9,313.18	3,712.51
Other Current Liabilities	12	40,002.68	28,250.50
Short-Term Provisions	13	12,603.65	6,131.67
		372,305.64	**245,547.74**
TOTAL		**944,351.99**	**650,654.36**
ASSETS			
Non-Current Assets			
Fixed Assets			
- Property, plant and equipment	14.1	23,994.66	5,875.71
- Intangible Assets	14.2	7,348.39	354.64
- Capital Work in Progress		1,536.02	10.39
		32,879.07	**6,240.74**
Goodwill on Consolidation	40	-	53.50
Non-Current Investments	15	112,286.26	20.00
Deferred Tax Assets (Net)	16	4,325.83	3,690.26
Long-Term Receivables Under Financing Activities	17	292,361.33	261,640.74
Long-Term Loans and Advances	18	6,787.91	5,891.94
Other Non-Current Assets	19	4,656.43	12,307.11
		453,296.83	**289,844.29**
Current Assets			
Current Investments	20	77,307.20	1,186.84
Short-Term Receivables Under Financing Activities	21	290,529.99	245,380.09
Cash and Cash Equivalents	22	106,511.12	94,696.86
Short-Term Loans and Advances	23	5,073.36	4,128.30
Other Current Assets	24	11,633.49	15,417.98
		491,055.16	**360,810.07**
TOTAL		**944,351.99**	**650,654.36**
Refer accompanying Notes forming part of the Consolidated Financial Statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 5 May 2017

For and on behalf of the **Board of Directors**

N Rangachary
Chairman
DIN: 00054437

S Bhaskar
Executive Director and CEO
DIN:02360919

P T Kuppuswamy
Director
DIN:00032309

S Vasudevan
Chief Financial Officer
Place : Chennai
Date : 5 May 2017

Jayashree S Iyer
Company Secretary
ACS No.: A11569

Equitas Holdings Limited

Consolidated Statement of Profit and Loss for the year ended 31 March 2017

Particulars	Note No.	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
CONTINUING OPERATIONS			
REVENUE			
Revenue from Operations	**25**	155,435.80	111,093.14
Other Income	**26**	219.44	394.28
Total Revenue		**155,655.24**	**111,487.42**
EXPENSES			
Cost of Services		109.09	-
Employee Benefits Expense	**27**	39,608.92	23,380.46
Finance Costs	**28**	57,600.66	43,596.44
Provisions and Write Offs	**29**	10,291.24	5,910.66
Depreciation and Amortisation Expense	**14.3**	3,747.48	1,370.96
Other Expenses	**30**	18,034.44	11,216.94
Total Expenses		**129,391.83**	**85,475.46**
Profit Before Tax and Exceptional Items		**26,263.41**	**26,011.96**
Exceptional Items	**44**	1,107.32	-
Profit Before Tax		**25,156.09**	**26,011.96**
Tax Expense / (Benefit)			
Current Tax Expense		9,855.09	10,749.46
Deferred Tax	**16**	(635.57)	(1,451.68)
Net Tax Expense		**9,219.52**	**9,297.78**
Profit After Tax		**15,936.57**	**16,714.18**
Earnings Per Equity Share (Face Value of ₹ 10 each Fully paid up)	**34**		
- Basic (in ₹)			
- Diluted (in ₹)		4.79	6.21
Refer accompanying Notes forming part of the Consolidated Financial Statements		4.69	6.19

In terms of our report attached

For Deloitte Haskins & Sells

Chartered Accountants

For and on behalf of the **Board of Directors**

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 5 May 2017

N Rangachary
Chairman
DIN: 00054437

S Bhaskar
Executive Director and CEO
DIN:02360919

P T Kuppuswamy
Director
DIN:00032309

S Vasudevan
Chief Financial Officer

Jayashree S Iyer
Company Secretary
ACS No.: A11569

Place : Chennai
Date : 5 May 2017

Equitas Holdings Limited

Consolidated Cash Flow Statement for the year ended 31 March 2017

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2017 ₹ in lakh
A. Cash Flow from Operating Activities		
Profit Before Tax	25,156.09	26,011.96
Adjustments for:		
Depreciation and Amortisation Expense	3,747.48	1,370.96
Depreciation on Government Securities	465.88	-
Contingent Provision for Standard Receivables under Financing Activities (Net)	(2,389.06)	1,453.67
Provision for Sub-standard and Doubtful Receivables under Financing Activities (Net)	7,769.78	1,073.31
Floating Provision	1,900.00	-
Provision for Credit Enhancements on Assets De-Recognised (Net)	(970.10)	311.61
Provision for Repossessed Assets	-	(328.36)
Loss Assets Written Off (Net)	958.62	670.10
Provision for Doubtful Loans and Advances / Insurance Claims (Net)	70.25	61.36
Provision for over collaterals	129.39	-
Provision not required written back	(5.94)	(4.95)
Finance Costs	57,600.66	43,596.44
Interest Income on Deposits with Banks / Others	(1,881.33)	(1,158.79)
Interest spread on Securitisation / Assignment of Receivables	(15,949.12)	(8,258.29)
Gain on Sale of Current Investments (Net)	(2,655.03)	(1,155.09)
Loss / (Gain) on Sale of Fixed Assets (Net)	4.09	(2.23)
Operating Profit before Changes in Working Capital	**73,951.66**	**63,641.70**
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Long-Term Receivables Under Financing Activities	(30,720.59)	(80,471.49)
Long-Term Loans and Advances	(624.14)	(1,452.34)
Short-Term Receivables Under Financing Activities	(45,149.90)	(80,210.45)
Short-Term Loans and Advances	(1,619.75)	(1,114.43)
Other Current Assets	(5,049.34)	(1,269.19)
Bilateral Assignment and Securitisation of Assets (Net)	17,363.00	7,464.30
Adjustments for increase / (decrease) in operating liabilities:		
Other Long-Term Liabilities	-	370.95
Long-Term Provisions	0.31	4.93
Trade Payables	5,600.67	1,559.58
Other Current Liabilities	13,279.63	3,422.17
Short-Term Provisions	1,991.94	817.35
Cash Flow Used in Operations	**29,023.49**	**(87,236.92)**
Interest Income on Deposits / Other Loans	1,920.29	1,254.47
Gain on Sale of Current Investments (Net)	2,655.03	1,155.09
Finance Costs Paid	(49,330.45)	(41,596.96)
Direct Taxes Paid(net)	(9,687.60)	(10,874.03)
Net Cash Flow Used in Operations	**(25,419.24)**	**(137,298.35)**
B. Cash Flow from Investing Activities		
Capital Expenditure including capital advances	(31,200.26)	(5,379.03)
Proceeds from Sale of Fixed Assets	154.53	91.34
Bank Balances not considered as Cash and Cash Equivalents (Net)	2,035.22	(1,866.49)
Acquisition of Non Current Investments	(112,266.26)	-
(Investments in) / Proceeds from Sale of Current Investments (Net)	(76,586.24)	16,363.16
Net Cash Flow (Used in) / from Investing Activities	**(217,863.01)**	**9,208.98**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2017 ₹ in lakh
C. Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital including Premium	73,051.97	351.80
Share Application Money Received	26.90	-
Long-Term Borrowings Availed / (Repaid) (Net)	53,370.67	183,402.77
Short-Term Borrowings taken / (Repaid) (Net)	131,492.29	(18,291.90)
Share Issue Expenses	(2,160.98)	(4.59)
Net Cash Flow From Financing Activities	**255,780.85**	**165,458.08**
Net (Decrease) / Increase in Cash and Cash Equivalents (A) + (B) + (C)	**12,498.60**	**37,368.71**
Cash and Cash Equivalents at the Beginning of the Year	87,088.51	49,719.80
Cash and Cash Equivalents at the End of the year	**99,587.11**	**87,088.51**
Notes:		
(i) The reconciliation to the Cash and Cash Equivalents as given in Note 22 is as follows:		
Cash and Cash Equivalents as per Note 22	106,511.12	94,696.86
Less: Lien Marked Deposits	6,773.31	6,452.35
Less: Deposits Free of Lien (Original Maturity More than 3 months)	150.70	1,156.00
Cash and Cash Equivalents (as defined in AS 3 - Cash Flow Statements) as at the End of the Year	**99,587.11**	**87,088.51**
Refer accompanying Notes forming part of the Consolidated Financial Statements		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Geetha Suryanarayanan
Partner
Place : Chennai
Date : 5 May 2017

For and on behalf of the **Board of Directors**

N Rangachary
Chairman
DIN: 00054437

S Bhaskar
Executive Director and CEO
DIN:02360919

P T Kuppuswamy
Director
DIN:00032309

S Vasudevan
Chief Financial Officer

Jayashree S Iyer
Company Secretary
ACS No.: A11569

Place : Chennai
Date : 5 May 2017

Equitas Holdings Limited
Notes forming part of the Consolidated Financial Statements for the year ended 31 March 2017

1 CORPORATE INFORMATION

Equitas Holdings Limited ("the Company" / "EHL") was incorporated on 22 June 2007. During the previous year, the Company was a "Not Systemically Important Core Investment Company" (CIC) holding shares of its subsidiaries. The Company also provides financial support to its subsidiaries by way of unsecured loans, guarantees, etc.

The Company received a certificate of registration dated 1 September 2016 from the Reserve Bank of India ("RBI") as a Non-Banking Financial Institution - Non-Deposit taking-Systemically Important Core Investment Company ("CIC- ND -SI") under Section 45-1A of the Reserve Bank of India Act, 1934.

The Reserve Bank of India ("RBI") had issued Licence No. MUM: 119 dated 30 June 2016 to carry on the Small Finance Bank ("SFB") business in India with certain terms and conditions.

As per the stipulated conditions of the RBI, the subsidiaries of the Company namely, Equitas Micro Finance Limited ("EMFL") and Equitas Housing Finance Limited ("EHFL") (collectively "Transferor Companies") have merged with Equitas Finance Limited ("EFL" / "Transferee Company") as per the High Court Order with effect from 2 September 2016. The name of EFL was changed to Equitas Small Finance Bank Limited ("ESFBL / Bank") and it commenced the SFB Business with effect from 5 September 2016. EMFL and EHFL had filed petition for dissolution of the respective Companies and the same has been approved by the Hon'ble High Court of judicature at Madras vide its Order dated 2 December 2016, the certified copy of which was received on 22 December 2016. ESFBL has become a scheduled bank with effect from December 23, 2016 vide Official Gazette Notification dated February 4, 2017.

The above referred merger was accounted as per Pooling of Interest Method as stipulated by Accounting Standard 14 " Accounting for Amalgamations" prescribed under Section 133 of the Companies Act, 2013 (AS 14). Accordingly, as per the said Standard, the Assets, Liabilities and Reserves of the Transferor Companies were accounted at their respective existing carrying values in the books of the Transferee Company.

As a consideration for transfer of Assets and Liabilities, based on the audited financial statements of EMFL, EHFL and EFL as of and for the period ended 1 September 2016, the Transferee Company issued to EHL 42,03,44,289 Equity Shares of ₹ 10 each fully paid-up, for merger of EMFL and 4,33,93,774 Equity Shares of ₹ 10 each, fully paid up, for the merger of EHFL. The issue of these shares were approved in the Board meeting of ESFBL held on 31 January 2017.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Accounting and Preparation of Consolidated financial statements

The Consolidated financial statements of the Company and its subsidiaries (the Company and its subsidiaries constitute "the Group") have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

2.2 Principles of Consolidation

The Consolidated Financial Statements relate to Equitas Holdings Limited (the Company) and its Subsidiaries. The Consolidated Financial Statements have been prepared on the following basis:

a) The Financial Statements of the Company and its Subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses unless cost can not be recovered, as per Accounting Standard 21 – Consolidated Financial Statements.

b) The Financial Statements of the Subsidiaries used in the Consolidation are drawn up to the same reporting date as that of the Company i.e. 31 March 2017.

c) The excess of Cost to the Group of its Investment in the Subsidiaries over the Company's portion of the Equity is recognised in the Financial Statements as Goodwill, being an asset in the Consolidated Financial Statement. The carrying value of Goodwill is tested for impairment as at the end of each reporting year. The goodwill is determined separately for each subsidiary Company and such amounts are not set off between different entities.

d) The excess of the Company's portion of Equity of the Subsidiaries on the acquisition date over its Cost of Investment is treated as Capital Reserve.

e) Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the Entity	Relationship	Country of Incorporation	% of Voting Power
Equitas Small Finance Bank Limited [ESFBL] (formerly Equitas Finance Limited)	Subsidiary	India	100%
Equitas Technologies Private Limited [ETPL]	Subsidiary	India	100%
Equitas Micro Finance Limited [EMFL] (upto 1 September 2016)	Subsidiary	India	100%
Equitas Housing Finance Limited [EHFL] (upto 1 September 2016)	Subsidiary	India	100%

2.3 Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known / materialise.

