



May 14, 2020

Department of Corporate Services
BSE Limited
P J Towers, Dalal Street,
Mumbai 400001

Dear Sir/ Madam

Sub: Audited Results of the Bank pursuant to Regulation 52 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Scrip Codes - 951930, 951924, 952815 and 952812.

Kindly refer to the above mentioned Non-Convertible Debentures (NCDs) listed in BSE under **F Group - Debt Instruments**.

Pursuant to the aforesaid regulation, please find attached the Audited financial results of Equitas Small Finance Bank Limited for the six months/ year ended March 31, 2020, approved by the Board of Directors in their Meeting held today the 14th May, 2020 along with Independent Auditors Report issued by the Statutory Auditors, M/s .S R Batliboi & Associates LLP, Chartered Accountants.

Kindly acknowledge receipt.

Thanking you.

Yours truly
for **Equitas Small Finance Bank Limited**

Sampathkumar K R
Company Secretary



Independent Auditor's Report on Financial Results of the Equitas Small Finance Bank Limited ("Bank") Pursuant to the Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
Equitas Small Finance Bank Limited

Report on the audit of the Financial Results

Opinion

We have audited the accompanying statement of financial results of Equitas Small Finance Bank Limited (the "Bank") for the six month period and the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Bank pursuant to the requirement of Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard; and
- ii. gives a true and fair view of the net profits and other financial information in conformity with the applicable accounting standards and other accounting principles generally accepted in India in so far as they apply to the Bank, and the applicable requirements of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by Reserve Bank of India from time to time, for the six month period and the year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013, as amended (the "Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the Bank in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following matters:

- a. Note no 3 to the accompanying Statement regarding management's plans relating to compliance by the Bank, with the relevant licensing guidelines of the Reserve Bank of India and related regulatory processes and requirements.
- b. Note 4 to the accompanying financial statements, which describes the economic and social disruption the Bank is facing as a result of COVID-19 pandemic, and its possible consequential implications, if any, on the Bank's operations and financial metrics.

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

Board of Directors' Responsibilities for the Financial Results

The Statement has been prepared on the basis of the annual financial statements. The Board of Directors of the Bank are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit of the Bank and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 52 of the Listing Regulations in so far as they apply to the Bank, and other accounting principles generally accepted in India as applicable to banking companies and the applicable requirements of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by Reserve Bank of India from time to time.. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Bank 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 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Bank has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The results for the six month period ended March 31, 2020 and the corresponding six month period ended March 31, 2019, included in the accompanying Statement, are the balancing figures between (a) the audited figures in respect of the full financial year ended March 31, 2020 and March 31, 2019, as the case may be, and (b) the published unaudited year-to-date figures up to the six month period ended September 30, 2019 and September 30, 2018, as the case may be. The published unaudited year-to-date figures for the six-month periods ended September 30, 2019 and September 30, 2018 were subjected to a limited review by us, as required under the Listing Regulations

for S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Aniruddh Sankaran

Partner

Membership No.: 211107

UDIN: 20211107AAAABK3516

Place: Chennai

Date: May 14, 2020



EQUITAS SMALL FINANCE BANK LIMITED

CIN: U65191TN1993PLC025280

[formerly known as, Equitas Finance Limited]

[Subsidiary of Equitas Holdings Limited]

Regd. Office: 4th Floor, Phase II, Spencer Plaza, No. 789, Mount Road, Chennai 600 002

Website: www.equitasbank.com

Statement of Audited Financial Results for the six months / year ended 31 March 2020

(` in Lakhs)