2.4 Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash and cash equivalents comprises of Cash in Hand, demand deposits with other banks and Balances with RBI and Balances with Banks and Money at Call and Short Notice. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

2.6 Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

a) Interest Income on Loans granted is recognised under the internal rate of return method. Income on Non-performing Assets is recognized only when realized and any interest accrued until the asset became a Non-performing Asset and remaining overdue is de-recognized by reversing the interest income.

b) In the case of ESFBL, Interest Income on loans, advances and investments (including deposits with banks and other institutions) are recognised on accrual basis. Income on Non-performing Assets is recognized upon realisation as per RBI norms.

Fee and Commission income are recognised as income when due, except in cases where the Bank is uncertain of its ultimate collection.

Guarantee commission and commission on letter of credit, and locker rent are recognised on a straight line basis over the period of contract. Interest Income on deposits / investments is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Income on discounted instruments is recognised over the tenor of the instruments on a straight line basis.

Dividend income is accounted for, when the right to receive the same is established.

In accordance with the RBI guidelines on Securitisation Transactions, gains arising from assignment / securitisation are amortised over the life of the underlying portfolio loans. In case of any loss, the same is recognised in the Profit and Loss Account immediately

Amounts recovered against debts written off in earlier years and provisions no longer considered necessary in the context of the current status of the borrower are recognized in the Profit and Loss Account"

c) In case of ETPL, Freight income as well as Transaction Fees on freight is recognized upon delivery of the transported goods on accrual basis. Activation Charges for registering transporters / goods suppliers is recognized on accrual basis.

d) Interest Income on deposits / investments is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

e) Grants are recognised as income on fulfilment of the terms of the Grant Agreement.

f) Dividend income is accounted for when the right to receive it is established.

g) All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

2.7 Property, Plant and Equipment and Intangible Assets (Refer Note 14.4)

Property, Plant and Equipment [PPE]

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use and initial estimate of decommissioning, restoring and similar liabilities, if any.

Any trade discounts and rebates are deducted in arriving at the purchase price. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of the plant and equipment are required to be replaced at intervals, the Bank depreciates them separately based on its specific useful lives. Assets under development as at balance sheet date are shown as Capital Work in Progress. Advance paid towards such development are shown as capital advance.

Depreciation on PPE has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, where the life of the asset has been assessed as per the table below, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc.,

Asset	Estimated useful life as assessed by the Group	Estimated useful life specified under Schedule II of the Companies Act 2013
Office Equipment	1 to 3 Years	5 Years
Furniture and Fixtures	3 Years	10 Years
Vehicles	4 Years	8 Years
Automated Teller Machines [ATMs]	7 years	15 Years
Modems, Routers, switches, servers, network and related equipment	5 Years	6 Years
Buildings	50 Years	60 Years

• Leasehold improvements are depreciated over the primary lease period or over the remaining useful life of the asset, whichever is lower.

• 'Point of Sale' terminals are fully depreciated in the year of purchase.

The useful life of an asset class is periodically assessed taking into account various criteria such as changes in technology, changes in business environment, utility and efficacy of an asset class to meet with intended user needs etc. Whenever there is a revision in the estimated useful life of an asset, the unamortised depreciable amount is charged over the revised remaining useful life of the said asset. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at the Balance Sheet date and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of plant, property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of Profit and Loss Account when the asset is derecognized.

PPE held for sale is valued at lower of their carrying amount and net realizable value. Any write-down is recognized in the statement of Profit and Loss Account.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Bank uses a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use. Software with perpetual license and system development expenditure, if any, is amortised over an estimated economic useful life of 5 years or license period whichever is lower.

The amortization period and the amortization method are reviewed at least at the Balance Sheet date. If the expected useful life of the asset significantly differs from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of Profit and Loss Account when the asset is derecognized.

Assets individually costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

2.8 Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Group are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items, if any, of the Group, outstanding at the balance sheet date are restated at the rates prevailing at the year-end as notified by Foreign Exchange Dealers Association of India ('FEDAI'). Non-monetary items of the Bank are carried at historical cost.

Contingent liabilities on account of foreign exchange contracts, currency future contracts, guarantees, letters of credit, acceptances and endorsements are reported at closing rates of exchange notified by FEDAI as at the Balance Sheet date.

Treatment of Exchange Difference

Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Group are recognised as income or expense in the Statement of Profit and Loss.

2.9 Investments

Long-term investments, if any, of EHL and ETPL are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

In the case of ESFBL, the Investments carried in its books have been classified and valued as below:

Classification:

In accordance with the RBI guidelines on investment classification and valuation, investments are classified on the date of purchase into three categories (hereinafter called "categories") as below:

i) Held to Maturity (HTM) – Securities acquired with the intention to hold till maturity
ii) Held for Trading (HFT) – Securities acquired with the intention to trade
iii) Available for Sale (AFS) – Securities which do not fall within the above two categories

Subsequent shifting amongst the categories is done in accordance with the RBI guidelines. Under each of these categories, investments are further classified under six groups (hereinafter called "groups") – Government Securities, Other Approved Securities, Shares, Debentures and Bonds, Investments in Subsidiaries / Joint Ventures and Other Investments. Purchase and sale transactions in securities are recorded under 'Settlement Date' accounting, except in the case of equity shares where 'Trade Date' accounting is followed.

Basis of classification:

Investments that are held principally for sale within 90 days from the date of purchase are classified under HFT category. Investments which the Bank intends to hold till maturity are classified as HTM securities. Investments in the equity of subsidiaries / joint ventures are categorised as HTM in accordance with the RBI guidelines. Investments which are not classified in the above categories are classified under AFS category.

Acquisition cost:

The cost of investment is determined on weighted average cost basis. Broken period interest on debt instruments is treated as a revenue item. The transaction cost, including brokerage, commission etc., paid at the time of acquisition of investments are charged to revenue in accordance with the requirements of valuation norms prescribed by RBI.

Transfer between Categories

Transfer between categories is done at the lower of the acquisition cost/book value/market value on the date of the transfer and depreciation, if any, on such transfer is fully provided for, in accordance with the RBI guidelines.

Valuation:

Investments classified under AFS and HFT categories are 'marked to market' as per the RBI guidelines. The securities are valued scrip wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. The book value of the individual securities is not changed consequent to periodic valuation of investments.

Investments classified under HTM category are carried at their acquisition cost or at amortised cost, if acquired at a premium over face value. Any premium on acquisition is amortised over the remaining maturity period of the security on a straight-line basis. Such amortisation of premium is adjusted against interest income under the head "Income from investments" as per the RBI guidelines. Any diminution, other than temporary, in the value of investments in subsidiaries / joint ventures, if any, is provided for.

Quoted Investments are valued based on the trades / quotes on the recognised stock exchanges, price list of RBI or prices periodically declared by Primary Dealers Association of India ('PDAI') jointly with Fixed Income Money Market and Derivatives Association ('FIMMDA').

The market value of unquoted government securities which are in the nature of Statutory Liquidity Ratio ('SLR') securities included in the AFS and HFT categories is valued as per rates published by FIMMDA.

The valuation of other unquoted fixed income securities (viz., state government securities, other approved securities, bonds and debentures) and preference shares, wherever linked to the YTM rates, is done with a mark-up (reflecting associated credit and liquidity risk) over the YTM rates for government securities published by FIMMDA.

In case of unquoted bonds, debentures and preference shares where interest/dividend is received regularly (i.e., not overdue beyond 90 days), the market price is derived based on the Yield to Maturity (YTM) for Government Securities as published by Fixed Income Money Market and Derivatives Association of India (FIMMDA)/Primary Dealers Association of India (PDAI) and suitably marked up for credit risk applicable to the credit rating of the instrument. The matrix for credit risk mark-up for each categories and credit ratings along with residual maturity issued by FIMMDA is adopted for this purpose.

Unquoted equity shares are valued at the break-up value, if the latest balance sheet is available or at ₹ 1 as per the RBI guidelines.

Units of mutual funds are valued at the latest repurchase price / net asset value declared by the mutual fund.

Treasury bills, commercial papers and certificate of deposits being discounted instruments, are valued at carrying cost and stated at acquisition cost.

Security receipts, if any, are valued as per the net asset value provided by the issuing Asset Reconstruction Company from time to time.

Net depreciation in the value, if any, compared to the acquisition cost, in any of the aforesaid six groups, is charged to the Profit and Loss Account. The net appreciation, if any, in the six groups is not recognised except to the extent of depreciation already provided. The valuation of investments includes securities under repo transactions. The book value of individual securities is not changed after the valuation of investments.

Non-performing investments are identified and depreciation / provision is made thereon based on the RBI guidelines. Interest on non-performing investments is not recognised in the Profit and Loss Account until received.

Repo and reverse repo transactions:

In accordance with the RBI guidelines, repo and reverse repo transactions in government securities and corporate debt securities [excluding transactions conducted under Liquidity Adjustment Facility ('LAF') and Marginal Standby Facility ('MSF') with RBI] are reflected as borrowing and lending transactions respectively. Borrowing cost on repo transactions is accounted for as 'interest expense' and revenue on reverse repo transactions is accounted for as 'interest income'. In respect of repo transactions under LAF and MSF with RBI, amount borrowed from RBI is credited to investment account and reversed on maturity of the transaction. Costs thereon are accounted for as 'interest expense'. In respect of reverse repo transactions under LAF, amount lent to RBI is debited to investment account and reversed on maturity of the transaction. Revenues thereon are accounted for as 'interest income'.

Disposal of investments:

Profit / Loss on sale of investments under AFS and HFT categories are recognised in the Profit and Loss Account

Profit in respect of investments sold from HTM category is included in the Profit on Sale of Investments and an equivalent amount (net of taxes, if any, and net of transfer to Statutory Reserves as applicable to such profits) is appropriated from the Profit and Loss Appropriation account to Capital Reserve account as per RBI guidelines.

2.10 Employee Benefits

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plan:

The Group's contribution to provident fund are considered as defined contribution plan and are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

Defined benefit plans:

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits:

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :
(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits:

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.11 Employee Stock Compensation Cost

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Group measures compensation cost relating to the employee stock options using the intrinsic value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options.

2.12 Borrowing Costs

Borrowing costs include interest, ancillary costs that the Group incurs in connections with the arrangement of borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss at the time of availment of the Loan.

2.13 Segment Reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under unallocated revenue / expenses / assets / liabilities.

2.14 Leases

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rental income / expenses under operating lease arrangements are recognised in the Statement of Profit and Loss on a straight-line basis.

2.15 Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.16 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable Income tax laws.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is probable that future economic benefit associated with it will flow to the entity.

2.17 Impairment of Assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting years no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.18 Provisions and Contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes to the Consolidated Financial Statements.

2.19 Classification and Provisions of Loan Portfolio

(i) ESFBL

A) Financial year 2016-17 - From 2 September 2016

Consequent to the commencement of the SFB operations, the Bank revised the estimates for provision for advances to be in line with the prudential norms for Asset Classification and Provisioning applicable to banks as per Master circular RBI/ 2015-16/101 DBR.No.BP.BC.2/ 21.04.048 / 2015-16 dated 1 July 2015. The Classification and provisioning norms for loans are given below,

a) Classification

Advances are classified as Performing Assets (Standard) and Non-performing Assets (NPAs) in accordance with the RBI guidelines on Income Recognition and Asset Classification (IRAC). Further, NPAs are classified into sub-standard, doubtful and loss assets based on the criteria stipulated by RBI.

The Advances are stated net of specific provisions made towards NPAs, unrealised interest on NPAs, bills rediscounted, if any etc. Interest on NPAs is transferred to an interest suspense account and not recognised in the Profit and Loss Account until received.

b) Provisioning Norms for Loans

Provision for non-performing advances comprising Sub-standard, Doubtful and Loss Assets is made at a minimum in accordance with the RBI guidelines.

In respect of Micro Finance Non-performing Advances, higher provisioning is made by the Bank as follows: 91 -120 days: 50% and above 120 days: 100%. In addition, specific loan loss provisions in respect of other non-performing assets are made based on management's assessment of the degree of impairment of advances, based on past experience, evaluation of security and other related factors. The specific provision levels for non-performing assets are also based on the nature of product and delinquency levels. Specific loan loss provisions in respect of non-performing advances are charged to the Profit and Loss Account and included under Provisions and Contingencies. Advances are disclosed net of provisions in the Balance Sheet.

In accordance with RBI guidelines, the Bank has provided general provision on standard assets at levels stipulated by RBI from time to time - direct advances to sectors agricultural and SME at 0.25%, commercial real estate at 1.00%, restructured standard advances progressively to reach 5.00%, commercial real estate-residential housing at 0.75% and for other sectors at 0.40%.

Provisions made in excess of the Bank's policy for specific loan loss provisions for non-performing assets and regulatory general provisions are categorised as Floating Provision. Creation of Floating Provision is considered by the Bank up to a level approved by the Board of Directors. In accordance with the RBI guidelines, Floating Provisions are utilised up to a level approved by the Board with prior permission of RBI, only for contingencies under extraordinary circumstances for making specific provisions for impaired accounts. Floating Provisions have been included under 'Other Liabilities'.

The Bank considers restructured account, if any, as one where the Bank, for economic or legal reasons relating to the borrower's financial difficulty, grants to the borrower concessions that the Bank would not otherwise consider. Restructuring would normally involve modification of terms of the advance / securities, which would generally include, amongst others, alteration of repayment period / repayable amount / the amount of instalments / rate of interest (due to reasons other than competitive reasons). Restructured accounts are classified as such by the Bank only upon approval and implementation of the restructuring package. Necessary provision for diminution in the fair value of the asset is made. Restructuring of an account, if any, is done at a borrower level.

Recoveries from bad debts written-off are recognised in the Profit and Loss Account and included under 'Other Income'.

Recording and Presentation

Provisions created against individual accounts as per RBI guidelines are not netted in the individual account. For presentation in financial statements, provision created is netted against gross amount of advance. Provision held against an individual account is adjusted against account balance at individual level only at the time of write- off / settlement of the account.

Provision made against standard assets in accordance with RBI guidelines as above is disclosed separately under Other Liabilities and not netted off against Advances.

B) Financial year 2016-17 - From 1 April 2016 to 1 September 2016

Loans are classified as required by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015

a) Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or Overdue for less than 4 months
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 4 months and above but less than or equal to 18 months
Doubtful Assets	Overdue for more than 18 months
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and/or principal and/or instalment/ Insurance premium remaining unpaid from the day it became receivable.

b) Provisioning Norms for Loans

Asset Classification	Provisioning Percentage
Standard Assets	
Not Overdue or Overdue for less than 4 months	0.35%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 4 months and above but less than or equal to 18 months	10.00%
Doubtful Assets	
- un secured portion of loan amount	100.00%
Secured portion of loan amount	
- Up to one year from the date of doubtful	20.00%
- from one year to three year	30.00%
- more than three year	50.00%
Loss Assets	100.00%

C) Financial year 2015-16

a) Classification of Loans

Asset Classification	**Period of Overdue**
Standard Assets	Not Overdue or Overdue for less than 5 months
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 5 months and above but less than or equal to 21 months
Doubtful Assets	Overdue for more than 21 months
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and/or principal and/or instalment/ Insurance premium remaining unpaid from the day it became receivable.

b) Provisioning Norms for Loans

Asset Classification	**Provisioning Percentage**
Standard Assets	
Not Overdue or Overdue for less than 5 months	0.30%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 5 months and above but less than or equal to 21 months Overdue for 6 months but less than or equal to 24 months	10.00%
Doubtful Assets	
- un secured portion of loan amount	100.00%
Secured portion of loan amount	
- Up to one year from the date of doubtful	20.00%
- from one year to three year	30.00%
- more than three year	50.00%
Loss Assets	100.00%

(ii) EMFL - FY 2015-16 and from 1 April 2016 to 1 September 2016

a) Loans are classified and provided for as per EMFL's Policy and Management's estimates, subject to the minimum classification and provisioning norms as per the Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) Directions, 2011.

a) Classification of Loans

Asset Classification	**Period of Overdue**
Standard Assets	Not Overdue or Overdue for less than 30 days
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 30 days and more but less than 90 days
Doubtful Assets	Overdue for 90 days and more
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India.

"Overdue" refers to interest and/or principal and/or instalment/ Insurance premium remaining unpaid from the day it became receivable.

b) Provisioning Norms for Loans

Asset Classification	Provisioning Percentage
Standard Assets	1.25%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for 30 days and more but less than 60 days	10%
Overdue for 60 days and more but less than 90 days	25%
Doubtful Assets	
Doubtful Assets – Overdue for 90 days and more but less than 120 days	50%
Doubtful Assets – Overdue for 120 days and more	100%
Loss Assets	100%

c) Provisioning Norms for Loans - As Per RBI Guidelines [Non-Banking Financial Companies - Micro Finance Institutions (Reserve Bank) Directions, 2011]

The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of the following:
1% of the outstanding loan portfolio or
50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

(iii) EHFL - FY 2015-16 and from 1 April 2016 to 1 September 2016

a) Loans are classified and provided for as per EHFPL's Policy and Management's estimates, subject to the minimum classification and provisioning norms classification and provisioning norms prescribed under the Housing Finance Companies (NHB) Directions, 2010.

Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue or Overdue for less than or equal to 90 days
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for more than 90 days but not exceeding 12 months from 90 days overdue
Doubtful Assets	Remains Sub-standard asset for a period exceeding 12 months
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by NHB.

"Overdue" refers to interest and / or principal and / or instalment remaining unpaid from the day it became receivable.

b) Provisioning Norms for Housing Loans and Non Housing Loans:

Asset Classification	Provisioning Percentage
Standard Assets	
(i) Commercial Real Estate - Residential Housing	0.75%
(ii) Commercial Real Estate - Other	1.00%
(iii) Other than (i) and (ii) above	0.40%
Non Performing Assets (NPA)	
Sub-Standard Assets	
Overdue for more than 90 days and more but not exceeding 12 months from 90 days	15%
Doubtful Assets (period for which the asset has been considered as doubtful) - Secured	
Upto One year	25%
One to three years	40%
More than three years	100%
Doubtful Assets - Unsecured	*100%*
Loss Assets	100%

2.20 Securitisation transactions and direct assignments

The Bank transfers its loan receivables both through Direct Assignment route as well as transfer to Special Purpose Vehicles (SPV).

The securitization transactions are without recourse to the Bank. The transferred loans and such securitized receivables are de-recognized as and when these are sold (true sale criteria being fully met) and the consideration has been received by the Bank. Gains / losses are recognized only if the Bank surrenders the rights to the benefits specified in the loan contracts.

In terms of RBI guidelines, profit / premium arising on account of sale of standard assets, being the difference between the sale consideration and book value, is amortized over the life of the securities issued by the Special Purpose Vehicles (SPV). Any loss arising on account of the sale is recognized in the Profit and Loss Account in the period in which the sale occurs.

2.21 Insurance Claims

Insurance claims are accrued for on the basis of claims admitted and to the extent there is no uncertainty in receiving the claims.

2.22 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.23 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share issue expenses in excess of the balance in the Securities Premium Account if any, are expensed in the Statement of Profit and Loss.

2.24 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount ₹ in lakh	Number of shares	Amount ₹ in lakh
3 Share Capital				
(a) Authorised				
Equity shares of ₹ 10 each	365,000,000	36,500.00	365,000,000	36,500.00
Compulsorily convertible preference shares of ₹ 10 each	10,000,000	1,000.00	10,000,000	1,000.00
	375,000,000	**37,500.00**	**375,000,000**	**37,500.00**
(b) Issues, Subscribed and Fully Paid-up				
Equity shares of ₹ 10 each	337,813,746	33,781.37	269,920,367	26,992.04
	337,813,746	**33,781.37**	**269,920,367**	**26,992.04**

3.1 Reconciliation of Shares Outstanding at the beginning and at the end of the Year

Particulars	For the Year Ended 31 March 2017		For the Year Ended 31 March 2016	
	Number of shares	Amount ₹ in lakh	Number of shares	Amount ₹ in lakh
At the beginning of the Year	269,920,367	26,992.04	268,873,695	26,887.36
Exercise of options issued under - Employees Stock Option Scheme [Refer note (a)]	2,438,834	243.88	1,046,672	104.68
Issued through IPO [Refer note (b)]	65,454,545	6,545.45	-	-
Outstanding at the End of the Year	**337,813,746**	**33,781.37**	**269,920,367**	**26,992.04**

Notes:

(a) During the year, the Company allotted 2,438,834 (Previous Year 1,046,672) Equity Shares of ₹ 10 each to eligible employees pursuant to exercise of options under the Employee Stock Options Scheme at applicable premiums [Refer Note 4.1.(a)]

(b) During the year, the Company has allotted 65,454,545 Equity Shares of Rs 10 each issued through IPO at a premium of ₹ 100 per share. Accordingly, an amount of ₹ 65,454.55 lakh was credited to Securities Premium Account [Refer Note 4.1(b) and Note 47]

3.2 Details of Shareholders holding more than 5% Shares in the Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	% Holding	Number of shares	% Holding
Equity Shares of ₹ 10 each				
International Finance Corporation	22,059,885	6.53%	38,523,657	14.27%
CDC Group Plc	26,791,230	7.93%	26,791,230	9.93%
India Financial Inclusion Fund	-	-	26,229,885	9.72%
Lumen Investment Holdings Limited	-	-	22,571,820	8.36%
Creation Investments Equitas Holdings LLC	17,313,912	5.13%	18,182,037	6.74%
Credit Access Asia N.V.	17,566,159	5.20%	17,566,159	6.51%
Microventures Spa	-	-	16,975,484	6.29%
Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V	-	-	14,884,016	5.51%
Deutsche Investitions Und Entwicklungsgesellschaft Mbh	14,564,521	4.31%	14,564,521	5.40%

3.3 Aggregate number and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash

Particulars	Aggregate number of shares	
	As at 31 March 2017	As at 31 March 2016
Equity shares issued as fully paid-up by way of bonus shares	147,463,018	147,463,018

3.4 Disclosure of Rights

The Company has only one class of equity shares having a par value of ₹ 10. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

Repayment of capital will be in proportion to the number of equity shares held.

3.5 Shares Reserved for Issuance

Refer Note 3.6 with respect to Employee Stock Option Scheme.

3.6 Employee Stock Option Scheme

(a) On 17 December 2007, the Company established an Employees Stock Option Scheme 2007 (ESOP Scheme 2007). Under the plan, the Company is authorized to issue upto 5,620,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Employees covered by the plan are granted an option to purchase shares of the Company subject to the requirements of vesting. A Remuneration and Nomination Committee constituted by the Board of Directors of the Company administers the plan.

During the year ended 31 March 2013, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2012 (ESOP Scheme 2012) effective from 10 November 2012. Under the plan, the Company was authorized to issue upto 1,000,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2007 has been transferred and made available for grant under the new scheme.

During the year ended 31 March 2014, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2014 (ESOP Scheme 2014) effective from 18 July 2014. Under the plan, the Company was authorized to issue upto 10,500,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2012 has been transferred and made available for grant under the new scheme.

During the year ended 31 March 2015, pursuant to the issue of bonus shares for the existing shareholders, the Company granted 2 additional options for every 1 option outstanding to be exercised as on the date of bonus issue. Further, the exercise price for each option was reduced to one-third of the original exercise price determined at the grant date.

During the previous year ended 31 March 2016, the Company established a new employee stock option scheme titled Equitas Employees Stock Option Scheme, 2015 (ESOP Scheme 2015) effective from 7 September 2015. Under the plan, the Company was authorized to issue upto 22,200,000 Equity Shares of ₹ 10 each to eligible employees of the Company and its Subsidiaries. Further, the outstanding options under the ESOP Scheme 2014 has been transferred and made available for grant under the new scheme.