Particulars	Six months ended	Six months ended	Year ended	Year ended
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
	Audited*	Audited*	Audited	Audited
1 Income earned (a)+(b)+(c)	1,40,258.37	1,11,856.40	2,64,544.39	2,11,193.45
(a) Interest income from advances	1,28,915.80	1,00,468.85	2,42,000.67	1,82,365.60
(b) Income on investments	7,778.84	10,015.29	15,765.17	25,796.12
(c) Interest on balances with Reserve Bank of India and other inter bank funds	3,563.73	1,372.26	6,778.55	3,031.73
2 Other Income	15,927.30	14,184.16	28,235.16	28,289.75
3 Total Income (1+2)	1,56,185.67	1,26,040.56	2,92,779.55	2,39,483.20
4 Interest Expended	59,497.58	48,195.51	1,15,013.81	96,020.06
5 Operating Expenses (i)+(ii)+(iii)	62,004.60	53,278.79	1,18,007.86	1,00,848.65
(i) Employee Cost	37,082.83	27,957.26	70,978.90	55,130.63
(ii) Depreciation / Amortisation	4,859.16	4,664.68	9,645.45	9,177.67
(iii) Other Operating Expenses	20,062.61	20,656.85	37,383.51	36,540.35
6 Total Expenditure, excluding Provisions & Contingencies (4+5)	1,21,502.18	1,01,474.30	2,33,021.67	1,96,868.71
7 Operating Profit before Provisions & Contingencies (3-6)	34,683.49	24,566.26	59,757.88	42,614.49
8 Provisions (other than tax) and Contingencies	17,045.86	5,028.31	24,663.85	10,240.82
9 Exceptional Items	-	-	-	-
10 Profit from Ordinary Activities before Tax (7-8-9)	17,637.63	19,537.95	35,094.03	32,373.67
11 Tax Expense	3,928.04	6,779.70	10,730.49	11,317.06
12 Net Profit from Ordinary Activities after Tax (10-11)	13,709.59	12,758.25	24,363.54	21,056.61
13 Extraordinary Items (net of Tax Expense)	-	-	-	-
14 Net Profit for the Period / Year (12-13)	13,709.59	12,758.25	24,363.54	21,056.61
15 Paid-up Equity Share Capital (Face Value of Share: `10 each)	1,05,340.16	1,00,594.34	1,05,340.16	1,00,594.34
16 Reserves excluding Revaluation Reserves				1,24,837.51
17 Analytical Ratios				
(i) Capital Adequacy Ratio (%)	23.61%	22.44%	23.61%	22.44%
(ii) Earnings Per Share (EPS) - Not Annualised for six months - Basic / Diluted (` per share)	1.34	1.27	2.39	2.09
18 NPA Ratio				
a) Gross NPA	41,731.77	29,570.65	41,731.77	29,570.65
Net NPA	24,761.39	18,641.17	24,761.39	18,641.17
b) % of Gross NPA to Advances	3.00%	2.53%	3.00%	2.53%
% of Net NPA to Advances	1.66%	1.44%	1.66%	1.44%
c) Return on Assets - Not Annualised for six months (% of Profit After Tax to Total Assets)	0.73%	0.86%	1.38%	1.43%
* Refer Note 11				
Particulars			As at	As at
			31-Mar-20	31-Mar-19
			Audited	Audited
CAPITAL AND LIABILITIES				
1	Capital		1,05,340.16	1,00,594.34
2	Reserves and Surplus		1,69,074.73	1,24,837.51
3	Deposits		10,78,840.55	9,00,673.63
4	Borrowings		5,13,487.36	3,97,302.61
5	Other Liabilities and Provisions		64,711.88	52,861.00
	Total Liabilities		19,31,454.68	15,76,269.09
ASSETS				
6	Cash and Balances with Reserve Bank of India		38,086.37	40,270.37
7	Balances With Banks and Money At Call and Short Notice		2,15,597.88	85,791.15
8	Investments		2,34,250.62	2,34,445.40
9	Advances		13,74,724.15	11,59,500.45
10	Fixed Assets		21,276.94	23,733.62
11	Other Assets		47,518.72	32,528.10
	Total Assets		19,31,454.68	15,76,269.09



Notes:

- 1 This audited financial results (including notes) hereafter " Statement" of Equitas Small Finance Bank Limited ("Bank" or "ESFBL") for the six months and year ended March 31, 2020 were reviewed by the Audit Committee of the Bank and approved by the Board of Directors at their respective meetings held on May 14, 2020 .
- 2 The above financial results of the Bank have been prepared in all material aspects, in accordance with provisions of accounting standards as specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 in so far as they apply to the Bank, and other accounting principles generally accepted in India as applicable to banking companies and the applicable requirements of the Banking Regulation Act, 1949 and circulars, guidelines and directions issued by Reserve Bank of India from time to time, read with Regulation 52 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015.
- 3 As a precondition to small finance bank licensing guidelines issued by the Reserve Bank of India, amongst other conditions, the Bank was required to be listed within 3 years from the date of commencement of operations (i.e from 5th September 2016). In the absence of Securities Exchange Board of India's ("SEBI") approval to a scheme of arrangement, which would have resulted in the listing of the Bank's shares, and the consequent non-compliance of the relevant listing condition, the Reserve Bank of India vide its letter dated September 06, 2019 has imposed regulatory action on the Bank, by way of restriction on opening of new branches and on the remuneration of the MD & CEO of the Bank frozen at current level, till further advice. (In December 2019, the Bank obtained specific approval of the RBI for opening 240 banking outlets). On September 10, 2019, the Board of Directors of the Bank approved an initial public offer and listing of the equity shares on stock exchanges in India, to comply with the licensing guidelines. Subsequently, the Bank filed a Draft Red Herring Prospectus with SEBI on December 16, 2019 and Stock Exchanges (National Stock Exchange of India Limited and BSE Limited). The Bank received in principle approval from stock exchanges (National Stock Exchange of India Limited and BSE Limited) and observations from the SEBI on its Draft Red Herring Prospectus ("DRHP"). In March 2020, the Bank filed a revised DRHP after addressing the SEBI's comments, and was in the process of completing the Initial Public Offer ("IPO") of shares. However, due to the COVID-19 global pandemic and consequent lockdowns across the country, the completion of the listing process and the IPO of shares has been delayed. Management and the Board of Directors remain committed to completing the IPO of shares in due course, once normalcy in business operations is restored. Read with the above, the Bank continues normal course of business and operates as a going concern, and no adjustments have been considered necessary in this regard.
- 4 The COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict 40-day lockdown in India to contain the spread of the virus till May 3, 2020, which has been further extended till May 17, 2020 with some relaxations in specific areas. This has led to significant disruptions and dislocations for individuals and businesses, and has had consequential impact on regular banking operations including lending, fund-mobilisation, and collection activities. In respect of the Bank's loan book, Management has made provisions as more fully explained in Note 5 to these financial results. However, the full extent of impact of the COVID-19 pandemic on the Bank's operations, and financial metrics (including impact on provisioning on advances) will further depend on government and regulatory guidelines and future developments which are uncertain and incapable of estimation at this time.
- 5 In terms of the COVID-19 Regulatory Package of the RBI, vide guidelines dated March 27, 2020 and April 17, 2020, the Bank has granted a moratorium of three months on the payment of all instalments and / or interest, as applicable, falling due between March 1, 2020 and May 31, 2020 to all eligible borrowers, in accordance with the Scheme approved by the Bank's Board. For all such accounts where the moratorium is granted, the asset classification shall remain stand still during the moratorium period (i.e. the number of days past-due shall exclude the moratorium period for the purposes of asset classification under the Income Recognition, Assets Classification and Provisioning ("IRAC") norms). The Bank has made provision as on March 31, 2020 in respect of accounts in default but standard against the potential impact of COVID-19. Further, as permitted under the IRAC norms and based on management's assessment, the Bank has made a provision of ` 99.63 crores in the period ended March 31, 2020 (including ` 2.98 crores representing the minimum provision of entire 10% on standard assets availing moratorium where asset classification benefit is extended as required in paragraph 5 of the RBI's guidelines dated April 17, 2020), based on assessment of recoverability of advances after considering internal and external information and the norms prescribed by RBI. The provision held by the Bank is in excess of the RBI prescribed norms.
- 6 The Reserve Bank of India, vide its circular dated April 17, 2020, has decided that banks shall not make any dividend payouts from profits pertaining to the financial year ended March 31, 2020 until further instructions, with a view that banks must conserve capital in an environment of heightened uncertainty caused by COVID-19. Accordingly, the Board of Directors of the Bank, at their meeting held on May 14, 2020 has not proposed any dividend for the year ended March 31, 2020.
- 7 During the six month ended March 31, 2020, the Bank issued 47,458,239 equity shares of face value of ` 10 each on preferential basis at a premium of ` 42.68 each for total cash consideration of ` 250.01 crore on December 11, 2019 to certain investors.
- 8 During the six month ended March 31, 2020, the Bank granted 4,14,08,728 options to its employees and the employees of Equitas Holding Limited under the ESFB Employees Stock Option Scheme 2019. These options does not have any dilutive impact on the earnings per share.
- 9 The Bank has elected to exercise the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Bank has recognised provision for income tax for the year ended March 31, 2020 and re-measured the balance of net deferred tax assets, basis the rate prescribed in the aforesaid ordinance. Tax expense for the year ended March 31, 2020 includes ` 24.50 crore resulting from write down of net deferred tax assets pertaining to earlier years.
- 10 The Capital to Risk Assets Ratio ("CRAR") as on March 31, 2020 and as on March 31, 2019 have been computed as per applicable Basel II requirements in accordance with RBI Master Circular No.DBOD.BP.BC.9/21.06.001/2013-14 dated 1 July 2013, on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework (NCAF).
- 11 The figures of the six months ended March 31, 2020 and March 31, 2019 have been derived as balancing figures between the amounts as per the annual audited accounts for the years then ended, and unaudited results for the six months ended September 30, 2019 and September 30, 2018, being the half year of the respective financial years, which were subject to limited review, respectively.
- 12 Comparative figures for the previous period / year have been reclassified/regrouped, wherever necessary, to conform to the current period / year classification/ grouping.

**For Equitas Small Finance Bank Limited**

Vasudevan PN

Managing Director & Chief Executive Officer

Place: Chennai
Date: May 14, 2020

May 14, 2020

Department of Corporate Services
BSE Limited
P J Towers, Dalal Street,
Mumbai 400001

Dear Sirs,

Sub: Declaration under Regulation 52(3) of SEBI (LODR) Regulations, 2015

Ref: Scrip Codes - 951924, 951930, 952812, and 952815

In terms of SEBI Circular CIR/CFD/CMD/56/2016 dated May 27, 2016, we hereby declare and confirm that the Statutory Auditors of the Company, M/s. S R Batliboi & Associates LLP, Chartered Accountants, have issued an audit report with unmodified opinion on audited Financial results of Equitas Small Finance Bank Limited for the six months / year ended March 31, 2020.

Kindly take the above information on record.

Thanking you,

Yours truly
for **Equitas Small Finance Bank Limited**



Sampathkumar K R
Company Secretary