As at 31 March 2017, 26,777,878 (As at 31 March 2016 - 15,397,855) (net of forfeitures) options were outstanding, which were granted at various exercise prices. The following are the outstanding options as at 31 March 2017:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11	Grant 12
Date of Grant	26-Feb-08	9-Jun-08	1-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	2-Nov-11	9-May-12	7-Nov-12	4-May-13
Exercise Price Per Option (Rs) post bonus options	10.00*	12.00*	10.67	12.00	26.67	33.34	40.00	40.00	40.00	40.00	40.00	40.00
Total Options granted and outstanding as at 1 April 2016	-	-	-	51,258	49,788	229,371	316,731	243,052	208,682	331,211	397,925	265,466
Options granted during the Period	-	-	-	-	-	-	-	-	-	-	-	-
Less: Options Forfeited / Lapsed	-	-	-	1,500	13,080	24,084	53,811	21,755	21,982	42,060	75,937	45,355
Options Exercised	-	-	-	49,758	36,708	154,149	208,881	162,764	133,288	186,122	180,618	70,524
Options Outstanding as at 31 March 2017	-	-	-	-	-	51,138	54,039	58,533	53,412	103,029	141,370	149,587
Vested	-	-				51,138	54,039	58,533	53,412	103,029	141,370	101,347
Yet to vest	-	-	-	-	-	-	-	-	-	-	-	48,240

Particulars	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18	Grant 19	Grant 20	Grant 21	Grant 22	Grant 23	Grant 24
Date of Grant	15-Nov-13	9-May-14	12-Nov-14	7-May-15	7-Aug-15	6-Nov-15	1-Jul-16	4-Jul-16	5-Aug-16	10-Sep-16	21-Oct-16	1-Feb-17
Exercise Price Per Option (₹) post bonus options	40.00	43.34	55.00	65.00	70.00	70.00	178.00	184.00	173.00	182.00	183.00	165.00
Total Options granted and outstanding as at 1 April 2016	1,262,734	1,693,758	2,511,379	1,727,350	2,184,700	3,924,450	-	-	-	-	-	-
Options granted during the period							7,597,900	838,500	1,840,150	2,007,200	2,038,500	5,063,450
Less: Options Forfeited / Lapsed	171,693	352,237	573,290	432,114	381,741	951,904	1,158,850	-	291,500	311,200	315,100	327,650
Options Exercised	453,529	317,619	306,877	90,465	27,596	59,936	-	-	-	-	-	-
Options Outstanding as at 31 March 2017	637,512	1,023,902	1,631,212	1,204,771	1,775,363	2,912,610	6,439,050	838,500	1,548,650	1,696,000	1,723,400	4,735,800
Vested	398,924	453,242	795,112	262,921	464,053	721,435	-	-	-	-	-	-
Yet to vest	238,588	570,660	836,100	941,850	1,311,310	2,191,175	6,439,050	838,500	1,548,650	1,696,000	1,723,400	4,735,800

*The exercise price is before bonus issue.

(b) The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant, using Black-Scholes model by an external firm of Chartered Accountants.

The key assumptions used in Black-Scholes model for calculating fair value as on the date of the grant are:

Variables	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 10	Grant 11	Grant 12
	Date of Grant											
	26-Feb-08	9-Jun-08	1-Nov-08	22-Apr-09	28-Oct-09	26-Apr-10	27-Oct-10	13-May-11	2-Nov-11	9-May-12	7-Nov-12	4-May-13
Risk Free Interest Rate	8.50%	8.75% to 9%	9.75%	8.25%	6.75% to 7%	6.50% to 7.25%	7.25% to 7.50%	7.9% to 8.05%	8.40% to 8.65%	8.01% to 8.25%	7.89% to 8%	7.12% to 7.23%
Expected Life	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	3.33 to 5.33 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs
Expected Volatility	43% to 45%	43% to 45%	41% to 47%	42% to 44%	37% to 44%	37% to 40%	35% to 40%	38% to 41%	38% to 40%	39% to 42%	38% to 42%	33% to 37%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (₹) adjusted after bonus option	10.00	12.00	10.67	12.00	26.67	33.34	40.00	40.00	40.00	40.00	40.00	40.00
Fair Value of the Option (₹) after adjustment of bonus option												
1st Stage	0.63	3.14	4.06	2.75	2.08	6.75	8.70	9.41	9.34	3.28	3.87	2.92
2nd Stage	0.81	3.91	5.07	3.18	2.56	8.34	10.83	11.66	12.20	4.41	4.84	5.07
3rd Stage	1.00	4.02	5.76	3.85	3.78	10.09	13.06	13.79	14.26	6.00	6.65	6.31
4th Stage	1.32	4.70	6.12	4.56	5.38	12.27	15.84	16.11	16.19	7.25	7.97	7.99

Variables	Grant 13	Grant 14	Grant 15	Grant 16	Grant 17	Grant 18	Grant 19	Grant 20	Grant 21	Grant 22	Grant 23	Grant 24
	Date of Grant											
	15-Nov-13	9-May-14	12-Nov-14	7-May-15	7-Aug-15	6-Nov-15	1-Jul-16	4-Jul-16	5-Aug-16	10-Sep-16	21-Oct-16	1-Feb-17
Risk Free Interest Rate	8.50% to 8.68%	8.38% to 8.60%	8.50% to 8.68%	7.74% to 7.79%	7.69% to 7.89%	7.43% to 7.64%	7.03% to 7.34%	7.03% to 7.32%	6.78% to 7.04%	6.71% to 6.91%	6.70% to 7.00%	6.45% to 6.84%
Expected Life	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.64 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.67 to 5.67 yrs	2.50 to 5.50 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.58 to 5.58 yrs	2.50 to 5.50 yrs	2.58 to 5.58 yrs
Expected Volatility	34% to 39%	33% to 38%	35% to 39%	33% to 37%	36% to 39%	33.80% to 37%	23.60% to 26%	23.40% to 26%	22.80% to 26%	22% to 25%	23.10% - 39.20%	22.20% - 24.70%
Dividend Yield	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Price of the underlying Share at the time of the Option Grant (₹) after adjustment of bonus options	40.00	43.34	55.00	65.00	70.00	70.00	177.70	183.75	172.10	181.75	182.50	164.35
Fair Value of the Option (₹)												
1st Stage	4.34	8.56	7.80	10.46	16.73	16.00	40.66	42.76	38.63	40.22	40.45	35.88
2nd Stage	7.08	11.59	11.66	14.58	20.61	18.79	53.39	55.99	51.40	53.26	52.49	47.18
3rd Stage	8.53	13.38	14.41	18.40	25.33	23.55	61.83	64.60	59.26	62.47	61.08	55.01
4th Stage	9.93	15.68	16.50	20.67	27.90	26.87	70.45	73.44	67.35	70.88	87.23	63.46

(c) Had compensation cost for the stock options granted under the Scheme been determined based on the fair value approach, the Company's net profit / (loss) and earnings per share would have been as per the Proforma amounts indicated below:

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Net Profit as per Statement of Profit and Loss (as reported)	15,936.57	16,714.18
Add: Stock Based Employee Compensation Expense included in profit before tax	-	-
Less: Stock Based Compensation Expense Determined under Fair Value based Method (Proforma)	2,950.09	487.28
Net (Loss) (Proforma)	**12,986.48**	**16,226.90**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Basic Earnings per Share of ₹ 10 each (as reported)	4.79	6.21
Basic Earnings per Share of ₹ 10 each (Proforma)	3.90	6.03
Diluted Earnings per Share of ₹10 each (as reported)	4.69	6.19
Diluted Earnings per Share of ₹ 10 each (Proforma)	3.82	6.01

	Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
4	**Reserves and Surplus**		
4.1	**Securities Premium Account**		
	Opening Balance	63,970.44	63,715.71
	Add: Premium on shares issued during the year (Refer Note (a))	66,262.63	259.32
	Less: Utilised during the year for Share Issue Expenses (Refer Note (b))	(2,160.98)	(4.59)
	Closing Balance	**128,072.09**	**63,970.44**
	Note:		
(a)	Additions to Securities Premium Account represents:		
	Premium of ₹ 100 per share on allotment of 65,454,545 Equity shares (Previous Year Nil) ₹ 10 each - IPO Proceeds	65,454.55	-
	Premium of ₹ 0.67 per share on allotment of Nil Equity shares (Previous Year 21,390 shares) of ₹ 10 each to employees under the ESOP scheme	-	0.14
	Premium of ₹ 2 per share on allotment of 49,758 Equity shares (Previous Year - 99,696 shares) of Rs 10 each to employees under the ESOP scheme	1.00	1.99
	Premium of ₹ 16.67 per share on allotment of 36,708 Equity shares (Previous Year - 73,563 shares) of Rs 10 each to employees under the ESOP scheme	6.12	12.26
	Premium of ₹ 23.34 per share on allotment of 154,149 Equity shares (Previous Year - 178,731 shares) of Rs 10 each to employees under the ESOP scheme	35.98	41.72
	Premium of ₹ 30 per share on allotment of 1,395,726 Equity shares (Previous Year - 646,161 shares) of Rs 10 each to employees under the ESOP scheme	418.72	193.85
	Premium of ₹ 33.34 per share on allotment of 317,619 Equity shares (Previous Year - 24,422 shares) of Rs 10 each to employees under the ESOP scheme	105.89	8.14
	Premium of ₹ 45 per share on allotment of 306,877 Equity shares (Previous Year - 2,709 shares) of Rs 10 each to employees under the ESOP scheme	138.09	1.22
	Premium of ₹ 55 per share on allotment of 90,465 Equity shares (Previous Year - Nil Equity shares) of Rs 10 each to employees under the ESOP scheme	49.76	-
	Premium of ₹ 60 per share on allotment of 87,532 Equity shares (Previous Year - Nil Equity shares) of Rs 10 each to employees under the ESOP scheme	52.52	-
(b)	Share issue expenses adjusted to securities premium account represents expenses incurred on professional and legal services in connection with issue of shares (including IPO) in accordance with Section 52 of the Companies Act, 2013.	2,160.98	4.59
4.2	**Statutory Reserve** (Refer Note 43)		
	Opening Balance	9,161.18	5,751.18
	Add: Amount Transferred during the Year from Surplus in the Statement of Profit and Loss	2,697.05	3,410.00
	Closing Balance	**11,858.23**	**9,161.18**
4.3	**Special Reserve account u/s 36(1)(viii) of Income Tax Act, 1961**		
	Opening Balance	-	-
	Add: Additions	141.80	-
	Closing Balance	**141.80**	**-**
4.4	**General Reserve**		
	Opening Balance	391.86	391.86
	Add: Additions (Refer Note 46)	2,097.55	-
	Closing Balance	**2,489.41**	**391.86**
4.5	**Surplus in the Statement of Profit and Loss**		
	Opening Balance	33,619.75	20,315.57
	Add: Profit for the Year	15,936.57	16,714.18
	Less: Appropriations		
	- Transfer to Statutory Reserve	2,697.05	3,410.00
	- Transfer to Special Reserve	141.80	-
	Net Surplus in the Statement of Profit and Loss	**46,717.47**	**33,619.75**
		189,279.00	**107,143.23**

5 Share Application Money Pending Allotment

The Company has received ₹ 26.90 lakh as at 31 March 2017 (As at 31 March 2016: ₹ Nil) from employees towards exercise of options under the employees stock option scheme. Pending allotment of shares, the amount received has been shown as "Share application Money pending allotment", which has since been allotted on 5 May, 2017.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
6 Long-Term Borrowings		
(a) Redeemable Non-Convertible Debentures - (Refer Note 6.1)		
Secured	33,500.00	63,324.56
Unsecured - Subordinated Debt	137,000.00	27,000.00
(b) Term Loans - Secured - (Refer Note 6.2)		
From Banks	-	118,353.11
From Other Parties	22,785.87	52,197.57
(c) Term Loans - Unsecured		
From Banks	25,000.00	-
From Other Parties	51,655.00	-
(d) Deposits from others - Unsecured	73,961.64	-
	343,902.51	**260,875.24**

6.1 Details of Debentures issued by the Group

(a) The Secured Redeemable Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities.

(b) The Group has not defaulted in the repayment of dues to Debenture holders.

6.2 Details of Term Loans from Banks and Other Parties - Secured

(a) The loans are secured by hypothecation of specified Receivables under Financing Activities and Lien on specified Fixed Deposits with Banks and deposits.

(b) The Group has not defaulted in the repayment of dues to banks and other parties.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
7 Other Long-Term Liabilities		
Unamortised Income		
- Processing Fee	-	945.53
- Interest Strip Retained on Securitisation of Receivables	-	6,347.48
	-	**7,293.01**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
8 Long-Term Provisions		
Provision - Employee Benefits		
Provision for Gratuity	20.02	19.71
Provision - Others (Refer Note 37)		
Contingent Provision for Standard Receivables under Financing Activities	1,112.51	1,733.23
Provision for Sub-standard and Doubtful Receivables under Financing Activities	1,894.65	294.90
Floating Provision (Refer Note 45)	1,900.00	-
Provision for Overcollateral	129.39	-
Provision for Credit Enhancements on Assets De-Recognised	-	755.26
	5,056.57	**2,803.10**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
9 Short-Term Borrowings		
From Banks - Secured (Refer Note below)		
Cash Credit	-	23,517.72
Other parties		
Commercial Paper - Unsecured	41,500.00	-
Deposit from Others	114,607.39	-
	156,107.39	**23,517.72**

Note:

Secured loan repayable on demand from banks is primarily secured by loan receivables covered under financing activities (excluding the assets charged to debenture holders / term lenders on exclusive basis). Further, in case of certain loans obtained by the subsidiaries, there is a Collateral Security in form of first Pari passu charge on hypothecation of other free assets / fixed assets.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
10 Current Maturities of Long-Term Borrowings		
Redeemable Non-Convertible Debentures - Secured	39,824.56	20,849.12
Redeemable Non-Convertible Debentures - Unsecured	30,000.00	-
Term Loans - Secured - (Refer Note 6.2)		
- From Banks	14,464.29	130,051.09
- From Other Parties	16,609.89	33,035.13
Term Loans - Unsecured		
- From Banks	20,000.00	-
- From Other Parties	33,380.00	-
	154,278.74	**183,935.34**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
11 Trade Payables		
Trade Payables - Other than Acceptances		
11.1 Dues of micro and small enterprise	-	-
11.2 Dues of Creditors other than micro and small enterprise	9,313.18	3,712.51
	9,313.18	**3,712.51**

Note:

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Based on such information, there are no overdue amounts payable to micro and small enterprises, as at the Balance Sheet date. This has been relied upon by the Auditors.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
12 Other Current Liabilities		
Gratuity	-	35.97
Payable on purchase of Fixed Assets	10.87	167.43
Advance Instalments from Borrowers	3,171.61	1,583.32
Interest Accrued But Not Due on Borrowings	12,668.05	4,339.78
Interest Accrued But Not Due on Deposits	1,547.11	-
Unamortised Income		
- Processing Fee	-	2,075.89
- Interest Strip Retained on Securitisation of Receivables	-	9,414.54
Statutory Remittances (PF, ESI, TDS etc.)	743.78	533.71
Premium on redemption of Debentures	-	497.85
Amount Payable to Special Purpose Vehicle for Assets De-recognised	10,341.32	9,599.31
Others	11,519.94	2.70
	40,002.68	**28,250.50**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
13 Short-Term Provisions		
Provision - Employee Benefits		
Provision for Gratuity (Refer Note 31.2)	303.99	-
Provision for Compensated Absences	3,634.18	1,946.23
Contingent Provision for Standard Receivables under Financing Activities (Net)	457.14	2,225.48
Provision for Sub-standard and Doubtful Receivables under Financing Activities	8,208.34	1,738.75
Provision for Credit Enhancements on Assets De-Recognised	-	214.84
Provision for Wealth Taxes	-	2.72
Provision for Taxes (Net of Advance Tax as at 31 March 2017 - ₹ Nil, Previous year - ₹ 198.80 lakh)	-	3.65
	12,603.65	**6,131.67**

14 Fixed Assets
Current Year

(₹ in lakh)

	Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
		Balance as at 1 April 2016	Additions	Disposals	Balance as at 31 March 2017	Balance as at 1 April 2016	For the Year	Eliminated on Disposal of Assets	Balance as at 31 March 2017	Balance as at 31 March 2017	Balance as at 31 March 2016
14.1	**Property, Plant and Equipment - Owned**										
	Land - Freehold	1,097.25	434.60	-	1,531.85	-	-	-	-	1,531.85	1,097.25
	Buildings - Given on Operating Lease (Refer Note 14.4)	2,505.78	207.16	-	2,712.94	269.88	49.35	-	319.23	2,393.71	2,235.90
	Leasehold Improvement	621.88	6,832.83	-	7,454.71	404.55	429.58	-	834.13	6,620.58	217.33
	Computer Equipment	3,011.26	1,824.74	115.25	4,720.75	1,732.75	868.42	48.25	2,552.92	2,167.83	1,278.51
	Furniture and Fixtures	535.65	1,260.26	36.82	1,759.09	452.59	160.09	36.56	576.12	1,182.97	83.06
	Office Equipment	828.92	4,603.29	26.91	5,405.30	508.84	574.64	23.27	1,060.21	4,345.09	320.08
	Vehicles	886.10	810.82	124.24	1,572.68	242.52	249.81	36.52	455.81	1,116.87	643.58
	Servers, Printers and Network Equipment	-	2,636.08	-	2,636.08	-	258.25	-	258.25	2,377.83	-
	Electrical fittings	-	119.15	-	119.15	-	4.18	-	4.18	114.97	-
	Automatic Teller Machines (ATMs)	-	2,189.17	-	2,189.17	-	46.21	-	46.21	2,142.96	-
	Sub total	**9,486.84**	**20,918.10**	**303.22**	**30,101.72**	**3,611.13**	**2,640.53**	**144.60**	**6,107.06**	**23,994.66**	**5,875.71**
14.2	**Intangible Assets**										
	Computer Software	1,457.41	8,100.70	-	9,558.11	1,102.77	1,106.95	-	2,209.72	7,348.39	354.64
	Sub total	1,457.41	8,100.70	-	9,558.11	1,102.77	1,106.95	-	2,209.72	7,348.39	354.64
	Grand Total	**10,944.25**	**29,018.80**	**303.22**	**39,659.83**	**4,713.90**	**3,747.48**	**144.60**	**8,316.78**	**31,343.05**	**6,230.35**

Previous Year:

(₹ in lakh)

	Particulars	Gross Block				Accumulated Depreciation and Amortisation				Net Block	
		Balance as at 1 April 2015	Additions	Disposals	Balance as at 31 March 2016	Balance as at 1 April 2015	For the Year	Eliminated on Disposal of Assets	Balance as at 31 March 2016	Balance as at 31 March 2016	Balance as at 31 March 2015
14.1	**Property, Plant and Equipment - Owned**										
	Land - Freehold	1,097.25	-	-	1,097.25	-	-	-	-	1,097.25	1,097.25
	Buildings - Given on Operating Lease	1,563.90	941.88	-	2,505.78	185.74	84.14	-	269.88	2,235.90	1,378.16
	Leasehold Improvement	476.91	145.48	0.51	621.88	270.36	134.70	0.51	404.55	217.33	206.55
	Computer Equipment	1,948.23	1,131.70	68.67	3,011.26	1,287.95	512.59	67.79	1,732.75	1,278.51	660.28
	Furniture and Fixtures	394.95	149.15	8.45	535.65	336.54	124.50	8.45	452.59	83.06	58.41
	Office Equipment	560.27	280.08	11.43	828.92	337.70	182.46	11.32	508.84	320.08	222.57
	Vehicles	724.79	285.44	124.13	886.10	113.11	165.42	36.01	242.52	643.58	611.68
	Sub total	**6,766.30**	**2,933.73**	**213.19**	**9,486.84**	**2,531.40**	**1,203.81**	**124.08**	**3,611.13**	**5,875.71**	**4,234.90**
14.2	**Intangible Assets**										
	Computer Software	1,207.42	249.99	-	1,457.41	935.62	167.15	-	1,102.77	354.64	271.80
	Sub total	**1,207.42**	**249.99**	**-**	**1,457.41**	**935.62**	**167.15**	**-**	**1,102.77**	**354.64**	**271.80**
	Grand Total	**7,973.72**	**3,183.72**	**213.19**	**10,944.25**	**3,467.02**	**1,370.96**	**124.08**	**4,713.90**	**6,230.35**	**4,506.70**

14.3 Depreciation and Amortisation Expense for the Year

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Depreciation for the year on tangible assets as per Note 14.1	2,640.53	1,203.81
Amortisation for the year on Intangible assets as per Note 14.2	1,106.95	167.15
	3,747.48	**1,370.96**

14.4 Buildings given on Operating Lease

The Company has constructed buildings in Trichy, Dindigul, Salem, Coimbatore, Karur and Cuddalore in Tamil Nadu. These have been leased out for a period of 30 years, to Equitas Development Initiatives Trust (EDIT) for running schools, free of cost, as a part of its Corporate Social Responsibility initiatives.

With effect from 1 April 2016, the Company has re-estimated the useful life of buildings as 50 years. Accordingly, the written down value of the assets as on 1 April 2016 are being depreciated over the remaining useful life. Due to this change, the depreciation for the current year is lower by ₹ 82.86 lakh.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
15 i) Non-Current Investments - Trade - Unquoted, at Cost		
Investment in Equity Share of Other Entities, fully paid up		
200,000 (As at 31 March 2016: 200,000) Equity Shares of Alpha Micro Finance Consultants Private Limited of ₹ 10 each Fully Paid up	20.00	20.00
ii) Non-Current Investments - Trade - Quoted, at Cost		
Investment in State Government Securities	10,385.20	-
Investment in Central Government Securities	101,881.06	-
	112,286.26	**20.00**
Aggregate Market value of Quoted Investments	112,065.33	-

16 Deferred Tax Assets

The Deferred Tax Asset of ₹ 4,325.83 lakh (As at 31 March 2016 - ₹ 3,690.26 lakh) has arisen on account of the following:

Particulars	As at 1 April 2016 ₹ in lakh	Credit / (Charged) ₹ in lakh	As at 31 March 2017 ₹ in lakh
Deferred Tax Assets			
Difference between depreciation as per Books of Account and Income Tax Act, 1961	133.35	(1,390.54)	(1,257.19)
Contingent Provision for Standard Assets under Financing Activities	1,370.02	(826.31)	543.71
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	703.81	1,365.37	2,069.18
Provision for Credit Enhancements on Assets De-Recognized	335.73	(335.73)	-
Provision for Depreciation on Govt Securities	-	161.23	161.23
Provision for Repossessed Assets	103.67	(103.67)	-
Statutory Reserve	(19.90)	(69.89)	(89.79)
Provision for Employee Benefits	1,027.38	903.36	1,930.74
Provision for Rent Equalisation	-	264.26	264.26
Floating Provision	-	657.55	657.55
Provision for Doubtful Advances	36.20	9.94	46.14
Deferred Tax Assets	**3,690.26**	**635.57**	**4,325.83**

Notes: i) Deferred Tax Asset arising out of Long Term Capital loss on account of write-off of investments, in earlier years, held by EHL in Equitas B2B Trading Private Limited has not been recognised, in the absence of virtual certainty that there would be Long Term Capital Gains in future to offset the carried forward loss.

ii) Deferred Tax Asset arising out of the unabsorbed business loss, carried forward losses, depreciation on fixed assets and provision for employee benefits in ETPL has not been recognised on a prudent basis, in line with the Accounting Policy followed by the Group.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
17 Long-Term Receivables Under Financing Activities		
(Represents instalments due after one year from the reporting date)		
Micro Finance Loans - Unsecured	83,902.62	96,324.40
Vehicle Finance Loans - Secured	82,806.00	76,745.98
Micro & Small Enterprise Loans - Secured	100,438.07	62,723.25
Micro & Small Enterprise Loans - Unsecured	167.84	-
Vehicle Finance & MSE Loans Subordinated as Credit Enhancements for Assets De-Recognised - Secured	3,967.98	2,624.57
Housing Loans - Secured	17,147.38	17,701.00
Business Loans - Unsecured	3,762.36	-
Others Loans - Secured	169.08	5,521.54
	292,361.33	**261,640.74**
Note:		
(a) Of the above:		
- Considered Good	286,818.25	259,916.86
- Considered Doubtful (Sub-Standard and Doubtful Receivables under Financing Activities as per Group's Provisioning Norms)	5,543.08	1,723.88
(Refer Note 8 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		
(b) Secured exposures are secured wholly or partly by hypothecation of vehicles, hypothecation of machinery & stock and / or equitable mortgage of property		

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
18 Long-Term Loans and Advances		
Capital Advances - Unsecured, Considered Good	3,057.68	2,558.41
Security Deposits		
- Unsecured, Considered Good	1,560.18	704.25
- Unsecured, Considered Doubtful	65.20	34.96
	1,625.38	739.21
Less: Provision for Doubtful Deposits	65.20	34.96
	1,560.18	704.25
Loans to Employees		
- Secured, Considered Good	28.70	23.48
- Unsecured, Considered Good	103.07	362.26
- Unsecured, Considered Doubtful	50.95	14.01
	182.72	399.75
Less: Provision for Doubtful Loans to Employees	50.95	14.01
	131.77	385.74
Deposits - on lien against borrowings - Unsecured, Considered Good (Refer Note 6.1)	1,345.00	1,390.00
Advance Income Tax (Net of provision for tax ₹ 25,990.39 lakh (As at 31 March 2016 ₹ 21,177.32 lakh))	693.28	853.54
	6,787.91	**5,891.94**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
19 Other Non-Current Assets		
Interest Strip Retained on Securitisation of Receivables	-	6,347.48
Interest Accrued But Not Due		
- on Deposits with Banks / Others	173.65	125.97
Bank Deposits under Lien having Maturity after 12 months	4,482.78	5,833.66
	4,656.43	**12,307.11**
Note:		
Bank Deposits under Lien		
- Cash Collateral for Assets De-recognised	3,034.50	5,402.41
- Cash Collateral for Term Loans obtained from Banks	1,448.28	431.25
- Others	-	-

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
20 Current Investments		
Other Current Investments:		
Investment in Mutual Funds (Quoted)	477.75	1,186.84
Investment in Government Securities - Treasury Bills (Quoted)	50,672.70	-
Investment in Central Government Securities (Quoted)	19,255.51	-
Investment in Commercial Paper (Unquoted)	6,901.24	-
	77,307.20	**1,186.84**
Note		
Aggregate Market value of Quoted Investments	70,516.36	1,198.05
Aggregate Market value of Unquoted Investments	7,032.83	-

Particulars	No. of Units	Face Value ₹	As at 31 March 2017 ₹ in lakh
i) *Investment - Mutual Funds*			
Reliance Liquid Fund	17,240.366	1,000	477.75
ii) *Investment - Government Securities & Commercial Paper*			
Investment in Government Securities - Treasury Bills			50,672.70
Investment in Central Government Securities			19,255.51
Investment in State Government Securities			-
Investment in Commercial Paper			6,901.24
Total			**77,307.20**

Particulars	No. of Units	Face Value ₹	As at 31 March 2016 ₹ in lakh
i) *Investment - Mutual Funds*			
IDFC Cash Fund - Direct Plan – Growth	29,430.801	1,000	536.84
Reliance Liquid Fund - TP	17,753.241	1,000	650.00
Total			**1,186.84**

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
21 Short-Term Receivables Under financing activities		
(Represents instalments due within one year from the reporting date)		
Micro Finance Loans - Unsecured	182,620.51	160,658.36
Loans given as Credit Enhancements for Loans De-recognised	6,174.11	-
Vehicle Finance Loans - Secured	69,036.05	68,298.42
Micro & Small Enterprise Loans - Secured	14,748.79	8,291.03
Micro & Small Enterprise Loans - Unsecured	75.80	-
Housing Loans - Secured	2,486.85	1,422.72
Business Loans - Unsecured	2,110.48	-
Other Loans - Secured	451.84	108.82
Instalments Due from Borrowers - Unsecured		
- More than Six Months from the date these were due for payment	-	235.52
- Others	-	309.46
Instalments Due from Borrowers - Secured		
- More than Six Months from the date these were due for payment	5,696.76	4,140.25
- Others	7,128.80	1,915.51
	290,529.99	**245,380.09**
Note:		
(a) Of the above:		
- Considered Good	275,475.14	240,289.87
- Others (Sub-Standard and Doubtful Receivables under Financing Activities as per Group's Provisioning Norms)	15,054.85	5,090.22
(Refer Note 13 for Provision for Sub-Standard and Doubtful Receivables under Financing Activities)		
(b) Secured exposures are secured wholly or partly by hypothecation of vehicles, hypothecation of machinery & stock and / or equitable mortgage of property		

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
22 Cash and Cash Equivalents		
Cash on Hand	6,669.91	536.82
Balances with Banks		
- In Current Accounts	50,417.20	26,057.97
- In Deposits Accounts - Free of Lien (Refer Note (c))	150.70	61,649.72
- In Deposits Accounts - Under Lien (Refer Note (b))	6,773.31	6,452.35
Money at call and short notice - with banks	35,000.00	-
Money at call and short notice - with other Institutions	7,500.00	-
Total	**106,511.12**	**94,696.86**
Notes:		
(a) Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statement	99,587.11	87,088.51
(b) Deposit Accounts under Lien:		
- Cash Collateral for Assets De-recognised	5,501.80	5,089.39
- Cash Collateral for Term Loans obtained from Banks	346.17	236.52
- Deposits earmarked as Bank guarantee (Refer Note(d i) below)	375.34	376.44
- Others (Refer Note (d i) below)	550.00	750.00
(c) Deposits Free of Lien		
- Deposits with original maturity of more than 3 months	150.70	1,156.00

(d) Deposits Under Lien - Others

(i) The Company has given Fixed Deposits of ₹ 375.34 lakh as security deposit to BSE Limited in connection with its IPO.

(ii) The Company has given Fixed deposits of ₹ 550.00 lakh (₹ 750.00 lakh as at 31 March 2016) as lien to certain banks as security for overdraft facilities sanctioned by banks to Equitas Dhanyakosha India (EDK), which is engaged in supply of groceries at subsidised rates to lower income sections of the society. An amount of ₹ 138.32 lakh is outstanding and payable by EDK to Banks as at 31 March 2017 (₹ 681.71 lakh as at 31 March 2016).

Considering the performance of EDK during the Financial year 2016 -17 and their current and future business plans, the Management is confident that EDK will generate sufficient profits to repay their debts and no losses are expected to devolve on EHL.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
23 Short-Term Loans and Advances		
Loans to Employees		
- Secured, Considered Good	66.88	53.63
- Unsecured, Considered Good	370.37	363.16
- Unsecured, Considered Doubtful	-	30.61
	437.25	447.40
Less: Provision for Doubtful Loans to Employees	-	30.61
	437.25	416.79
Gratuity	-	88.07
Prepaid Expenses - Unsecured, Considered Good	684.49	173.28
Balances with Government Authorities		
- Service Tax Input Credit - Unsecured, Considered Good	969.14	110.86
Security Deposits (Refer Note a)	300.00	300.00
Travel and Other Advances		
- Unsecured, Considered Good	1,936.19	543.11
Other Advances (IPO)	-	1,044.60
MAT Credit entitlement (net of adjustment for provision for tax ₹ 33.43 lakh) (Previous Year ₹ 52.49 lakh)	-	33.43
Receivables from Special Purpose Vehicles for Assets De-recognised	746.29	1,418.16
	5,073.36	**4,128.30**

Note (a): During the previous year, the Company has given a Refundable Security Deposit of ₹ 300 lakh to BSE Limited in connection with its IPO.

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
24 Other Current Assets		
Gold Coins	0.07	0.07
Interest Accrued But Not Due		
- on Advance (Receivables under Financing Activities)	6,459.48	5,179.26
- on Deposits with Banks / Others	213.80	300.44
- on Investments	3,467.10	-
Repossessed Assets	-	459.87
(Net of Provisions of ₹ Nil lakh, As at 31 March 2016 - ₹ 299.55 lakh)		
Interest Strip Retained on Securitisation of Receivables	-	9,414.54
Unamortised discount on Commercial Paper	1,097.38	-
Insurance Claims Receivable		
- Considered Good	130.30	63.80
- Considered Doubtful	-	29.84
	130.30	93.64
Less: Provision for Doubtful Claims	-	29.84
	130.30	63.80
Others	265.36	-
	11,633.49	**15,417.98**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
25 Revenue from Operations		
Interest Income from Loans	117,078.36	93,110.70
Processing and Other Fees	11,110.66	7,349.51
Interest spread on Securitisation / Assignment of Receivables	15,949.12	8,258.29
Income from Investments	5,669.46	-
Interest on Call, Notice, Term lending money	844.62	-
Freight Income	83.29	-
Other Operating Revenues		
- Interest Income on Fixed Deposits with Banks / Others	1,881.33	1,158.79
- Loss Assets Recovered	5.12	12.02
- Gain on Sale of Current Investments in Mutual Funds (Net)	2,655.03	1,155.09
- Grant from International Finance Corporation (Refer Note 25.1)	-	48.74
Others	158.81	-
	155,435.80	**111,093.14**

25.1 The Group has entered into a Grant Agreement with International Finance Corporation (IFC) whereby the Group is eligible to receive a revenue grant of USD 600,000 over a period of 3 to 5 years, subject to the Group meeting the 'Performance Indicators' set out in the agreement. During the Previous Year, on achievement of the 'Performance Indicators', the Group has received and accounted an amount of USD 79,627 (equivalent ₹ 48.74 lakh) as Income.

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
26 Other Income		
Interest Income		
- on Loans to Employees	70.72	57.39
Net Gain on Sale of Fixed Assets	-	2.23
Provision no longer required written back	5.94	4.95
Miscellaneous Income	142.78	329.71
	219.44	**394.28**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
27 Employee Benefits Expense		
Salaries	32,613.28	19,452.06
Contribution to Provident Fund	1,867.17	1,082.82
Gratuity Expenses	441.39	390.99
Staff Welfare	4,687.08	2,454.59
	39,608.92	**23,380.46**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
28 Finance Costs		
Interest on Loans	29,124.09	30,753.35
Interest on Debentures	21,609.92	11,920.95
Loan Processing Fees and Other Borrowing Costs	263.80	922.14
Discount on Commercial Paper	3,109.33	-
Interest on Term Deposits	3,493.52	-
	57,600.66	**43,596.44**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
29 Provisions and Write offs		
Contingent Provision for Standard Receivables Under Financing Activities (Net)	(2,389.06)	1,453.67
Provision for Sub-standard and Doubtful Receivables Under Financing Activities (Net)	7,769.78	1,073.31
Provision on Over-collateral assets	129.39	-
Provision for Repossessed Assets	-	(328.36)
Provision for Credit Enhancements on Assets De-Recognised (Net)	(970.10)	311.61
Floating Provision (Refer Note 45)	1,900.00	-
Loss on Sale of Repossessed Assets	2,426.73	2,730.33
Loss Assets Written Off	958.62	670.10
Depreciation on Government Securities	465.88	-
	10,291.24	**5,910.66**

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
30 Other Expenses		
Rent (Refer Note 33)		
- Premises	2,899.39	943.32
Electricity Charges	358.99	206.52
Rates and Taxes	1,314.55	844.56
Insurance	51.55	55.12
Software and Other Maintenance Expenses	1,468.33	793.33
Repairs and Maintenance - Others	647.46	326.84
Cash Management Charges	220.78	478.20
Travelling and Conveyance	3,582.75	2,796.80
Communication Expenses	2,004.68	1,075.69
Printing and Stationery	856.63	717.67
Advertisement and Business Promotion	512.52	146.03
Registrar Fee and AGM Expenses	55.19	-
Legal and Professional Charges	1,257.34	1,012.86
Brokerage and Commission	647.32	585.02
Non Executive Directors' Remuneration and Sitting Fees	178.97	211.26
Corporate Social Responsibility - Donations (Refer Note 39)	1,019.55	553.60
- Other Expenditure	41.29	47.14
Auditors' Remuneration (Net of Service Tax, wherever applicable)		
- Statutory Audit	56.30	42.00
- Limited Review	22.50	5.75
- Tax Audit	4.50	6.25
- Certification	11.89	9.23
- Other Services	31.85	-
- Reimbursement of Expenses	-	1.02
- Service Tax	7.87	1.82
Provision for Doubtful Employee Loans and Advances / Insurance Claims (Net)	70.25	61.36
Bank Charges	34.38	82.88
Loss on sale of fixed Assets (Net)	4.09	-
Miscellaneous Expenses	673.52	212.67
	18,034.44	**11,216.94**

31 Employee Benefits

31.1 Defined Contribution Plan

The Group makes Provident Fund contributes to defined contribution plan for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group Company recognised ₹ 1,867.17 lakh (Previous Year ₹ 1,082.82 lakh) towards Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the fund by the Group is at rates specified in the rules of the scheme.

31.2 Defined Benefit Plans

During the year ended 31 March 2017, the Company and some of its subsidiaries have funded its gratuity scheme for its employees. Gratuity provision has been made based on the actuarial valuation done as at the year end for each of the subsidiary. The details of actuarial valuation as provided by the Independent Actuaries for the Group is as follows:

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Change in Defined Benefit Obligations during the Year		
Present value of Defined Benefit Obligation at beginning of the Year	926.89	638.66
Current Service Cost	719.03	318.79
Interest cost	60.12	64.53
Benefits paid	(47.15)	(51.38)
Actuarial (Gains)/loss	(39.05)	(43.71)
Present value of Defined Benefit Obligation at end of the Year	**1,619.84**	**926.89**
Change in Fair Value of Assets during the Year		
Plan Assets at Beginning of the Year	959.28	582.37
Expected Return on Plan Assets	71.16	67.72
Actual Company Contributions	1,013.19	428.27
Benefits paid Out of the Assets	-	-
Actuarial (Gains)/loss	(99.78)	(119.08)
Plan Assets at end of the Year	**1,943.85**	**959.28**
Asset / (Liability) Recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation	1,619.84	926.89
Fair Value of Plan Assets	1,943.85	959.28
Net Asset / (Liability) Recognized in the Balance Sheet	**324.01**	**32.39**
Cost of Defined Benefit Plan for the Year		
Current Service Cost	719.03	318.79
Interest Cost	60.12	64.53
Expected Return on Plan Assets	(71.16)	(67.72)
Net Actuarial Gains	(266.60)	75.39
Net Cost Recognized in the Statement of Profit and Loss	**441.39**	**390.99**
Actual Return on Plan Assets	71.16	67.72
Assumptions	6.60% to 6.80%	7.80%
Discount Rate (Refer Note (a))	8.05%	10.00%
Future Salary Increase (Refer Note (b))	Indian Assured	Indian Assured
Mortality Table	Lives (2006 -08)	Lives (2006 -08)
Attrition rate (Refer Note (b))	20.00%	20.00%

Notes:

a) Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

b) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external / internal factors affecting the Group.

c) The entire plan assets of the subsidiaries are managed by LIC. The data on plan assets has not been furnished by LIC and hence no disclosures have been made in this regard.

d) Estimated amount of contribution to the funds during the year ending 31 March 2018 as estimated by the management is ₹ 441.39 lakh (Previous Year ₹ 391.00 lakh)

e) Experience Adjustments:

Particulars	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Projected Benefit Obligation	1,619.84	926.89	638.66	338.01	198.08
Fair Value of Plan Assets	1,943.85	959.28	582.37	358.59	-
Surplus/(Deficit)	324.01	32.39	(56.29)	20.59	(198.08)
Experience Adjustments on Plan Liabilities - Gains	(39.05)	(43.71)	(28.00)	(22.03)	(7.05)
Experience Adjustments on Plan Assets - Gains / (Losses)	(99.78)	(119.08)	0.02	(10.05)	-

Note: The above information has been provided based on information to the extent available in the separate financial statement of the Company and its subsidiaries.

31.3 Compensated Absences

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Assumptions		
Discount Rate	6.60% to 6.80%	7.80%
Future Salary Increase	8.05%	10.00%
Mortality Rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	20.00%	20.00%

32 Related Party Transactions

32.1 Names of Related Parties and Nature of Relationship

Description of Relationship	As at 31 March 2017	As at 31 March 2016
Enterprises over which the Company or Key management personnel is able to exercise significant influence.	Equitas Dhanyakosha India	Equitas Dhanyakosha India
Enterprises over which the Company or its Key management personnel is able to exercise significant influence.	Equitas Development Initiatives Trust	Equitas Development Initiatives Trust
Key Management Personnel	P.N. Vasudevan, Managing Director (upto 22 July 2016) S. Bhaskar, Executive Director and CEO (From 21 October 2016) S Vasudevan, Chief Financial Officer (From 21 October 2016) Jayashree S Iyer, Company Secretary	P.N. Vasudevan, Managing Director S. Bhaskar, Group Chief Financial Officer - Jayashree S Iyer, Company Secretary

Note:

Related party relationships are as identified by the Management and relied upon by the Auditors.

32.2 Transactions with the Related Parties

Transaction	Related Party	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Income			
Recovery of Expenses	Equitas Dhanyakosha India	-	0.01
	Equitas Development Initiatives Trust	-	95.67
Expenses			
Staff Welfare Expenses	Equitas Dhanyakosha India	1.89	95.56
Remuneration to Key Managerial Personnel	P.N. Vasudevan, Managing Director (upto 22 July 2016)	14.93	48.53
	S. Bhaskar, Executive Director and CEO - From 21 October 2016 (upto 20 October 2016 as Chief Financial Officer - ₹ 34.93 lakh included)	63.08	56.75
	S Vasudevan, Chief Financial Officer (From 21 October 2016)	22.39	-
	Jayashree S Iyer, Company Secretary	27.14	19.60
Donation	Equitas Development Initiatives Trust	490.45	553.60
	Equitas Dhanyakosha India	509.00	
Reimbursement of Expenses	Equitas Dhanyakosha India	-	0.38
Savings Deposits and Interest	Equitas Development Initiatives Trust	0.38	-
Withdrawals and fund transfer from Savings deposits	Equitas Development Initiatives Trust	0.14	-
Demand Deposits	Equitas Dhanyakosha India	25.19	-
Withdrawals and fund transfer from demand deposits	Equitas Dhanyakosha India	23.20	-
Balance as at Year End			
Payable	Equitas Dhanyakosha India	-	0.21
Demand Deposits	Equitas Dhanyakosha India	1.99	-
Savings Deposits	Equitas Development Initiatives Trust	0.24	-
Deposits under lien given as security for overdraft facilities	Equitas Dhanyakosha India	550.00	750.00

Note:

(a) The Group accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2017, there are no further amounts payable to / receivable from them, other than as disclosed above.

33 Operating Leases

As Lessee

The Group has taken a number of premises on operating leases for branches, offices, ATMs, residential premises for staff etc. The details of maturity profile of future operating lease payments are given below. For the year ended 31 March 2017, an amount of ₹ 2,899.39 lakh (Previous Year ₹ 943.32 lakh) was paid towards lease rentals and other charges for the office space. The future minimum lease payments under operating leases are as follows:

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
Future lease rentals payable at the end of the year		
Less than One Year	3,601.62	766.38
One Year to Five Years	12,936.40	745.29
Later than Five Years	12,212.17	-

The Group has not sub-leased any of the properties taken on lease. There are no provisions relating to contingent rent.

34 Earnings Per Share

(a) Basic

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Total operations		
Profit after Tax for the Year - ₹ in lakh	15,936.57	16,714.18
Weighted Average Number of Equity Shares	332,895,663	269,304,471
Earnings Per Share (Basic) - in ₹	4.79	6.21
Face Value Per Share - in ₹	10	10

(b) Diluted

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Total operations		
Profit after Tax attributable to Equity Shareholders - ₹ in lakh	15,936.57	16,714.18
Weighted Average Number of Equity Shares for Basic EPS	332,895,663	269,304,471
Add: Effect of Warrants and ESOPs which are Dilutive	7,122,457	783,876
Weighted Average Number of Equity Shares for Dilutive EPS	340,018,120	270,088,347
Earnings Per Share (Diluted) - in ₹	4.69	6.19
Face Value Per Share - in ₹	10	10

35 Commitments and Contingencies

Particulars	As at 31 March 2017 ₹ in lakh	As at 31 March 2016 ₹ in lakh
Contingent Liabilities:		
Income Tax Demand (Refer Note (c) below)	265.19	59.54
Provident Fund demand under appeal (Refer Note (a) below)	187.54	187.54
Service Tax (Refer Note (b) below)	363.95	363.95
Value added tax	-	0.53
Bank Guarantees	-	200.00
Guarantees to BSE Limited (Refer Note (d) below)	1,876.68	1,876.68
Commitments:		
- Loans sanctioned but not disbursed	13,852.69	8,000.54
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	4,277.75	5,852.14
- Other Commitments	-	5,902.83

(a) Provident Fund Demand

An Order dated 22 October 2010 has been received from the Regional Provident Fund Commissioner demanding an amount of ₹ 187.54 lakh towards provident fund payment on the incentives / allowances paid to the employees for the period February 2009 to September 2010. The Group believes that the claim is untenable. Hence, has preferred an appeal with the Employees' Provident Fund Appellate Tribunal and obtained a stay against the said Order. As per the stay order received from the Employees' Provident Fund Appellate Tribunal, an amount of ₹ 56.26 lakh has been deposited with the Employees' Provident Fund Organisation and included as part of Security Deposits in Note 18 - Long-Term Loans and Advances. As at 31 March 2017, the appeal is pending.

(b) Service Tax

(i) One of the Subsidiaries, now forming part of ESFB, had received three show cause notices on 6 October 2009, 11 October 2010 and 30 August 2011 respectively from the Service Tax authorities disallowing the service tax input credit claimed by the entity during the period 2008-2011 attributable to input services used for providing exempt services to the extent of ₹ 277.35 lakh. Based on professional advice, the entity replied to the above show cause notice contesting the claim of the Service Tax authorities. There has been no further progress in this matter.
(ii) One of the subsidiaries, now forming part of ESFB, during the previous year an order dated 18 February 2016 has been passed by Principal Commissioner of Service Tax directing the entity to pay Rs 86.60 lakh excluding penalty and interest, stating that the service fee charged by the Company as collection agent on the assigned / securitized assets is not representative of actual consideration for the services rendered for the period from 2009 to 2015 under banking and other financial services. The Company is in the process of preferring an appeal against the said order.

(c) Income Tax

While completing the Income Tax Assessment for the Assessment Year 2014-15, the Department had under Section 14A of the Income Tax Act 1961, disallowed a portion of total expenses stating that amount incurred would included expenses to earn non taxable income and raised a demand ₹ 26.88 lakh. The Company has filled an appeal against the disallowances with Commissioner of Income tax - Appeals.

The Income Tax Department has during the year, reopened the Assessment for AY 2011-12 which was completed in earlier years. Based on the revised proceedings, the Department has raised a demand for ₹ 226.82 lakh. The main contention of the Department which resulted in the demand is that income on premium structure securitisation & Bilateral Assignment and Prompt repayment rebate are to be considered on cash basis. The Company has filled an the appeal against order for the Assessment Year 2011-12 and the same is pending.

The Company has been professionally advised that they have a strong case in their favour and accordingly no provision has been considered necessary for these disputed demands and the amount have been disclosed as contingent liability after consider the provision already made in the financial statements.

For the Assessment Year 2012-13 and 2013-14, the Department had under Section 14A of the Income Tax Act 1961, disallowed a portion of total expenses stating that amount incurred would included expenses to earn non taxable income and raised a demand. The Company has filled an appeal which is desired in favour of the Company, however the Income Tax Department has made second level appeal with the Income Tax Tribunal.

While completing the Income Tax assessment for the Assessment Year 2014-15 in case of one of the subsidiaries, now forming part of ESFB, the department has added interest on Non performing assets on accrual basis and raised a demand of ₹11.56 lakh. During the year while completing the Income Tax assessment for the Assessment Year 2013-14 the department vide order dated 19 March 2016 has added tax of ₹ 2.16 lakh on Interest on Non performing assets on accrual basis and adjusted, the same in the refund due for the Year. The Company has filed an appeal against the addition with Commissioner of Income Tax - Appeals. Based on professional advice, the Company strongly believe that the case will be decided in Company's favour and hence no provision has been considered.

The amount are based on demands raised which the Group is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the Group's rights for future appeals. No reimbursements are expected.

(d) Guarantees to BSE

During the previous year, in addition to the ₹ 300 lakh deposit, the Company had also issued Bank Guarantee to BSE Limited amounting to ₹ 1,876.68 lakh as security deposits in connection with its IPO.

36 Loan Portfolio and Provision for Standard and Non Performing Assets

(a) Current Year ₹ in lakh

Asset Classification	Loan Outstanding as at 31 March 2017 (Gross)	Provision as at 31 March 2017	Loan Outstanding as at 31 March 2017 (Net)
Receivables under Financing Activities			
Standard Assets	562,293.39	1,569.65	560,723.74
Sub-Standard Assets	10,979.67	3,626.17	7,353.50
Doubtful Assets	9,618.26	6,526.35	3,091.91
Sub Total	20,597.93	10,152.52	10,445.41
Total	**582,891.32**	**11,722.17**	**571,169.15**

(b) Previous Year ₹ in lakh

Asset Classification	Loan Outstanding as at 31 March 2016 (Gross)	Provision as at 31 March 2016	Loan Outstanding as at 31 March 2016 (Net)
Receivables under Financing Activities			
Standard Assets	500,206.73	3,958.71	496,248.02
Sub-Standard Assets	4,373.57	729.42	3,644.15
Doubtful Assets	2,440.53	1,304.23	1,136.30
Sub Total	6,814.10	2,033.65	4,780.45
Total	**507,020.83**	**5,992.36**	**501,028.47**

37 Changes in Provisions

(a) Current Period ₹ in lakh

Particulars	As at 1 April 2016	Provision for the Year	Utilization / Reversal	As at 31 March 2017
Contingent Provision for Standard Assets under Financing Activities *	3,958.71	2,659.44	(5,048.50)	1,569.65
Provision for Sub-Standard and Doubtful Receivables under Financing Activities **	2,033.65	12,445.22	(4,375.88)	10,102.99
Provision for Credit Enhancements on Assets De-Recognised	970.10	587.50	(1,557.60)	-
Provision for Repossessed Assets	299.55	-	(299.55)	-
Total	**7,262.01**	**15,692.16**	**(11,281.53)**	**11,672.64**

* Consequent to the commencement of the SFB operations, ESFBL revised the estimates for provision for advances to be in line with the prudential norms for Asset Classification and Provisioning applicable to banks as per Master circular RBI/ 2015-16/101 DBR.No.BP.BC.2/ 21.04.048 / 2015-16 dated July 1, 2015. Consequently, during the three months ended September 30, 2016, the excess standard assets provision of ₹ 3,873.74 lakh was reversed.

** Consequent to changes in the other external factors during the year, ESFBL has made additional NPA provision on specific advances in respect of Micro Finance portfolio, identified as having inherent weaknesses, amounting to ₹ 3,584.00 lakh during the three months ended March 31, 2017

(b) Previous Year

₹ in lakh

Particulars	As at 1 April 2015	Provision for the Year	Utilization/ Reversal	As at 31 March 2016
Contingent Provision for Standard Assets under Financing Activities	2,505.04	3,679.05	(2,225.38)	3,958.71
Provision for Sub-Standard and Doubtful Receivables under Financing Activities	960.34	1,893.20	(819.89)	2,033.65
Provision for Credit Enhancements on Assets De-Recognised	658.49	832.51	(520.90)	970.10
Provision for Repossessed Assets	627.91	2,910.05	(3,238.41)	299.55
Total	**4,751.78**	**9,314.81**	**(6,804.58)**	**7,262.01**

38 Segment Reporting

In accordance with AS 17, business segments have been identified as the Primary Segment.

Prior to commencement of Bank, the Segments were considered as Micro Finance, Other Finance and Others.

Consequent to the merger of EMFL and EHFL with EFL and subsequent conversion into a Small Finance Bank, the segments identified by the management are Finance and Others. Others include the business of freight facilitation cum aggregation. Accordingly, the segment disclosures for all comparative periods have also been realigned.

Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. The Group has its business only in India, hence there are no Geographical segments.

Sl. No.	Particulars	For the year ended / As at 31 March 2017	For the year ended / As at 31 March 2016
1	**Segment Revenue**		
	a. Finance	155,382.25	111,512.25
	b. Others	113.06	27.71
	c. Unallocated	436.30	185.58
	Total	**155,931.61**	**111,725.54**
	Less: Inter Segment Revenue	495.81	632.40
	Income From Operations	**155,435.80**	**111,093.14**
2	**Segment Results Profit before tax and interest**		
	a. Finance	25,915.27	26,507.03
	b. Others	(710.25)	(244.99)
	c. Unallocated		-
	Total	**25,205.02**	**26,262.04**
	Less:		
	i) Unallocable Expense net off unallocable Income	48.93	250.08
	Total Profit before tax	25,156.09	26,011.96
3	**Segment Assets**		
	a. Finance	933,330.99	633,303.86
	b. Others	641.06	1,342.18
	c. Unallocated	10,381.03	16,008.32
	Total	**944,353.08**	**650,654.36**
4	**Segment Liabilities**		
	a. Finance	721,061.93	516,205.75
	b. Others	96.53	89.40
	c. Unallocated	107.35	223.94
	Total	**721,265.81**	**516,519.09**

39 CSR Contribution

The Group in accordance with its CSR Policy has implemented CSR activities, through Equitas Development Initiatives Trust [EDIT], a public charitable trust established by the Company.

The Board of Directors of the Company & its subsidiaries have approved a CSR contribution of ₹ 1,019.55 lakh (Previous Year ₹ 553.60 lakh) to Equitas Development Initiatives Trust and Equitas Dhanyakosha India for the Year ended 31 March 2017.

Further one of the Subsidiary has also incurred an amount of ₹ 41.29 lakh (Previous Year ₹ 47.14 lakh) towards other CSR activities during the Year ended 31 March 2017.

40 Goodwill on consolidation

Particulars	For the year ended 31 March 2017 ₹ in lakh	For the year ended 31 March 2016 ₹ in lakh
Opening Balance	53.50	53.50
Add: On acquisition of subsidiaries during the year	-	-
Less: Less written off during the year	53.50	-
Closing Balance	**-**	**53.50**

41 Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

Name of the Entity	As at / For the year ended 31 March 2017			
	Net assets (i.e., Total assets minus Total liabilities)		Share of profit or loss	
	As % of consolidated net assets	Amount ₹ in lakh	As % of consolidated profit or loss	Amount ₹ in lakh
Equitas Holdings Limited - Parent Company	9.57%	21,350.73	-2.89%	(460.24)
Indian Subsidiaries				
- Equitas Small Finance Bank Limited *	90.19%	201,192.10	107.34%	17,107.06
- Equitas Technologies Private Limited	0.24%	544.76	-4.46%	(710.25)

* For the purpose of the consolidated audited financial statements for the year ended March 31, 2017, the Profits of EMFL and EHFL were consolidated on a line by line basis for the period from April 1, 2016 to September 1, 2016. The latter date being the date prior to effective date of Merger. For the remaining period, the amounts relating to these erstwhile subsidiaries form part of ESFBL operations.

Name of the Entity	As at / For the Year Ended 31 March 2016			
	Net assets (i.e., Total assets minus Total liabilities)		Share of profit or loss	
	As % of consolidated net assets	Amount ₹ in lakh	As % of consolidated profit or loss	Amount ₹ in lakh
Equitas Holdings Limited - Parent Company	8.66%	11,617.83	-2.53%	(422.51)
Indian Subsidiaries				
- Equitas Micro Finance Limited	34.26%	45,955.81	43.76%	7,314.56
- Equitas Finance Limited	53.05%	71,164.61	55.13%	9,213.80
- Equitas Housing Finance Limited	3.09%	4,142.01	5.11%	853.32
- Equitas B2B Trading Private Limited	0.00%	-	0.00%	-
- Equitas Technologies Private Limited	0.94%	1,255.01	-1.47%	(244.99)

42 The Board of Directors have reviewed the realisable value of all the assets (other than Fixed Assets and Non-Current Investments) of the Group and have confirmed that the value of such assets in the ordinary course of business will not be less than the value at which these are recognised in the financial statements.

43 The Company and its banking subsidiary are required to create a reserve fund every year. Accordingly, for the year ended 31 March 2017, an amount of ₹ 2,697.05 lakh (Previous Year ₹ 3,410.00 lakh) has been transferred out of the net profit after tax of these entities to Statutory / Special Reserve.

44 Exceptional Items represent pre-closure and other incidental costs incurred by the Bank on foreclosure of certain term loans taken by the subsidiaries in their earlier capacity as NBFC / HFC. Post commencement of Bank operations, these lines of credit are no longer available and accordingly no such costs have been incurred by the SFB.

45 Floating provision

₹ in lakh

Particulars	For the year ended March 31 2017	For the year ended March 31 2016
Opening Balance at the beginning of the year	-	-
Provisions made during the year	1,900.00	-
Drawdown made during the year	-	-
Closing Balance at the end of the year	1,900.00	-

ESFBL has created a floating provision in respect of advances in accordance with Master Circular RBI/2015-16/101 DBR. No.BP.BC.2/ 21.04.048 / 2015-16 dated 1 July 2015 amounting to ₹ 1,900.00 lakh during the quarter ended 30 September 2016.

46 Uniformity in Accounting Policies

EMFL and EFL had different accounting policies relating to accounting for processing fees collected from the customers. In EMFL, loan processing fee was recognised over the life of the loan on straight line basis while in EFL, it was recognised as income in the year in which the loan is sanctioned and disbursed. Consequent to the merger, as provided in the Scheme and in accordance with AS 14, the fee income is now recognised in the year in which loan is sanctioned and disbursed. Accordingly, on the effective date of merger viz., September 2, 2016, the unamortised processing fee in books of EMFL has been credited to General Reserve.

47 Initial Public Offering

The Initial Public Offering [IPO] of the Company opened for subscription from 5 April 2016 to 7 April 2016. The IPO of 197,880,429 equity shares of the Company at the issue price of ₹ 110/- per share (consisting of 65,454,545 fresh issue of equity shares and 132,425,884 equity shares under offer for sale) was fully subscribed by the Public. Consequently, the paid up share capital of the Company stands increased to 335,374,912 equity shares of ₹ 10/- each. The equity shares were listed in National Stock Exchange of India Limited and BSE Limited on 21 April 2016. As per Clause 32 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, the details of the proceeds from the IPO is given below:

Statement of Fresh Issue proceeds from the IPO

Particulars	Amount ₹ in lakh
Gross Proceeds of the Fresh Issue	72,000.00
Less: Fresh Issue Expenses*	2,160.98
Net Proceeds of the Fresh Issue	69,839.02
Add: Interest Income earned on temporary deployment of Net proceeds	106.74
Total Net proceeds of the Fresh Issue	**69,945.76**

Statement of Utilisation of Net proceeds

Particulars	Amount to be utilised as per Prospectus	Amount utilised
	₹ in lakh	₹ in lakh
1. Investment in Subsidiaries to augment their capital base to meet their future capital requirements arising out of growth in our business		
- Equitas Small Finance Bank Limited (formerly, Equitas Finance Limited)	28,800.00	28,800.00
- Equitas Micro Finance Limited **	28,800.00	28,800.00
- Equitas Housing Finance Limited **	4,000.00	4,000.00
Sub Total	**61,600.00**	**61,600.00**
2.Utilisation for General Corporate Purpose		
a) Loans to Subsidiaries		
- Equitas Finance Limited	8,345.76	6,000.00
- Equitas Housing Finance Limited **		2,170.00
b) Expenses incurred in the Ordinary course of Business		175.76
Sub Total	**8,345.76**	**8,345.76**
Grand Total	**69,945.76**	**69,945.76**

* The issue expenses have been adjusted against the Securities Premium as provided under Section 52 of the Companies Act, 2013. The above Net Proceeds of the Issue has been deployed as per the Objects of the Issue. The monitoring agent of the IPO, Axis Bank Limited has provided their Monitoring Report dated 17 October 2016 confirming the utilisation of the aforesaid Net Proceeds.

** Erstwhile Subsidiaries of EHL, which were merged into EFL to form ESFBL.

48 Details of Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016 is provided in the table below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	0.28	0.20	0.48
(+) Permitted receipts	-	1.12	1.12
(-) Permitted payments	-	0.18	0.18
(-) Amount deposited in Banks	0.28	0.84	1.12
Closing cash in hand as on 30 December 2016	-	0.30	0.30

RBI issued a notification dated 10 April 2017, in which they have clarified that the MCA notification on disclosure on SBNs is not applicable to Banks. Hence, the transaction on SBN dealt with by ESFB, the banking subsidiary, is not included in the above table.

49 Previous year

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

For and on behalf of the **Board of Directors**

N Rangachary
Chairman
DIN: 00054437

S Bhaskar
Executive Director and CEO
DIN:02360919

P T Kuppuswamy
Director
DIN:00032309

S Vasudevan
Chief Financial Officer
Place : Chennai
Date : 5 May 2017

Jayashree S Iyer
Company Secretary
ACS No.: A11569

Equitas Holdings Limited

Information as required under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014
(forming part of Directors Report for FY 2016-17)

Details of Top Ten employees in terms of remuneration drawn during the year

There are only six employees on the rolls of the Company as on 31st March 2017 and hence the details of remuneration of all six employees are provided below:

S No	Employee Name	Designation	Educational Qualification	Age (in years)	Experience (in years)	Remuneration during FY 2016-17 (₹)	Joining Date	% of Equity shares held	Previous employment and designation
1	Mr Bhaskar S	Executive Director & Chief Executive Officer	B.Sc., ACA	59	34	63,08,160/-	1-Nov-14	0.42%	CFO, Equitas Micro Finance Limited
2	Mr Vasudevan S	Chief Financial Officer	ACA, ACS, Grad.CWA	48	24	22,38,761/-	21-Oct-16	0.00%	CFO, Equitas Finance Limited
3	Ms Jayashree S Iyer	Company Secretary	M.Com., LLB., ACS	51	30	27,13,937/-	1-Nov-14	0.00%	Company Secretary, Equitas Micro Finance Limited
4	Ms Deepti R	Deputy Manager - Secretarial	B.Com., ACS	26	3	4,13,379/-	1-Jul-16	0.00%	Company Secretary, Tamilnadu Petroproducts Limited
5	Ms Vidya B A	Senior Officer - Finance	B. Com, MBA	46	22	2,85,948/-	1-Dec-14	0.00%	Deputy Manager, Jain Jubilant Cars Pvt Ltd
6	Mr Srinivasa Prasad C	Deputy Manager - Secretarial	B.Com.	33	10	3,76,819/-	14-Jul-16	0.00%	Senior Executive (Secretarial), BGR Energy Systems Limited

None of the aforesaid employees are employed on contractual basis and none of them are related to any Director of the Company.

For and on behalf of the Board of Directors

Sd/-
Bhaskar S
Executive Director and CEO

Sd/-
Rangachary N
Chairman

Chennai
May 5, 2017

Profile of Mr Bhaskar S, ED & CEO

Mr. Bhaskar joined the Equitas Group on October 15, 2007. He was appointed as the Chief Financial Officer of the Company on November 1, 2014 and continued so till his appointment as Executive Director & Chief Executive Officer on 21st October, 2016. He started his career with Pricewaterhouse & Co., where he worked for one and a half years and later moved to Cholamandalam Investment and Finance Company Limited where he worked for two decades. Prior to joining Equitas Group, he was the Group Treasurer and Senior Vice President – Audit for the Murugappa Group, Chennai.